

THE BRAVE STEP

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MCKINSEY JUNIOR

MCKINSEY JUNIOR, LET'S PROVIDE
STRATEGIC ADVICE TOGETHER.

BUT I'D RATHER
ADVISE TECH
COMPANIES LIKE
APPLE, GOOGLE,
FACEBOOK,...

ORIGINAL ARTWORK BY
MARGARIS ADVISORY

A day in the life of McKinsey Junior

To be continued.



THE BRAVE STEP

The goal is it to show companies innovative and constructive strategic new solutions which we at Margaris Advisory believe will make a difference.

The more one can draw from diverse experiences, including in other industries, the more likely it is that one will find innovative non-linear solutions to a problem.

If one can draw only from linear experiences, it is difficult to escape a linear solution approach.

Each company's goal should be to provide clients with a clear value proposition and to achieve a high level of client satisfaction. The client's needs have to be understood and have to be taken seriously.

One should always put himself in the position of the client to understand where the client's problems might lie. Once you have identified your clients' problems and needs, then you have to provide them with an innovative solution that delivers true customer value, as well.

Simplicity and client benefits have to be the highest strategic goals for the management of a company. These goals will help a company to differentiate itself from its competitors. Innovation should always aim and meet this goal.

It is a strong belief that the combination of simplicity and client benefits always wins.

McKinsey Junior - The Jump ,Outside the Box'

Mr Duff McDonald, author of 'The Firm: The Story of McKinsey and Its Secret Influence on American Business,' said to me: "Few companies spend as much time analyzing their own business model as thoroughly as McKinsey does. One can only assume that they've considered the concept of a 'McKinsey Junior' - a truly independent entity - even if they have yet to actually create one."

As The Economist put it, "Mr McDonald points out that whereas McKinsey has led the "financialisation" of basic industries such as oil and gas, it has had little if any role in shaping the giants of the internet economy, such as Apple and Google. The new lords of business are engineers in hoodies, not MBAs in pinstripes."

McKinsey Junior could give McKinsey a chance to attract internet giants like Apple, Amazon, Google, Facebook and Yahoo as clients.

McKinsey Junior is not to be confused with McKinsey's Business Technology Office (BTO).

McKinsey's BTO specific task is to develop McKinsey's competencies in technology and lever them for the firm's clients.

BTO and McKinsey work on the same principles and the consulting work is fully integrated with the other McKinsey offices.



A day in the life of McKinsey Junior

But what McKinsey Junior and McKinsey's BTO have in common is that they both provide independent and objective advice with no conflicts of interest with regard to system manufactures or IT service providers.

An interesting insight regarding the powerful advantage of the independent and objective advice one can find in a quote from the New Yorker article „The Revenge of the Nerds II: Nerds in the C.E.O.'s Office“ by Duff McDonald from August 1, 2013. "Because we're not actual venders of technology like most I.T. consultants, we're sitting on the same side of the table as the C.I.O., not the opposite side," said Frank Mattern, the head of McKinsey's German office, in a July, 2011, interview. "That's an enormously powerful and valuable position to be in."

What distinguishes McKinsey Junior from McKinsey BTO's work is McKinsey Junior's true independence from the parent company, the firm philosophy, the corporate culture and the business model.

Although McKinsey Junior is a truly independent entity, the parent company McKinsey would participate in the success through its equity stake in McKinsey Junior.

McKinsey Junior advantages will be similar to the ones of a Junior of a successful father with the same name. With other words, Junior can take advantage of the status, wealth, and influence of his parents – McKinsey & Company - but can and will go his own way.

McKinsey Junior - The Jump ,Outside the Box' *continued*

McKinsey Junior talent pool will be different in their mix of expertise, qualifications and professional backgrounds than what you might find - or will be hired, for that matter - at traditional consulting firms.

McKinsey Junior will take advantage of McKinsey know-how through McKinsey Solutions, which basically gives McKinsey clients access to the collected data-knowledge of McKinsey but without the consulting team.

Two recent publications have shed some light on the issues McKinsey is facing. It is Duff McDonald's book "The Firm: The Story of McKinsey and Its Secret Influence on American Business" and the article published in the Harvard Business Review „Consulting on the Cusp of Disruption“ by Clayton M. Christensen, Dina Wang, and Derek van Bever.

Both publications come to the conclusion that the best days of the consulting management industry may have passed.

That is exactly the moment when new previously unthinkable thoughts should be thought and executed.

One of the great challenges McKinsey faces is that they have to find new ways for their advice to be relevant for the internet economy.

Since the biggest consulting companies make their money with the problems of the big companies, one can see the problem McKinsey might have not to have an essential role within the leading internet companies.

One of the big issues that management consulting companies face is that technology is moving much faster than management can adjust to it. A fact that is known to McKinsey but identifying the problem and solving it are two different things all together.

McKinsey Junior is one of such a solution that should be further evaluated, since it resembles more closely an internet company than classic consulting company.

McKinsey has to reinvent itself in order to attract those internet giants as clients.

What is so different with McKinsey Junior and what is the added value for McKinsey and its clients?

That is the million-dollar-question, or better said, the billion-dollar-question.

It is exactly because McKinsey Junior is so different of what McKinsey stands for or at least what people believe it stands for.

McKinsey Junior stands for young, daring, passionate, want to prove themselves, entrepreneurial, mixed professional backgrounds, dare to think the unthinkable and execute it and make the impossible possible.

This makes McKinsey Junior so more credible in the eyes of the clients, who would never have considered going to a traditional consulting firm for advice but would consider McKinsey Junior's advice.

The young managers and founders of internet companies can easier identify themselves with a consulting firm which has "Junior" in its company title than with an old established firm which is not known to be the best innovator, as indicated by McDonald in his book 'The Firm'.

For those companies McKinsey Junior would seem more like a perfect fit.

McKinsey Junior will represent a new consulting business model and appeal to clients who drive business model innovation.

McKinsey Junior - The Jump ,Outside the Box' *continued*

It is difficult to think 'Outside the Box' if you are in the box.

That is true for all companies and it is also true for management consulting firms.

It is not like that McKinsey has not tried to adapt its business model. One successful example is the previously mentioned McKinsey Solutions, which works without the active involvement of a McKinsey team, an idea which originally caused quite some uproar within the McKinsey ranks. And the other very successful example is McKinsey's BTO.

Why is it so difficult to consulting firms to reinvent themselves?

It might be that the success of a business model makes it more difficult to change what worked so far so well. Or maybe it is the know-how which McKinsey has collected over all this years and has passed on so successfully to their young talent pool like a doctrine, that makes it harder to break out of the existing business model. Any such idea might feel like blasphemy, which associates who want so much what the McKinsey partners have, will likely try to avoid committing.

Some solutions just cannot be found from within an organization.

The greatest strength is also the greatest weakness.

Even when a company is on the top of the game, it should dare to change the way to play the game going forward.

One has to look no further than to Tiger Woods, the world's No 1 golfer. He committed twice to an overhaul of his swing and both times after an historic feat. First after winning the Masters 1997 by twelve strokes and after winning seven of eleven majors in a run that ended 2002. Woods had never regretted his decision.

As Woods explained it "People thought it was asinine for me to change my swing after I won the Masters by 12 shots, like, 'Why would you want to change that?' " he said. "Well, I thought I could become better. I've always taken risks to try to become a better golfer, and that's one of the things that has gotten me this far."

Obviously one thing that McKinsey has plenty of is talent. But maybe it is a talent pool which is more attracted to McKinsey's world than to Apple's, Amazon's or Google's world.

Therefore one can only assume that if you do not fit in the traditional McKinsey world, it might be implied that candidates should not apply. What a shame.

You might find some McKinsey Junior talent also within other consulting firms, but it is not unlike cooking, where one recipe not necessarily produces the same desired result when prepared by different cooks, and actually often quite the opposite.

Some key qualifications one needs to work for McKinsey Junior are: exceptional technology or science talent, passion, out of the box thinking, doer mentality, determination, entrepreneurial, and strong customer focus.

A legitimate question would be why should someone want to work for McKinsey Junior, if the same talent is very much in demand at the same technology companies McKinsey Junior wants to attract as clients?

The answer might lie in the fact that there are enough people out there, who would prefer not to advise or work for one giant technology company but rather for many. It would make their work so much more interesting.

What should not be underestimated is the attractiveness of a high-energy work environment, working together with the smartest people and the non-traditional corporate lifestyle for top talent to join McKinsey Junior.

Besides the McKinsey Junior employee can always decide to take up later an offer from one of the technology companies, which would not hurt McKinsey Junior or McKinsey but make it actually stronger. It is very well known that McKinsey alumni hire their old firm when they need help, so one can assume the same for McKinsey Junior alumni.

McKinsey Junior is basically a company, which might be not very different of what one would expect finding in Silicon Valley.

McKinsey Junior - The Jump ,Outside the Box' *continued*

It was Marvin Bower (1903-2003), who is considered the father of modern management consulting who shaped McKinsey with his personal and business values. Bower had also defined the McKinsey dress code: dark suits, hats, and garters.

McKinsey Junior Advantages

- **Internet and technology companies will be attracted to the unique pool of talent.**

One can say many bad or good things about McKinsey, but it is clear that they will stay relevant in the consulting world for the big companies for years to come, but maybe not for all big companies and maybe not for the giants of the internet economy.



It took Bower three years after the fact, that John F. Kennedy did not wear a hat at his inauguration in 1961, to come to the office without a hat and therefore change his defined McKinsey dress code.

One can only guess what Bower would have thought of the McKinsey Junior casual dress code.

Bower's original McKinsey dress code was supposed to build confidence and an identity with its clients. The new casual dress code of McKinsey Junior does exactly that, it builds confidence and a new identity with the internet companies it wants so much to win over.

- **New acquired clients will be also the clients of the future.**
- **Top talents who do not want to work in a traditional corporate environment will be attracted.**
- **The McKinsey reputation will be strengthened.**
- **McKinsey will be able to serve an even broader spectrum of client needs and this is more credible.**
- **The McKinsey Junior halo effect will have a positive impact on McKinsey's top and bottom-line growth.**

McKinsey Junior is a small step for the firm, but maybe a huge step for McKinsey's future.

„The biggest risk is not taking any risk.“

- Mark Zuckerberg (1984), founder, Chairman & CEO of Facebook Inc.



Spiros Margaris

Founder of Margaris Advisory.

Born in St. Gallen. MBA Toronto University & EMBA Universität St. Gallen (HSG). Over 18 years national and international experience in investment management, sales and research for institutional clients, family offices, UHNWIs and HNWIs.

Investment committee member of one of the leading multi-family offices fund advisory firms in Switzerland and Europe. Its 10-year return placed the firm within the top 5 percent among its peers.

Placed 2nd in the equities division of Financial Trader magazine's trading competition.

Founder of one of the first innovative expert websites in U.S.A. (New York) as well co-founder of a financial software company in U.S.A. (New York), which brings accountability to investment advice through an objective, proprietary tracking and rating system.

MARGARIS ADVISORY Innovation Consulting

We help companies in the development of innovative non-linear solutions and to dare to think the unthinkable.

It is our strong belief that the combination of simplicity and customer experience always wins.

Family Office Investment Advisory Services

We serve the financial and wealth management needs of a select group of wealthy families.

We add significant value by helping family offices to manage their investments. We ensure professional and independent advice.

We work with top global experts and supervise all of these partners (banks, money managers, accountants and attorneys) on behalf of the family. Our services are offered on an advisory basis.

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