

Statement of

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before the

Committee on Homeland Security and Governmental Affairs  
Permanent Subcommittee on Investigations  
U.S. Senate

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Chairman Blumenthal, Ranking Member Johnson, and Members of the Committee, I am here today to discuss our work to cooperate with the Subcommittee's investigation.

**About McKinsey**

McKinsey and Company is one of the world's leading providers of business consulting services, serving the largest and most significant American and multinational companies and institutions in the communities in which we live.

I appreciate the opportunity to appear before you today to continue our cooperation with the Committee, discuss our work and our process for serving clients, and share my approach to leading the firm since becoming its managing partner in July of 2021.

**A Proudly Global, American Company**

Founded in Chicago by James O. McKinsey in 1926, McKinsey today encompasses more than 45,000 employees globally, with more than 14,000 employees based in the United States. We have offices in 27 U.S. cities and more than 110 additional offices across 65 countries. We currently serve more than 3,000 clients on more than 4,400 active engagements, and nearly half of our revenue comes from clients headquartered in the United States.

We are an American company, with American values proudly serving clients around the globe. Our work is grounded in the principles of capitalism, free enterprise, economic growth, sustainability, innovation, and the rule of law. Our approach is centered on evidence-based empirical research, fact-based problem-solving, rigorous data gathering, and deep economic analysis.

Throughout our almost 100-year history, we have approached client service with the knowledge and recognition that our consulting services often require us to work with our client's most confidential and competitively sensitive information. The protection of information entrusted to us is, therefore, a fundamental value at McKinsey.

Decision-making at our firm is grounded in our values and supported by our industry-leading governance, code of conduct, and client service policies that are rooted in the law. We seek to comply

with the norms and laws in every location in which we operate, and we have no higher priority than the well-being of our colleagues around the world.

### **Our Work in Saudi Arabia**

Similar to our expansion in other new markets, such as Asia and Latin America, we entered the Middle East in 2000 due to the needs of our global and local clients, many of which were U.S. companies. McKinsey opened its office in Saudi Arabia in 2010, in recognition that the country is a part of a rapidly changing and important region. We primarily work with clients in Saudi on areas such as education, housing, diversifying the economy, energy transition, healthcare, and expanding opportunities to small- and medium-sized businesses. Our clients also include many U.S. and multinational companies that work and invest in Saudi Arabia.

Our office has grown to include more than 400 colleagues, from more than 30 countries, one-third of whom are women and nine are U.S. nationals.

### **McKinsey's Work for the PIF**

One of the clients we serve in Saudi Arabia is the Public Investment Fund, or Saudi PIF (PIF), Saudi Arabia's sovereign wealth fund. Our client service to PIF is just like the work we do for our other clients around the world each day. We support them on a range of topics, including business-case analysis of publicly available sources of data, organizational matters, and other operational topics, and we aim to support PIF in its effort to create jobs and grow the country's Non-Oil GDP. The overwhelming majority of this work is related to PIF's investments and activities in Saudi Arabia, not in the United States.

In 2021, McKinsey served the PIF on two limited and focused engagements related to golf. Our work looked at the potential revenues for a new golf tour and what would make such a tour economically viable. When we do such an economic assessment, our standard practice is to look at a range of supply- and demand-side factors, including industry structure and positioning, competition, consumer and industry trends, and potential for innovation or disruption. The analysis typically results in three specific forecasts: a base case that represents the most likely outcome, a downside scenario that acknowledges the potential challenges, and an upside scenario that captures and highlights the best-case possibilities.

This type of structured analysis also informed these two engagements with the PIF. Beyond looking at the numbers, our analysis provided a perspective on sports trends and topics to stress test the revenues of a potential tour, highlighted what could be learned from the approaches of other successful sports leagues globally, and analyzed ways to structure a tour, including by looking at franchises and organizational and staffing models. McKinsey did not assess the strategic viability of a new tour, nor did McKinsey advocate or advance the interests of the tour with any external audiences.

Our work predated the launch of LIV Golf and was well before PGA Tour's proposed merger with LIV Golf.

### **Compliance with the Subcommittee's Subpoena**

We take the Subcommittee's investigatory authority very seriously. Since first learning of the Subcommittee's interest in our work, we have worked to provide you with documents, starting with what we understood to be your key priorities. We have, to date, produced more than 1,500 pages of

documents, including your articulated priority of all four of the final deliverables that we prepared on our golf engagements. We have also provided interim project materials, the request for proposal, and other materials for the work we did relating to golf. These materials demonstrate the scope and content of the work we conducted. We are continuing to work on providing the Subcommittee with additional documents and information to answer your questions.

Shortly after receiving the Subcommittee's subpoena, a Saudi court issued an injunction prohibiting disclosure of our materials. We have opposed that injunction, including by disputing any claim that our employees are tantamount to public officials under Saudi law. The production of the documents in full at this time could result in civil or criminal penalties.

This injunction has put us in a difficult position. As a result, we are contesting the ruling in Saudi Arabia. In addition, we have been in near-constant discussions with the PIF to find a way to provide the Subcommittee with more information in a manner that is respectful of our client's concerns about confidential and competitively sensitive information, and we have made progress. We remain focused on complying with the subpoena and ensuring the wellbeing of our more than 400 colleagues based in Saudi Arabia.

We recognize that this has been frustrating for the Subcommittee, but the process has begun to work. We have made progress in producing information, including as recently as this past Friday. We are not done with our efforts, and we will continue to work on this after today's hearing.

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