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MCA Member Survey

2024

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Methodology

Now in its sixth year, this report is based on the results of an online survey of 1,246 active management consultants from the Management Consultancies Association membership. Survey participants represented firms of all sizes and specialisms; and all levels within their organisations – from Heads of Consulting to Senior Partners, Consultants and Analysts.

MCA council representatives are senior leaders in member firms responsible for submitting firm-wide data to the MCA and are usually owners/Managing Directors or Senior Partners. The online survey was active from 3 October to 10 November 2023. It was conducted by independent research company Savanta on behalf of the MCA. Results for growth calculations are weighted to ensure a fair distribution is allocated based on market share held by firms that have taken part.

Please note this report is for use by MCA member firms for internal purposes only, and should not be reprinted or distributed externally.

About the MCA

The MCA is the representative body for the UK's leading management consulting firms. For over 65 years, the MCA has been the voice of the consulting industry, promoting the value of consulting to business, the public sector, media commentators and the general public. The MCA's mission is to promote the value of management consultancy for the economy and society as a whole. The MCA's member companies comprise over 50% of the UK consulting industry and work with the vast majority of the top FTSE 100 companies and almost all parts of the public sector. The UK consulting industry is amongst the best in the world and a vital part of the business landscape.

See the full list of current members at www.mca.org.uk.

Compliance with the MCA's tough entry criteria and adherence to the principles of Consulting Excellence means that MCA member companies are widely acknowledged to provide high quality services to their clients. Many of their achievements are recognised in the annual MCA Awards.



EVERY YEAR STARTS WITH FRESH AMBITIONS AND OPTIMISM, AND THE PROSPECTS FOR THE CONSULTANCY SECTOR IN 2024 ARE NO DIFFERENT IN THIS REGARD.

Certainly, the next 12 months look like challenging ones across the UK and the globe

as economies struggle to contain the effects of inflation, boost growth and productivity, and we face a multitude of elections across different borders with the potential to reshape major priorities and policies. The impact of climate change on our communities continues to rise in urgency and businesses and society will grapple with one of the biggest advancements in technology as we continue to test and integrate the safe deployment of AI.

Amidst all this fast-paced activity and ambiguity, the demand for trusted advisors with specialist expertise and the highest level of training and development will remain strong. In times of uncertainty, clients will look to our sector for that reassurance of cross sector expertise and experience, innovation and a commitment to ethical standards alongside the utmost standards of delivery.

This study of the views of consultants across the industry is the biggest ever conducted and has gathered the important opinions of both leaders and the newest recruits who have just joined our thriving profession. All our diversity of voices in the sector have helped to shape this report from large, medium and small firms.

Detailed data has been provided by MCA council leaders, ensuring we can provide the most accurate forecasts and sector predictions, and to provide insight into the challenges and opportunities ahead, providing an unrivalled assessment of the performance of the management consultancy industry. Many members have written detailed reflections on important issues that impact our profession, from the recent challenges around the UK economy and workforce changes in the sector to diversity and inclusion topics, hybrid working and work life balance. We have read them diligently and we hope we have done them justice in this report.

There is much room for optimism and encouragement but also some important conclusions that require our attention. Our new ways of hybrid working have unleashed high levels of job satisfaction, and the results show our industry continues to be increasingly accessible. However, we must ensure our work on diversity and inclusion receives our steadfast support and renewed attention.

Of those who responded to the survey, half of all females believe firms still should be doing more in this area, and employees from ethnic minority backgrounds are actively seeking new roles at a higher rate compared to their white colleagues. It is a sign of strength in our profession that we are transparent in the challenges we face, and open about the areas that require our attention, communication, and collaboration. This survey is just the start of that conversation, and we hope you find it useful.

Tamzen Isacsson Chief Executive, MCA



ANOTHER GOOD YEAR FOR THE SECTOR.

2023 WAS A STRONG YEAR FOR THE MANAGEMENT CONSULTANCY SECTOR, WITH THIS SURVEY OF MORE THAN 1,200 RESPONDENTS IN THE INDUSTRY POINTING TO 11% GROWTH OVER THE YEAR.

In the context of very weak growth for the economy as a whole, this was a very robust result. Nearly three-quarters – 73% – of MCA council representatives said growth exceeded their expectations in 2023. Though this was lower than in 2022, suggesting that growth is settling down to a more sustainable rate, what is regarded as sustainable in the sector is very robust.

In 2023, the sector's growth stood out in comparison with finance and insurance, which struggled to grow, with a similar picture for real estate and the wider professional and administrative services sector.

Looking to the future, where will the growth come from? There is a consensus in the industry, reflected in this survey, that the best opportunities will come in applications of artificial intelligence (AI) and other emerging technologies. As well as strategies for the adoption and expansion of these technologies, clients are expected to be looking for guidance and assistance with cost reduction and sustainability.

Though these apply across all sectors, they will be against the backdrop of a subdued UK economy. Though 2023 ended with a sharp fall in inflation, which will help business confidence, it also confirmed that growth almost ground to a halt, with the economy effectively "flatlining" since the spring. While the government is hoping that lower inflation will spark stronger consumer and business spending, as well as potential reductions in interest rates by the Bank of England, economists warn that the delayed impact of the Bank's past increases will weigh on growth.

Consultants are downbeat about prospects for the retail and leisure sectors, which have been buffeted in recent years. This chimes with official figures showing that consumer-facing services, which include retailing, the motor trade and hospitality, are still 5% below pre-pandemic levels, while other service sectors are 7% above those levels.

Manufacturing is also likely to be weak, ending 2023 in recession, though with hopes that 2024 will bring brighter prospects. Industry joined a brief revival in the early stages of the pandemic, partly because of some production being given over to fighting the virus, but by late 2023 was nearly 10% lower than its levels in November 2020. Higher energy costs hit the sector hard, though they have now eased significantly.

Looking at the bigger picture, and where export opportunities might arise, globally, America has been the growth leader in recent years, with its GDP 7.4% above pre-pandemic levels, compared with just 1.4% for the UK. The eurozone economy, like the UK, ended 2023 skirting with recession.

America, like the UK, faces the uncertainty of an election and that uncertainty, which carries with it the significant chance of the return of Donald Trump to the White House, may be a bigger factor for the US than the UK, where businesses appear relaxed about the prospect of a change of government, though a third of consultancy leaders in the UK are concerned about the impact of political change.

For the world more generally, the global economy appears to be operating on only three cylinders, with the IMF having recently revised down its 2024 growth forecast to 2.9%, compared with a norm of 4%. Fighting inflation has taken its toll on growth and political and business leaders are wary about the impact of the ongoing Russia-Ukraine war.

They are also worried about the extent to which tensions in the Middle East could spread, disrupting trade, and pushing up costs. The early stages of the Israel-Hamas conflict did not result in higher oil and gas prices, but the wider economic effects may yet come through.

One of the key questions for 2024 will be the speed with which central banks reverse their recent interest rate rises and cut rates. The faster they do so, the better the outlook for business and the economy.

On this, America's Federal Reserve, the European Central Bank and the Bank of England face similar questions. None of them will want to cut rates before they believe it is safe to do so from an inflation perspective, but neither will they want to be seen to be sacrificing growth unnecessarily. For all three, the fear is that tight labour markets will continue to generate faster pay rises than are compatible with getting inflation down to 2% and keeping it there.

That said, it would be a surprise if there are not a series of rate cuts this year, beginning with the Federal Reserve and European Central Bank and later extending to the Bank of England. This is in spite of the fact that the messaging from central banks has been that interest rates will be "higher for longer". Though rates should be cut, nobody expects a return to the near-zero official interest rates that prevailed between the financial crisis and the pandemic.

Elections, lower interest rates and the threat of further shocks will shape the outlook in 2024. There will be opportunities as well as challenges. The management consultancy sector appears to be well-placed to rise to those challenges and take advantage of the opportunities.

David Smith Economics Editor, the Sunday Times

The survey



Growth in 2023



MCA council representatives say growth met or exceeded expectations.

This is lower than 2022 and the number of leaders who say growth exceeded expectations has dropped from 48% to 19%, so it is clear that growth rates are returning to more sustainable levels following a couple of years of heightened demand



In 2023 consulting activity grew by 11%

Growth in 2024/25

Consulting activity is expected to grow by **9%** in 2024 and **11%** in 2025, despite the current UK economic climate and uncertain political landscape

72% of consulting leaders believe consulting demand will increase in 2024

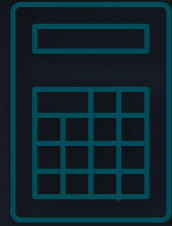
94% of consultants believe client services related to AI and emerging technology will provide the biggest opportunity for growth in consulting this year

AI, digital technology and cost reduction are the service lines expected to grow the most in 2024

75% of the Big 4 use AI technology and **36%** of non-Big 4 firms

Sustainability issues have declined somewhat as a priority for consulting clients from **56%** in 2022 to **36%** in 2024

Challenges in 2024/25



43%

of respondents cite reduced client spending on consulting as biggest issue



41%

of respondents cite outlook for the UK economy as biggest issue



25%

of leaders predict consulting in the Retail and Leisure sector is most likely to decline in growth



33%

of leaders are concerned about the impact of political change in the next election and impact on the sector

View of Consultants



69%

of participants report feeling more satisfied with their job due to the widespread adoption of hybrid working



50%

of women surveyed believe more could be done by firms to improve diversity and inclusion in their firms



32%

of employees from ethnic minority backgrounds are actively seeking new roles compared to **16%** of white employees

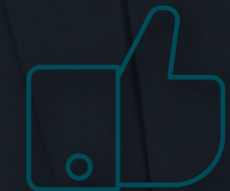


28%

of consultants said the past year has offered a better work-life balance and **22%** report that this has worsened during the last year



More young consultants in the survey have not been to university than have attended Oxbridge



Young MCA consultants value the flexibility of working conditions and training, learning and development opportunities significantly more than their more experienced counterparts

In total, **73%** of MCA council representatives say growth met or exceeded expectations in 2023. The number of leaders who believe growth exceeded expectations declined compared to the previous year, and it is clear that overall growth rates are now returning to more sustainable levels.

UK economic conditions have remained unstable, providing opportunities for consulting work but also posing some considerable direct challenges to the sector. Factors such as the UK's interest and inflation rates and employment levels directly influence business investment and consequently the demand for consulting services, as well as the business costs of consulting firms. The industry remains sensitive to macroeconomic trends with uncertainties around global geopolitical issues and the global economy also impacting client decision-making. This year the country awaits the formal announcement and starting gun of the UK General Election, which inevitably creates a backdrop of uncertainty for businesses. One-third of MCA leaders are concerned about the impact of political change on the sector and the UK economy following the election.

The biggest perceived challenges for future growth (in the next 12-24 months) are reduced spending by clients on consulting (**43%**) and the general slowdown of the UK economy (**41%**). Growth is still predicted to continue this year, but at slightly reduced levels than previously anticipated, with **9%** sector growth forecast for 2024. However, the outlook continues to be positive, with early predictions that 2025 might see a return to double-digit growth (**11%**).

Some **72%** of consulting leaders forecast that consulting demand

will increase in 2024, while **94%** of consultants believe client services related to AI, digital technology and emerging technology will provide the biggest opportunity for growth. As well as impacting our thousands of clients, the rapid integration of technology is already reshaping the management consulting landscape, with firms increasingly leveraging artificial intelligence and automation to enhance service delivery and provide data-driven insights. Current use of AI is led by our largest members and the Big 4, with three-quarters (**75%**) of Big 4 consultants stating their firm is already using this technology (compared to only a third (**36%**) of non-Big 4 firms).

However, some sectors are expected to experience less growth and a quarter of leaders (**24%**) predict consulting in the Retail and Leisure sector is most likely to decline in growth.

The MCA Member Survey findings confirm that the consulting industry continues to be increasingly accessible to people from a diverse range of backgrounds, with an ongoing decline in the number of young consultants who attended a Russell Group university. More young consultants in the survey have never been to university than attended Oxbridge (**7%** versus **5%** respectively).

When examining job satisfaction, it is evident that young MCA consultants value highly flexible working conditions and hybrid working, and opportunities for training, learning, and development. This indicates that providing a flexible work environment and investing in professional growth opportunities are key factors in attracting and retaining younger consultants.

For over a quarter of consultants (**28%**), the past year has offered a better work-life balance. However,

just over one in five (**22%**) report that theirs has worsened in that time. Additionally, the survey reveals that a significant majority of participants (**69%**) report feeling more satisfied with their job due to the widespread adoption of hybrid working. This finding suggests that offering flexible work arrangements has had a positive impact on employee job satisfaction. One in five (**20%**) consultants are actively seeking a new role, down from one in four (**26%**) last year. At the same time, only one-third (**34%**) of consultants say that they are not seeking a new role, which means that nearly half (**46%**) of the consultants surveyed are passive leavers.

Concerningly, employees who responded to the survey from ethnic minority backgrounds are actively seeking new roles at a higher rate compared to white employees (**32%** versus **16%**). This trend is worthy of deeper examination, and it will be necessary for firms to evaluate and address any factors contributing to this disparity in order to create more inclusive and equitable working environments.

Furthermore, the survey highlights that half of women who responded believe that more could be done by consulting firms to improve diversity and inclusion within their organisations. As the MCA Annual Industry Report data shows, the number of women in MCA member firms has been declining over the last four years and firms need to examine what further efforts can be made to create more inclusive working environments. Despite numerous initiatives by firms, women are believed to be leaving the sector due to work-life balance issues, but responses show there may also be wider cultural challenges with women seeking more inclusive high-performing environments.

2023 WAS A YEAR MARKED BY AN UNSETTLED ECONOMY IN THE UK AS IT DICED WITH RECESSION, INFLATION AND, AT TIMES, GLIMMERS OF GROWTH.

Figure 1
2023 MCA member firm council representatives' expectations versus reality



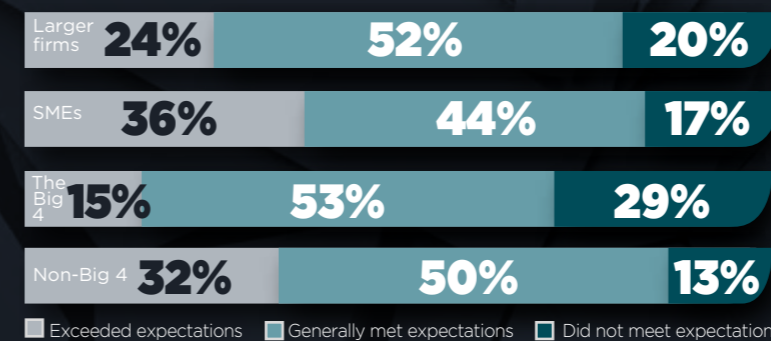
Through a wider lens there has been global turbulence, with the Middle East crisis and Russia's continued illegal invasion of Ukraine causing disruption. This has continued to feed into widespread uncertainty around what 2024 will bring, underlined by a general nervousness about the state of the UK economy. The next year will also see a general election and a possible change in government power and direction for the country. The question remains whether this will inspire confidence or further disrupt the current economic climate.

Growth in 2023 generally met the expectations of those within the industry, with just over half (**54%**) of industry leaders reporting that their firm's growth was within the

parameters they were expecting, and just under one in five (**19%**) suggesting that growth has exceeded their expectations. Last year was less positive than 2022, when **48%** of leaders said growth had exceeded expectations. A third (**27%**) of consulting leaders in 2023 felt that their organisation did not meet expectations.

80% of business leaders from SMEs say that their growth exceeded or met expectations. Larger firms are not too far behind, with **76%** saying that they met or exceeded expectations. With regards to not meeting expectations, we see a similar narrative between both small and larger firms, with one in five saying the same (SMEs **17%**, larger firms **20%**).

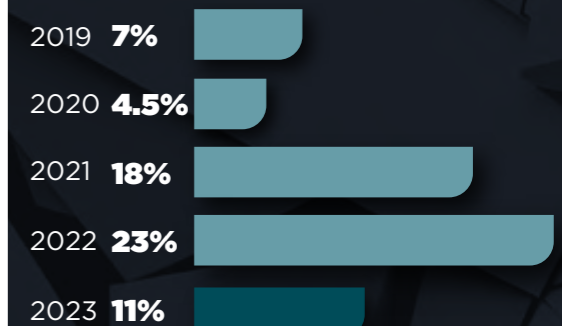
Figure 2
2023 MCA member firm council representatives' expectations versus reality (by size of firm)



Among those respondents saying their organisation's consulting activities have experienced growth over the past 12 months, some key contributions included:

- 1. TALENT AND EXPERTISE**
Expertise in specific areas such as AI, generative AI and technology consulting, and health and life sciences, plus good recruitment and understanding of market needs, stronger leadership, focus on hiring new people, better quality of team members, and emphasis on graduate recruitment.
- 2. MARKET DEMAND AND GROWTH**
Growing presence and credibility in certain sectors such as health and life sciences, growth in the energy and utilities sector, demand for digital transformation, demand for cybersecurity, and growth in climate and sustainability. There's an increasing demand for consulting services in the Middle East and public sector transformation.
- 3. VARIATION IN WORK**
Expanding the range of work undertaken, diversifying work won across sectors, rapid expansion into different industries and geographies.
- 4. CLIENT RELATIONSHIPS**
Strong relationships with existing clients, trust and referrals, reputation and brand recognition, solid client relationships, building on existing relationships, customer desire for more digital transformation projects.

Figure 3
Growth in consulting revenue



Factors driving growth in 2023

“ Reputation spreading across existing clients leading to more work.
Owner/MD, smaller firm

“ Expertise in AI and GenAI through years of practical experience.
Partner, larger firm

“ Energy, including export to Middle East, government especially in technology, technology consulting and SAP change management and people centric.
Head of Consulting, larger firm

“ Strong leadership. Clear vision, good recruitment and good understanding of market needs.
Manager, smaller firm

“ Continued investment from life sciences in R&D pipeline. Strong relationships. Perception as “problem solvers” that can be thrown into any situation.
Director, smaller firm

“ Growing presence in the market. Ambitious targets and growing capability to support that. Strong credibility in certain sectors like health and life sciences. Boom in the energy and utilities sector.
Senior Consultant, larger firm

“ UK public sector transformation; AI in financial services; regulatory demand in energy and resources.
Partner, larger firm

“ Cost pressure meaning clients using SME firms for better rates.
Owner/MD, smaller firm

“ Our clients trust us and how we have supported them during volatile market conditions.
Director, larger firm

“ Growth in climate and sustainability, cost reduction and continued digital transformation at scale.
Senior Partner, larger firm

“ Two acquisitions in the UK have provided new services and clients to cross sell to. Main strategic plan is to grow.
Owner/MD, larger firm

“ Political upheaval creating uncertainty and change.
Senior Partner, smaller firm

“ Post-Covid focus on getting back out with clients.
Owner/MD, smaller firm

“ Rapid expansion into different industries and geographies.
Analyst, smaller firm

“ Release of pent-up client demand and responses to macro-economic factors.
Consultant, larger firm

Factors curbing growth in 2023

“ Cost increases for our clients making consulting spend less desirable.
Manager, larger firm

“ Market and economic uncertainty.
Director, larger firm

“ NHS budgets freeze.
Director, smaller firm

“ Due to the economic crisis the UK (and many other countries) is going through, clients are not willing to spend as much money to bring consultants into their organisations – therefore we have seen an increase in shorter, less costly projects compared to the past.
Analyst, larger firm

“ High inflation, high interest rates, all resulting in clients reducing spending and investment.
Owner/MD, smaller firm

“ Delayed decision making and increased cost control by our clients, driven by Ukraine war and cost of living issues.
Owner/MD, smaller firm

“ Clients spending less capex on projects, initiatives and transformation. High interest rates putting pressure on clients economically. Clients rationalising suppliers via RFPs to reduce rates. Intense competition from big and small competitors.
Owner/MD, larger firm

“ The market economic position to prioritise shoring-up finances and use consultancy only where there is a very clear ROI.
Manager, larger firm

“ Longer lead times in procurement, cancellations, tighter control over spend, delays in authorisations.
Manager, larger firm

“ Very sluggish economy, many organisations tightening the belt and cutting back on consulting spend.
Director, larger firm

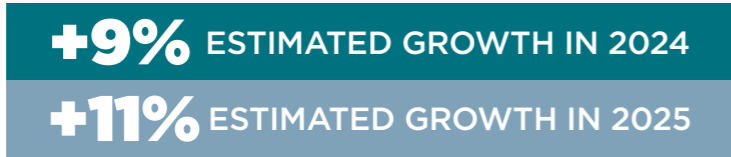
“ With the current financial footing of the UK economy being quite uncertain, key clients are less willing to commit to longer-term projects. As for reaching new clients and building those relationships, it has been far slower than in the last few years.
Owner/MD, smaller firm

“ In terms of selling work, it would be the general economic issues. In terms of margins for the organisation, it would be over-optimism and subsequent over-hiring in the last two years.
Analyst, larger firm

“ Overestimation of the market post-Covid, over-hiring, poor planning.
Manager, larger firm

“ Covid created artificial demand that resulted in increased hiring, but in the medium/longer-term there has been an inability to staff these individuals to different roles and sectors. Reduced demand based on contracting economy that has impacted our client budgets and appetite to invest in major programmes.
Senior Manager, larger firm

LOOKING AHEAD INTO 2024, ESTIMATES PROVIDED BY MCA COUNCIL REPRESENTATIVES SUGGEST THAT THE CONSULTING SECTOR WILL GROW BY **9%** IN THE NEXT 12 MONTHS, AND BY **11%** IN 2025.



Despite the backdrop of economic uncertainty across the wider UK economy, the positive outlook for the consulting sector remains encouraging. It is without doubt, however, that the market is extremely competitive, and the nature of project pipelines has altered somewhat, with clients taking much longer in decision making and dividing up larger consulting projects.



Nearly three in four (**72%**) MCA council representatives anticipate that consulting activity will increase in the next 12 months, with **13%** expecting client demand to increase significantly. This is a decrease, however, when compared to the past two years, when greater numbers of leaders (**96%** in 2022, and **77%** in 2023) expected consulting activity to increase. This suggests that industry growth is levelling to a steadier position.

As with last year's survey, MCA members expect continued growth in the Digital and Technology sector to be the highest in the next 12 months,

with **85%** predicting growth in this area (up **4%** from last year). Of this, nearly one third (**29%**) expect that this increase will be significant in the next 12 months. Two fifths (**65%**) of respondents predict growth in the Energy and Resources sector.

The Retail and Leisure sector is estimated to see the biggest decrease in the next 12 months (**24%**). It is reported that retail sales in 2023 were higher in value¹, but lower in volume compared to pre-pandemic levels. Consumer behaviours have shifted dramatically in the past 12 months as the cost-of-living crisis continues to

squeeze household budgets, with families prioritising buying important goods and cheaper products. Inevitably this has led to reduced budgets from retail clients for major transformations and consultancy projects. Over time there has been a decline in the demand for sustainability services which is reflective of the economic struggles that businesses have been navigating but growth is still predicted in this area nonetheless. Previously, sustainability was cited by **56%** of all respondents as one of the top three services in 2022. This fell to **38%** in 2023 and **36%** in 2024.

¹Retail sales, Great Britain - Office for National Statistics (ons.gov.uk)

Figure 5

Estimate of consulting activity growth in the next 12 months (sectors)

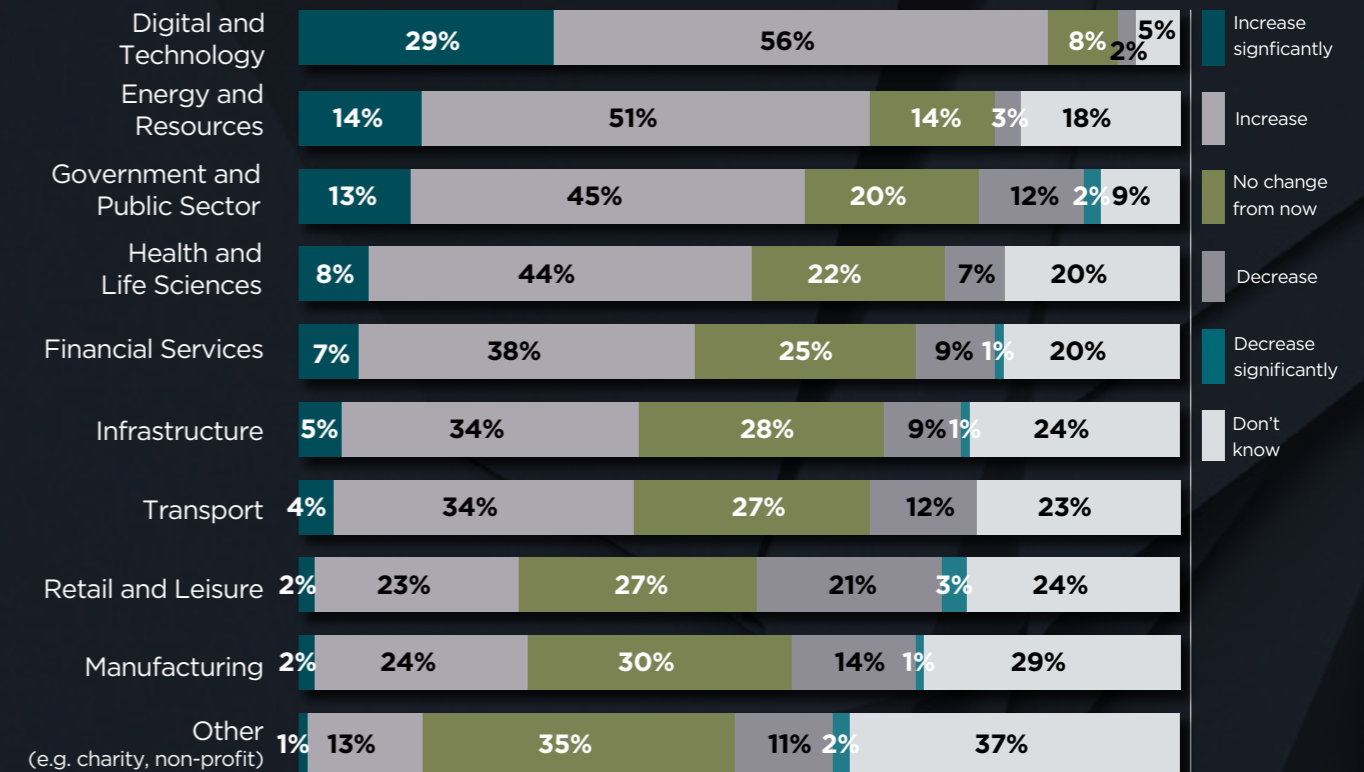


Figure 6

Consulting services expected to increase in the next 12 months

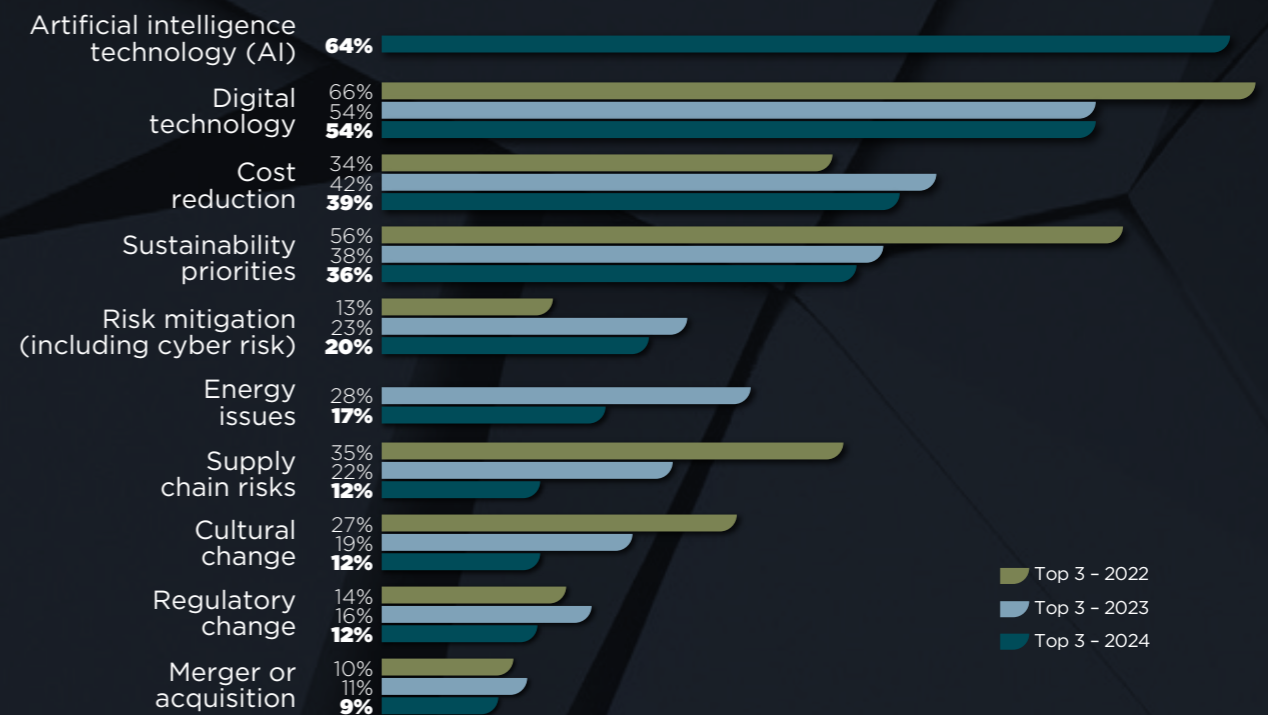
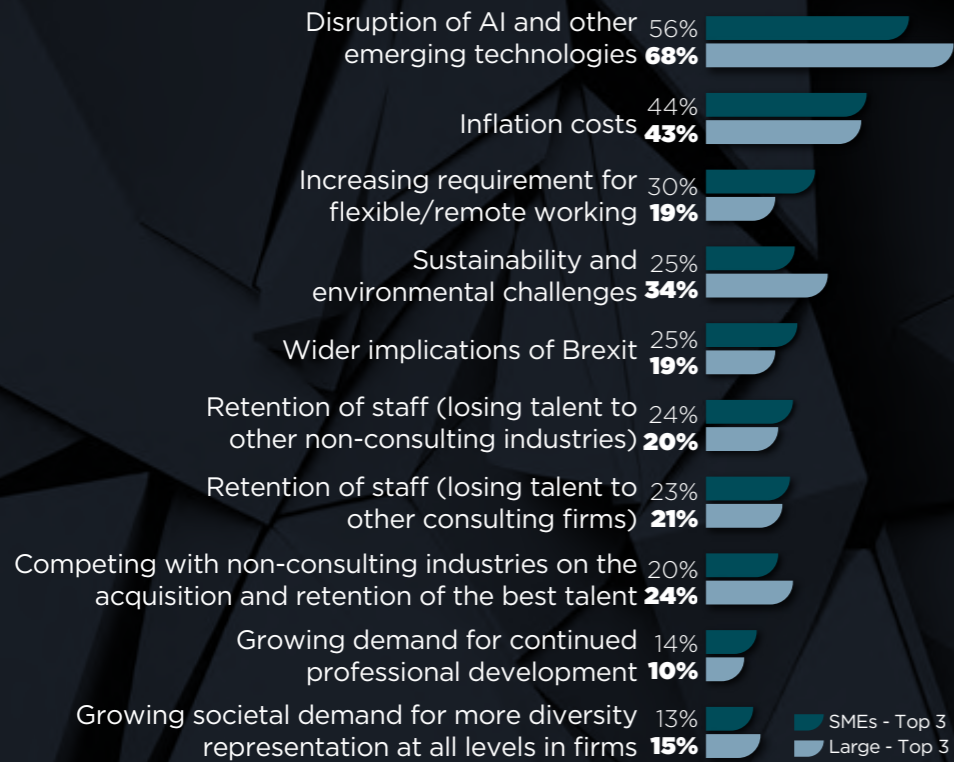


Figure 7
Trends having significant impact on consulting firms over the next 12-24 months



To build on last year's survey, the impact of artificial intelligence (AI) was included to assess how consultancy firms predict it will influence their businesses. AI has been cited as offering the biggest opportunity for growth in the next 12 months (64%), pushing digital technology off the top (54% this year, down 12% from last year) - although some degree of overlap in these terminologies can be expected. With more businesses looking to adopt and use it to their advantage, AI is showing itself to be a powerful tool that can drive innovation, challenging businesses to improve their operational processes and efficiency, as well as enhancing customer experiences - not to

mention the potential cost saving that it can offer by automating otherwise routine tasks. Larger firms are more likely to believe they will experience disruption from AI and other emerging technologies compared to SMEs (68% versus 56% respectively). A third (34%) of larger organisations believe that sustainability and environmental issues will continue to present challenges that will need to be navigated over the next 12 months. Another angle to consider is the threat presented by non-consulting industries: a quarter (24%) of larger organisations believe that the challenge of attracting and retaining the best talent is going to cause an impact this year.

TRENDS IN THE CONSULTING INDUSTRY

Nearly all (94%) of individuals surveyed believe that client advice and services relating to AI and emerging technologies will increase over the next 12 months, with two thirds (64%) believing that there will be a significant increase in the next 12 months. Consultants from larger organisations are considerably more likely to hold this belief when compared to those working for SMEs (67% versus 50% respectively).

Over half of all respondents (53%) state that they are already using AI, with a further 34% having started exploring how the technology can be best adopted and integrated into their ways of working. Just 3% of consulting firms have no plans to introduce AI into their working practices this year. Current use of AI is driven significantly by the Big 4, with three-quarters (75%) of consultants stating their firm is already using this technology

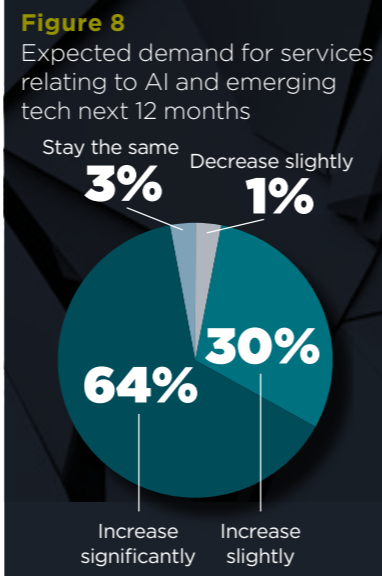


Figure 9 Current use of AI within consulting firms



(compared to 36% of non-Big 4 firms). In line with this, larger firms are more likely to be using AI already (59% versus 22% of SMEs), with smaller firms more likely to be in the exploration phase of AI integration (42%).

The use of AI in the sector is varied at this point in time but it is showing its versatility by supporting a range of tasks. Most commonly it is used for searching for information (57%) and enabling teams to use AI models (56%). It is also starting to take over some of the more routine tasks by automating them (51%). Larger organisations are embracing more features of AI compared to their SME counterparts - for example, 16% are using it for visual content generation, while just 2% of SMEs are employing AI for this type of task.

The benefits of AI are mostly centred around time saving or improving time management (63%). Other key benefits that consultancies suggest they are already experiencing are the automation of routine tasks and improved speed of being able to do business.

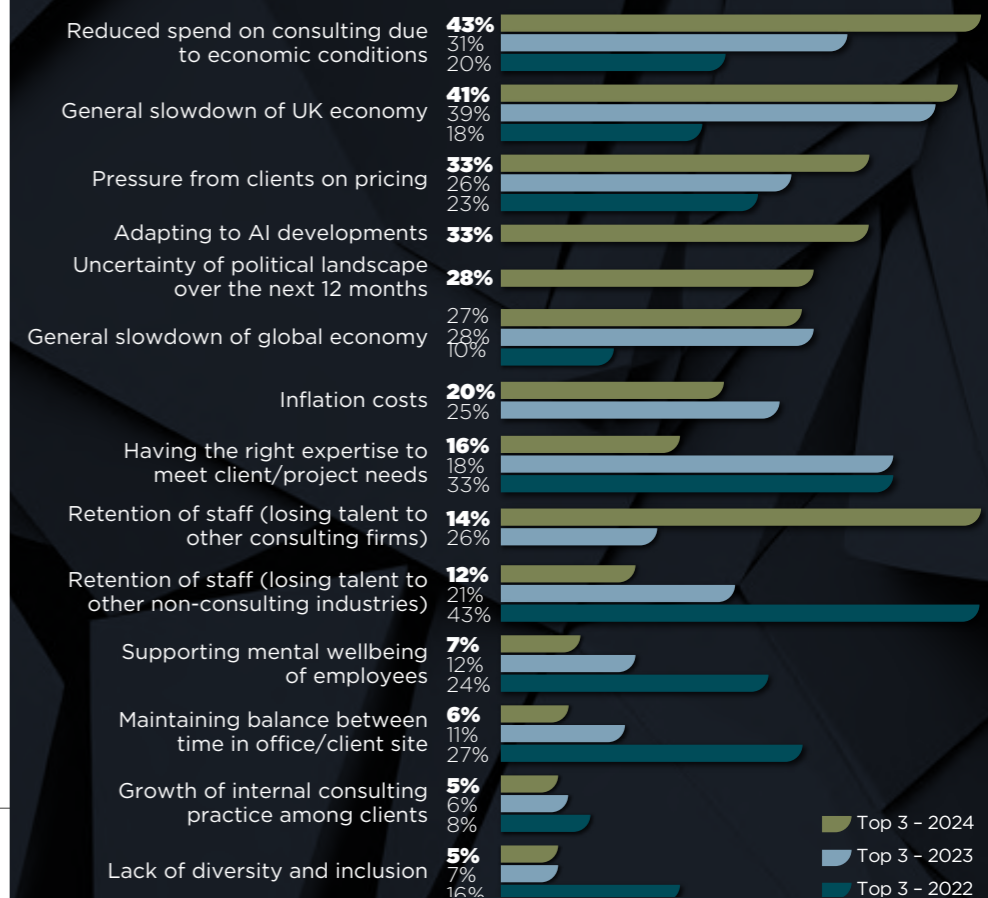
CHALLENGES FACED BY THE CONSULTING INDUSTRY

The management consulting industry is expected to face

several challenges in the coming years. Reduced spending within the sector (43%) is cited as having the biggest impact over the next 12-24 months. Economic volatility is perceived as the next largest impact, with geopolitical tensions creating a challenging business environment for consulting firms and a general slowdown in the UK economy (41%, up 2% compared to last year) mirroring weak global economic conditions (27%, -1% difference to last year).

In addition to this, the political landscape of the UK is also under the microscope with a general election in sight. A potential shake-up in government power is making businesses nervous, with a third of consultancies (28%) suggesting that this will have an impact on the sector over the coming 12-24 months. Many are aware that election outcomes will likely influence strategic decision-making, shifts in economic strategies and regulatory changes, to name a few, affecting business confidence and overall investment, including spend on consulting.

Figure 10
Trends having significant impact on consulting firms over the next 12-24 months



THE UK CONSULTING SECTOR IS EXPERIENCING A RECOVERY AND GROWTH PHASE FOLLOWING THE PANDEMIC, LEADING TO SIGNIFICANT SHIFTS IN WORKING PRACTICES.

Consulting firms are likely to be influenced by continued trends in remote, hybrid and flexible working, with an increasing emphasis on AI, digital transformation, virtual collaboration and other necessary tools for these changes.

According to responses from leaders, the management consultancy industry is expected to undergo notable transformations, including greater integration of technology and data analytics, as well as a focus on the interplay with sustainability. AI is a tool that has many capabilities but will be increasingly leveraged to address complex sustainability challenges. Machine learning models may be engineered to simplify processes with ESG data management, making efficiencies while ensuring accuracy in reporting and compliance.

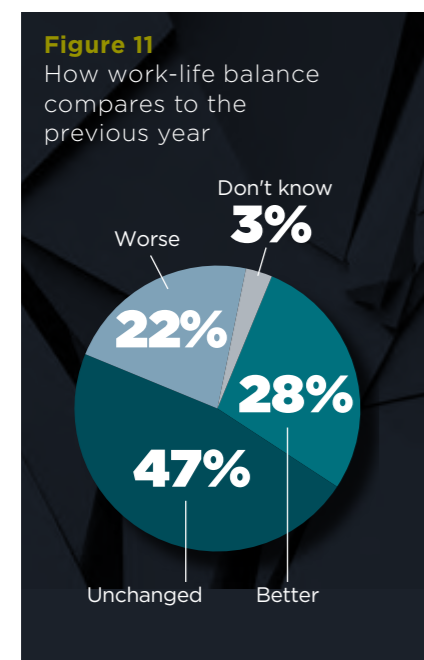
WELLBEING

For nearly one-third of consultants (28%), the past year has offered a better work-life balance. However, just over one in five (22%) report that their work-life balance has worsened during the last year. This proportion has slightly increased compared to last year (22% in 2024, 18% in 2023 and 25% in 2022). The perception of work-

life balance differs between men and women, with 34% of women saying that it has become better compared to 26% of men who report an improvement. This may be linked to improved flexibility of working in the sector post-pandemic, with increased use of hybrid working.

There is a drive within government to support businesses with

employee wellbeing through a proposed bill to mandate that all businesses should have a trained mental health first aider in their business. This is coming at a time when reports are suggesting that Gen-Zs have worse mental health compared to other generations. It will be important for businesses to think ahead to ensure that poor health doesn't become more of a threat to the workforce.



MENTAL HEALTH STATISTICS:

50% of mental health problems are established by age 14.
75% by age 24².

This is a factor that is going to impact workforces as the new generations complete their studies and move into the workforce.

A bill going through parliament concerning mental health first aiders³ may see regulatory changes coming into force that all UK businesses will need to act upon.

The UK government reports that days off due to poor mental health cost UK employers £45bn per year⁴. This is an issue that needs to be addressed from many different angles: while it's not just an employer's responsibility, it is important to ensure that workforces have the necessary support in place to be successful.

² Mentalhealth.org.uk
³ <https://www.bbc.co.uk/news/uk-politics-64404427>
⁴ https://assets.publishing.service.gov.uk/media/5ff352f2e90e0776a21a8c9b/References_Health_and_Work_infographics_v_final.pdf

ATTRACTING AND RETAINING TALENT IN THE INDUSTRY

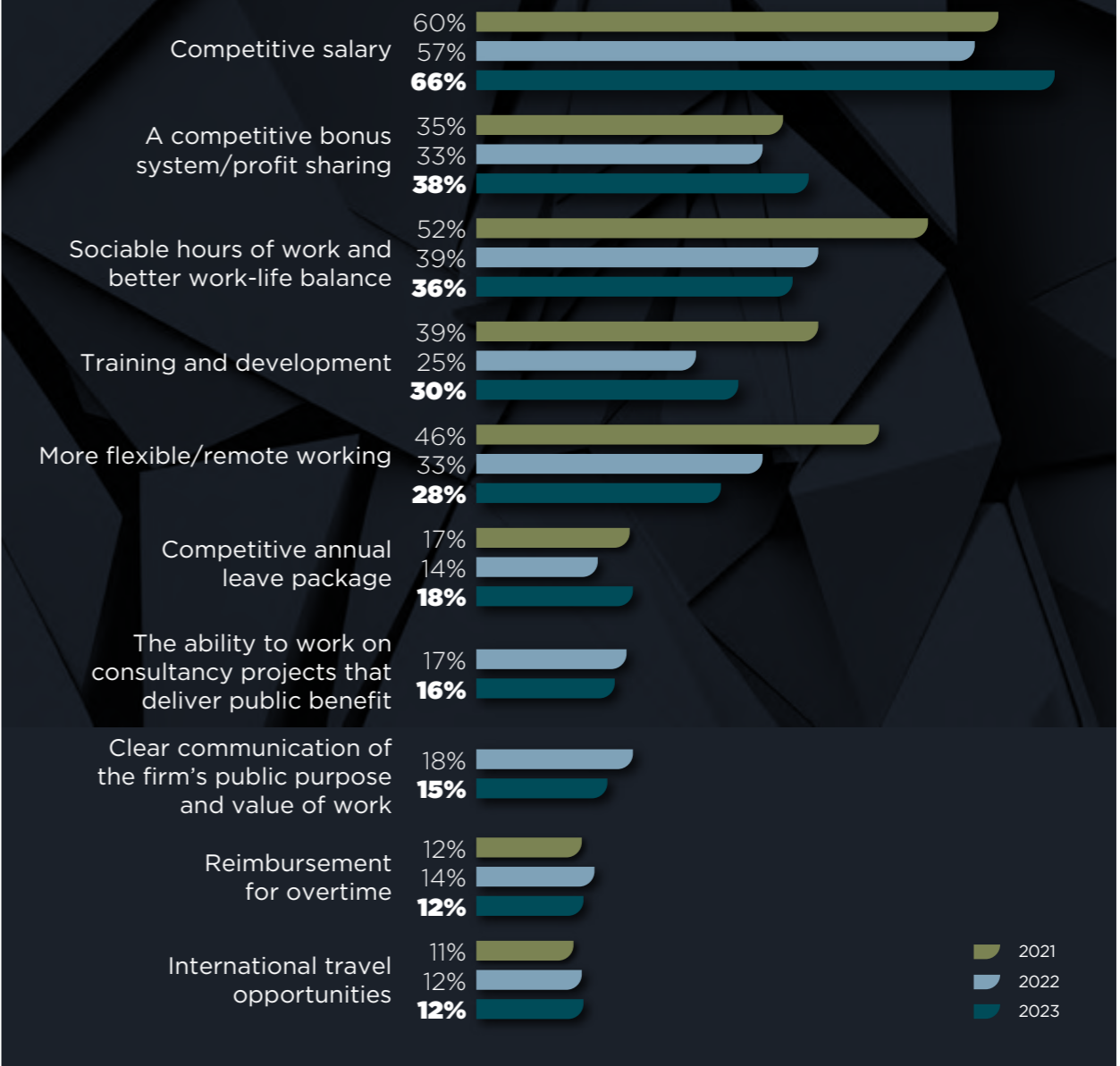
While competitive salaries continue to be most important for attracting top talent (60%), the benefits of a healthy work-life balance are also increasingly valuable to new talent within the industry. This narrative changes slightly for those that

have been within the industry for longer. For those within the first five years of their career in the consulting industry, more importance is given to salary (69% versus 62%, respectively).

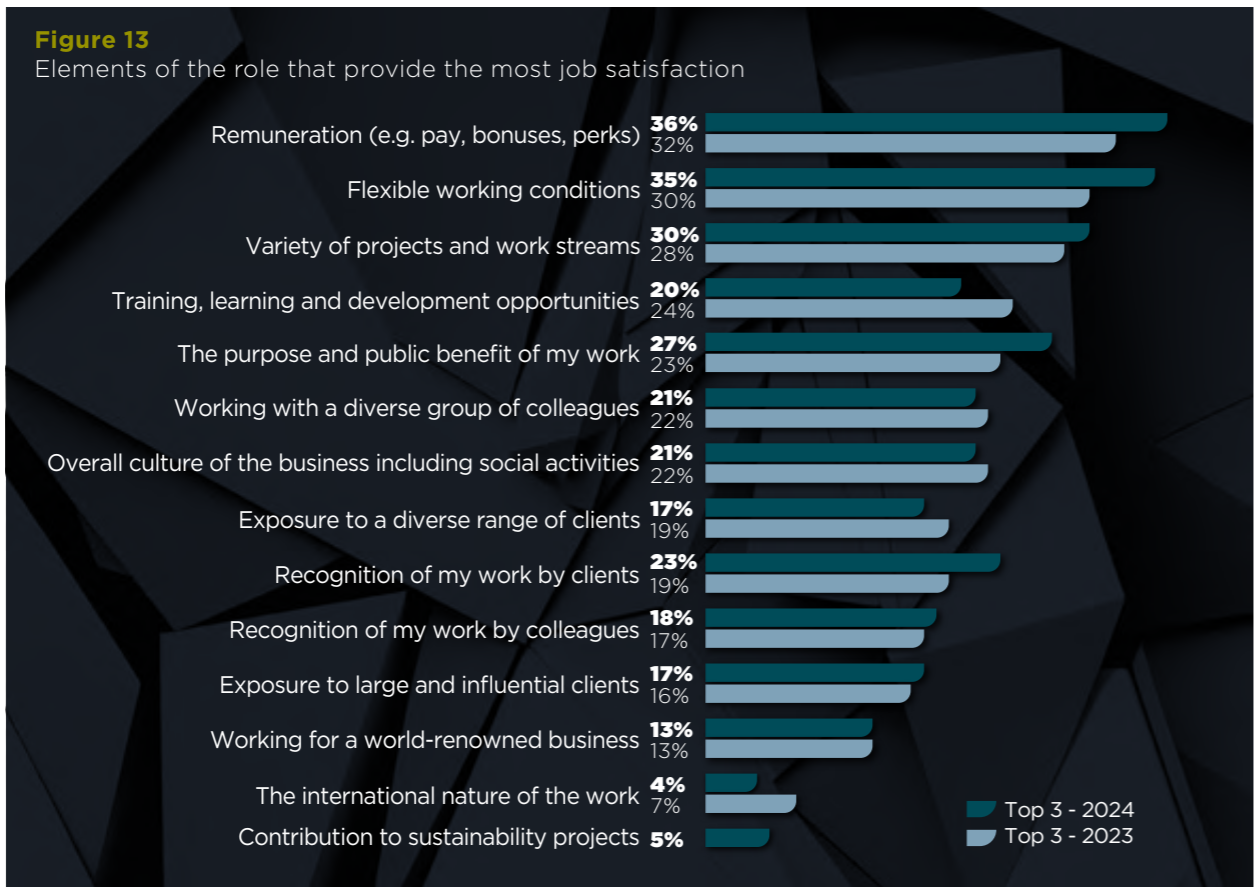
A third (30%) cite training and development skills as important to ensuring the best talent is

attracted to work within the consulting sector. The younger levels (Manager and below) are more likely to be actively and passively looking, suggesting that what firms are offering in order to retain talent is not actually in line with what those that are more likely to leave want⁵.

Figure 12: Attracting and retaining talent in the consulting sector



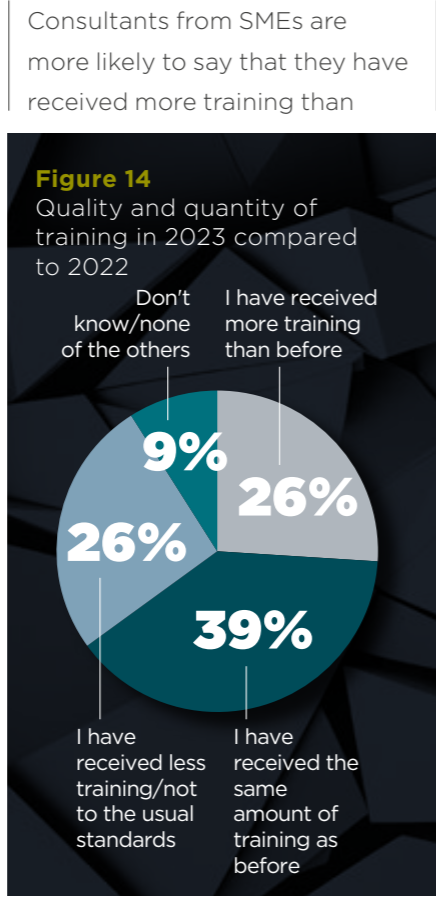
⁵ <https://hbr.org/2019/05/your-approach-to-hiring-is-all-wrong>



TRAINING

Training, learning and development opportunities are among the most important drivers of job satisfaction for a fifth (20%) of respondents, and a third (30%) reported that it is among their top three suggestions for attracting and retaining the best talent.

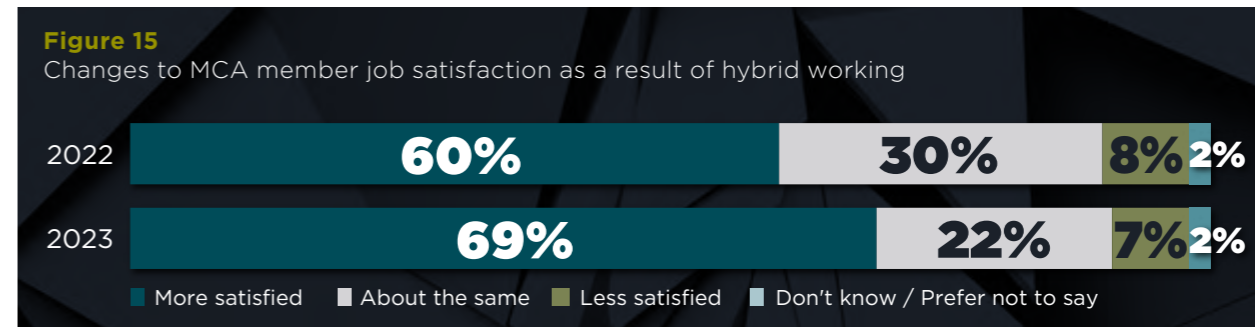
When comparing to their experiences during the previous year, three in five (65%) consultants say that they have received at least the same amount of, or more, training. In comparison, a quarter (26%) say that they have received less training or that the training has not been up to the same standard. This remains broadly similar when comparing 2022 to 2021.



Consultants from SMEs are more likely to say that they have received more training than the year before (32% versus 24% of large firms). Similarly, consultants from large firms are more likely to report receiving less training in the past year than their counterparts from SMEs (24% versus 13% respectively).

HYBRID WORKING

Nearly a third (28%) of respondents believe that flexible and remote working arrangements would enhance employee attraction and retention. Seven in 10 (69%) participants report feeling more satisfied with their job due to the widespread adoption of hybrid working. Conversely, one in five (22%) feel the same level of satisfaction, while a smaller proportion (7%) express feeling less satisfied. This represents a



growth in satisfaction since last year (60% versus 69% in 2023), likely due to remote working becoming the new norm and firms adopting more optimised remote working processes.

These figures suggest that, overall, hybrid working has had a positive impact on job satisfaction for a majority of employees.

Satisfaction with hybrid working is higher among those who have been in the consulting industry for less than five years – 74%

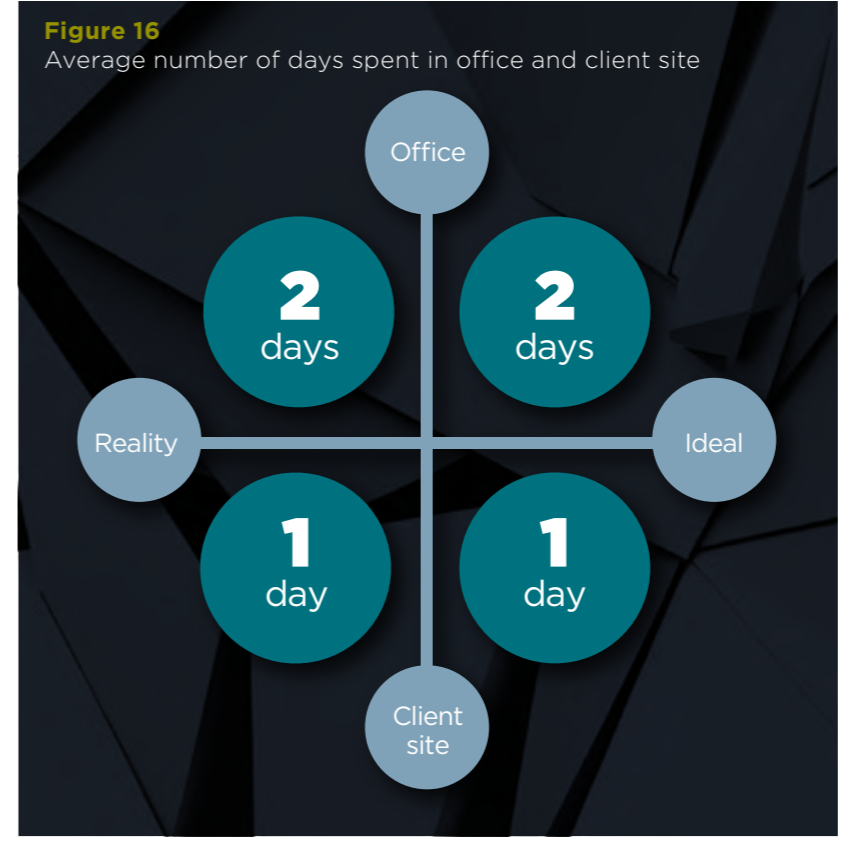
versus 63% of those who have been in the industry longer.

The same is true for members from the Big 4 (75% versus 65% of those from non-Big 4 firms), members from larger firms (71% versus 55% of SME employees), female employees (74% versus 66% of males), and ethnic minorities (80% versus 66% of white employees).

In addition to satisfaction, 72% say that the widespread adoption of hybrid working has

made a job in consulting more attractive – up 8% from last year. This notion is more pronounced among younger members (75% versus 67% of more experienced consultants), those working for larger firms (73% versus 64% of SME employees) and ethnic minorities (78% versus 70% of white employees).

On average, the days that employees wish to spend in the office match with the days they currently do – about two days per week on average. The same is true for in-person visits to client sites, with an average of one day per week reported.



DIVERSITY AND INCLUSION

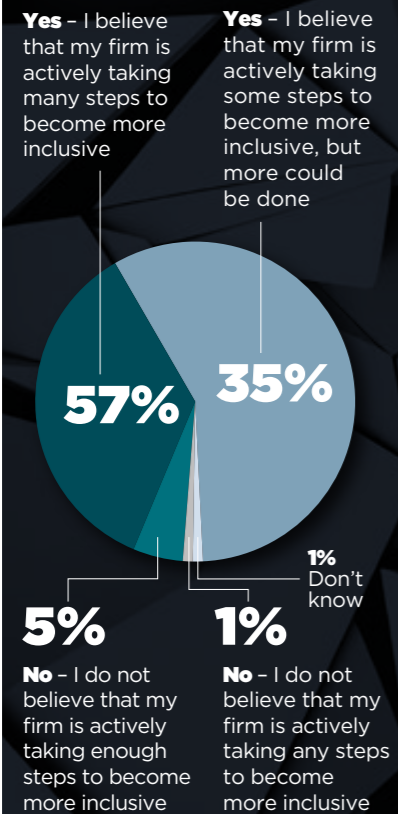


important to assess consultants' perceptions of their firms' efforts in becoming more diverse and inclusive to determine the extent to which positive steps are being taken in this regard.

Nine in 10 consultants (92%) believe their firm is actively taking steps to become more inclusive, with more than half (57%) believing their firm is taking many steps to do so. At the same time, of those who believe steps are being taken, a third (35%) believe that more could be done by their firm. This view is held by nearly half of women – significantly more so than their male counterparts (45% versus 29%) and ethnic

Figure 18

Extent to which firms are actively taking steps to become more inclusive



minorities (41% versus 34%). Women are also more likely to believe that their firm is not taking enough steps to become more inclusive (7% versus 4% of male employees). This suggests that while at an overall level the firms may be taking steps towards inclusivity, these steps might be ineffective, or fail to address the real issues presented. Many firms report to us that they are engaged in dialogues with employees to better understand this gap and to try to take action in these areas.

SEARCH FOR NEW OPPORTUNITIES

One in five (20%) consultants are actively seeking a new role, down from one in four (26%) last year. At the same time, 34% of consultants say that they are not seeking a new role, which means that nearly half (46%) of the consultants surveyed are passive leavers – happy in their roles but remaining open to offers. The proportion of consultants that are open to offers despite not actively looking for a new role has increased since last year (46% versus 38%).

Members from Big 4 firms are significantly more likely to say that they are currently seeking a new role (26% versus 15% of members from non-Big 4 firms), and one in 10 (10%) are willing to leave, even if the alternative is not the right position for them (versus 3% of members from non-Big 4). It is, however, important to note that this sentiment has decreased since

last year when 35% of Big 4 consultants were seeking a new role. More than half (52%) of consultants from SMEs are not looking for a new role, compared to one in three (31%) consultants in large firms.

Perhaps more worryingly, more employees from ethnic minority backgrounds are actively seeking new roles (32% versus 16% of white employees). This figure is worthy of further investigation internally by firms to better understand the issues and to ensure that we retain employees from ethnic minority backgrounds and help them keep thriving and developing in the consulting sector. Those from an ethnic minority background cite (outside of salary) more flexible or remote working as a more significant driver to attracting them compared to white employees (37% versus 26%).

Of those who are seeking new opportunities, only one in five (20%) are seeking to move within their current organisation – a 9% drop since last year, and a third (28%) are looking to move to a different firm. Of greater concern, a majority (44%) are seeking a role away from the management consultancy industry – a 14% increase since last year.

Furthermore, only half (55%) of consultants anticipate being in the consulting industry in five years. One in five (18%) say that do not expect to be in the consulting industry in five years, and a third (27%) are unsure.

Figure 19

Attitudes to future job prospects

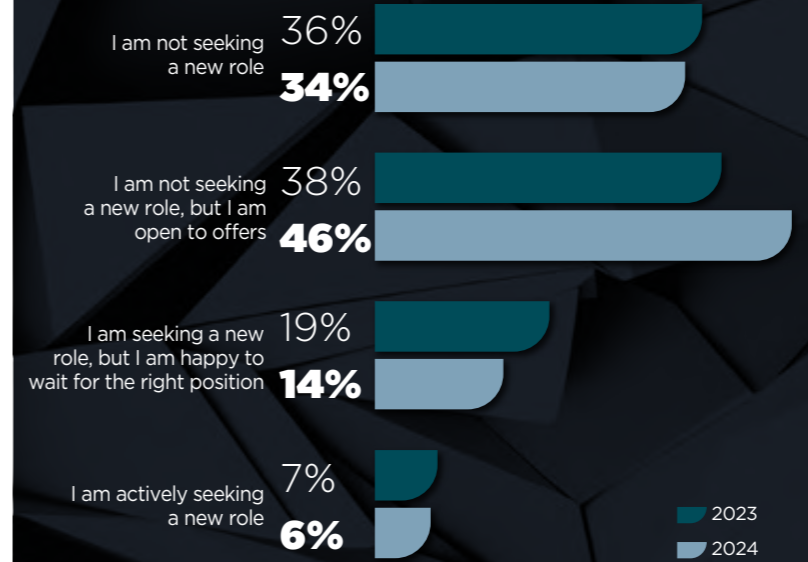


Figure 20

Roles of interest among those who are seeking a new role



There are interesting differences in perspectives and preferences among consultants who do not work in the Big 4 firms. It is worth noting that these consultants are more likely to express their intention to remain in the consulting industry compared to their counterparts in the Big 4 (58% versus 52%). This indicates a higher level of satisfaction

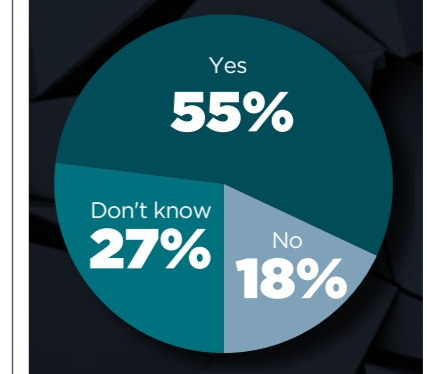
among non-Big 4 consultants. Furthermore, it is observed that female consultants are more likely to feel unsure about their future in the industry compared to men (30% versus 24%). This finding highlights a potential area of concern that firms should address to ensure the retention and career progression of their female consultants.

When it comes to what is most likely to attract them and keep them in their role, for females there is a greater desire to have a good package of flexible working (31% versus 26% of males) and competitive annual leave compared to the same request from males (23% versus 14%). Males, in contrast, are more likely to want a competitive bonus sharing scheme (41% versus 33% of females) as well as international travel opportunities (13% versus 10% of females).

When considering the factors influencing attrition, non-Big 4 consultants are more likely to prioritise sociable working hours and flexibility, while female consultants value a competitive annual leave package. These preferences suggest that a healthy work-life balance is a key consideration for these groups. Firms should take note of these factors and make efforts to provide an environment that supports work-life balance, thus enhancing job satisfaction and reducing attrition rates.

Figure 21

Proportion of consultants saying they anticipate being in the consulting industry in five years time



THIS SECTION WILL CONCENTRATE ON INDIVIDUALS IN THE CONSULTING INDUSTRY WHO HAVE ZERO TO FIVE YEARS OF EXPERIENCE TO GAIN INSIGHTS INTO THEIR PERSPECTIVES.

These respondents are categorised as part of the Young MCA group, which is a network for those who are at the early stages of their consulting careers. The management consulting sector continues to be a highly appealing starting point for careers and the latest data estimates 3,604 graduates, trainees, school leavers, and apprentices joined the industry in 2022⁶.

According to the findings of the MCA Member Survey, the consulting industry continues to become more inclusive for graduates from diverse backgrounds. The decreasing number of young consultants who attended a Russell Group university suggests a broader pool of talent and increased

efforts by firms to enhance social mobility. The percentage of young consultants who attended a Russell Group university has remained consistent with last year (**35%**), having declined from a peak of **73%** in 2011.

This point is further highlighted by only **5%** reporting receiving

their education at Oxbridge – compared to **7%** saying they did not attend university at all.

Similar to last year, when looking at benefits that attract young talent to the industry, younger consultants tend to be most concerned with remuneration packages (including both salary and bonus structures), work-

Figure 22
Percentage of young consultants who attended a Russell Group university



Figure 23
Percentage of young consultants attending Oxbridge

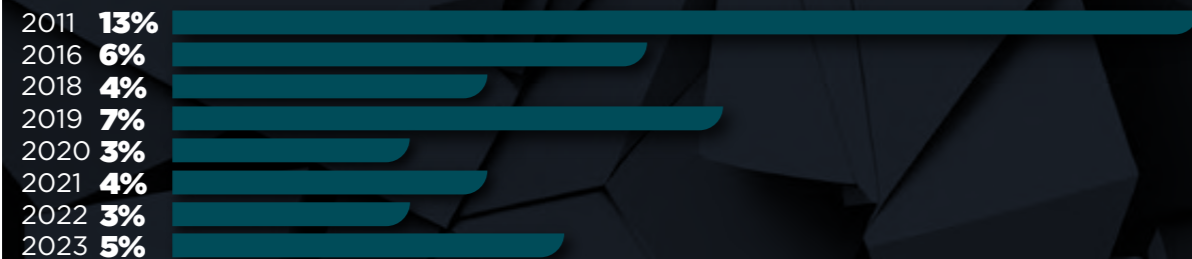
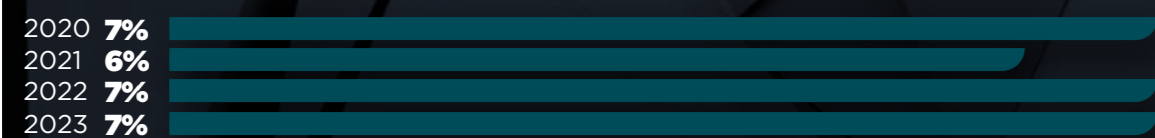


Figure 24
Percentage of young consultants who did not attend university



⁶ Data collected from the MCA 2023 Industry Survey

life balance and the flexibility of working conditions.

Young MCA consultants are significantly more likely than their more experienced colleagues to say firms should focus on offering a competitive salary

(**69%** versus **62%**), although the proportion of consultants with longer tenure naming competitive salary has increased since last year (**62%** versus **50%**). In addition, reimbursement for overtime (**14%** versus **8%**) is cited more frequently by younger

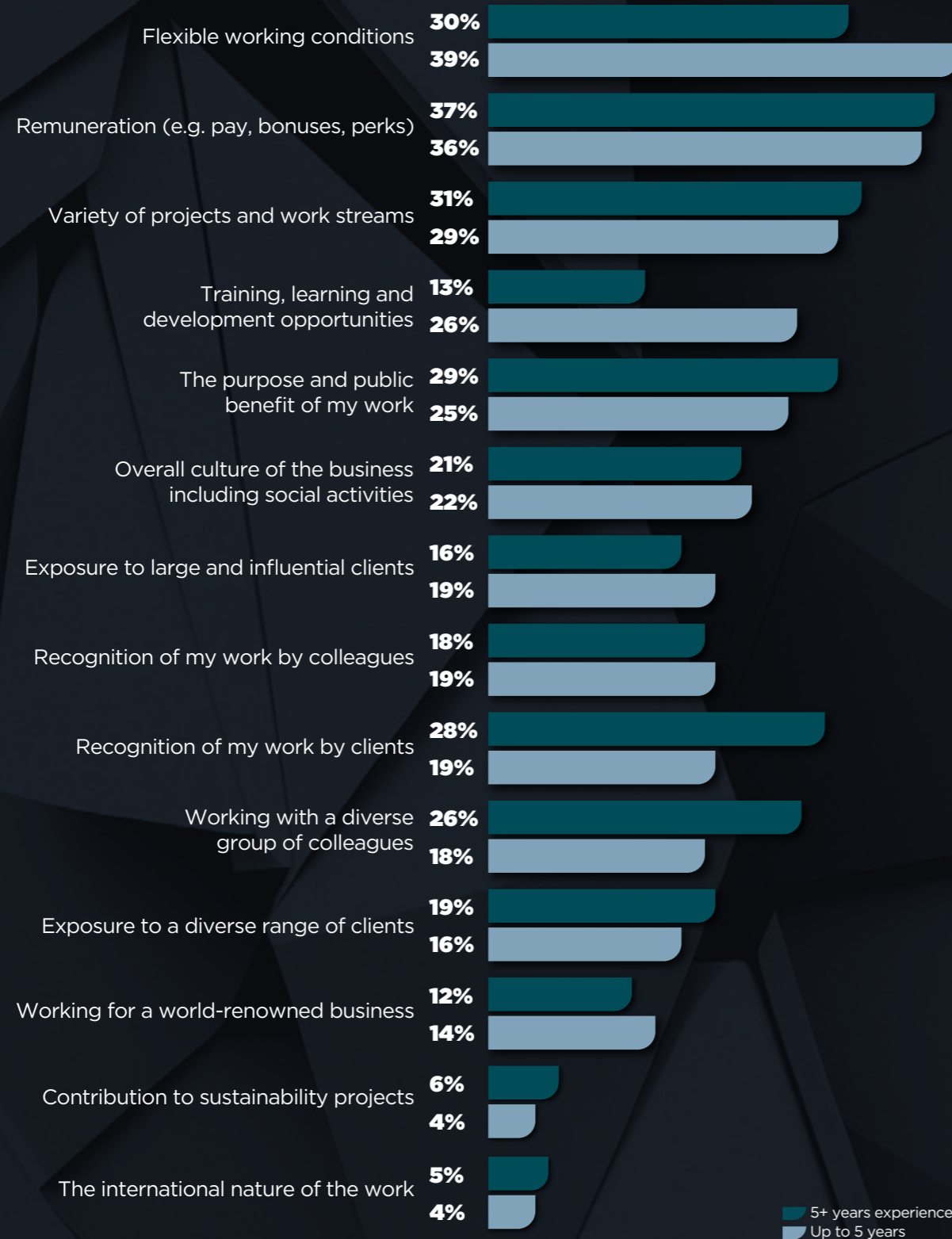
consultants. This is in line with research carried out by the Prince's Trust⁷, which highlighted the sharp impact of the cost-of-living increase on young people. Meanwhile, experienced colleagues are more likely to

Figure 25
How firms can attract and retain talent



⁷ <https://www.theguardian.com/society/2023/sep/19/young-people-ditching-ambitions-over-uk-cost-of-living-crisis-research-finds>

Figure 26
Areas of your role that provide the most job satisfaction



say that firms should clearly communicate their public purpose and the value of their work (21% versus 10% of the Young MCA) and have the ability to work on consultancy projects that deliver public benefit (20% versus 13% of Young MCA consultants) to attract and retain talent.

Looking at job satisfaction, Young MCA consultants value the flexibility of working conditions and training, learning and development opportunities significantly more highly than their more experienced counterparts. In line with this, younger consultants are more likely to say that they are more satisfied with their job (74% versus 63% of more experienced consultants) and see their job as more attractive (75% versus 67% of more experienced consultants) as a result of hybrid working.

In turn, more experienced consultants gain significantly more satisfaction from their work if it is recognised by clients (28% versus 19% of Young MCA consultants). This is likely due to stronger client relationships being built over time.

Looking at workforce diversity more closely, younger consultants are just as likely as their more experienced colleagues to say they have seen their firm take active steps to create an inclusive workplace (91% versus 93%). The proportion of Young MCA consultants that say their firm is taking many steps to ensure this has remained on par with last

Figure 27
Extent to which firms are actively taking steps to become more inclusive

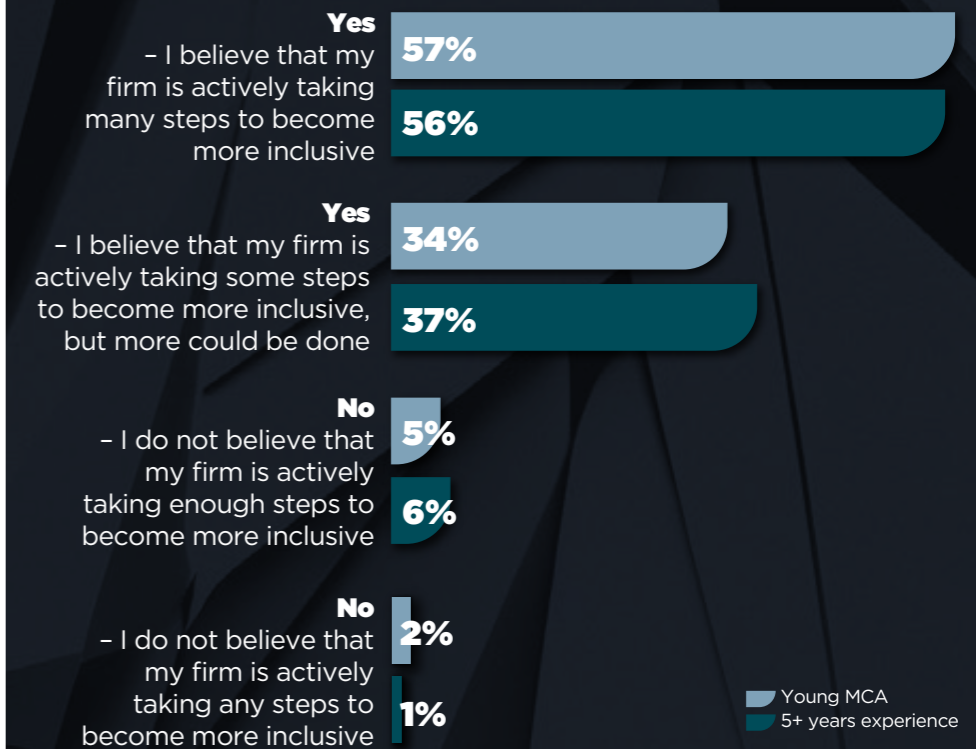
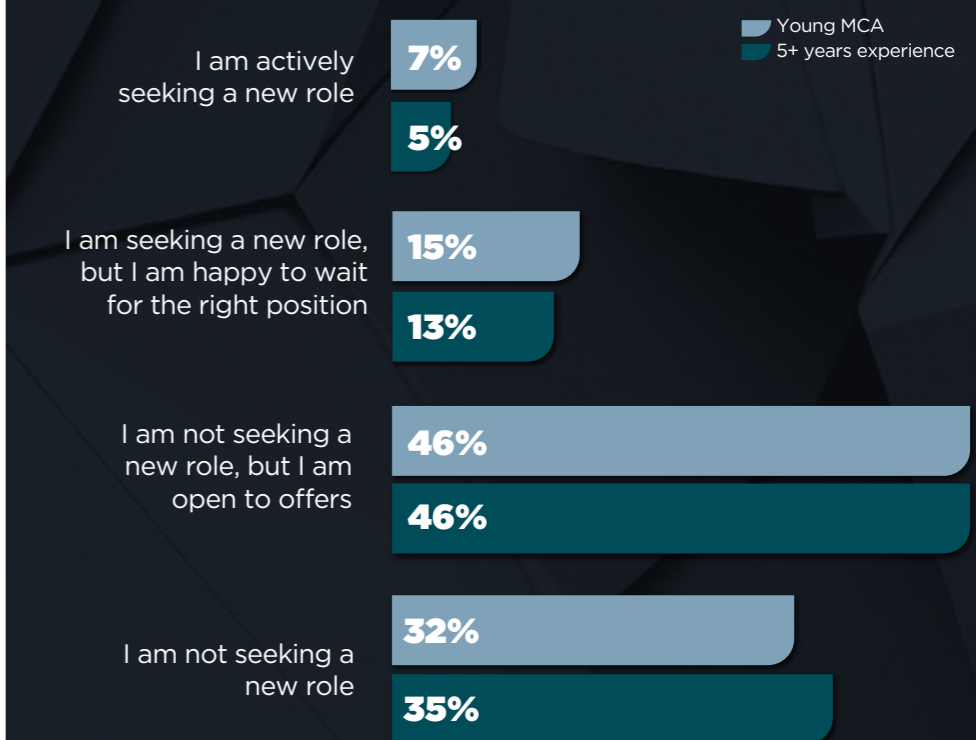


Figure 28
Attitudes to future job prospects



WHAT DO YOU BELIEVE ARE THE MOST SIGNIFICANT WAYS IN WHICH THE MANAGEMENT CONSULTANT ROLE IS LIKELY TO CHANGE IN THE NEXT FIVE YEARS?

THE VIEWS OF THE YOUNG MCA

The key themes that have emerged among the Young MCA on the most significant ways in which the management consultant role is likely to change in the next five years include:

- **A shift towards specialisation and subject matter expertise**, in particular an increased demand for consultants in areas such as AI, strategy and M&A.
- **Operational integration of AI technology**, with consultants expected to utilise AI tools for analysis work, problem-solving and decision-making.
- **Value creation and client impact**, with young consultants expecting an increased need to demonstrate tangible value and justified costs.
- **ESG knowledge**: Consultants speculate that they will be expected to be sustainability and ESG experts.
- **Upskilling**: Consultants expect the need to be upskilled in new technologies to grow, as demand for digital and technical skills becomes more and more evident.

“ Potential shift towards developing subject matter expertise over general consulting skills.

“ Adoption of AI solutions to manage client expectations, including justification of our quality of work.

“ Management consulting will need to keep pace with digital and technology advancements, both within consulting but also with client technology.

“ Clients will rely more on AI tools to get the answers they need.

“ More remote working, automation of analytics and insights, partnering with AI to solve problems

“ The need to demonstrate more tangible value.

ARE THERE ANY SPECIFIC SKILLS YOU BELIEVE ARE GOING TO BECOME INCREASINGLY IMPORTANT TO MANAGEMENT CONSULTANTS IN THE NEXT FIVE YEARS?

THE VIEWS OF THE YOUNG MCA

When asking the Young MCA what specific skills they believe will be required of them in the next five years, the following themes emerged:

- **Technological skills and the integration of AI**: Young MCA consultants expect needing to develop technological skill sets, advanced data analytics abilities and AI capabilities to stay competitive.
- **Environmental, social, and governance (ESG) factors**. Respondents expressed the need for consultants to have expertise in net-zero practices, sustainability consulting, and knowledge of sustainable development and social responsibility.
- **Soft skills and relationship management**. Adaptability, resilience, communication, empathy, and building strong client relationships were emphasised as essential skills for consultants.
- **Client management and business development abilities**.
- **Industry-specific knowledge**.

“ Stakeholder relationship management, articulation of USP and business development skills.

“ Understanding of AI, analytics, understanding of sound data management principles.

“ Being able to master AI to increase productivity rather than as a replacement for us.

“ People skills – it’s important enough as it is, but over the last three years there have been a lot of individuals join the workforce either through or recently post-Covid, with little to no experience of regularly being in the office.

“ Analytical skills are increasingly overlooked but will remain a key differentiating factor. Ability to handle complexity with limited data

year’s results (**57%** versus **56%**).

When compared to their more experienced counterparts, young consultants are equally inclined to be searching for a new job, with **21%** of young consultants and **19%** of longer-serving consultants expressing this intention. Additionally, both groups exhibit the same level of proactiveness in their job search, with **7%** of young consultants and **5%** of longer-serving consultants actively seeking opportunities. Similarly,

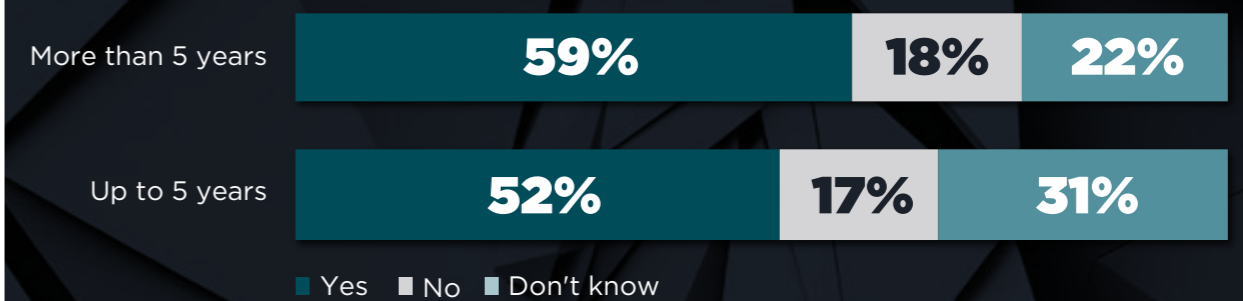
young consultants (**15%**) and longer-serving consultants (**13%**) are equally likely to be waiting for the right position to become available.

Of those who are seeking new opportunities, one in four experienced consultants say they are seeking a role within their organisation (**25%**), compared to **16%** of young consultants who say the same. Nearly half of young consultants looking to move say they are seeking a role outside the management consulting industry

(**47%**) – and the same is true for **41%** of experienced consultants.

When asked if they expect to remain in the consulting industry, young consultants are significantly more likely to be unsure (**31%** versus **22%** of experienced consultants). In turn, consultants who have been in the industry for more than five years, are more likely than their younger counterparts to say that they expect to remain in the industry for at least another five years (**59%** versus **52%** respectively).

Figure 29
Proportion saying they expect being in the management consulting industry in five years



JANUARY

Wednesday 10 January	ChMC Communications Committee
Thursday 11 January	Private Sector Working Group
Tuesday 16 January	Young MCA ExCo
Wednesday 17 January	SME Committee Meeting
Thursday 18 January	Sustainability Working Group
Thursday 25 January	MCA Member Survey Report Launch

FEBRUARY

Thursday 1 February	Public Sector Working Group
Thursday 8 February	Women in Consulting Working Group
Tuesday 20 February	Young MCA ExCo
Tuesday 20 February	ChMC Working Group
Tuesday 27 February	Diversity & Inclusion Working Group
Wednesday 28 February	MCA Audit Committee Meeting

MARCH

Tuesday 5 March	SME CEO Roundtable
Thursday 7 March	MCA Communications Committee
Thursday 14 March	MCA Board Meeting
Thursday 21 March	MCA Council Meeting & Dinner

APRIL

Tuesday 9 April	Young MCA ExCo
Tuesday 16 April	Sustainability Working Group
Wednesday 17 April	ChMC Communications Committee
Thursday 18 April	SME Committee Meeting
Tuesday 23 April	Private Sector Working Group
Wednesday 24 April	Health Sector Working Group
Tuesday 30 April	Diversity & Inclusion Working Group

MAY

Tuesday 7 May	Young MCA ExCo
Wednesday 8 May	ChMC Working Group
Thursday 9 May	MCA Communications Committee
Tuesday 14 May	Women in Consulting Working Group
Tuesday 14 May	Young MCA Council Meeting
Thursday 16 May	Public Sector Working Group
Wednesday 22 May	D&I Toolkit Launch
Thursday 23 May	MCA Board Meeting

JUNE

Monday 3 - 7 June	ALL WEEK MCA Awards 2024 Judging
Monday 10 - 14 June	ALL WEEK MCA Awards 2024 Judging
Monday 17 - 21 June	ALL WEEK MCA Awards 2024 Judging
Monday 24 - 28 June	ALL WEEK MCA Awards 2024 Judging
Tuesday 18 June	Young MCA ExCo

JULY

Monday 1 - 5 July	ALL WEEK MCA Awards 2024 Judging
Monday 8 July	MCA Annual Industry Report Launch
Tuesday 9 July	ChMC Communications Committee
Wednesday 10 July	MCA Audit Committee Meeting
Thursday 11 July	Private Sector Working Group
Tuesday 30 July	Young MCA ExCo

SEPTEMBER

Tuesday 3 September	Sustainability Working Group
Thursday 5 September	Public Sector Working Group
Thursday 5 September	MCA Awards Finalist Reception
Tuesday 10 September	Young MCA ExCo
Thursday 12 September	MCA Board Meeting
Tuesday 17 September	Diversity & Inclusion Working Group
Wednesday 18 September	ChMC Working Group
Thursday 19 September	MCA Communications Committee
Wednesday 25 September	SME Committee Meeting

OCTOBER

Tuesday 1 October	Women in Consulting Working Group
Wednesday 2 October	SME CEO Roundtable
Thursday 3 October	Health Sector Working Group
Wednesday 9 October	MCA Audit Committee Meeting
Tuesday 15 October	MCA Awards 2024 Ceremony & Dinner
Thursday 17 October	Private Sector Working Group
Tuesday 22 October	Young MCA ExCo

NOVEMBER

Thursday 7 November	MCA Board Meeting
Friday 8 November	ChMC Communications Committee
Tuesday 12 November	Public Sector Working Group
Thursday 21 November	SME Committee Meeting
Thursday 21 November	MCA Council Meeting & Dinner
Tuesday 26 November	MCA Communications Committee
Tuesday 26 November	Young MCA ExCo
Wednesday 27 November	ChMC Working Group
Thursday 28 November	Sustainability Working Group

DECEMBER

Tuesday 3 December	Young MCA Council Meeting
Tuesday 3 December	Diversity & Inclusion Working Group



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