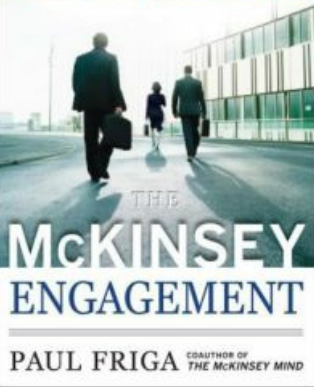


INSIDER SECRETS TO THE TOOLS
AND TECHNIQUES USED BY THE
WORLD'S TOP CONSULTING FIRM



Book The McKinsey Engagement

Insider Secrets to the Tools and Techniques Used by the World’s Top Consulting

Paul Friga
McGraw-Hill, 2008

Recommendation

Businesses and other organizations usually solve their problems through team efforts. The business consulting firm McKinsey has developed special expertise in team-based problem solving and change management. In this book, former McKinsey associate consultant Paul Friga describes TEAM FOCUS, an acronym he had invented to describe McKinsey’s method of problem solving. He integrates this McKinsey-based method with other approaches. *BooksInShort* recommends this hands-on book to executives, managers, team leaders and business consultants who want to improve their business operations and are looking for systematic approaches to problem solving.

Take-Aways

- McKinsey consultants are like special-forces units in the military – they have unique abilities and a record of success.
- The best way to solve most business problems is in a team.
- The “TEAM FOCUS” approach synthesizes the problem solving methodology of McKinsey with that of other top business-consulting firms.
- Team problem solving requires strong execution and effective storytelling.
- How you frame a business problem determines how you resolve it.
- Use “information trees” to organize data and “decision trees” to develop recommendations.
- To determine relevance, subject all data and findings to the question, “So what?”
- Review the data you collect to develop the insights on which you will base your final recommendations.
- Before your final presentation, run your story by implementers to increase buy-in.
- In your presentation, discuss the recommendations first, then the supporting data.

Summary

The McKinsey Approach

Business leaders often try to emulate the military. Business literature’s greatest hits include *The Art of War* by Sun Tzu and *Leadership Secrets of Attila the Hun* by Wess Roberts. Military-related terms such as “mission, vision, hierarchy and strategic communication” abound in the business world. Both the military and businesses extol the virtues of such concepts as “standard operating procedures, excellence in execution and cross-training.”

“Almost all major business decisions are the result of team problem solving.”

McKinsey consultants are the special forces of the business world. Their specialty is “team problem solving.” They do their problem solving during what they call “engagements,” which are like military missions. Their method is not magic; it’s quite teachable, although it requires discipline and the ability to tell a good story. Team problem solving is all about communication, and one of the best ways to communicate is with narratives.

“McKinsey is consistently ranked as the top position for M.B.A. graduates in annual surveys, and is highly regarded for problem-solving methodologies.”

Although McKinsey itself does not use this term, the acronym “TEAM FOCUS” helps remember the elements of the McKinsey method:

- **“Talk”** – A team that cannot communicate cannot solve any problem.
- **“Evaluate”** – Teams must be able to assess their performance and make course corrections as necessary.
- **“Assist”** – Team members help each other.
- **“Motivate”** – To persuade all the members of the team to pull together, learn what drives each individual.
- **“Frame”** – Define the basic issue or problem that your team must solve. What are its “issue trees?” What hypotheses will you use to test your assumptions? Framing is the most vital step in the TEAM FOCUS model.
- **“Organize”** – Frame the issues using “content hypotheses,” or primary questions.
- **“Collect”** – Gather meaningful data.
- **“Understand”** – Figure out how the data relate to “proving or disproving the hypotheses.” Ask, “So what?”
- **“Synthesize”** – Mold the data into a believable, compelling narrative.

“The benefits of the model are best realized when the entire team is aware of and on board with the concepts.”

These three “rules of engagement” for each element will help you understand the concept and provide guidelines for implementation.

Talk

Team problem solving is an interpersonal process. Its most important element is simply talking. If team members cannot speak openly to one another, they’ll never get anywhere. Improve your team’s communication by following these three rules of engagement:

1. **“Communicate constantly”** – Overcommunication is better than undercommunication. Discuss everything related to the problem at hand. Interact by e-mail, telephone and in person. Establish agendas and schedules. Document everything.
2. **“Listen attentively”** – Put aside your personal agendas while others speak. Give all speakers the respectful attention they deserve.
3. **“Separate issues from people”** – Ideas are good or bad on their own merits. Keep personality out of the equation – especially your own.

Evaluate

To evaluate progress, establish goals. Team members must commit themselves to giving and receiving feedback, and must agree on the team’s objectives and the metrics they will use. To evaluate the work of the team, look at each member’s work style, areas of responsibility and achievements. These rules of engagement govern team interactions:

1. **“Discuss team dynamics”** – Do this at the beginning of the project, at the midpoint and at the end, in the form of an “after-action review.” Discuss personality styles, conflict resolution and progress reporting.
2. **“Set expectations and monitor results”** – List all tasks and determine the order in which the team must do them. Assign tasks and ensure that each member takes ownership of his or her activities. Discuss timing. Track and document everything.
3. **“Develop and re-evaluate a personal plan”** – A team is only as strong as its members, who must learn to assess their individual strengths and weaknesses realistically. Even more important, members must share their self-assessments with one another. Team members should commit to improve in their personal areas of weakness, for example, regarding listening skills, ability to be nonconfrontational and follow-through.

Assist

In addition to understanding who does what and to giving and receiving feedback, team members must be willing to step out of their usual roles to help others when necessary. These rules of engagement apply:

1. **“Leverage expertise”** – Inventory the skills of individual team members, then assign tasks accordingly. Make sure the team has members who possess the skills it will need to do its work.
2. **“Keep teammates accountable”** – Team members must accept responsibility for their own parts of the project. Everyone should carry equal weight. Use status reports to inform members about their progress.
3. **“Provide timely feedback”** – Make sure it is balanced and constructive.

Motivate

Each team member has a different motivation: Money may motivate one; ambition, another; pride yet another. To optimize team performance, find out what drives team members. These rules of engagement can help you:

1. **“Identify unique motivators”** – Personality often determines motivation. Use “personality profiling tools,” such as the Myers-Briggs Type Indicator, DISC (dominance, influence, steadiness and compliance), Big Five (openness, conscientiousness, extroversion, agreeableness and neuroticism) and Strengths Finder, to evaluate the personalities on your team.
2. **“Positively reinforce teammates”** – Be observant. Put team members ahead of yourself. Be sincere in your praise. Don’t pressure team members. Stay in touch with the team even after the project is over.
3. **“Celebrate achievements”** – This is the best way to build positive energy. Acknowledge every important milestone.

Frame

You can’t solve a problem you haven’t identified. This is where framing comes into play. Let these rules of engagement guide you:

1. **“Identify the key question”** – Use precise language such as, “How can we improve profitability?” Discuss the issue fully with those who know about it and

- whom it affects. Get their input about possible solutions.
2. **“Develop the issue tree”** – “Information trees” ask, “What is going on?” To make an information tree, list every aspect of the issue – all the “topics for consideration.” For example, if profits are the issue, the information tree will include these branches of information: revenue, which again breaks down into price and quantity; costs, which you can split into information, such as variable cost per unit and quantity, and fixed costs. Document all information. Outline the time frame. Avoid “scope creep” – stick to the primary issue. “Frameworks,” or issue trees for past business problems, exist in abundance. Find and use them. Once you’ve outlined the topics, prioritize them. Do not allocate resources such as research time and money equally; instead, budget according to each topic’s relative importance.
 3. **“Formulate hypotheses”** – “Decision trees” ask, “What can we do?” To build a decision tree, begin with a hypothesis. Every “hypothesis must be falsifiable,” that is, using data you can prove it true or false. “The company should improve its operations” is a weak hypothesis, while “the company should double its capacity, increase employee annual bonus programs and cut its product line by 33%” is a strong one. In addition to the main hypotheses, develop supporting or subhypotheses. (“If this hypothesis is true, what else needs to be true?”)

Organize

Develop a strategic approach for your analysis. Follow these rules of engagement:

1. **“Develop a high-level process map”** – It will answer such important questions as “Who will do what?” and “What will the end result look like?”
2. **“Create a content map to test hypotheses”** – Test the subhypotheses first.
3. **“Design the story line”** – Develop an initial story line early in the process, then amend it as you learn more. As data accumulates, the story line becomes a “storyboard.” The important players must be able to follow the final story line easily.

Collect

You cannot prove or disprove your hypotheses without relevant data. Therefore, collect what you need. Follow these rules of engagement:

1. **“Design ‘ghost charts’ to exhibit necessary data”** – These are “draft slides” that illustrate your problem-solving ideas. They consist of titles that address the “so what?” questions; “data labels,” or educated guesses regarding the data; and the data itself, presented visually with illustrations such as bar graphs, pie charts or flow charts. Do not be reluctant to develop such initial slides: The problem solving process is iterative.
2. **“Conduct meaningful interviews”** – These are even more important to problem solving than “secondary data.” Talk to the appropriate people. Be smart during the interviews. Don’t steamroll interviewees to get the data you want. Write up interviews as soon as you finish them.
3. **“Gather relevant secondary data”** – Keep the primary issues and hypotheses in mind. Worthwhile business data research tools include Factiva, Mergent Online, Market Research Monitor, S&P Net Advantage, InvestTextPlus and Reuters Business Insight. Cite all data sources on charts and slides.

Understand

Data without insights are meaningless. By the time you reach this stage, you should be able to support your hypotheses. Understand the information and formulate conclusions that can help you come up with recommendations. Follow these rules of engagement:

1. **“Identify the ‘so what(s)’”** – Ask yourself how your insights will affect further analyses and the operations under review.
2. **“Think through the implications for all constituents”** – Figure out how the insight will affect the “consulting team,” the “client project team” and the “client implementation team”?
3. **“Document the key insights on all charts”** – Put these ideas at the top of your slides. Express them in complete sentences.

Synthesize

Develop a sound, convincing argument for your recommendations. Follow these rules of engagement:

1. **“Obtain input and ensure ‘buy-in’ from the client”** – If your client doesn’t follow your recommendations, your work is pointless. Keep the client (which may be your own company or division) fully involved. Include all implementers. Discuss your story with the client before your presentation.
2. **“Offer specific recommendations for improvement”** – Tie each of your recommendations to “governing points” such as a “change in strategic positioning” or “operational improvements.”
3. **“Tell a good story”** – Your story is your business argument, and involves three components: “situation, complication and resolution.” Start with the recommendations and then follow up with the data. Use a deductive structure. Group ideas logically. Focus on the people who will listen to your presentation. Use terminology that they understand. Be flexible. Different audiences may require different levels of data and detail.

About the Author

Paul Friga, Ph.D., is an associate professor at the Kenan-Flagler Business School at the University of North Carolina and previously worked for McKinsey and PriceWaterhouseCoopers.
