

People Focus

An Interview with Dominic Barton,
Global Managing Partner, McKinsey & Co.

EDITORS' NOTE Before becoming Managing Partner, Dominic Barton served as McKinsey's Chairman in Asia from 2004 to 2009. He also led McKinsey's office in Korea from 2000 to 2004. He is an active participant in the World Economic Forum, Le Cercle des économistes (Circle of the economists): Les Rencontres Économiques d'Aix-en-Provence, the Asia Business Council, and the China Development Forum.



Dominic Barton

He is an adviser to the Asian Development Bank, a trustee of the Brookings Institution, and a Rhodes Trustee. He is an adjunct professor at Tsinghua University, Beijing. He has also authored more than 80 articles and is a coauthor, with Roberto Newell and Greg Wilson, of *Dangerous Markets: Managing in Financial Crises*. His most recent book is *China Vignettes: An Inside Look at China*. He graduated from the University of British Columbia with a B.A. Honours in economics and graduated from Oxford University, where he was a Rhodes Scholar at Brasenose College.

COMPANY BRIEF McKinsey & Company (mckinsey.com) is a global management consulting firm, deeply committed to helping institutions in the private, public, and social sectors achieve lasting success. For nine decades, their primary objective has been to serve as their clients' most trusted external adviser. With consultants in over 125 locations in over 65 countries, across industries and functions, they bring unparalleled expertise to clients anywhere in the world. They work closely with teams at all levels of an organization to shape winning strategies, mobilize for change, build capabilities, and drive successful execution.

Are your people truly the differentiating factor for McKinsey and the key to your success?

We spend a huge amount of our time on people issues. Senior people are involved in recruiting all the way through and there is a lot of time spent on our evaluation of people.

Every organization has a set of values but we try to reinforce the elements that will most help us in our professional approach to

servicing clients. These relate to people. We spend a great deal of money and time on training. It's one of our most important areas of focus outside of the research and knowledge development expenditures we make.

We have to continue to broaden our people focus and as the world moves faster, we have to learn more and train more.

There is an increasing trend for top talent going to work for companies that didn't even exist a few years ago. Is the industry still attracting that top talent and is there an understanding of the type of work that McKinsey can offer?

The number I obsess about most is our cross-offer win rate. That number is at a 23-year high. That said, we have had to work at ensuring that people understand what it is we do. We have had to put more senior time into this because there is a more competitive market for talent today, so that is the number I obsess about.

We've broadened the reach for people and we're now getting about 450,000 CVs each year. It requires a lot of people to go through these to select the candidates we hire; it's critically important to us.

We also need to look at this historically. The investment banking competition came in the '60s. Then there was private equity, the first wave of the Internet, and the recent tech push. We try to learn from each of those different periods. There has always been competition beyond the consulting firms and we have to make sure our value proposition is understood in the market.

Have service areas evolved as client needs have evolved?

Yes – about 40 percent of the work we're doing in the firm today didn't exist three years ago. We have to innovate in everything from the type of companies we serve to the topics we address in areas such as digital, data analytics, and the Internet of things. We're also involved more in turnaround work now, though not so much with bankruptcies. Many organizations have a troubled group they want to turn around quickly, so we have developed capabilities where we can leverage our sector and functional capabilities with the turnaround capabilities and create fast results.

Also, some of our clients would prefer to utilize our software as opposed to having their own teams handling it. The range of needs has broadened significantly and we have to make sure we're keeping up.

Is your growth defined more in terms of clients and service areas or geography?

We look at it from all dimensions as a full matrix. We address geographies, sectors, and industries, as well as functions including organization, marketing, and operations. I also look carefully at growth in parts of the world that will become even more critical over time, like Asia and Africa, and in growing sectors like tech, agri-food, and infrastructure

Is there still strong growth in the emerging markets for you?

Our two more volatile regions are our fastest growing. EEMA, which includes Russia, the Middle East, and Africa, and our Latin America region, which includes Brazil, are growing fastest with rates in the high double digits. The U.S. is fast growing as well. There is latent growth in the North American economy. We've had to be flexible in terms of capabilities. What we're doing in Brazil today, for instance, is much different than what we did there two years ago. Even within Brazil, which has had a tough situation, there are some sub-regions and sectors of the country that are still growing.

McKinsey is known for hiring the best talent. Will that, in and of itself, breed a diverse workforce or does it require specific focus?

We need to be constantly focused on diversity. There is always the danger of growing accustomed to hiring from the same pools and we need to recognize that there are other pools of talented people we need to make sure we're in.

We're also looking to hire some people this year who don't have a university degree. We have recognized that there are some talented people out there who could not complete university for one reason or another.

We need to make sure we maintain our diversity or we're not really fulfilling a key part of our mission. If we're not participating in some of the key community areas as business leaders, then we're not being good leaders. ●