



# Consulting Excellence after Brexit

An Action Plan

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# Foreword

The decision to leave the EU takes the UK into a new era. This raises many issues and opportunities, not least for the consulting industry.

The MCA Board met recently to decide how we should respond. We all agreed that the MCA has a vital role to play, as a key member of the UK Professional Services industry, in making sure our voice is heard by government and in helping all member firms to plan for their futures.

In times of greater uncertainty, it is more important than ever that we promote the role that consulting plays in driving growth and innovation in the economy, and in enabling governments and others to deliver high quality public and consumer services. So Brexit further underlines the importance and timeliness of our new Consulting Excellence scheme.

This Action Plan sets out the main initial areas of MCA activity, and also identifies where we are looking for support and contributions from members. As always, we value input and comment from all member firms.



Howard Tollit  
**MCA President**

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# Purpose

Management consulting is affected by Brexit. Just as in other parts of the economy, the impact will be serious and should not be underestimated.

But Brexit also creates opportunities. Our industry is well placed to help government and business rise to the challenge of Brexit and to forge a powerful new economic future for Britain.

The MCA will support our member firms in grasping this opportunity. This Action Plan sets out practical steps we will take together.

The Action Plan is designed to assist individual member firms and the consulting industry as a whole – whichever future model for UK/EU relations is adopted by the government and then agreed, and on whatever timetable. The Plan is clear about our objectives, but also flexible about how to achieve them.

The current focus of Brexit activity is in government. The new Prime Minister has announced structural changes. These are designed to negotiate the disengagement and re-engagement terms between the UK and the EU, rebuild the UK's bilateral trade negotiation capacity, and develop a new industrial strategy. In the short-term, much of the MCA's attention will be focussed here. But we will also immediately support members in their Brexit-related dealings with clients, and forge alliances with a wider range of sectoral industry bodies.

Our proposals to government will not just be consulting-specific, though we will of course make representations on issues materially affecting member firms. We will continue to promote the value of consulting to the economy as a whole. Our Year of Growth is exploring consulting's vital contribution to economic recovery and expansion. Our Year of Digital showed consulting's centrality to cutting-edge innovation.

MCA member firms know and understand the challenges that government and business now face. Consulting itself will play a major role in assisting the UK through this period. Our Brexit activities will set out the benefits to the UK of listening to consulting firms, supporting them and deploying their expertise.

# Rationale

UK consulting is world-renowned. It is a great British export. It is an international industry, utilising home-grown talent, while also attracting and benefiting from skilled people from overseas. We transfer knowledge of excellent business practice from across the globe to benefit the UK and also export leading-edge UK insights.

Consulting operates in all economic sectors, but does so in ways that are fundamentally different from other professional services. We support the business of business. From developing strategies through to helping execute mission critical projects, consultants are active in British industry's boardrooms, on its shop floors and right across the public sector. The MCA's new *Consulting Excellence* initiative commits consulting firms to the highest ethical and workplace standards. It accents real value – for enterprise, public services, and (by realising enduring benefits for clients and through embedded practices, such as diversity and sustainability) wider society. Engaging consulting firms to assist on Brexit is a shorthand for engaging all British industry and the public sector.

UK consulting is cutting edge. We deploy digital innovations to transform businesses and public bodies. So significant is consulting to the Digital Revolution that the Bank of England has made proactive use of the MCA in its investigations of digital and growth.

Consulting is at the heart of the UK economy's recent return to growth. Consulting has grown faster than the wider economy, but it has done so by helping businesses understand their growth potential, in what were, even before Brexit, challenging, restless, digitally disrupted conditions. Consulting grows by helping others grow.

Consulting is about change. We help businesses cope with the ambiguity and uncertainty of the fast-moving, ever-changing economic normal. Brexit has introduced unprecedented complexity and uncertainty to the UK's political, economic, trading and administrative outlook. Utilising consultants and their understanding of change, both at the micro level of the individual institution, and at the macro level of government and the economy, will be hugely beneficial for the UK's post-Brexit destiny.

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# Action Plan

## Section A. Government Focus

**Action 1. The MCA will represent the consulting industry fully as government develops its post-Brexit policies. Through bilateral engagement with government departments and via the Professional and Business Services Council, we will advise on the economic and other policies needed to deal with Brexit and argue for the interests of consulting.**

We will promote our vision for the future economy (see Section B), provide evidence of Brexit impacts, and press for continued access to skilled labour and tariff-free consulting trade across the EU. As non-EU markets become more important, we will lobby for the inclusion of MCA representatives in trade delegations. We will also encourage officials to provide practical support for consulting and other industries that need to diversify their markets, together with support for individual consultancies who are working with their clients to respond to the consequences of Brexit.

We have written to all Secretaries of State directly involved in the post-Brexit landscape.

**Action 2. We will press for a mature, pragmatic review of the UK's medium-term skills and capacity requirements, for consulting and the wider economy.**

The new Department for Business, Energy and Industrial Strategy will be tasked to produce a medium-term, post-Brexit economic vision. As part of Action 1, we will make representations on this vision, deploying evidence generated in Section B.

Alongside any new industrial strategy should be a proper appraisal of UK skills and capacity requirements. This is needed in any case to respond to the political difficulties associated with migration.

A principal reason for the consulting industry's opposition to Brexit was our need for skilled labour from abroad. A significant proportion of UK-based management consultants are nationals of other EU member states.

MCA members report that they need to recruit from outside the UK for capacity reasons, but also because their clients increasingly look to engage diverse and multi-national consulting teams. A proper audit of the skills implications of the new industrial strategy would provide valuable supporting evidence for this approach.

There are three ways the UK can enhance its skills capacity: better and more focused domestic education to improve the participation rates and enhance the economic outputs of the home-grown workforce; productivity gains; and migrant labour, especially in specified critical industries. In our view, unless the UK is willing to accept a significantly reduced economic footprint, then even gains in the first two areas will need to be supplemented by the third.

By connecting all three elements, suspicions that migration occurs at the expense of the indigenous workforce can be challenged, and any new migration strategy would become more targeted and genuinely global.

**Action 3. In representations to government, the MCA will draw particular attention to the consulting expertise, skills and capacity government can use immediately.**

MCA members can help government with immediate skills and capacity needs.

Two areas illustrate this. The first is infrastructure. Hinkley Point delays and construction slowdowns suggest possible adverse Brexit impacts for the sector. The MCA is awash with relevant expertise. We will promote access to this capacity.

A second is negotiating skills. For over 40 years, the twin pillars of UK trade negotiation have been the EU itself, acting on our behalf, and GATT/WTO. Home-grown trade negotiators are scarce. The MCA includes many firms that can help rebuild this capacity.

**Action 4. The MCA will continue its collaboration with the Cabinet Office and the Crown Commercial Service on the public sector's use of consulting. We will offer to help government develop a stronger assessment of its public service advisory needs.**

Despite the government's changed fiscal assumptions, particularly deferral of the ambition to close the structural deficit to beyond this Parliament, pressure on the public sector will not abate. Indeed, a host of new challenges will now be added to the pre-existing imperatives of digital transformation and securing more for less. These include continuing access to human capacity, especially in the NHS. The new Prime Minister also wants to achieve better outcomes on social justice and regional regeneration (see Section B).

MCA members are well placed to assist government plan its future public sector strategy and define the associated scale and nature of its consulting need.

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## Section B. Gathering MCA insight

**Action 5. Starting in September 2016, the MCA will conduct quarterly membership surveys on the impact of Brexit.**

Each short survey will provide vital intelligence on the state of consulting and client markets post-Brexit. This will allow us to baseline and monitor developments. The survey will ask member firms about the impact of Brexit on them and their clients. Informal feedback to date suggests that it is too early to say what the full impact of Brexit will be, but also highlights increased client caution, with projects and investments being deferred. The survey series will allow us to monitor trends.

The survey will also ask about migration and skilled labour, including whether access to non-EU labour has been beneficially influenced by the UK's presence in the Single Market. We will use the survey to understand any Brexit projects firms are pursuing and establish who their Brexit experts are (see Action 8).

**Action 6. Under the banner “The New Economy: 2020 and beyond” member firms will develop a vision for the post-Brexit future of the UK economy.**

This major project, led by the MCA Think Tank, will be used as the primary source of insight for our lobbying, representations and support to government in Actions 1 and 2. It will draw on high-level expertise and associated publications from our member firms.

As well as examining the skills, trading and regulatory environments business needs, the project should follow the government's lead and accent an area of special MCA expertise that should be key to a new Industrial Strategy: digital.

Digital integration as well as new technological manufactures should be central to the UK's future economic planning. Investment and regulatory models should be modernised to support innovation, help scale UK digital industries, and devolve the associated economic opportunities throughout the regions. (See Action 7.)

Where appropriate, we will engage with sister industries and other trade bodies on this project.

**Action 7. We will launch a major project on extending economic and political devolution.**

Part of the MCA's representations to the government and the vision developed in Action 6 must concern devolving economic opportunity. Prior to Brexit, the government started to pass public spending power and responsibility to the

regions and developed the concept of the Northern Powerhouse. The need to build on these initiatives was shown by Brexit voting patterns. Areas suffering economic alienation, whose populations see the return to growth as a South East/London phenomenon, tended to vote Leave.

Building on the Growth in the North session in September, the MCA will launch a special Think Tank project on the economic and social implications of devolution.

**Action 8. The MCA will identify a network of Brexit experts across member firms.**

This group will provide press comment, contribute to projects, help lobby, influence and support government, and generate insights for Actions 6 and 7.

## Section C. Support for member firms

**Action 9. Building on the standard MCA member benefit of a tailored briefing on industry conditions, we will offer firms the opportunity to attend seminars and feedback sessions, as well as firm-specific events, on Brexit.**

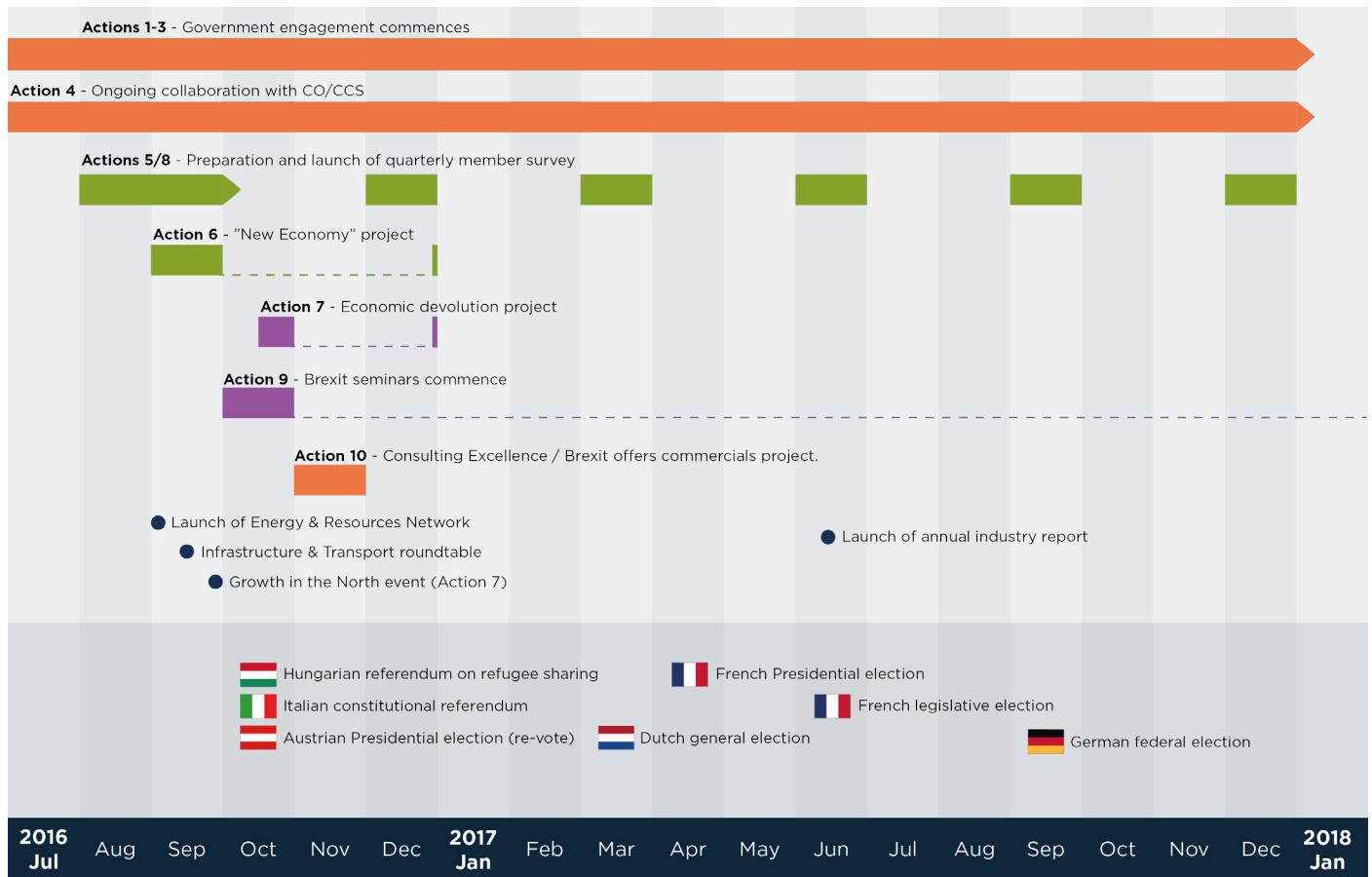
These will be valuable sources of insight for member firms. Member firms will also be able to use them to alert the Association about where they are facing Brexit-related difficulties and to seek support.

**Action 10. The MCA will relentlessly promote the relationship between Consulting Excellence and the value of consulting after Brexit. The MCA Think Tank's Consulting Excellence programme on the evolution of consulting propositions and commercials will be extended to consider Brexit impacts and whether member firms can develop Brexit-related offers.**

With government, industry partners, the Stakeholder Advisory Forum, and through media campaigns, the MCA will continue promote the relevance of Consulting Excellence to the post-Brexit world, including to consulting buyers.

The MCA Think Tank is scheduled to examine Consulting Excellence's implications for future commercial models. Now it will also consider how Brexit may affect affordability. Further, it will investigate what new demands clients may have post-Brexit and monitor and promote how member firms are offering Brexit-related services. These might relate particularly to market diversification and the management of change, complexity and ambiguity.

# Action Plan Timetable



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