

The Best Consulting Experience I've Had in Years

by Charles B. Wendel

I was just reading about Citicorp's latest cost reduction effort. CNBC reports that this initiative, named "Project Bora Bora...has employees on edge." That's not a surprise. Based upon management and consultant comments, CNBC says "Executives will see cuts beyond 10% because of [Jane] Fraser's push to eliminate regional managers, co-heads and others with overlapping responsibilities." And in September the CEO warned, "We'll be saying goodbye to some very talented and hard-working colleagues." (BTW, it would be fascinating to count the number of cost reduction efforts by the same big banks over the past 25 years and assess why regular purges need to occur.)

CNBC says that recent results point to a big cut: "Already a laggard in every metric that matters to investors, the bank has fallen further behind rivals since Fraser took over in early 2021. It trades at a price-to-tangible book value ratio of 0.49, less than half the average of U.S. peers and one-third the valuation of top performers including JP Morgan Chase."

Partners at consulting firms love these projects. (Apparently, BCG, is handling this one.) They are big budget engagements that allow their firms to bill out junior staff at high rates. Right now, many consulting firms are feeling the impact of prior over hiring combined with more reticent consulting buyers. A *Financial Times* article reports that firms like McKinsey and BCG are holding salaries for new hires at 2023 levels, what one analyst they quoted describes as "the hangover after the party." But don't feel too bad for these hires. The FT says that McKinsey pays newly minted MBA hires \$192,000 as a base with undergraduates earning \$112,000.

While they make a lot of money for consulting firms, these are often not fun projects for the staff. This work requires long hours, involves lots of internal politics, and alters the lives of many people. Those who are fired must find new jobs in what may be an increasingly tough environment. Those left behind often look over their shoulders waiting for the next cut. Corporate culture (if a positive corporate culture exists) may never recover. And I've seen the consultants themselves leave these projects with cynicism about the consulting business rather than pride in a job well done. But, as noted, their economic reward is great.

I knew my economic reward would be zero dollars when I was asked to join a group going to a men's homeless shelter in Miami. Our purpose was to help the men living there write job resumes. Each man was part of multi-month program to put him on a new path. We were each assigned one man and before we met him we were sent a brief background report. Rather than a standard CV that lists job progression, the info I read was more akin to a rap sheet. It included more than one stay in prison and an order to keep away from his wife and children. There was almost nothing work related, and I questioned whether it would be possible to craft a story that would attract an employer.

But 30 minutes into my one-on-one meeting with my "client" we had listed a dozen bullet points that outlined his capabilities in house painting, landscaping, and carpentry, areas in which his skills vastly outdid mine. He also turned out to be fully aware of his past errors and seemed to

own up to them. He mentioned several times that his goal was to do what was necessary to have the restraining order withdrawn so he could see his children. Together, we crafted a resume that was skills-focused and appealing to business operators willing to take a chance. Given the Miami job market, once he completes his program, jobs will be available.

The best consulting assignments involve both getting paid and feeling positive about what you have accomplished. Ideally, the work should enhance your sense of self. Working on cost cutting projects often do the opposite, dampening the enthusiasm of the consultant and perhaps failing to achieve the changes that the client is hoping that yet another new round of cost reduction will accomplish. I'm skeptical that these projects put a bank on a new path to success, but I hope my one-hour assignment with my client helps him on his path to a new life.

FIC works with senior management and Boards on issues that are critical to a bank's sustainability and growth. We emphasize practical solutions that we customize to a company's capabilities and culture. Reach FIC at cwendel@ficinc.com.