McKinsey & Company

McKinsey & Company is a worldwide management consulting firm . It conducts qualitative and quantitative analysis in order to evaluate management decisions across the public and private sectors . Widely considered the most prestigious management consultancy , McKinsey 's clientele includes 80 % of the world 's largest corporations , and an extensive list of governments and non @-@ profit organisations . More current and former Fortune 500 C.E.O.s are alumni of McKinsey than of any other company , a list including Google C.E.O. Sundar Pichai , Facebook C.O.O. Sheryl Sandberg , Morgan Stanley C.E.O. James P. Gorman , and many more . McKinsey publishes the McKinsey Quarterly , funds the McKinsey Global Institute research organization , publishes reports on management topics , and has authored many influential books on management . Its practices of confidentiality , influence on business practices , and corporate culture have experienced a polarizing reception .

McKinsey was founded in 1926 by James McKinsey in order to apply accounting principles to management . McKinsey died in 1937 , and the firm was restructured several times , with the modern @-@ day McKinsey & Company emerging in 1939 . Marvin Bower is credited with establishing McKinsey 's culture and practices in the 1930s based on the principles he experienced as a lawyer . The firm developed an " up or out " policy , where consultants who are not promoted are asked to leave . McKinsey was the first management consultancy to hire recent college graduates , rather than experienced managers .

In the 1980s and 1990s , the firm expanded internationally and established new practice areas . It had 88 staff in 1951 and 7 @,@ 700 by the early 2000s . McKinsey 's consulting has helped to establish many of the norms in business and contributed to many of the major successes and failures in business in the modern era .

History

Early history

McKinsey & Company was founded under the name James O. McKinsey & Company in 1926 by James McKinsey , a professor of accounting at the University of Chicago . He conceived the idea after witnessing inefficiencies in military suppliers while working for the U.S. Army Ordnance Department . The firm called itself an " accounting and management firm " and started out giving consulting on using accounting principles as a management tool . Mr. McKinsey 's first partners were Tom Kearney , hired in 1929 , and Marvin Bower , hired in 1933 . In its first few years , the firm grew quickly and began developing rapport among corporations ; its second office was opened in New York City in 1932 . In 1935 , Mr. McKinsey left the firm temporarily to serve as the Chairman and CEO of client Marshall Field 's as it implemented the restructuring plan created by his firm .

McKinsey was merged with accounting firm Scovell , Wellington & Company that same year , creating the New York @-@ based McKinsey , Wellington & Co. and splitting off the accounting practice into Chicago @-@ based Wellington & Company . A Wellington project that accounted for 55 percent of McKinsey , Wellington & Company 's billings was about to expire and Kearney and Bower had disagreements about how to run the firm . Bower wanted to expand nationally and hire young business school graduates , whereas Kearney wanted to stay in Chicago and hire experienced accountants . Additionally , in 1937 James O. McKinsey died after catching pneumonia .

This led to the division of McKinsey , Wellington & Company in 1939 . The accounting practice returned to Scovell , Wellington & Company , while the management engineering practice was split into McKinsey & Company and McKinsey , Kearney & Company . Bower had partnered with Guy Crockett from Scovell Wellington , who invested in the new McKinsey & Company and became managing partner , while Marvin Bower is credited with founding the firm 's principles and strategy as his deputy . The New York office purchased exclusive rights to the McKinsey name in 1946 .

= = = Establishment = = =

McKinsey & Company grew quickly in the 1940s and 50s , especially in Europe . It had 88 staff in 1951 and more than 200 by the 1960s , including 37 in London by 1966 . In the same year , McKinsey had six offices in major US cities like San Francisco , Los Angeles and Washington D.C. , as well as six abroad . These foreign offices were primarily in Europe , such as in London , Paris , Amsterdam , as well as in Melbourne . By this time , one third of the company 's revenues originated from its European offices . Guy Crockett stepped down as managing director in 1950 , and Marvin Bower was elected in his place . McKinsey 's profit @-@ sharing , executive and planning committees were formed in 1951 . The organization 's client base expanded especially among governments , defense contractors , bluechip companies and military organizations in the post @-@ World War II era . After seven years of consideration , McKinsey became a private corporation with shares owned exclusively by McKinsey employees in 1956 .
After Bower stepped down in 1967 , the firm 's revenues declined . New competitors like the Boston Consulting Group and Bain & Company created increased competition for McKinsey by marketing specific branded products , such as the Growth @-@ Share Matrix , and by selling their industry expertise . In 1971 , McKinsey created the Commission on Firm Aims and Goals , which found that McKinsey had become too focused on geographic expansion and lacked adequate industry knowledge . The commission advised that McKinsey slow its growth and develop industry specialties . In 1976 , Ron Daniel was elected managing director , serving until 1988 . Daniel and Fred Gluck helped shift the firm away from its generalist approach by developing 15 specialized working groups within McKinsey called Centers of Competence and by developing practice areas called Strategy , Operations and Organization . Daniel also began McKinsey 's knowledge management efforts in 1987 . This led to the creation of an IT system that tracked McKinsey engagements , a process to centralize knowledge from each practice area and a resource directory of internal experts . " By the end of his tenure in 1988 the firm was growing again and had opened new offices in Rome , Helsinki , São Paulo and Minneapolis .
Fred Gluck served as McKinsey ? s managing director from 1988 to 1994 . The firm 's revenues doubled during his tenure . He organized McKinsey into 72 " islands of activity " that were organized under 7 sectors and 7 functional areas . By 1997 , McKinsey had grown eightfold over its size in 1977 . In 1989 the firm attempted to make a talent acquisition in IT services through a $ 10 million purchase of the Information Consulting Group (ICG) , but a culture clash caused 151 out of the 254 ICG staff members to leave by 1993 .

= = = Recent history = = =

= = = = Further expansion = = = =

In 1994 , Rajat Gupta became the first non @-@ American @-@ born partner to be elected as the firm ? s managing director . By the end of his tenure , McKinsey had grown from 2 @,@ 900 to 7 @,@ 700 staff and 58 to 84 locations . He opened new international offices in cities such as Moscow , Beijing and Bangkok . Continuing the structure developed by prior directors , Gupta also created 16 industry groups charged with understanding specific markets and instituted a three @-@ term limit for the managing director . McKinsey created practice areas for manufacturing and business technology in the late 1990s .
McKinsey set up " accelerators " in the 1990s , where the firm accepted stock @-@ based reimbursement to help internet startups ; the company performed more than 1 @,@ 000 e @-@ commerce projects from 1998 @-@ 2000 alone . The burst of the dot @-@ com bubble led to a reduction in utilization rates of McKinsey 's consultants from 64 to 52 percent . Though McKinsey avoided dismissing any personnel following the decline , the decline in revenues and losses from equity @-@ based payments as stock interests lost their value , together with a recession in 2001 ,

meant the company had to reduce its prices , cut expenses and reduce hiring .
In 2001 , McKinsey launched several practices that focused on the public and social sector . It took on many public sector or non profit clients on a pro bono basis . By 2002 McKinsey had invested a $ 35 @.@ 8 million budget on knowledge management , up from $ 8 @.@ 3 million in 1999 . Its revenues were 50 , 20 and 30 percent from strategy , operations and technology consulting respectively .
In 2003 Ian Davis , the head of the London , UK office , was elected to the position of managing director . Davis promised a return to the company ? s core values , after a period in which the firm had expanded rapidly , which some McKinsey consultants felt was a departure from the company 's heritage . Also in 2003 , the firm established a headquarters for the Asia @-@ Pacific region in Shanghai , China . By 2004 , more than 60 percent of McKinsey 's revenues were generated outside the U.S. The company started a Social Sector Office (SSO) in 2008 , which is divided into three practices : Global Public Health , Economic Development and Opportunity Creation (EDHOC) and Philanthropy . McKinsey does much of its pro @-@ bono work through the SSO , whereas a Business Technology Office (BTO) , founded in 1997 , provides consulting on technology strategy .

By 2009 , the firm consisted of 400 directors (senior partners) , up from 151 in 1993 . Dominic Barton was elected as Managing Director , a role he was re @-@ elected for in 2012 and 2015 .

= = = = Galleon insider trading scandal = = = =

Former McKinsey senior executives , Rajat Gupta and Anil Kumar , were among those convicted in a government investigation into insider trading for sharing inside information with Galleon Group hedge fund owner Raj Rajaratnam . Though McKinsey was not accused of any wrongdoing , the convictions were embarrassing for the firm , since it prides itself for integrity and client confidentiality . Following the initial allegations McKinsey no longer maintains a relationship with either senior partner , though the manner in which it severed ties attracted controversy .
Senior partner Anil Kumar , described as Gupta 's protégé , left the firm after the allegations in 2009 and pleaded guilty in January 2010 . While he and other partners had been pitching McKinsey 's consulting services to the Galleon Group , Kumar and Rajaratnam reached a private consulting agreement , violating McKinsey 's policies on confidentiality . Gupta was convicted in June 2012 of four counts of conspiracy and securities fraud , and acquitted on two counts . In October 2011 , he was arrested by the FBI on criminal charges of sharing insider information from these confidential board meetings with Rajaratnam . At least twice , Gupta used a McKinsey phone to call Rajaratnam and retained other perks ? an office , assistant , and $ 6 million retirement salary that year ? as a senior partner emeritus .
After the scandal McKinsey instituted new policies and procedures to discourage future indiscretions from consultants , including investigating other partners ' ties to Gupta .

= = Organization = =

= = = Structure = = =

McKinsey & Company was originally organized as a partnership before being legally restructured as a private corporation with shares owned by its Partners in 1956 . It mimics the structure of a partnership and employees are called " partners " . The company has a flat hierarchy and each member is assigned a mentor . Since the 1960s , McKinsey 's Managing Director has been elected by a vote of senior directors to serve up to three , three @-@ year terms or until reaching the mandatory retirement age of 60 . The firm is also managed by a series of committees that each has its own area of responsibility .
McKinsey has a de @-@ centralized structure , whereby different offices operate similarly , but independently . Each office is expected to put the overall organization 's best interest before the

office 's , which McKinsey refers to as the " one firm " principle . Consultants and engagements are often shared across offices . Revenues from all offices are pooled and an individual office 's revenue does not directly affect it financially . The company 's budgeting is centralized , but individual consultants are given a large degree of autonomy .
McKinsey consultants are either industry experts , functional experts , or generalists that cover specific geographic regions . The firm has 23 Industry Practices focused on individual industries , nine Functional Practices that work in areas like finance , marketing or risk , and five Capabilities and Solutions areas related to technology consulting .

= = = Culture = = =

Marvin Bower is credited with creating McKinsey 's values and principles in 1937 . He established a set of rules : that consultants should put the interests of clients before McKinsey 's revenues , not discuss client affairs , tell the truth even if it means challenging the client 's opinion and , only perform work that is both necessary and that McKinsey can do well . Bower created the firm 's principle of only working with CEOs , which was later expanded to CEOs of subsidiaries and divisions . He also created McKinsey 's principle of only working with clients the firm felt would follow its advice .
Bower also established the firm 's language . McKinsey calls itself " The Firm " and its employees " members " . McKinsey says its consultants are not motivated by money . McKinsey & Company tries to keep a " very low profile public image . " The firm has a policy against discussing specific client situations . The firm says it does not advertise , though it did advertise allegedly for recruitment purposes in TIME Magazine in 1966 . Members are not supposed to " sell " their services . McKinsey 's consultants are expected to become a part of the community and recruit clients from church , charitable foundations , board positions and other community involvements .
A 1993 profile story in Fortune Magazine said McKinsey & Company was " the most well @-@ known , most secretive , most high @-@ priced , most prestigious , most consistently successful , most envied , most trusted , most disliked management consulting firm on earth . " According to BusinessWeek the firm is " ridiculed , reviled , or revered depending on one 's perspective . "
McKinsey 's culture has often been compared to religion , because of the influence , loyalty and zeal of its members . Fortune Magazine said partners talk to each other with " a sense of personal affection and admiration . " An article in The News Observer said McKinsey 's internal culture was " collegiate and ruthlessly competitive " and has been described as arrogant . The Wall Street Journal said McKinsey is seen as " elite , loyal and secretive " . According to Reuters , it has a " button @-@ down culture " focused on " playing by the rules " . According to BusinessWeek , some consultants say the firm has strayed from its original values as it increased in size . The Guardian said at McKinsey " hours are long , expectations high and failure not acceptable . "

= = = Influence = = =

Many of McKinsey 's alumni become CEOs of major corporations or hold important government positions . In doing so , they influence the other organization with McKinsey 's values and culture . McKinsey 's alumni have been appointed as CEOs or high @-@ level executives at Google , American Express , IBM , Westinghouse Electric , Sears , AT & T , PepsiCo , and Enron . McKinsey alumni have held positions with Tony Blair 's office . Citicorp and Merrill Lynch have also hired many McKinsey alumni . As of 2008 , McKinsey alumni held CEO positions with 16 corporations that have more than $ 2 billion in revenue . The firm was ranked by USA Today as the most likely company to work for and become a future CEO of a major corporation , with odds of 1 out of 690 . McKinsey 's consulting work has also been influential in establishing many of the norms of how governments and corporations are run . The company has been influential in the British Department of Health for many years and was heavily involved in the discussions around the Health and Social Care Act 2012 .

Consulting services

McKinsey & Company provides management consulting services , such as providing advice on an acquisition , developing a plan to restructure a sales force , creating a new business strategy or providing advice on downsizing . Its consultants design and implement studies to evaluate management decisions using data and interviews to test hypotheses . Conclusions of the study are presented to senior management , typically in a PowerPoint presentation and a booklet .

McKinsey is considered one of the most prestigious and most expensive management consulting firms . In Dangerous Company , journalists James O 'Shea and Charles Madigan said McKinsey is the most influential , most reputable management consulting firm in the industry and that it carries the most weight with corporate boards . The News Observer said McKinsey is the " creme de la creme " and the " Rolls Royce " of management consulting . Between 2002 and 2014 , McKinsey has been ranked in the number one position of the branche @-@ internal " The Best Consulting Firms : Prestige to work for " list by Vault.com.

McKinsey & Company has traditionally charged approximately 25 percent more than competing firms with an average project of one million dollars . Prices were reduced in the economic slump following the dot @-@ com bubble . According to The Globe and Mail , McKinsey clients estimate that the firm 's advice turns out to be poor in retrospect about 10 to 20 percent of the time .

A typical McKinsey engagement can last between two and twelve months and involves three to six McKinsey consultants . An engagement is usually managed by a generalist that covers the region the client 's headquarters are located in and specialists that have either an industry or functional expertise . Unlike some competing consulting firms , McKinsey does not hold a policy against working for multiple competing companies (although individual consultants are barred from doing so) . This has sometimes led to accusations of sharing confidential information or re @-@ packaging a competitor 's tactics as best practices .

Environmental consulting

Marginal abatement cost curves attempt to compare the financial costs of different options for reducing pollution in a region and are used in emissions trading , policy discussions and incentive programs . McKinsey & Company released its first marginal abatement cost (MAC) curve for greenhouse gas emissions in February 2007 , which was updated to version two in January 2009 . McKinsey & Company 's MAC curve has become the most widely used and is the basis for McKinsey ? s consulting on climate change and sustainability .

McKinsey 's curve predicts negative cost abatement strategies , which has been controversial among economists . The International Association for Energy Economics said in The Energy Journal that McKinsey 's cost @-@ curve was popular among policymakers , because it suggests they can take " bold action towards improving energy efficiency without imposing costs on society . "

In a 2010 report , the Rainforest Foundation UK said McKinsey 's cost curve methodology was misleading for policy decisions regarding the Reduced Emissions from Deforestation and Forest Degradation (REDD) program . The report argued that McKinsey 's calculations exclude certain implementation and governance costs , which makes it favor industrial uses of forests while discouraging subsistence projects . Greenpeace said the curve has allowed Indonesia and Guyana to win financial incentives from the United Nations by creating inflated estimates of current deforestation so they could demonstrate reductions in comparison . McKinsey said they had made it clear in the cost @-@ curve publications that cost curves do not translate " mechanically " into policy implications and that policymakers should consider " many other factors " before introducing new laws .

Recruiting and compensation

McKinsey & Company was the first management consultancy to hire recent graduates instead of experienced business managers , when it started doing so in 1953 . Many of its recruits are Baker

Scholars , Rhodes scholars , Marshall Scholars , Gates @-@ Cambridge scholars , or White House Fellows . Less than half of the firm 's recruits are from business majors , while others have advanced degrees in science , medicine , engineering or law . Prestigious business colleges may have McKinsey consultants assigned to cultivating relationships with upcoming graduates .

According to The Observer , McKinsey recruits recent graduates and " imbues them with a religious conviction " in the firm , then culls through them with its " up @-@ or @-@ out " policy . The " up or out " policy , which was established in 1951 , means that consultants that are not being promoted within the firm are asked to leave . About one @-@ fifth of McKinsey 's consultants depart under the up or out policy each year . McKinsey 's practice of hiring recent graduates and the " up @-@ or @-@ out " philosophy , were originally based on Marvin Bower 's experiences at the law firm Jones Day in the 1930s , as well as the " Cravath system " used at the law firm Cravath , Swaine and Moore .

According to Financial Times journalist Duff McDonald , as of September 2013 , the firm receives 225 @,@ 000 employment applications annually and about one percent ? or 2 @,@ 200 ? of the applicants are hired . There is an ongoing debate within the firm on how fast it should grow . According to a report by WetFeet , McKinsey " offers some of the best experience , opportunity and professional development in the industry " and it is prestigious to have McKinsey on a resume . However , it said the work environment is demanding , involving extensive travel and long hours . Consulting Magazine 's 2007 list of " Best Consulting Firms to Work For " ranked McKinsey as number 3 .

New undergraduate McKinsey recruits are paid about $ 80 @,@ 000 a year , while senior partners are estimated to earn $ 1 ? $ 3 million or more . According to Fortune Magazine , some McKinsey staff earn more than the CEOs they consult .

= = Research and publishing = =

McKinsey & Company consultants regularly publish books , research and articles about business and management . The firm spends $ 50 ? $ 100 million a year on research . McKinsey was one of the first organizations to fund management research , when it founded the Foundation for Management Research in 1955 . The firm began publishing a business magazine , The McKinsey Quarterly , in 1964 . It funds the McKinsey Global Institute , which studies global economic trends and was founded in 1990 . Many consultants are contributors to the Harvard Business Review . McKinsey consultants published only two books from 1960 @-@ 1980 , then more than 50 from 1980 to 1996 . McKinsey 's publications and research give the firm a " quasi @-@ academic " image .

A McKinsey book , In Search of Excellence , was published in 1982 . It featured eight characteristics of successful businesses based on an analysis of 43 top performing companies . It became one of the most influential and highly read management books and marked the beginning of McKinsey 's shift from accounting to " softer " aspects of management , like skills and culture . In Search of Excellence 's distribution prompted others , including McKinsey consultants , to write more management books . According to David Guest from King 's College , In Search of Excellence became popular among business managers because it was easy to read , well @-@ marketed and some of its core messages were valid . However , it was disliked by academics because of flaws in its methodology . Additionally , a 1984 analysis by BusinessWeek found that many of those companies identified as " excellent " in the book no longer met the criteria only two years later .

A 1997 article and a book it published in 2001 on " The War for Talent " prompted academics and the business community to start focusing more on talent management . The authors found that the best @-@ performing companies were " obsessed " with acquiring and managing the best talent . They advocated that companies rank employees by their performance and promote " stars " , while targeting under @-@ performers for improvement or layoffs . After the book was published , Enron , a company which followed many of its principles , was involved in a scandal that led to its bankruptcy . In May 2001 , a Stanford professor wrote a paper critical of the " War on Talent " arguing that it prioritized individuals at the expense of the larger organization .

McKinsey consultants published Creative Destruction in 2001 . The book suggested that CEOs need to be willing to change or rebuild a company , rather than protect what they have created . It found that out of the first S & P 500 list from 1957 , only 74 were still in business by 1998 . The New York Times said it " makes a cogent argument that in times of rampant , uncertain change ... established companies are handcuffed by success . " In 2009 , McKinsey consultants published " The Alchemy of Growth " , which established three " horizons " for growth : core enhancements , new growth platforms and options . Its three horizons became adopted widely , because it gave executives a simple vocabulary about business growth .

In February 2011 , McKinsey surveyed 1 @,@ 300 US private @-@ sector employers on their expected response to the Affordable Care Act (ACA) . 30 percent of respondents said they anticipated they would probably or definitely stop offering employer sponsored health coverage after the ACA went into effect in 2014 . These results , published in June 2011 in the McKinsey e @-@ Quarterly , became " a useful tool for critics of the ACA and a deep annoyance for defenders of the law " according to an article in TIME Magazine . Supporters of healthcare reform argued the survey far surpassed estimates by the Congressional Budget Office and insisted that McKinsey disclose the survey 's methodology . Two weeks after publishing the survey results , McKinsey released the contents of the survey including the questionnaire and 206 @-@ pages of survey data . In its accompanying statement , McKinsey said it was intended to capture the attitude of employers at a certain point in time , not make a prediction .

Since 1990 , McKinsey has been publishing Valuation : Measuring and Managing the Value of Companies , a popular textbook on valuation . The book is now available in its sixth edition .

= = Consulting projects = =

According to The Firm , McKinsey has been influential in establishing the norms of business , such as working in large @-@ scale office settings . According to a 1993 profile in Fortune magazine , " while McKinsey has consulted for many of the current era 's great successes ... it has also been a fixture at many of the big losers . " In The Firm , author Duff McDonald said McKinsey helped restructure the White House , guided corporations through large @-@ scale re @-@ organizations in post @-@ war Europe and facilitated turn @-@ arounds , but in other cases advised companies to adopt strategies that led to their collapse or was unable to prevent an impending bankruptcy . It said

McKinsey was a major player in the efficiency boom in the 1920s , the postwar gigantism of the 1940s , the rationalization of government and rise of marketing in the 1950s , the age of corporate influence in the 1960s , the restructuring of America and rise of strategy in the 1970s , the massive growth in information technology in the 1980s , the globalization of the 1990s , and the boom @-@ bust @-@ and @-@ cleanup of the 2000s .

= = = History = = =

McKinsey & Company 's founder , James O. McKinsey , introduced the concept of budget planning as a management framework in his fifth book Budgetary Control in 1922 . The firm 's first client was the treasurer of Armour & Company , who , along with other early McKinsey clients , had read Budgetary Control . In 1931 McKinsey created a methodology for analyzing a company called the General Survey Outline (GSO) , which was established based on ideas introduced in the 1924 book Business Administration . It was also known as the Banker 's Survey , because McKinsey 's clients who used it in the 1930s were predominantly banks . After the Wagner Act gave certain rights to employees to organize into unions in 1935 , McKinsey started consulting corporations on employee relations . Later in the 1950s , the work of a McKinsey consultant on compensation was influential in " skyrocketing executive pay " . It also helped many companies such as Heinz , IBM and Hoover expand into Europe .

In the 1940s , McKinsey helped many corporations convert into wartime production for World War II . It also helped organize NASA into an organization that relies heavily on contractors in 1958 .

McKinsey created a report in 1953 for Dwight Eisenhower that was used to guide government appointments . In 1973 , McKinsey & Company led a project for a consortium of grocery chains represented by the U.S. Supermarket Ad Hoc Committee on a Uniform Grocery Product Code to create the barcode . According to the book " Business Research Methods " , the barcode became commonplace after a study by McKinsey persuaded Krogers to adopt it .

In the 1970s and 1980s , McKinsey helped European companies change their organizational structure to M @-@ form (Multidivisional Form) , which organizes the company into semi @-@ autonomous divisions that function around a product , industry or customer , rather than a function or expertise . In the 1980s , AT & T reduced investments in cell towers due to McKinsey 's prediction that there would only be 900 @,@ 000 cell phone subscribers by 2000 . According to The Firm this was " laughably off the mark " from the 109 million cellular subscribers by 2000 . At the time cell phones were bulky and expensive . The firm helped the Dutch government facilitate a turnaround for Hoogovens , the world 's largest steel company as of 2013 , through a $ 1 billion bankruptcy bailout . It also implemented a turnaround for the city of Glasgow , which had problems with unemployment and crime . McKinsey created the corporate structure for NationsBank , when it was still a small company known as North Carolina National Bank . McKinsey was hired by General Motors to do a large @-@ scale re @-@ organization to help it compete with Japanese auto @-@ makers . The book The Firm said it was an " unmitigated disaster " because McKinsey focused on corporate structure , whereas GM needed to compete with Japanese automakers through manufacturing process improvement . A McKinsey consultant said GM did not follow their advice .

A 2002 article in BusinessWeek said that a series of bankruptcies of McKinsey clients , such as Swissair , Kmart , and Global Crossing , in the 1990s raised questions as to whether McKinsey was responsible or had a lapse in judgement . McKinsey recommended that Swissair avoid high operating costs in its home country by developing partnerships with airlines based in other regions . In order to attract partners , Swissair acquired more than $ 1 billion in shares of other airlines , many of which were failing . This led to huge losses for Swissair .

Prior to the Enron scandal , McKinsey helped it shift from an oil and gas production company into an electric commodities trader , which led to significant growth in profits and revenues . According to The Independent , there was " no suggestion that McKinsey was complicit in the subsequent scandal , [but] critics say the arrogance of Enron 's leaders is emblematic of the McKinsey culture . " The government did not investigate McKinsey , who said they did not provide advice on Enron 's accounting , but some questioned whether McKinsey knew about Enron 's accounting problems or ignored warning signs .

Former Financial Times journalist Duff McDonald , said McKinsey 's confidentiality policy often prevents the public from becoming informed about the firm 's work , except after it is exposed through lawsuits or investigations . 13 @,@ 000 McKinsey documents were released as part of a lawsuit against Allstate , which showed that McKinsey recommended the company reduce payouts to insurance claimants by offering low settlements , delaying processing to wear out claimants through attrition , and fighting customers that protest in court . Allstate 's profits doubled over ten years after adopting McKinsey 's strategy , but it also led to lawsuits alleging they were cheating claimants out of legitimate insurance claims .