“When McKinsey Comes to Town”
by Charles B. Wendel

I’m not sure why I found this new book (by *New York Times* reporters Walt Bogadanich and Michael Forsythe) both depressing and not very surprising. Certainly, while the evidence of McKinsey’s wrongdoing is not conclusive, the reports present a pile of circumstantial evidence and anecdotal tales linking this company (a former employer of mine in the last century) to many scandals and controversial clients, including:

- Establishing practices that resulted in a death at a US Steel plant in Gary, Indiana
- Promoting poor maintenance at Disney parks (and another death)
- Pushing the sale of opioids by its work for OxyContin
- Increasing the pay gap between executives and workers
- Shifting work offshore and eliminating US jobs
- Working for both the FDA, health care, and drug companies at the same time
- Reducing insurance payouts through its recommendations
- Helping ICE deport more illegal immigrants
- Assisting Saudi Arabia in suffocating internal dissent
- Working for the Chinese military and the US at the same time
- Leading the use of the securitization process that resulted in the residential real estate disaster
- Undercutting the UK’s National Health Service

The above list captures only some of the topics highlighted in the book.

Bottom line, the book suggests that the company trades on its long-established contacts, is rife with conflicts, and, despite its PR, operates with an amoral, if not immoral, approach to business. Of course, McKinsey disagrees.

“A recently published book fundamentally misrepresents our firm and our work. The book also seeks to associate our firm with events—like the 2008 financial crisis, a Major League Baseball cheating scandal, or safety incidents at a theme park—that we simply had nothing to do with. Perhaps this is why the book contains more than a dozen disclaimers, across these and other issues, acknowledging that our work did not cause or was not associated with the trend or event for which the authors criticize us.”

In particular, the baseball sandal linkage seemed weak and arbitrary. And the above comment correctly notes that the book tries to splash a lot of mud on McKinsey in many areas. The incomplete rogues list above indicates the writers went an inch deep in many areas rather than making a meaningful, smoking gun-like, analysis of a few.

Still, the book makes some powerful arguments. What it does not do, and does not intend to do, is look behind the company to the real power, the clients. Why do clients hire this firm and rely on it?

As a competitor (small, meaningless to them competitor) more than once I have heard middle and even senior managers say they disagree with the recommendations McKinsey made but would follow them because top management had both paid a lot of money for and bought into the recommendations. These managers either had learned not to object or lacked the courage to push back against recommendations with which they did not agree. That's the company's fault.

And, yes, sometimes all consultants, even me, are hired for the wrong reason. In one case top managers hired us to, in effect, tell the very top exec something they did not want to tell him or believed that he would accept more from an outsider rather than internal leadership. Not a great use of the bank's consulting dollars or even out time, but an indication of the leadership and cultural issues at the bank.

The McKinsey book may be disturbing more for what it says about company management and Boards as for what it says about McKinsey. Over a decade ago, Mike Taibbi described Goldman Sachs as "a great vampire squid wrapped around the face of humanity, relentlessly jamming its blood funnel into anything that smells like money." The authors may view McKinsey as the consulting equivalent, but those who hire them and follow their recommendations are their willing partners both for good and bad.