The View from McKinsey – With Michael Birshan, Global Co-Leader of McKinsey's Strategy and Corporate Finance Practice

Simon Brewer

There are three large global management consulting firms considered to be the most prestigious: McKinsey & Company, Boston Consulting Group and Bain. And historically, they have attracted some of the brightest and best, although occasionally, they've made mistakes, notably Bain, who turned me down after just one interview back in 1985. As it happens, McKinsey's alumni have featured disproportionately on the Money Maze Podcast by accident, rather than by design. And today, we're going to go to the top table within McKinsey to talk to Michael Birshan, Global Co-Leader of McKinsey's Strategy and Corporate Finance Practice. So Michael, welcome to the Money Maze Podcast.

Michael Birshan

Delighted to be here, Simon. Enjoy what you're doing.

Simon Brewer

Well, look, as I did my research, your academic successes would be hard to beat. I think you have a double first in PPE from Balliol at Oxford, and then you're a Baker Scholar at Harvard Business School. But just, first of all, give me a glimpse of a young Michael. What stood out as you were growing up?

Michael Birshan

I was born and raised in London. I was the son of first-generation immigrants from Baghdad, Iraq, both sides of my family, and they fled and eventually found their way to the UK where little Michael was born. I had hair when I was young, like vivid, big hair. I liked debating growing up. I played a little bit of rugby. That was baby Michael.

Simon Brewer

Pausing on education, I mentioned this but way back when we interviewed Sir Ronald Cohen, and in fact, more recently, Dame Kate Bingham, they both had the same academic backdrop, Oxford and Harvard Business School. And I'm going to ask you the same question I asked them. What did each of those institutions give you?

Michael Birshan

Harvard is easy because it gave me my wife, who I met at business school, which was by far the best thing, 15 years of a happy marriage. But also, what both gave were a great group of friends and connections that have just grown over time. I think the educational system is somewhat different. So in Harvard Business School, every day you're expected to have read the case and turn up in class and discuss it and half your grade is class participation and things like that. So it's got a certain relentless execution to the pedagogy. Oxford, at least for my degree, was somewhat more here's a list of books and periodically turn up and talk about them. And so I think what one gave me space to explore and do things. As I said, I did a lot of debating, for example, at university, but also to be self-motivated. From business school, it was terrific to meet all sorts of people who had passionate different ideas about what they wanted to build or create in the world of business or non-profit and slightly maturer in their life stage. So that was quite interesting.

Simon Brewer

So you go to management consultancy at university, I wonder whether a little bit like investment banking, they were the two potential magnets of prosperity.

Michael Birshan

So I was privileged in university and things. I did a few internships in different places. Every time I did an internship, I concluded that perhaps that profession was not for me. I hadn't actually done a management consulting internship. I thought, 'The grass is always greener, that sounds fun.' So I put in applications to 12 places. I got rejected by 11. I got accepted by one, thus it started.

Simon Brewer

Let's talk about McKinsey, and I guess a high-level question, first of all, which is why do you think McKinsey has succeeded in maintaining such a preeminent position in the eyes of corporate boards?

Michael Birshan

We certainly try very hard to do that. Ultimately, I think in any of these kind of firms, you're judged on the impact you have with your clients. They are discerning people, demanding people. And if you build over time a track record of that, more opportunity comes. But to be fair, we have innovated massively. The firm of now is hugely different from the firm when I joined 20 years ago, and that itself is hugely different from the firm before. But now, 40% of our consultants do digital work, for example. Massively different. Lots more seasoned executives or transformational professionals, for example, much more partnering with our clients now to underwrite impact, and not advisory but the full journey and let's partner to do that, trying to do great work that delivers great impact, but also trying to innovate in line with a changing world. Let's hope we keep going.

Simon Brewer

And when you say underwrite, that's interesting, because one thinks historically of consultancy being project work, conclusions, move on. Are you suggesting in using that term underwriting that there's an economic co-interest in some of the work you're doing?

Michael Birshan

There is. A bunch of our clients would say, ‘You say there's an opportunity or we've worked together to identify an opportunity here, maybe a new business to build. If you believe in that, why don't you put skin in the game?’ In our perspective, we'd be delighted on outcome-based arrangements with many of our clients now. So I think if clients would like that, we are always happy to partner with them to actually underwrite the impact.

Simon Brewer

So that's helpful because I was not aware of that. So before we get into some particular detail, how do you ultimately summarise concisely the priorities and principles that drive the firm?

Michael Birshan

We've got timeless purpose and mission values. Right now, we would probably summarise it in a modern context as accelerating sustainable inclusive growth for the world, unashamed about the importance of growth and what that can then catalyse for humanity. But that growth has to be sustainable and inclusive, create opportunities for everyone to benefit from that. And for us, that's an 'and' not an 'or'. It's finding the solutions that lead to a growing world that is more sustainable and more inclusive and being a part of that.

Simon Brewer

Thank you, because that allows me to go and talk about some major work that you are doing. McKinsey produced some really interesting work, and I was surprised just how freely available it is. So listeners to the Money Maze Podcast should know they can go on McKinsey website and become a lot smarter quite quickly. And that's what I was trying to do ahead of this interview. And inside the strategy room, you have a piece which is about the journey to net zero. And I wondered if you could just start at the high level and summarise or conclude with what exactly is going on.

Michael Birshan

That is not a straightforward question. But look, at the high level, let me try and rise to your challenge. The world clearly needs to move to a much more sustainable path, net-zero by 2050, to avoid runaway climate change. Our perspective is that there have been historically a bunch of organisations playing what you might call defence for the last few years. ‘We are going to do what we can to comply with laws. We are going to inch forwards. We're going to reduce risks. We're going to treat it as sort of a risk management opportunity.’ Now, a bunch is changing in the world and we see in our client base. Folks are what you might call playing offence. ‘How can I create value by leaning further into the net zero transition?’ That is portfolio moves that may create value, that is building new sustainable businesses, decarbonising my operations where green is lean, the things that one can do to operations that reduce emissions and increase productivity, for example, and telling an equity story that explains why as the world becomes more sustainable, that is for them, a tailwind and not a headwind.

Simon Brewer

Thank you for answering that very succinctly. And I know because I've got the data in front of me that you have assimilated is that you are putting this as a $9 trillion to $12 trillion market in sustainable value. Huge numbers. Let's just talk about some of the key consequences for both financial and non-financial corporations as and if they move from this defence to offensive position.

Michael Birshan

Firstly, let's talk about some of the opportunities. Large numbers of areas of new businesses that can be built. To take one example, carbon removals, a sector where on many pathways, if we're to meet our net-zero obligations and all the pressure and incentives that governments are putting, we're going to need to find ways not just to reduce new emissions, but to actually take emissions out of the world, whether that's nature-based solutions or that's engineered removal, direct air capture or bioenergy with carbon capture and storage, or sort of other forms of engineered removals. That's a huge business opportunity. And a number of larger companies and disruptive startups are leaning into that. So that's an example of a market and an industry that 20 years ago did not exist and will create substantial value in the years to come.

Simon Brewer

So let's just take an industry like steel and the move towards green steel or plastics. Can you just talk about some of the steps that will need to happen? Because many of these are incumbents with very established supply lines, customers, ways of operating, and this is a big potential upheaval.

Michael Birshan

It is a big upheaval. Equally, there will be money made. Take the automotive sector, for example. a number of automotive OEMs have ambitious sustainability goals for the cars they're going to manufacture. That is putting a huge amount of pressure on suppliers in their supply chain. If you're, for example, an aluminium or a steel supplier to the automotive sector, you're looking, 'How can I decarbonise? If I decarbonise, can I get a premium for it? And when is the supply-demand balance going to be tight such that, for example, if I get there early, maybe I can enjoy a few years of high premium before perhaps other slower players get there and it becomes a new form of commodity?' In some cases, by the way, you're seeing partnerships in the value chain. I will invest to build a green steel facility, for example, if you will agree that when I have the steel, you will purchase it, forward commitments that can then catalyse finance and innovation coming in. So there are huge numbers, lots of different value chains where orchestrating that is a real opportunity. And different players are playing a bit more the orchestrator role or working with others to convene the supply chain and say, 'How might we move together? How might we jump together?' Because it is a sort of collective action problem. I need the demand, but I also need the supply. And how do I ensure that both come online reasonably at the same time?

Simon Brewer

And of course, you've got strategy meeting execution. And in your own document, you talk about when you look at the history of major transitions, most companies do not navigate these well. And I think you cited IBM as one who did, and I was sitting there thinking actually, one of the great consumer brands that failed in transition was

Eastman Kodak because the technological shift was just too great for their incumbent business. So how do you think about the reality of that, taking that strategy and humans at a company level having to execute it?

Michael Birshan

It is true that in disruptions, many incumbents do not make the transition. Just because you won one era doesn't mean you have a natural right to win the next. A few things, firstly, by the way, better to disrupt yourself than to be disrupted, right? And this is the Eastman Kodak. They had all sorts of technology. It wasn't an IP challenge. It wasn't that the inventions were elsewhere. Certainly, when I talk to clients about navigating transitions, it often comes down to three things. One is giving investors the confidence that you understand your historic core and you remain a good steward of that historic core for as long as it is appropriate and value-creating. Because one thing you don't want is a sense that you are no longer a good steward of your cash engine, and maybe explaining, by the way, that it is going to fire further and faster than perhaps people might say. Because often, you see a disruption and sure, the world is shifting, but maybe there are incumbent technologies, let's say, car platforms that are still going to require various components or things. So one is the core. Are you stewarding it well? And do you truly understand and can explain to investors how long it's going to go and separate the hype they're hearing from the value creation that may be in your business? That's one. The second is, of course, the new. Can you demonstrate to investors that you are reallocating capital towards the new? It's not just PR, it's not just dipping your toe in the water, that you are making meaningful capital allocation shifts, and that you're moving at the pace of disruptive innovators. Because actually, many of these sectors where this disruption is, the incumbent is competing with new entrants. Incumbents have advantages. They have brand, they have capital, they have customer relationships. That's great, as long as you don't have the disadvantages, which is you're slow, you're sclerotic, you aren't able to pivot the management team, the existing business stifles any of that innovation. You've got to show that, work on that with investors and show by the way that you're able to begin to create value from those new areas. Because the other thing investors of course worry about is that what you're doing is you're taking cash from a successful business that may be declining, you're not returning it to them, and you are investing it in a business that you're not well-suited for. You need to show that the ‘new’ is in your safe hands. And then I think the third is all of that wrapped together in a clear transition strategy and capital allocation framework that gives investors confidence about the pace of the transition and that you are going to be a disciplined investor and you're going to take them along. That is often the real challenge is, how do you set out with enough credibility and conviction? Often, by the way, it happens, let’s say, new in a CEO’s tenure. You say this is the tenure where we're going to do that, because if you're new, you can make some of the changes. If you're in the middle of the tenure, it's harder sometimes to accelerate the transition because investors have got used to whatever it was you promised to them.

Simon Brewer

Before we leave this transition and talk about some other really important items, I just want to pause on the timeline. So my position as an investor has been and remains that governments are being hopelessly unrealistic in their timelines. And many investors, especially the ESG evangelicals, have assumed that we can make this transition without a lot more extraction of fossil fuels and excavating metals. I think the numbers are an electric vehicle has eight times the amount of copper, nickel, lithium, manganese, cobalt, and it's repeated in all of the things needed for the clean power. Now, you've done a lot of work on resources. Is there a resource crunch coming that might throw a lot of this timeline out?

Michael Birshan

My take on the timeline is does the timeline show how you can do it, what it would take for us to do it? And then exactly as you say, Simon, the assumptions built-in around what we're going to need in metals and mining are enormous. Low-carbon technologies are much more metal-intensive than some of the existing technologies we've been using, exactly as you were saying. Second, of course, is some of these are metals that are in various places in the world. Copper is an example. Some of them are minerals that are much more concentrated in a few places, perhaps not places where everyone is excited to tread. That is absolutely a challenge. And what that means is there are therefore going to be price fly-ups at different points. The transition is not going to be smooth. And you're seeing, by the way, some of this of course, with energy right now. Historically, if you look at capital investment in energy supply, it went up 7.7% a year to 2015. It then went down 2.2% a year since then, until recently. So to some extent, what sometimes happens is one might switch off some of the old before some of the new fully comes online or might think the new is going to come online but it gets delayed for some reason. The same will exactly be true in metals and mining, which will mean it will be a bumpy transition for the world. I think what that obviously means for a bunch of companies is that those price premia will also be opportunities that justify their having invested in rare earths or cobalt or the next copper mine. But I do think to your point, we're going to have to set priorities. Decarbonisation is going to require more metals and mineral extraction. The historic pace at which new mines, for example, have come online is slower than will be needed for that. Society is going to have to balance some of those trade-offs.

Simon Brewer

And I think for investors, that's one of the fascinating possible disconnects and why active investors may be looking at quite an interesting, I would say, plethora of opportunities, but a lot of them.

Michael Birshan

One hundred percent. I mean, one of the things that I talk to my clients about, is your understanding of the net-zero transition nuanced enough? Because it's exactly as you were saying. There is going to be substantial value creation in new green businesses, industries and value chains. There's also going to be substantial continued value, and by the way, in many cases, need for a bunch of existing assets, investments, technologies. And actually, it's going to be interesting. There will be some green investments that lose a ton of money, there will be some that command premia, there will be some, what you might call 'brown', where you have all sorts of stranded asset risk, there will be some that will be doing well as prices are volatile.

Simon Brewer

So let's talk about innovation. You very interestingly, at the outset, talked about how much innovation had happened at McKinsey with your digital cohort, etc. But there was a very interesting report written by, I think it's your colleague, Laura Furstenthal, and I'll quote that. She says over 80% of executives that you had surveyed say that innovation is among the top three priorities, yet less than 10% report being satisfied with their organisation's innovative performance. Help me understand and reconcile that.

Michael Birshan

I think it's the difference between aspiration and delivery. And Laura and I do a bunch together, which is a great privilege. But I think because what we've got is we've got an age of volatility, new shocks, inflation, the tragic war on Ukraine, layered on top of the old shocks, COVID, the debt overhang as a result of the pandemic, layered on top of these existing disruptive trends, where we talked a lot about sustainability, digital is another. As a result, we can fully expect a huge amount of change. And if you are a company that wants to prosper, you're going to have to innovate. Doing the same as you were doing before is ever less likely to be sufficient. It's no surprise that therefore it's so high up executive agendas. The challenge we often see is less innovation and more innovation at scale. And your Kodak example is one. So it is less perhaps having the breakthrough idea. But secondly, it is the how do I build the business from that far enough, fast enough, if for example, I'm an incumbent? How do I catalyse the value chain to adopt it? Exactly your point. How do I bring supply and demand on at the same time?

One of the challenges I'm seeing in a number of my clients is how do I surface enough of all the innovation that might be around the company and decide what to fund aggressively. So one chief exec says, 'If only we knew everything we know.' There's all sorts of things going on. If only we saw them all, and then we could say, 'That's excellent, I'm going to put a billion behind that.' So there's a lot of disconnect between creativity and scaling that innovation, and that's why I think many execs are dissatisfied with what they actually get out of the innovation machine.

Simon Brewer

And is there a geographical delineation here, because about a year ago, we had some Sir Xavier Rolet on the Money Maze Podcast, who was both fantastically articulate, but he was strident that the Achilles heel of Europe's lack of innovation, which I think he described as lamentable, is because of its over-reliance on debt finance and bank loans which don't allow for the long term runway for growth and development, much more of which happens in the US.

Michael Birshan

It's an interesting point. We in the McKinsey Global Institute recently put out a report on Europe and European competitiveness; Europe at large, the EU, the UK, Norway, Switzerland. What we found was indeed this point about European growth relative to let's say, growth in North America and growth in Asia. At the root of that is technology, what you might call information computing technology, that started in a sector but have actually become transversal, whether that's cloud or quantum or analytics, underpinning all sorts of innovation in all sorts of different sectors. And in many of those technology sectors, Europe is lagging behind. So the whole question about where is our next generation of tech unicorns and decacorns and by the way, do they perhaps get acquired earlier than might be ideal? And then where we do have historic advantage, we've got to figure out how to evolve it and indeed protect it. So you think about sustainable materials is a place where Europe has had a lot of historic innovation. And indeed, in material science, has been a leader in automotive. It doesn't necessarily mean you're going to be a leader in electric vehicles unless you evolve some of that. So I think there are a bunch of things that companies can do about the long-term orientation, the boldness of execs. By the way, I do think about corporate governance, the boldness of boards, because I think in European corporate governance, the plus is there's a lot of management of risk well. The potential downside is that they may be presiding over slow decline in certain companies. And actually, is there a different risk-return trade-off for corporate governance that may be good for Europe, I think is definitely a debate worth having.

Simon Brewer

So you mentioned boards, and that reminded me that Professor Boris Groysberg from Harvard Business School has actually made a really interesting point, which is the deficiency on so many boards is technological expertise and competence. So at the same time, you're wanting to make these important leaps forward in innovation, board composition may reflect a very different era.

Michael Birshan

I do think that is changing. It couldn't change far enough, fast enough, right? But I do think that's changing. If you look, for example, at some of the FTSE 100 appointments, there are a number of folks that have been brought on to major boards specifically because of their digital or technology depth. And I think that's only positive.

Simon Brewer

Yeah. And it's not directly relevant but I was listening to Peter Davies of Lansdowne who has been a guest on the show, but he was talking about his strategy yesterday. And he said that because of the crises that UK boards along with others have faced over the last 20 years, he's seeing quality of management in the UK being substantially higher than he's ever seen it, which I thought was quite interesting, especially as the UK remains the pariah of the investment scene and private equity is going to be probably onwards in its march of acquiring assets which the public markets don't care about. I don't expect you to answer that. I was just making that as an observation. But one other point about this extraordinary era of growth, free money and margin expansion, particularly in the US, has been that labour has not participated. So it's had a shrinking share of the pie whilst the senior executives have benefited and so on and so on. We've got a shift that it seems to be underway in which labour will participate more. That does imply, at least from my simplistic level, that margins will be under pressure, and that's before we add rising interest costs and possibly higher taxation. How are the companies you're advising thinking about their labour forces as they want to innovate and introduce technology but they are also dealing with what are appearing to be a scarcer resource?

Michael Birshan

Certainly, the chief execs and senior teams that I work with, firstly, it's fair to say they care a lot about their employee base. I saw it viscerally through the pandemic, I saw it with some institutions, for example, as a result of the war in Ukraine and what that might mean for some folks and how they looked after people. So firstly, we all know how important talent is to corporate success and attracting the right talent. And we know that talent has a bunch of choices. It is also true that that talent likes typically to work in organisations that care for their labour. And by the way, not just if you like care for me, but care for other people. So diversity, equity and inclusion, it's hugely important. It's also important because lots of men will not want to work in an organisation that is not progressive, for example, in championing women leadership and ensuring that they develop and take seats at the top table, for example. That same thing is true across the labour force. Business leaders are having to think much more or are having to think deeply, at least, about what am I doing with my company's purpose, with my company's employee value proposition, with my company's brand as an institution that all sorts of people want to work at. And I think that is also how we treat other members of staff who are not me, that is quite an important force. And it gets to this point we were talking about before, Simon, about sustainable inclusive growth as well.

Simon Brewer

And McKinsey themselves, an organisation that many people- we have a lot of students who listen to the podcast as well and McKinsey would be a terrific organisation, but you're competing with other fine management consultancy firms. How has your talent acquisition process changed?

Michael Birshan

It continues to broaden. We are very keen to have a firm that is distinctive but not elite. And we are very keen to ensure that we can find talent wherever it might be and whatever it might be doing at the moment. By the way, that includes seasoned industry executives, folks who didn't go to university, that still includes MBAs. For a firm like ours, there are few things as important as being able to recruit that talent. But by the way, I think what we're also continuing to evolve is what that means for your journey at the firm. Historically, we had much more of what you might call an up-or-out model. It was one size fits all and you progressed or you perhaps went on to do exciting things elsewhere. Now we're saying look, people want all sorts of different things from their working life. And they may, by the way, be at different stages of their life. They may want to work more intensively and travel more or less, or they may want to focus deeply on building an expertise, or they may want to focus more broadly. All these possibilities, so much more segment of one. We sometimes call it ‘make your own McKinsey’. All the world's best talent, we hope will consider us and give us the chance.

Simon Brewer

McKinsey have written many pieces about onshoring, and one of them was entitled 'Global Business Is Coming Home'. And for a lot of your clients, whilst that's a necessity because COVID and now Ukraine, etc., are showing the fragilities, that's without even bringing in the China Syndrome, that does presuppose there are sufficient skills in the near geography if you are onshoring. How are your clients thinking about that skill gap?

Michael Birshan

One is some of them are global organisations. So they may have those skills, but elsewhere in the world, and maybe they can move them or those colleagues can help train up the next folks in another geography. So I think there's a lot that one can do internally. Second, I think we will see universities and training providers and so on having to evolve what they offer far and fast. The UK used to do a bunch of mining engineering, for example. It still does some, but maybe not as much as in the past. But you can imagine those things will say, 'Look, we actually need institutions that can build that capability at scale.' I know obviously, governments are looking at that and incentives that they can create and how do you create the talent you need. Folks are also doing a lot of, 'Look, I can't wait for it. I'm going to develop it. I'm going to build my own development programs. By the way, I'm going to figure out where can I use technology to automate or to help make decisions.' One of our mining clients has used artificial intelligence to help mine operators think about how to optimise the different settings. The notion is, how can the AI help ensure that everyone is having their best day, every day? You can imagine that those kinds of things where you learn from the best and then you're able to scale it to others, that sort of technological support for people is also in some roles going to be an opportunity.

Simon Brewer

Yeah, I think it was Evy Hambro from BlackRock who runs the mining franchise who made the point that when he visited Australia not so long ago that he was seeing that the trucks and some of this mining equipment was being operated remotely from a thousand miles away, because AI was playing such an important role. A number of capital markets seem to be permanently languishing in terms of specifically the UK and the European public markets who have lost out at the expense of the private equity markets. What's your reflection? Is that secular and if so, what could be done to reinvigorate those public markets?'

Michael Birshan

Private equity, for sure, has a lot to offer and many of our clients are private equity firms as well. The UK, for example, has done a review about what might be relevant for listing requirements for more innovative companies. Are there elements of governance that don't add as much value as perhaps some might think? And I won't get into speaking for regulators or things like that, but I do think that those investigations and continuing to watch what's available across the world and how we might compete in some sense in the market for listings is absolutely important. We want lots of great public companies in the UK and across Europe.

Simon Brewer

Philipp Freise, who runs KKR's PE business in Europe said, 'How are you dealing with keeping your culture in the face of the increasing M&A and size of your firm?'

Michael Birshan

It is constant work in progress for any institution to preserve and strengthen its culture. One thing, for example, we've been doing not totally on the culture side, but I think helps with the culture is more investment in compliance and more investment in legal and the next generation of policies and procedures. That helps ensure that everybody in a large institution behaves the way you might wish they would. So that's one thing. The second thing though, a lot of it is very human. We spend time in team rooms or at dinners or learning programs and talking to one another and that we did our best as with many institutions through COVID. But it's certainly good that more in-person is available in many parts of the world. So I think that's a huge way that you carry your culture is through many conversations with lots of different colleagues. And that's a fundamental role of a partner as well.

Simon Brewer

My last question, before I ask you some closing general questions is with these rising debt costs globally and an impinged consumer and a slowdown that could have some duration, that's going put some pressure on balance sheets around the world, what are your companies thinking and what do you think we will see even in terms of some innovation within the financing arena?

Michael Birshan

All sorts of companies are looking at and thinking about their balance sheet. The rising interest rate costs also mean the balance between the next few years and the terminal value shifts as well. We did research during the last financial crisis and incidentally through COVID, about companies and who succeeds and who doesn't during more trying times. We identified a group that you might call the resilient, that did well. What happened to them was they sometimes suffered like everyone else, but they recovered faster. And by the way, if you look at the global financial crisis data, they continued to succeed for the next decade or so. What was interesting was they balanced things. So they balanced optionality, retained earnings, let's say, on the balance sheet, but also with driving margin and with driving revenue. So that notion of playing defence and offence for many execs, the answer is not going to be 'wait and see' but it's going to be 'act and adjust'. And I think that proactivity will be helpful to corporate success.

Simon Brewer

I've got some closing questions. We have a lot of students around the world who listen to the Money Maze Podcast. I think we're in over 100 countries now. But what type of people or hires tend to prosper more in the world of consulting?

Michael Birshan

I would say that it cuts across all backgrounds and personalities and so on. The folks who tend to prosper are those who have a real learning mindset, a growth mindset, because the development trajectory is like a rocket ship, certainly in the first few years. That for me, by the way, is one of the most appealing things about going into consulting. The folks who sort of arrive thinking that they know how to do it tend to do much less well than the folks who are like, 'Oh, this is exciting. Tell me more, give me feedback.' We have a knowledge system where you have all sorts of documents and things like that. We have much more modern things too, but I'm thinking about 20 years ago. And I used to download all sorts of stuff from that. And to me, it was like being given access to the Library of Alexandria. The folks who come in with a learning and development mindset are those who thrive.

Simon Brewer

Now, that probably explains why I didn't get past the first interview at Bain and it's taken me 35 years to realise how little I know. But anyway, you meet lots of interesting people within corporations and without of them, but who's the one person you'd like to meet and have dinner with? And where would that dinner be?

Michael Birshan

I am no doubt supposed to give you an incredibly worthy answer. But as you know, I admire creativity and I admire innovation and I admire business savvy. The answer is Taylor Swift. I would like to meet Taylor Swift, and it doesn't have to be dinner. But if it is, it can be anywhere she likes. I'd be happy to meet her.

Simon Brewer

Well, I've got two daughters who are singers/songwriters. They have told me that her innovation and entrepreneurship and brilliance is just spectacular. So I absolutely get that.

Michael Birshan

There you go. You are welcome to join the dinner.

Simon Brewer

Well, I'll let you know what she says. Now, I see you're also Governor of the British Film Institute and a member of Council of the Royal College of Art, and I wonder whether you could just give an insight into what each of those does for you as well as what you do for them.

Michael Birshan

Oh, sure. I mean, they are two wonderful institutions. The Royal College of Art, for folks who don't know, is an art and design university. In fact, it's the world's number one art and design university and has been for the last eight years.

Simon Brewer

And that’s a coincidence, because Will Campion’s daughter, Ella, is doing her Masters in sustainable textiles there.

Michael Birshan

And the British Film Institute, it is a cultural charity. It distributes a bunch of the national lottery money in the UK for good causes. It's the lead body for film in the UK as well to catalyse innovation in the film sector. What both of them do for me is enormous amounts of energy and seeing creativity and different ways of thinking. Whenever I get to visit anything or go to the RCA show when the graduating students do that, I mean, it's just you're walking on water for the next week, just how amazing the creativity is, and similarly, the London Film Festival. What do I do for them? I am a bit the finance and strategy guy, or one of them. I chair the finance committee for the BFI, for example. So hopefully, I bring some of that business experience and intuition, as well as being a passionate champion of both institutions.

Simon Brewer

I'm sure they're very grateful to have you. I should have mentioned that I know McKinsey does a lot of pro bono work and we had an illuminating interview three weeks ago with Justin Byam Shaw, who created the Felix Foundation, which is the biggest food recycling program in the UK. They're doing incredible work and it's an extraordinary conversation, a tragic conversation because of the genesis of the charity. So if you and others haven't listened to it, I would really, really encourage you to. But just tell me a little bit about how McKinsey thinks about pro bono work.

Michael Birshan

Firstly, if you're a colleague who is passionate about doing something, we are enormously supportive. There are different ways. We'll staff full-on teams, people will help in their spare time, we'll do workshops or things like that. And we have a number of themes that we're also passionate about over time linked, for example, to sustainable inclusive growth. At least over my career, I've always tried to do at least one pro bono effort a year, often pulling in colleagues who are enthusiastic to help. It's one of I think the privileges of being at a firm like ours and a private partnership as well. That is something that we can do.

Simon Brewer

And my final question to you is what's your most important daily habit?

Michael Birshan

Well, this year, it is talking to my youngest son about the day he is celebrating or marking. So my 10-year-old announced last December that he was going to commemorate every day of 2022 to raise money for a charity, Designability, which creates wheelchairs for kids that are really helpful but also look fun. Some of those days are serious. There's Holocaust Memorial Day, Martin Luther King Day, but there's also Measure Your Feet Day, Ice Cream For Breakfast Day. We just had Ghost In The Fridge Day. I was talking to him this morning, today is Looking At Circles Day. My family learned very early today that there are in fact a lot of circles in the Birshan household. He ran around and pointed them out. That's my most important daily habit. At least we got two months more to go.

Simon Brewer

Well, we've finished the circle of this interview right now. So Michael, you've been very generous with your time. I was really looking forward to talking to you because it's such a well-respected institution. And for many, the consultancy firms not so much operate in the shadows but they're just less clear. And you've articulated very well with some real examples of how you're dealing with current challenges and opportunities. I always comment on a couple of things as we conclude. And I would say that two of them that I've taken away as we go through this energy transition, I'm going to quote you, for many companies, probably for all companies is, 'It's better to disrupt yourself than to be disrupted.' So I think that was a very good point that should be taken on board. And secondly, that consultancy itself is and should be a timeless business because corporations need to evolve and they need to examine themselves, and sometimes it's easier to be examined from the outside. And I also understand that your business now can participate in the economics of a given project which wasn't clear to me from the old days, which is perhaps what I only knew. So Michael, thank you so much for being with us today on the Money Maze Podcast.

Michael Birshan

Thank you for having me.