



## **Management Consultancy – Market Review for Summer 2011**

BLT's latest survey of consultants and consultancies indicates:

- consultancies hiring
- financial services consulting buoyant
- no change in consultancy salaries.

### **Fragile Recovery**

It's getting better. The uptick in recruitment by consultancies of all shapes and sizes recorded since Q4 of 2010 continues - although not all sectors, see below. A welcome change from little to no recruitment activity after September 2008 and the Lehman collapse. Vacancy levels in the first half of 2011 are up by an order of magnitude over January 2010, albeit from a low base, and there are more high quality candidates looking for consultancy work. But, as last year, we see that more jobs and more job-seekers may have equalled more interviews, but more interviews have not led to more job offers. Why?

A coalition Government and a sick Economy generates uncertainty, and that affects everyone. Even consultancies. So whilst there is more hiring activity at the top-tier strategy houses, boutiques and the financial services industry arms of consulting firms, we find the public sector divisions of major firms and the public sector specialist consultancies still in the doldrums.

### **Where Are The Consultancy Jobs?**

The financial services industry is picking up the slack. It has always been the biggest market for consultancies but apart from bank restructurings there had been little new activity in the sector since the demise of Lehman. That's changed. Large, multi-year projects in banking and insurance, mostly on the back of new IT platforms, are back in vogue. There's demand for capital markets and insurance banking consultants.

The media component of Technology/Media/Telecoms consultancy is active, although it is not a sizeable market in terms of consultancy employment. It's an attractive one, however, and so the calibre of consultants in this sub-sector is high.

Uncertainty over the impact of spending cuts has clouded the outlook for public sector consulting. Previously a sector which kept the lights on for consultancies when earlier recessions hit other markets, taxpayer-funded projects can no longer be relied upon to bail out the consultancies this time around. Bundling central government, local government, health, education, social care and defence spending on consultancies together, around one third of UK consulting revenues come from the public purse. So even a small reduction in fees will have a noticeable impact. Nevertheless, the need for consultants is now so embedded in the public sector that even 'business as usual' requires their assistance. We anticipate a hiring trickle after the summer. For now, there is a major effort to shift public sector consultants on to private sector work, where possible, in order to keep benchtime low. That's contributed to the weak hiring figures.

## So what does this mean for salaries?

Firms see no need to pay improved salaries despite average private sector pay increases of 3% in the wider UK economy, and inflation heading towards 5%. The packages for experienced consultants reported by the large firms seem to be becoming more imaginative however: these include a widening of salary grades with a greater overlap between grades, a higher incidence of and improvement in discretionary bonuses, and a round of promotions.

At the other end of the scale, graduates are still being recruited in substantial numbers, although salaries are no longer attractive enough to compete with the best City packages.

## Salary structures and benefits

Below we list the ranks, salary mid-points and our comments. Please bear in mind that the figures are drawn from employed consultants (no self-employed consultants are surveyed) who work in firms of all sizes, sectors and functional areas. The only common thread is that they are almost all working in or around London. Salaries in the rest of the UK are a little lower: 88% of London rates in Edinburgh, for example. Or 95% in Manchester and Birmingham

### **Analyst:** £28,000

These are roles for raw graduates or those with some sector specific post-grad work experience. As recruiters we are rarely asked to find candidates at this level, so the figures come from the consulting firms themselves.

### **Junior Consultant:** £45,000

Consultants at this grade typically already have delivery experience in consulting, or are fresh recruits into consulting but with a recently obtained professional qualification or comparable level of competence e.g. ACA, CIPD, blue-chip management training programme graduate.

### **Consultant:** £60,000

At this level the backgrounds of consultants start to diverge. Examples include: mid-tier strategy house/boutique-experienced consultants with delivery experience; average performers with delivery experience at a systems integrator or a full-service consultancy and some field management responsibility; MBAs entering consulting for the first time.

### **Senior Consultant/Manager:** £75,000

Here consultants could be: more experienced delivery consultants; fast-track industry candidates and top Business School MBAs joining mid/top tier strategy houses. At Manager level and with sales/business development responsibilities, the range extends to £90,000.

### **Managing Consultant:** £90,000

These tend to be consultants with deep project leading experience in the full-service consultancies, or engagement managers/project leaders in boutiques. Sales involvement was claimed by about 60% of the consultants we surveyed at this level.

### **Principal/Associate Director:** £125,000

Again, this salary band includes consultants as different as strategy consultants with team leading responsibilities and senior rankers at a more traditional consultancy, or those with large project management/programme management responsibilities.

### **Director/Salaried Partner:** £195,000

These experienced consultants ranged from those with extensive delivery responsibilities at a boutique to client relationship duties in general consulting.

All firms surveyed review salaries annually: most at a fixed date in the second or third quarter of the year. Fewer firms than before now provide a car once an employee reaches the 'up and running' consultant grades. Those that do, offer a cash alternative to a vehicle, typically worth £5,000–£8,000 per annum. More

consultancies are offering cash instead of comprehensive benefits packages too. Smaller firms do not tend to offer extras such as private health schemes and gym memberships, but we are seeing more 'flexible-working' amongst their consultants.

The closure of final salary pension schemes and some firms' reliance on stakeholder pensions is still causing concern.

At the large operational consultancies bonuses and profit shares tend to be less generous (7-15%) than those offered by the strategy and boutique firms (25-40%). Signing-on bonuses are still rare. The large partnerships are secretive about partner earnings, but press reports of UK divorce cases indicate that mid-senior level partners enjoy drawings of c£700,000, and the very senior partners at large firms are in the £2m+ bracket.

Partner/director packages in niche firms vary enormously, with most earning enough not to see a drop in their standards of living despite higher tax rates and inflation, and others who would be better off as senior managers in larger firms.

### **Salary differences explained**

Salaries are banded, and the bands overlap to take account of the level of remuneration necessary to attract and retain the high fliers on their way up, and experienced specialists who are approaching the summit of their careers. Consultancies are recognising that experienced consultants who do not aspire to the highest levels are worth retaining. Whereas consultancies still claim to recruit only potential partner/ director material, there is still a high turnover of consultants who see a three-to-five-year spell as a means to widening their business exposure. It is these consultancy 'foot soldiers' who straddle the mid-range of the salary bands at all levels up to manager.

The industry sector background of consultants, or their functional specialisation, also has a bearing on salary. This is commonly seen at the large operational firms and independents, rather less so at strategy firms or niche operations. Industry sectors that offer high levels of remuneration – oil & gas, financial services, media – are serviced by consultants who have themselves usually worked in those sectors. Consequently, consultants hired from these industries can command a premium over their consultant peer group. Those at the lower end of the salary bands tend to have come from the public sector, manufacturing, or retail – still the lower-paid activity areas.

Salaries are also influenced by billings. Consultants are expected to bill multiples of their annual salaries. Therefore, consultants who work in sectors where high profits can support high fees fare rather better than their colleagues who work in areas where fees reflect the lower profits of their sector.

The relationship between salary and billings becomes increasingly important the further up the ladder consultants rise. At manager level and above, the ability to win work is crucial. More and more time (typically 25–40%) is spent cultivating clients, writing proposals, and participating in beauty parades (where a client chooses a consulting firm after seeing a number of presentations). It is very difficult to rise beyond this level if such business skills are lacking.

No one should be attracted to consultancy purely for the financial rewards. Although remuneration at partner/director level is comparable with other professions, there are many downsides. Job security has become poorer in recent years. Despite more attention being paid to the work/life balance, consultants still work long hours, and not just Monday to Friday. As much of the work is carried out at client sites, frequent travel is common and a willingness to stay away from home for at least half the year essential. (Some firms are asking new joiners to commit to 100% travel.) Yet consultants who choose this lifestyle do so because they enjoy the variety of work on offer, the opportunities to continue personal and professional development, and the range of career openings available when they wish to leave. Those who hold a post with a well-established consulting organisation, and those who choose to enter the profession over the next few years, can still look forward to a well-remunerated future.

### **What is BLT?**

Beament Leslie Thomas (BLT) is a leading management consultancy recruitment consultancy. It specialises in the sourcing of management consultants, and those wishing to enter the field for the first time, on behalf of consulting firms. It is a Preferred/Tier One Supplier for many strategy houses, major full-service consultancies, and numerous boutiques.

BLT handles recruitment assignments for consultancies in the UK and northern Europe; most of its work is in the £40-250,000 base salary range.

The firm won the award for 'Best UK Management Consultancy Recruiter' in 2011 and Don Leslie and Sarah Burgess were voted 'Best Individual Recruiters' in the Top-Consultant reader poll in 2011. BLT is most highly ranked management consultancy recruitment firm since the award was inaugurated in 2001.

**Contacts:**

- Geraldine Brown – [gsb@blt.co.uk](mailto:gsb@blt.co.uk)
- Sarah Burgess – [sgb@blt.co.uk](mailto:sgb@blt.co.uk)
- Kate Birtwhistle – [keb@blt.co.uk](mailto:keb@blt.co.uk)
- Catriona Cookson – [cec@blt.co.uk](mailto:cec@blt.co.uk)
- Don Leslie – [dfl@blt.co.uk](mailto:dfl@blt.co.uk)
- Phillip Ly – [pxl@blt.co.uk](mailto:pxl@blt.co.uk)

**Engage with us through these channels:**

- **Website:** [www.blt.co.uk/vacancysearch/](http://www.blt.co.uk/vacancysearch/) or [http://www.blt.co.uk/all\\_jobs.aspx](http://www.blt.co.uk/all_jobs.aspx)
- **Blog:** [www.blto.com](http://www.blto.com) - Join the debate
- **Twitter:** <http://twitter.com/bltrecruitment>
- **LinkedIn:** [BLT & CSS Recruitment Network](#) – Join the group
- **YouTube:** <http://www.youtube.com/user/BLTrecruitment>
- **Facebook:** Be a fan: [BLT \(Beament Leslie Thomas\)](#) or Group: [Recruitment - Jobs - Careers - London - UK - United Kingdom](#)
- **Slideshare:** <http://www.slideshare.net/BLT>

The Management Consultancy Recruitment Team

BLT

5-9 Quality Court, Chancery Lane

London WC2A 1HP

Tel 020 7419 0909; fax: 0207 405 3310 - [www.blt.co.uk](http://www.blt.co.uk)

BLT 1987-2011: celebrating 24 years of recruiting excellence

© BLT, 2011