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# In-class Lab

## An Engagement Decision

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Lucy, the CEO of Datalytics, a medium-sized data analytics firm, is considering expansion opportunities. In the past, the company has partnered with different consulting groups on big projects. Lucy and her team have decided that if outside consultants are needed for this project, they would come from McKinsey. Datalytics can enter into an agreement with McKinsey that would provide different levels of engagement. Based on evidence from prior engagements, the estimated benefits (gross of any payment made to McKinsey) are shown in the following Table:

Estimated Value of Consulting  
Across Different Levels of Engagement

Months	Willingness to Pay (WTP) in millions
1	2.57
2	4.59
3	6.04
4	7.15
5	7.85
6	8.39

Figure 1

For this type of project, a McKinsey team would cost Datalytics \$1 million per month.

## 问题

1. Should Lucy's firm enter into an agreement with McKinsey?
2. If so, what level of engagement should the company choose?

## References

- [1] MIT Sloan School of Management, 2015

