

# Succeeding as a Management Consultant

Learn the skills used by the leading management consulting firms

Follow an engagement team as they assist Goldy, a large Brazilian company, in diagnosing and fixing deep and persistent organizational issues.

This book will follow an engagement team over an 8-week engagement and explain how they successfully navigate a challenging client environment, develop hypotheses, build the analyses, and provide the final recommendations. It is written so that the reader may *understand, follow, and replicate* the process.

The book is 252 pages in length and written by former management consulting partners and engagement managers. This is the only consulting guide taking readers on a day-by-day and step-by-step journey through a complete engagement. MBA students contemplating a career in management consulting can use this book as an introduction to the world of management consulting. Consultants can learn the techniques of the leading management consulting firms. Industry executives can learn consulting skills used by leading firms without working for a consulting firm.

A [Firmsconsulting.com](http://Firmsconsulting.com) book.

By Kristina Safarova, with input from all partners at the firm.

# Succeeding as a Management Consultant

Learn the skills used by the leading management consulting firms, such as McKinsey, BCG *et al*

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*This book is dedicated to our clients around the world. Thank you.*

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## Editor's Note

We were once partners and engagement managers in leading management consulting firms. We commenced our careers as business analysts and worked our way through the ranks. We vividly remember our first engagements and training programmes. We were given a lot of support, encouragement, and training. We had high-quality training materials at our disposal. Such materials included >200 slide manuals on calculating economic profit, >150 slide templates on developing business cases, weeklong mini-MBA sessions in the USA, 300 slide guides to change management, specialised weeklong training programmes in Europe, internal training books, and more. Actually, there was much more.

Therein was part of the problem. Despite all the support we had, our first assignments were not easy, and the support was not always appropriate. There was too much information, and it was difficult to know where to focus. Analytical tools were taught as isolated analyses, as if we could simply learn and magically use them on an engagement to solve a client's most pressing issues. Training was stripped of the emotional challenges posed by clients. Moreover, the emphasis on the analytics resulted in critical facilitation and management skills having to be learned in real time and sometimes even in front of clients. With such a significant difference between the information given to us and actual life on an engagement, it was often confusing to know what was required to become an outstanding management consultant. Of course, we eventually worked through these teething problems. Yet, it would have been far more rewarding if the training catered for this gap.

In hindsight, it would have been much more useful if we had been given a detailed field guide that walked us step-by-step through a complete engagement. We did not visualize a guide that gave us all the answers. That would be impossible. Instead, we envisioned a guide that introduced us to the fundamental consulting concepts and taught us how to use them in a real situation:

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- It taught us how management consultants learned their purpose on an engagement while navigating client challenges, diagnosing the problem, and developing a set of recommendations that worked.
- It showed us how different analyses are used within the context of a complete study, how the engagement team managed client relationships, the decision-making process, the mistakes they made, and ultimately how all the different pieces of data were used.
- We envisaged following one engagement team through one problem and over their entire study. We wanted to understand the context.

At the time, such a field guide did not exist.

When we left management consulting, we heard the same feedback from both consultants and aspiring consultants. Younger consultants wanted to learn the tools and techniques of the major firms, such as McKinsey, Bain, and BCG. Unfortunately, available books only taught them the basic mechanics of analytical approaches. That is not enough. Less experienced consultants and aspiring consultants wanted to know what it was like to be on a consulting assignment. They did not have an adequate answer. Executives wanted to learn to think like consulting partners without working at the firms.

This book focuses on these gaps and brings our vision to life. We have distilled the tools and techniques from the leading firms to produce the essential guide for a management consultant. Any person who works through this book will be able to understand much better what is required to be successful in leading management consulting firms.

For every tool and technique used in this book, you will find advanced online training at [Firmsconsulting.com](http://Firmsconsulting.com), a website dedicated to providing compelling and realistic strategy, operations, implementation, and leadership training programs. All [Firmsconsulting.com](http://Firmsconsulting.com) training programs are developed by former consulting partners from leading consulting firms.

We sincerely hope that you will find this book to be useful, inspiring, and educational. We hope that it will help you to genuinely understand what it is like to be on a management consulting engagement and what is required to be a professional.

As you will learn, the essence of management consulting is our value system.

Las Vegas, Nevada

January 2017

## Introducing the engagement

In this book, we will walk you through an engagement over an 8-week period. The story explains in great detail the challenges faced by the engagement team, how they developed hypotheses, built the analyses, and provided the final recommendations. We have placed the explanation of management consulting techniques within a lively and engaging storyline, which allows you to truly understand the challenges faced on consulting engagements, connect with the characters, and understand both how and why they debated elements of the study.

Firmsconsulting.com is dedicated to helping management consultants, aspiring consultants, and executives who want to master those consulting skills needed to effectively serve clients. This book continues this theme. It is written so that the reader may *follow*, *understand*, and *replicate* a strategic engagement using the same techniques used by the leading firms, such as McKinsey, Bain, and BCG.

To make the story realistic and useful, we have worked with one client engagement throughout the book. Using different examples and different clients to explain concepts would have made it difficult for readers to see the data linkages and development of the final recommendations. The client and engagement are fictitious. The data presented are also fictitious, but they are based on actual consulting engagements and the real experiences of the partners and engagement managers when they were management consultants.

### **The client**

The client is the Brazilian gold mining company Goldy Mineracao (called Goldy). The company grew to become an emerging markets champion lauded in the business media and Brazil, but it has struggled to perform over the last four years. Its share price has been punished by investors, and key mining operations have underperformed their peers. Salient details about Goldy create

the impression of a once proud company that has lost its way and is unable to manage its core mining operations:

- The head office is in Rio de Janeiro, Brazil, and Goldy has always been managed by Brazilian nationals.
- Fifty-five percent of Goldy's operations are deep-level gold mines in the interior of Brazil.
- Goldy owns and operates three of the five largest gold mining reserves.
- Goldy also has mines in Russia, South Africa, and Australia.
- The company is listed on the New York and Sao Paulo stock exchanges.
- Although thirty-five years old, Goldy has grown through a series of acquisitions over the last ten years to become one of the three largest pure gold mining companies in the world.
- It has incurred considerable debt to fuel its M&A.
- The company has a reputation for being a "rebel" and not playing by industry rules. Management is known for publicly going against conventional wisdom.
- Over the last twelve months, Goldy has unsuccessfully tried to buy several large mines, which has stalled its growth.
- Efforts to improve performance of its operating assets appear to be moderately successful. Operating margins and tonnage (volume of ore extracted) have declined, while the share price trades at a discount to peers.
- Strong cultural differences exist between the corporate office, who are generally of Italian/German ancestry, and the workers, who are of poorer African ancestry from the developing areas of Brazil. This has led to unrest at some of the mining sites.
- Goldy is very independent and generally hostile to outsiders. Their one and only previous interaction with management consultants resulted in a lawsuit due to a failed systems implementation.
- Morale is believed to be an issue, and the investor community has been demanding to see a coherent strategy to turn around the company.

- The Brazilian government is the majority shareholder, but it is a passive investor and has not pressured Goldy to increase employment or undertake populist measures. Goldy effectively operates as an independent company.
- The Brazilian government has publicly championed Goldy and encouraged the company to use its secure national base to grow internationally.

### **Goldy Executives**

The engagement team will interact primarily with the following executives at Goldy:

- CEO : Carlos Selgado
- COO : Heinze Brito
- CFO : Flavio Semer
- EVP - Mino 1 : Gavriilo Pinto
- Finance Manager : Sergio Gabrielli

### **Engagement team**

The engagement team consists of five business analysts and associates along with the engagement manager, engagement partner, and director:

- Director & Senior Partner : Hendrik Lotke
- Engagement Partner : Marcus Capple
- Engagement Manager : Luther Matthau
- Associate (Business Case) : Max Kraus
- Associate (Operations) : Klaus van Hertzog
- Associate (Services) : Nadia Melinka
- Business Analyst (Business Case) : Alana Cruz
- Business Analyst (Operations) : Rafael Pedro

The consultants have been retained to understand why production value is down and develop a set of recommendations to correct the decline. At the commencement of the engagement, the team had not been told which of Goldy's mining sites would be analysed first.

Although different work streams<sup>1</sup> (operational improvement, services, and the business case) will be completed on the engagement, this book will primarily follow the engagement through the viewpoint of the business case team. We wrote the book from the business case team's viewpoint since they take a broad view of the entire engagement. This is their experience.

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<sup>1</sup>A work stream or work team refers to a group of consultants within the engagement team focusing on a distinct cluster of analyses. Two work streams are present at the commencement of this engagement: the business case team and operations improvement team.

## Prologue

From Daniel Manicotti  
To Carlos Selgado  
  
Date Wed, April 5 at 5:23 AM  
Subject Important: WSJ Story on Goldy

Carlos – we could have a problem.

I received a call from Edwin Welch at the *Wall Street Journal*. They are running a story tomorrow about Goldy and wanted our confirmation on some of the details. I gave him the standard response that we do not comment on internal matters, and our performance and plans are on track. This is what he wanted me to confirm:

1. Since taking over, you have uncovered major culture issues and production problems.
2. Your ideas and plans have met considerable resistance.
3. The board is not fully in agreement on some of the actions you want to take.
4. You are struggling to rein in the geographical regions.
5. Performance is continuing to drop, and planned quarterly results will be down again.
6. Either McKinsey or BCG is being retained to conduct a “One Goldy” study to reposition the business.

They are clearly not saying anything new. We expected some of this for your investor road show and talked about how to position this. It is what would be expected given your very recent arrival as CEO. So I don't think it's a big issue. The problem is that we don't want these negative sentiments to set the agenda for the meetings. So I think just the timing is bad.

I can talk at any time so please call as needed.

Best,

---

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After a particularly tiring overnight flight from Sao Paulo to London on which he had little sleep, Carlos Selgado was not pleased with the email from Daniel. After a rough few months, he was looking forward to this trip to break out of the negativity surrounding Goldy's future and put a positive spin on the business, its people, and assets. Such an email on the eve of his first major investor road show could hurt his plans. Since his appointment three months ago, the business media have given him a particularly tough time and virtually no room to settle in. It was not just the media who were having a go at him. He had been attacked by the labour unions, industry bodies, CEOs of rival companies, and investors. Walter Sydow, the imperious and brilliant CEO of International Mining Corp., publicly referred to Selgado's appointment as the ". . . arrival of the friendly uncle, whom everyone loved, yet has the role of taking the sick dog (Goldy) out to the woods to be put down." Well, no one seemed to love him anymore. Selgado had not been expecting an easy task, but surely no one expected change in three months. He could only wonder what his friends at the *WSJ* had now cooked up.

Struggling through a packed terminal, Selgado looks for a newsstand and wonders about the throngs of travellers. Easter seems to have brought out an unusually large number of them: so much for the recession. He picks up the *WSJ* and quickly skims the article while he is driven to his hotel. He breathes a palpable sigh of relief. Despite the negative slant of the article, the *WSJ* is not reporting anything new. They are using some new quotes, but the story is still the same: new CEO, no change, and grave expectations of the quarterly results. Watching a London still struggling to shake off a particularly bad winter, Carlos briefly wonders about the path he has taken. It had not always been so bad. It was only six months ago that *Fortune* magazine called him "King Carlos" in a glowing story about his turnaround of the Brazilian state-owned electricity producer. At the time, he could do no wrong. Hoping to go into retirement and spend the promised, but perennially postponed, quality time with his wife of thirty-five years, Isabella, he had not been looking for anything new or strenuous. He was particularly keen on a few board positions or maybe even lecturing at the university: anything that allowed him to work on his yacht and go sailing with his wife.

With knowledge of his decision to leave the electricity producer already public, calls from headhunters and corporate boards did not take long to come. He dismissed most of them since they were just more of the same. They were not attractive enough to change course so late in his

career. Then the calls from Goldy started coming. At first, he also dismissed them: what did he know about mining? But they became more and more persistent. After doing his own due diligence, Selgado was still going to say no. That's when the Goldy chairman started calling in the big guns. The Brazilian Minister of Resources eventually played the patriot card, "*Carlos, Goldy is a national institution in Brazil. It is your duty to turn it around. The very future, the very competitive fabric of Brazil is interwoven with Goldy's success. If Goldy unravels, Brazilian morale and competitiveness will unravel.*" Selgado eventually accepted the position.

The media sentiment changed within two weeks of his arrival at Goldy. In a remarkable twist from his days in the utility sector, *Business Week* kicked off the criticism with a cover story "*Is King Carlos about to be dethroned?*" Then everything just became worse. Everything that went on at Goldy was reported in excessive detail. No piece of information was too small to create speculation among the press. The criticism reached a crescendo with Sydow's comments, but who could blame them? Goldy was a behemoth by any standards—one of the world's largest mining companies, a major Brazilian employer, and one of a small group of emerging markets companies supposedly challenging established players. It was a story waiting to be written.

A month into his position, Selgado knew he would need help. His first management meeting was a disaster. The quarter had closed a mere month ago, and yet the organisation could not give him any indication of where the business was going. No single mining unit could report back on their cash or cost position. No one had a business plan, and certainly no direction had come from executive management.

The first meeting with the Strategic Planning Group (SPG) was another disappointment. At the very least, Selgado expected SPG to have a clear handle on the problems in the business. He was hoping they could tell him what was happening. Staffed with ex-bankers and young MBAs, the unit was designed for the sole purpose of generating acquisitions. Strategy in the company used to mean having an acquisition strategy and aggressively executing it. After all, that's how Goldy had grown. It seemed no one had a strategy for integrating the acquisition or extracting synergies once the deal was done. It was difficult to know if any SPG employees had ever even visited a gold mine. Goldy was like a huge supertanker merely carried by the momentum of its past suc-

cess. Yet, even the largest supertankers can be stopped. It seemed Goldy was going in that direction.

It did not get any better outside the company. Two weeks into his tenure, Fleet Rock Investors wanted to meet him. The powerful and respected U.S. investment fund was the second-largest shareholder in Goldy and could quite rightly command the CEO's attention. In what started out as a cordial meeting, the eponymous Sir Albert Hall, chairman of Fleet Rock, explained that it was too early for Selgado to present his plan for the business. Still, though, Sir Hall wanted to be crystal clear about Fleet Rock's views on Goldy and what needed to change. What followed was a fifty-minute dissection of the perceived problems with Goldy's business. Sir Hall was kind enough to have a presentation prepared listing his thoughts and ideas to fix the business. While other investors were not so prepared with their recommendations, there was an overwhelming sense that Goldy was just not living up to its potential.

Realising the need to have an honest appraisal of the situation, Carlos contacted a consulting partner called Marcus Capple whom he met while preparing for his interviews with the board. He needed a top firm to come in and tell him exactly how bad it was internally and relative to the competition. He needed someone he could trust and whose findings would be respected—a consulting firm whose mere presence would signal that he was serious about change.

Getting out of his car, Carlos thought that at least the *WSJ* was a little clueless about the official mandate of the consulting firm, and that is as it should be. He would need to be careful in rolling out his turnaround strategy and employing the use of consultants. The stakeholders at Goldy were powerful, entrenched, and resistant to new ideas.

## **Week 0 - Week before the Engagement**

Reading the *WSJ* article on Goldy, Luther, the engagement manager, knew this was going to be a tough and high-profile engagement for the firm. In reality, it would be no different from the hundreds of other engagements done by the firm each year. The team would just need to meet the standards expected. Luther thinks it was a good idea they managed to get a full week with the team for pre-engagement planning.

Week 0 is also known as the pre-engagement week. It is rare to have them. The team will work in the office and away from the client. The objective of this week is to ensure the team fully understands as much about the client and the problem as they possibly can and before they arrive on-site. At the end of the week, the team must actually develop their solution and thereafter use the engagement to test their hypotheses. Although this sounds counterintuitive, the process is explained below.

Engagement teams usually consist of experienced and inexperienced members. Consultants may be inexperienced because they do not understand a sector, client, or particular type of analyses. This initial week in the office provides inexperienced consultants a chance to understand the client and sector and not to appear “green” in front of the client. This is the general format of the week:

### **Reading and Research**

Planning commences with the engagement team reviewing all relevant newspaper articles, research reports, equity research reports, annual reports, and regulatory filings about the client. They will also read competitor information and obtain advice from other consultants who have worked on similar engagements. The objective is to gain a broad understanding of the issues without going into too much detail.

## Issues

As the team conducts its research, each member will write down any issues they *think* affect the client. The team is not worried about the accuracy of the lists of issues at this point. The aim is to generate a list of issues based on educated guesses and a careful reading of the material available. The team will try to go broad and identify as many issues and across as many areas of the business as possible.

Over a series of one or two 2-hour meetings, the team will use post-it notes to list every issue on a whiteboard. The Goldy team generates over 140 post-it notes. They can be in any order and any priority. The aim is to capture all possible issues affecting the client. It is similar to an educated brainstorming session. Luther facilitates the sessions to generate discussion and to capture the issues. The team will usually work together in one large room during this planning week, which allows them to create a war room, post information, and immerse themselves in the engagement.

## Themes

Posting issues on a whiteboard helps everyone see a common set of items, potential patterns, and themes developing. In the second or a third meeting, the team starts discussing the common themes from the list of issues. The session focuses on clustering the issues into common themes. For example, the following cluster of thirteen issues scattered around the whiteboard can be listed under a theme called “rising costs” or “costs”:

- Four salary increases to reduce labour walkouts.
- Fuel prices doubled in 16 months.
- Shortage of equipment and spare parts driving up costs.
- Mining taxes have increased.
- Water levy introduced 7 months ago.
- Extended use of contractors.
- Tunnelling machines are in high demand and difficult to secure.
- Unrest in Thailand is forcing Goldy to buy electrical reticulation equipment from expensive Malaysian manufacturers.

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- The Brazilian Real is weakening against the U.S. Dollar driving up import costs.
- New mining act is creating uncertainty about future environmental costs.
- Steel and copper prices have increased 17% in two months.
- New shared-services centre rollout is delayed.
- Rising inflation is driving up domestic costs.

The team will go through every issue and add it to a theme. Once this is done, some themes may be combined, while others may be split apart. Generally, there are rarely more than eight themes for any one client and any one problem to be solved. Sometimes consultants take each theme and develop a hypothesis to test the theme. The challenge with this approach is developing an analyses framework on which to lay the hypotheses. Without the framework, it is difficult to apply the rules and techniques management consultants use to structure their analyses. To overcome this critical problem, another approach is presented below, which allows for the development of a hypotheses framework.

### **Key Questions**

The group uses this discussion on themes and key issues to spur debate and gain a better understanding of the engagement. This robust debate forces consultants to ask important, probing, and tough questions. It is as much planning for the study as an educational session for the consultants. It serves as a filter to weed out poorly formed ideas or weak thinking. After they are comfortable with the themes, *the team puts aside the themes and key issues for a moment.*

The group then takes the key question presented by the client and tests if this is indeed the key question they need to answer in the engagement. Sometimes clients raise the wrong question, which the client thinks must be answered. The engagement team tests if this is the right question.

Many consultants get too focused on answering the question posed by the client, but perfectly answering the wrong question will not help the client. The right answer to the wrong question will still not solve the root-cause problem. Therefore, the team takes time to ensure they are asking the correct questions in the engagement.

They ask themselves, “*If we solved this question posed by the client, would the problems at the client be resolved?*”

If the answer is yes, the key engagement question is confirmed and captured. In this case, the engagement team believes the key question posed by the client is indeed the correct question to answer and posts it on the whiteboard.

*Key question: How can Goldy improve its production value?*

Assuming they have the correct question, they need to think about how they would go about answering this question. Answering this one question is a difficult task. To make it easier and manageable, the team takes this question and splits it into smaller questions in a logical format. The next, level 2, set of questions would be:

*Level 2 Question: Can Goldy increase its revenue?*

*Level 2 Question: Can Goldy reduce its costs?*

Either way is a means of raising Goldy’s production value.

As the team develops each layer of questions, they test each layer (e.g., layer 2, layer 3, layer 4) by asking themselves two further questions.

*First, are these the complete list of questions in this layer that can impact the previous question?* Therefore, is raising Goldy’s revenues and reducing Goldy’s costs the only way to increase production value? Is there any other way that should be added as a level 2 question? If the answer is no, this is called a collectively exhaustive list of questions or hypotheses.

*Second, have the questions been sufficiently separated so that changing the variables that impact one question will have NO impact on another question?* For example, the price of gold is a variable that impacts revenue, but the price of gold will rarely have an impact on costs. If each of the questions does not overlap through their variables, the team will say that the questions are mutually exclusive.

The principles of being mutually exclusive and collectively exhaustive (MECE) are fundamental concepts in management consulting. They are the foundations on which consulting analyses are built.

The first concept ensures that no stone is left unturned in analysing the key question of the engagement. For example, imagine there was another way to increase Goldy's production value, but the team overlooked this option. When the final recommendations are presented, it is possible that the overlooked option may have altered the recommendation. Having a collectively exhaustive set of options ensures that all avenues are explored.

When issues overlap and cannot be isolated, it is difficult to know why changes are occurring. It is also difficult to understand the issue. Isolating a question, issue, or analysis allows the engagement team to conduct a test whereby they can be sure that x, y, or z is responsible for the changes. If the hypotheses/questions fail the test of being mutually exclusive, the analyses and findings will be flawed because they are running analyses on hypotheses that have not been isolated for testing.

The team takes the time needed to ensure the analyses fulfill these two requirements, but this is not easy to do. It can take an engagement team up to a week to ensure these two rules are met for each part of the analyses. The team applies these checks and balances as they continue breaking down the key question.

A level 2 question can be broken down even further. Let us look at both revenue and costs:

*Level 2 Question: Can Goldy increase its revenue?*

*Level 3 Question: Is there a way to increase the price of gold?*

*Level 3 Question: Is there a way to increase the volume of gold sold?*

*Level 3 Questions: Is there any other way in which revenue can be increased? (Revenue from other sources, such as investment income, is included here. Since this branch makes such a small contribution to overall revenue in mining companies, it is removed from the overall decision tree.)*

*Level 2 Question: Can Goldy reduce its costs?*

*Level 3 Question: Is there a way to reduce operating (variable) costs?*

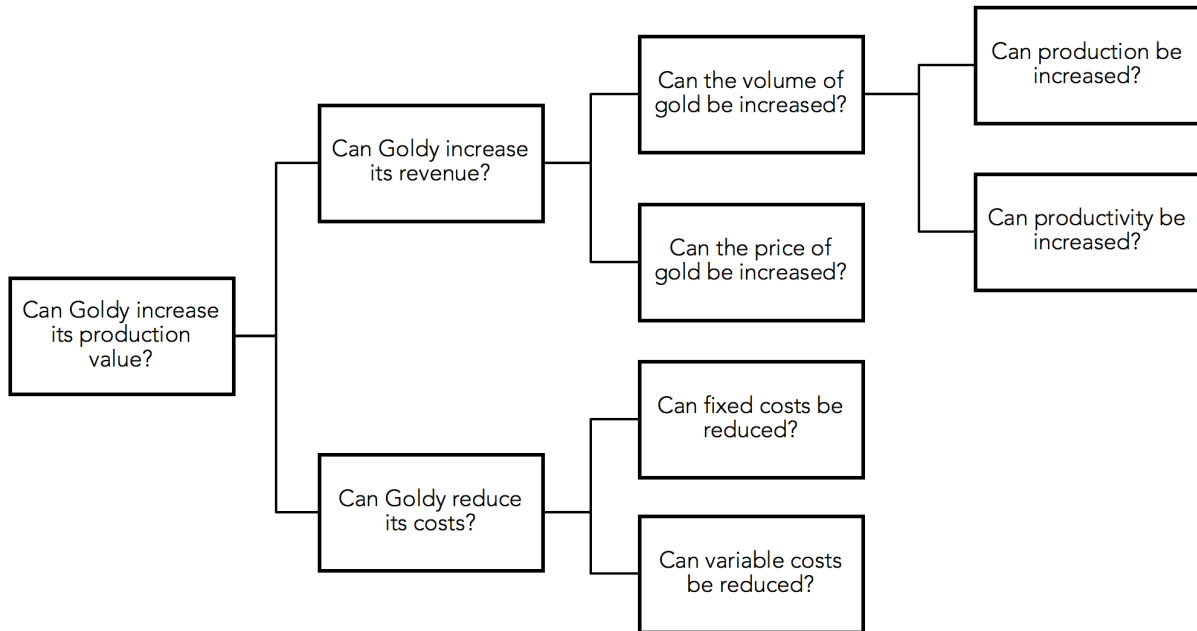
*Level 3 Question: Is there a way to reduce capital (fixed) costs?*

Again the team will check to determine if they are mutually exclusive and collectively exhaustive. The team will continue building a level 4 and level 5 set of questions for each question. In the planning phase, some teams build out to a level 8 set of questions. Rarely will greater detail be needed at this stage. Later in the engagement more detail will be added if required for the analyses. When questions are laid out from left to right, with the primary question on the left (*How can Goldy increase its production value?*) and the subsequent levels fanning out to the right, it tends to look like a tree with branches. This is the origination of the term value tree or decision tree.

**Exhibit 1: Decision Tree Analyses**

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Decision trees can be effectively used to analyze the main problem statement

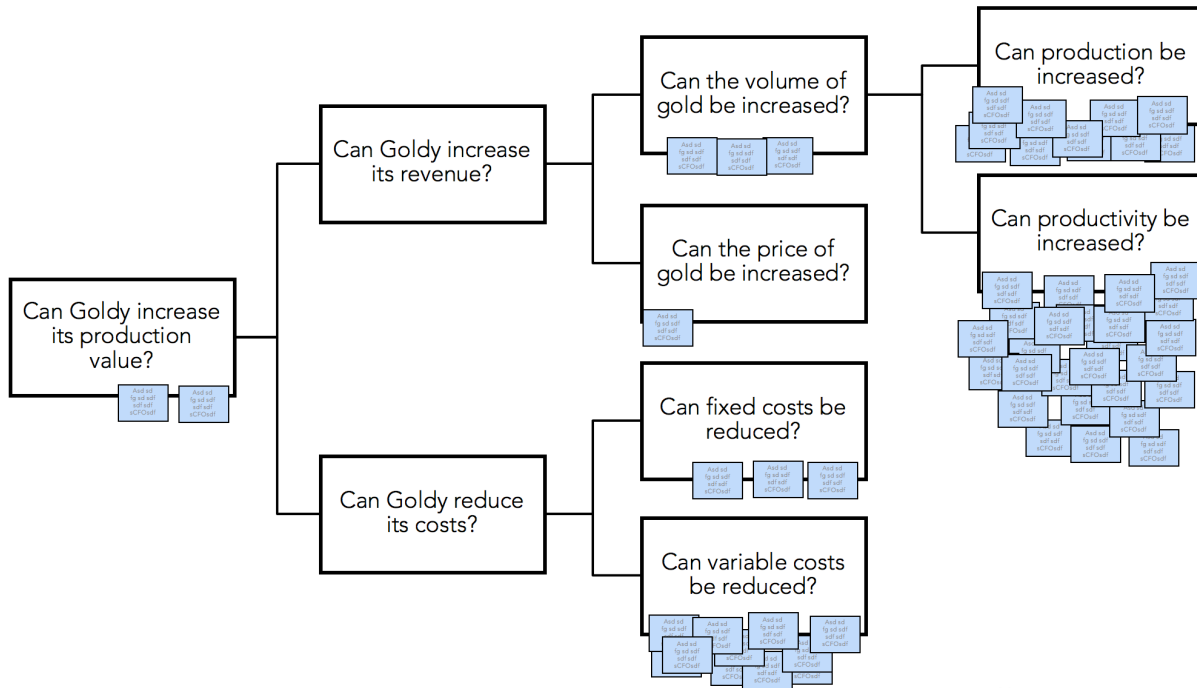


The team now goes back to the list of issues and themes it developed. Can they find a place on the tree where every issue and theme can be tested? If not, is the tree missing some questions? Are some of the issues irrelevant? Must the questions change? To accomplish this task, the team takes each issue and numbers it. A stack of post-it notes is used with each post-it note numbered to correspond to an issue. The post-it note is then placed on the decision tree where the team thinks the issue resides. Using this process, the team can visually see where most of the issues may lie. This can also serve as a check. First, is the analyses skewed to one or two parts of the question? Second, have they been unable to find issues in certain areas? If so, does this mean these areas have no issues? The team may need to go back and look at their issues again to understand why an area was ignored. Once they are comfortable with their decision tree, they will proceed with the planning.

**Exhibit 2: Checking Issues**

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Mapping issues with post-it notes onto a tree highlights the priority branches requiring hypotheses



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For the branches of the decision tree with the most issues, the team can conceivably assume that this is a priority area for the client. Since branches with issues will likely have different numbers of post-it notes, the branches will have different degrees of priorities. Therefore, the branches with post-it notes can be ranked in order of priority.

For the top three or five branches, hypotheses can be developed explaining why the problem is occurring or what can be done to fix the problem. This process for developing hypotheses ensures hypotheses are MECE and specific to a client problem.

Developing the decision tree is one of the most important steps of an engagement. Using the decision tree, the team can break down an hypothesis into manageable components for analyses. The team will revisit this in the next few days and test it further until it is finalised as a strawman.<sup>2</sup> Engagements are not static, and as information changes the priorities of answering the questions may change, which may cause the tree to change slightly.

Given the amount of work required to rigorously analyse each branch in the tree, the tree will be split into different branches (set of questions), and different consultants will take over ownership to develop them further. It is critical to document and share all the work done on the decision tree and issues. It will be needed by the engagement team to review their thinking.

Using these detailed decision trees and hypotheses, the engagement team can determine the likely answer to the questions *before* they arrive at the client site,<sup>3</sup> i.e., the team looks at each question in the decision tree and based on their careful preparation they estimate the likely answer by assuming the outcome of the analyses to test the hypotheses. Using the decision tree, the team also develops the storyboard for the engagement. The storyboard is the message delivered to the client based on the expected results. This is the counterintuitive part.

If this is done so early, then what's done during the engagement?

The engagement is therefore the process of proving or disproving hypotheses. The decision tree and hypotheses are written as questions. Over the course of the engagement, the team will devel-

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<sup>2</sup>A strawman is a draft version of a document.

<sup>3</sup>The client site refers to the client-owned premises within which the engagement team will be located over the duration of the study.

op analyses to test each hypothesis and thereafter collect the data for the analyses. Depending on the results of the tests, the analyses is either proved or disproved, and the storyboard is altered.

The process can be summarised as follows:

1. Determine the key engagement question
2. Develop the decision tree to the 4<sup>th</sup> or 5<sup>th</sup> level horizontally
3. Check for MECE
4. Prioritize the branches
5. Develop hypotheses for the prioritized branches
6. Develop analyses to test each hypothesis
7. Develop the storyboard (explained later)
8. Collect data for the analyses
9. Complete the analyses
10. Refine the storyboard

The process above is iterative. As analyses are completed and new information becomes available, the team may need to go back and create new analyses and repeat the process. It is not a linear process. This is the central technique used by management consultants. It allows the team to see the overall message and focus their work *before* the engagement begins.

### **Business Case Team**

The business case team has an unusual role on a consulting engagement. While the other teams focus on specific parts of a client's business, the business case team works across the entire scope of the engagement. The business case team will not be responsible for doing all the analyses. Rather, they will need to assess the opportunities for improvement *developed* by the rest of the team. Their job will be to determine the combined benefit to the client of implementing all recommendations. The business case team needs to ensure the opportunities recommended will actually deliver the benefits stated. Therefore, the business case must be independent and verify the opportunities presented. They ask such questions as the following:

- Are the opportunities mutually exclusive? In other words, are we double counting benefits?

- Does this opportunity make sense? Will it actually work as described?
- What is the impact of doing this?
- Is this opportunity worth pursuing? What are the returns and cash flow patterns?

The business case team will need to develop an Excel model of some kind to test various scenarios and options. A smart business analyst knows one does not need to be an Excel wizard to produce business cases. One needs to be highly analytical, understand how to analyse the problem, and translate that analyses into a simple Excel model. The best business cases are well thought out so that the models are simple and intuitive. Poorly designed business cases have highly complex models that are large, unfocused, cumbersome to update, and difficult to use. Excel models are tools that are the means to an end—not an end in themselves.

Although the key questions from the engagement still need to be confirmed with the client, the engagement team feels they have developed a very close strawman of the final key question and can begin their planning work. The business case team will also develop planning material and some additional items that are unique to their work:

1. Stream Charter: a charter is a clear explanation of what the business case team will deliver. It is no more than a page in length and is shared with the rest of the team members to ensure there is no misunderstanding and gaps between the members' work. In some ways, it is the contract between the team and engagement manager.
2. Model Architecture: the architecture is a simple modular representation showing how the model will work, what it will do, and what it will produce. It is just one slide in length.
3. Model Description: a half-page description of the model. It forces the business case team to clearly explain what they are doing in simple language and to exclude unnecessary capabilities. Requiring the team to create a short description forces them to only describe the most important functions of the model.
4. Decision tree tests and data requirements: the decision trees are a set of questions. To answer each question, an analysis must be constructed. To run the analysis, data must be collected.
5. Storyboard: the storyboard consists of the headlines of the presentation that summarise the *expected* results from the business case stream. Using the planning material listed

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here and completed decision tree, the business case team can develop a view of the likely analyses and results. The team will *only* write out the headlines so that everyone can understand what message they *expect* to deliver based on their *expectations* of the data analyses. Although the storyboard may change as the analyses are conducted, the initial thinking of the team will be sufficient to guide their colleagues.

The business case stream plays a central role in setting direction and providing guidance to the team. These five pieces of work take about a week to complete.