Is the Consulting Business "an Industrywide Mess"?
by Charles B. Wendel

A few weeks ago saw the publication of a highly critical book about McKinsey titled, *When McKinsey Comes to Town: The Hidden Influence of the World's Most Powerful Consulting Firm.* Now Bloomberg has published as essay by Adrian Wooldridge: "McKinsey's Missteps Point to an Industrywide Mess. The subheading summaries the article's theme: "Once management consulting firms lose their integrity to ethical lapses and greed, they have nothing else to sell."

Link: https://www.bloomberg.com/opinion/articles/2023-01-28/mckinsey-s-ethical-lapses-open-pandora-s-box-for-management-consulting-ldfynt0z

The bruising article points to consultants rather than the World Economic Forum for those pursuing global conspiracies. "Conspiracy theorists looking for the lizard people who control the world like to point to the doddering Bilderbergers or, even more implausibly, the members of the World Economic Forum. They should instead focus on the people who run the world's biggest management consultancies — strange creatures who live on airplanes and speak an alien lizard-language ("proactive outplacement" and "cascading incentives") that they alone understand, but which ambitious people the world over unfortunately imitate."

It's worth noting that many consulting firm heads also joined their fellow lizard people at the recent WEF.

The article recounts some of the scandals that involved McKinsey, including Enron, oxycodone, and one in South Africa. And it mentions a forthcoming UK book that claims that consultants are "a combination of con men and vampire squids." Ouch! "The ideal consulting engagement from the consultants' point of view is one that leaves the client permanently dependent on the consultant: With its internal capacities diminished, it needs to keep employing outside help; with its appetite for "transformation" whetted, it remains on the lookout for the next big idea, calling in yet more consultants to solve the problems that the previous collection of consultants created in the first place." Bluntly, from my experience those words have the sound of reality.

To a degree Wooldridge pushes against this view: "Success is always a matter of the client's ability to learn as well as the consultant's ability to teach. That creates an excuse for blame-shifting." But he also rightly focuses on the consultant's exploitation of fads, most notably ESG, and their hypocrisy.

"Consultancies have embraced the fads for DEI (diversity, equity and inclusion) and ESG (environmental, social and governance) with the same enthusiasm that they once embraced downsizing and leveraged buyouts. They wrap themselves in rainbow flags, spell Latino/a with an 'x' and produce 'white papers' with breathless titles such as 'the time for climate action is now,' and churn out reams of research purporting to show that diversity, net zero or anything else cheerful sounding will eventually be good for the bottom line. But their billable hours tell a different story. Consultancies work for some of the world's biggest mining and fossil fuel companies and some of its most corrupt and vicious governments."

Yes, some consultants and consulting firms are amoral. The writer recommendation is that that the big firms should shrink themselves, avoiding fads and clients they should be ashamed to work with. Given the economic incentives, many consultancies are continuing to expand their revenue bases.

With McKinsey for a few years in the last century, I had the opportunity to be at some meetings with Marvin Bower, the man who established McKinsey's preeminent position. The article ends citing Bower who "argued that it's never worth sacrificing your integrity in order to fatten your wallet because, in the long term, integrity is the only thing that you have to sell. To avoid an extinction-level reckoning in the years to come, the industry needs to take that advice to heart." Appropriately, consultants emphasize the critical role of a positive corporate culture, but in this area big consultants may have gone awry.

Many consultants feed off the weaknesses of their clients, clients who want lack decisiveness or courage and want to be able to say McKinsey or BCG "told us to do this," yielding their responsibility to an outsider. And just a few days ago a former client told me that our consulting relationship with his bank ended because the then Chairman did not like our criticisms of his company's operations. It wasn't that we were wrong, we were simply pointing out problems and solutions rather than offering the praise he thought they deserved.

Consultants thrive on those types of weak "leaders," and there are a lot of them.

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