



MCA

A POSITIVE FORCE
FOR THE ECONOMY

Member Survey

January 2020

Savanta:

Foreword

The MCA commissioned this member survey to identify the key trends, challenges and opportunities facing the consulting sector in the UK. Our research draws on data from individuals employed at a wide variety of firms across the UK, and provides an unrivalled assessment of the performance of the consulting sector in the UK in 2019 and future predictions for growth.

Over 500 management consultants participated in the research work from firms of all sizes and specialisms and at all levels, from Heads of Consulting to Junior Consultants, in the last few weeks of 2019. Roughly two-thirds of respondents worked for larger and medium-sized firms while one-third of participants came from SMEs. Despite a year of political and economic uncertainty, the outlook for the sector is optimistic for 2020 and growth last year far outpaced the rate of growth of the rest of the UK economy.

As well as publishing forecasts and predictions, the survey also highlights some of the key internal and external challenges facing our member firms, and we hope this report will provide some interesting insights into trends in the sector. This year we have surveyed the growing importance of sustainability and the environment for clients and analysed the key services required by consultants over the coming years.



Tamzen
Isacsson
Chief Executive

About the MCA

The MCA is the representative body for the UK's leading management consulting firms. For over 60 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 over 90 of the 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 current list of members at 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 as providing high quality services to their clients. Many of their achievements are recognised in the annual MCA Awards.

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Methodology

In its second year, the member survey's aim is to identify and track the key trends, challenges and opportunities facing the UK consulting sector. The research also covers growth estimations, key skills requirements and other important data. This research is based on the results of an online survey of 507 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 Analysts to Heads of Consulting. The online survey was active from 18 November to 6 December 2019. It was conducted by the independent research company Savanta on behalf of the MCA.

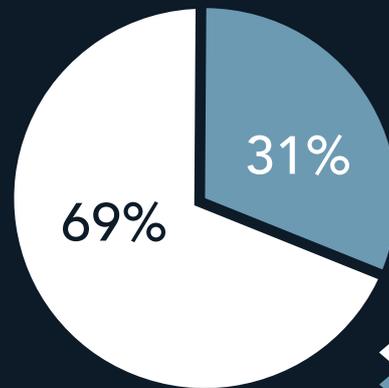
An overview

The Survey



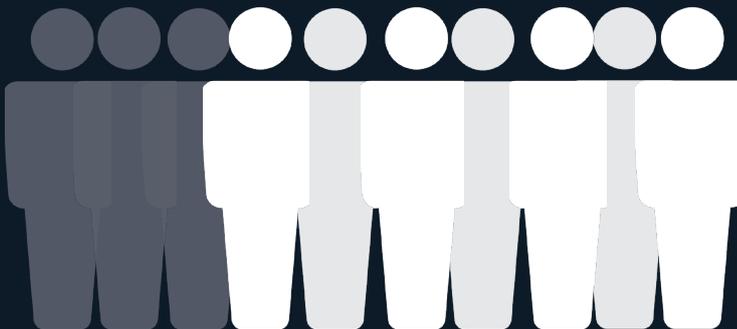
507

respondents from
Analysts to Heads
of Consulting



◆ Larger firms (>100)
◆ SMEs (<100)

Growth in 2019



7 in 10

said business
performance had
met or exceeded
expectations.

Growth in 2020-21

Overall mood is positive

 76%

expect growth in the
next 12-24 months

SMEs* are even more so

 81%

expect growth in the next
one-to-two years

Digital & tech leads the way

 86%

expect growth in the
sector over the next
one-to-two years

* SME firms = <100 full-time employees

Environmental/sustainability trends

Climate change is anticipated to have a profound impact on the industry.



Recruitment



74%

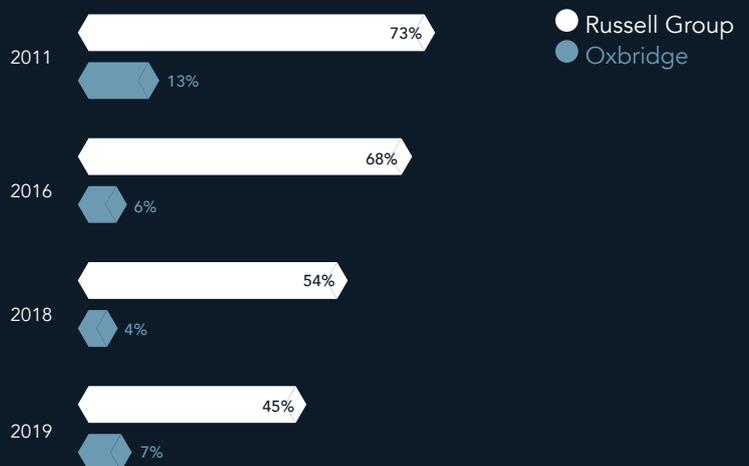
believe the industry is better than most other sectors at attracting high quality talent.

Important benefits to attract and retain talent

- Competitive Salaries
- Sociable & Flexible working
- Professional Development

Young MCA

The number of young consultants attending Russell Group has declined since 2016.



Executive summary

Our membership

The MCA membership represents a wide range of firm sizes, service specialisms and sector expertise. Just over two-thirds of the membership are classed as 'large firms' (>100 full-time consulting staff); a third of the membership is made up of SME firms (<100 full-time consulting staff).

507 consultants from MCA member firms responded to the 2019-20 member survey, representing management consultants from new joiners and Analysts, to Heads of Consulting and practice Managing Directors.

2019: Year in review

MCA council representatives estimate that consulting activity grew by 8% in 2019.

2019 marked another positive year for the consulting industry. While the year was often defined by uncertainty and unpredictability, the vast majority of firms witnessed positive growth – a third of firms stated that consulting activity exceeded expectations (34%).

2020-21: Looking ahead

MCA council representatives estimate that consulting activity will grow by around 6% in the next 12-24 months.

Consultants are optimistic about the next 12-24 months; over three-quarters expect consulting activity to increase in the next two years. Whilst the number of those believing consulting activity may stagnate or decline has increased, the broader picture remains positive when comparing results year-on-year.

Sustainability is top of mind for the industry – a quarter of all respondents highlighted sustainable business models and customer sustainability expectations as the number one trend for the next two years.

While uncertainty around the UK's future in Europe has somewhat abated, concerns surrounding the UK economy remain strong. Over half of consultants believe a slowdown of the UK economy and reduced spend on consulting due to economic pressure will have an impact on the industry in 2020/2021.

The future of the profession

Compared to competing industries, the consulting industry remains strong at attracting some of the best talent.

Competitive salaries, sociable hours of work, training and development, and flexible working are key benefits firms should promote in order to attract and retain talent.

The Young MCA

The number of consultants attending Russell Group universities has decreased, signalling a further diversification of the consulting talent pool. However, there has been an increase in the number representing Oxbridge.

Fig 1. Number of years working in the consulting industry



Our membership

The MCA membership is made up of a diverse group of leading consultancy firms, operating in a wide range of sectors, and offering a vast array of services. Every year the MCA collects key data from our members that enables us to produce comprehensive assessments of the performance of the consulting sector in the UK. Over 500 management consultants took part in this year's study, with a significant number of Owners, Managing Directors and Heads of Consulting completing the survey.

Figure 1 outlines the average length of time individuals at each level have spent working in the industry. More senior Consultants have around two decades of consulting experience while on average most Analysts have been working in the industry for around two years.

The Government and Public Sector, Digital and Technology, and Financial Services remain the top three sectors respondents operate in.

The services lines that most consultants work in also form a similar pattern to last year. The largest proportion of management consultants work in Business Transformation (65%), Change Management (58%), and Programme and Project Management (52%). Business Transformation is the most common service line for consultants to have significant skills and experience in –with more than two in 10 consultants stating they specialise in this area. The least common service areas to specialise in are Human Capital (1%), Sales & Marketing (3%), and Financial (3%).

The MCA membership consists of some of the largest and most renowned firms in the industry, but also a considerable number of niche and specialist organisations; illustrated by the 'inverted bell curve' structure of the membership.

Of those who participated in the survey, the majority were from larger firms with over 100 employees. 69% of respondents were from larger firms and 31% of respondents were from smaller firms.

Fig 2. % of consultants operating in each sector

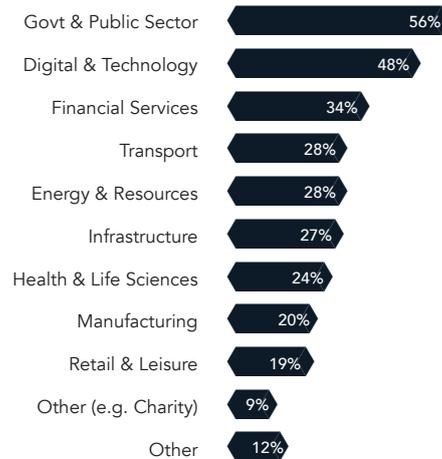


Fig 3. % of consultants providing advisory in each service line



Fig 4. Number of employees at MCA member firms



2019: Year in review

2019 was a momentous year – global climate change and anti-government protests, simmering trade wars, presidential impeachment and extreme weather events. Closer to home, we witnessed Theresa May’s resignation as Prime Minister and the rise of Boris Johnson under a fortified Conservative party; the decline of some parts of the UK high street; and continued uncertainty over our future trading relationship with Europe.

Despite the unpredictability of 2019, and the much-discussed lack of general business confidence in the UK, the vast majority of individuals stated that consulting activity growth had met or exceeded expectations in the past 12 months (86%). A third of individuals from MCA firms stated that consulting activity actually exceeded expectations (34%) in 2019. While the broad message is positive, there are some signs of pressure on the industry, with a greater proportion of firms stating that consulting activity growth failed to meet expectations when compared with last year (3% increase for SMEs and 5% increase for larger firms since 2018).

The MCA’s 2019 Annual Industry Report concluded that the consulting industry grew by 7% in 2018, based on fee income data provided by MCA members. While the MCA will be reporting a comparable figure for 2019 in the 2020 Industry Report, estimates provided by MCA council representatives in this member survey so far suggest that consulting growth will actually increase in 2019 (8%).

With Brexit now a certainty, MCA member firms act as a critical consultancy partner to both government and the private sector. Over a third of senior consultants stated that their firm is involved with Brexit-related work with clients (40%).

+8% growth in 2019

Fig 5. 2019 overall expectations

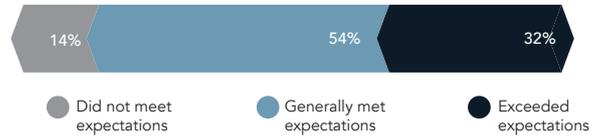


Fig 6. 2019 expectations

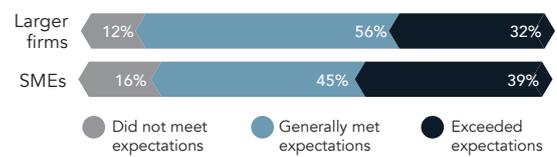
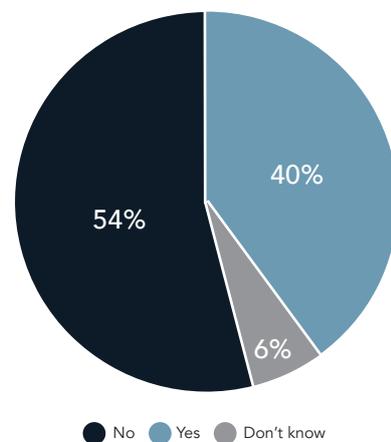


Fig 7. Has your firm been involved in any Brexit-related work for clients?



Factors driving growth in 2019

Consultants who have witnessed growth in 2019 point toward several factors driving growth, namely:

- Increased client focus and relationship building
- Retained and/or strengthened reputation of the business
- General increase in demand for specialist consultancy (e.g. digital and business transformation)
- Economic and political uncertainty driving need for consultancy

“*Sheer determination and focus on nurturing existing relationships during a time of economic and political uncertainty.*
Senior Partner, large firm

“*High quality and a strong reputation. We are a hidden champion.*
Director, SME

“*High demand in business transformation and change management services.*
Head of Consulting, large firm

“*Our proposition is a combination of transformation consulting and data science – this is a sought-after capability in the market.*
Owner / MD, SME

“*High client demand for highly trained specialist consultants.*
Owner / MD, SME

“*Brexit, regional development, government capacity and challenging external factors for our clients.*
Director

Factors curbing growth in 2019

Consultants who witnessed a decline in consulting in 2019 pointed largely to political and economic factors feeding uncertainty among the client base.

“*Brexit leading to clients deferring investment due to uncertainty.*
Partner, SME

“*Stagnation in central government spending on projects due to Brexit and not understanding what they should be planning for.*
Partner, large firm

“*Economic uncertainty caused directly by Brexit and the political climate.*
Partner, large firm

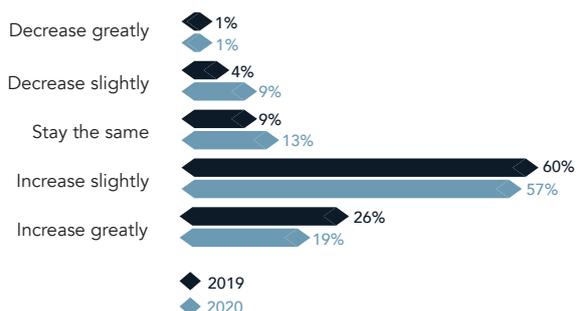
“*Lack of investment on the part of customers due to Brexit uncertainty, and a failure of government to act decisively.*
Owner, SME

“*Market uncertainty due to the political instability and the impacts of Brexit.*
Director, SME

2020-21: Looking ahead

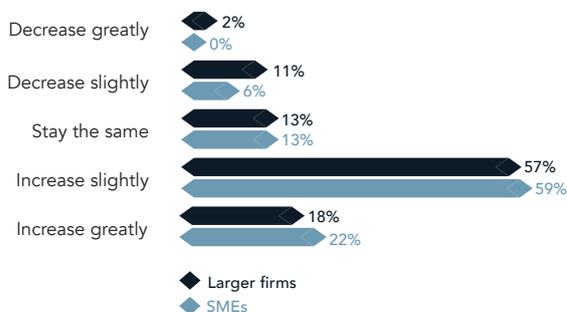
Looking ahead at 2020 and 2021, the overwhelming majority of MCA members expect consulting activity to increase to some degree, with around 20% expecting strong growth. While the number of those expecting growth to stagnate or even decline has increased since 2019, the broader picture remains positive, with over half of respondents expecting some increase, and almost 20% expecting a significant increase.

Fig 8. To what extent will your organisation's consulting activity increase or decrease in the next 12-24 months?



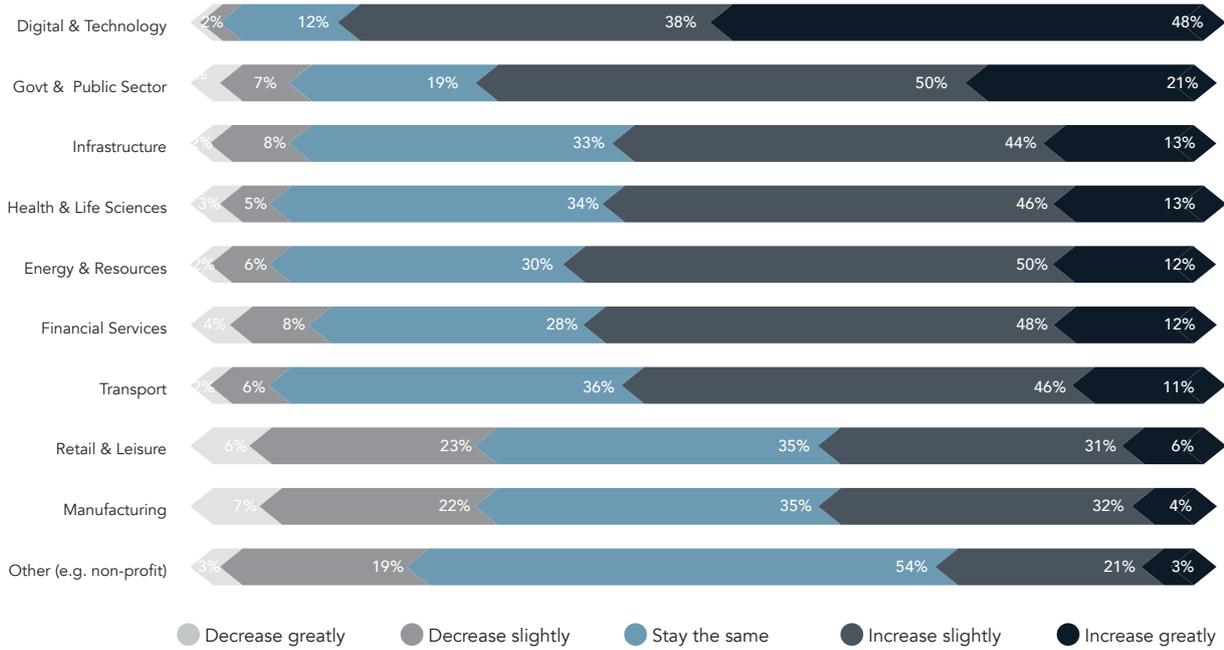
SME firms are more optimistic about future consulting activity when compared with larger firms. 81% of SMEs expect some form of growth in in the next one to two years, compared to 74% of larger firms. Similarly, only 6% of SMEs expect consulting activity to shrink, compared to 13% of larger firms.

Fig 9. To what extent will your organisation's consulting activity increase or decrease in the next 12-24 months?



Members are expecting to see particularly high growth in the Digital and Technology, and Government and Public Sector areas in the next 12-24 months. 86% of respondents expect growth in the Digital sector, and 71% expect growth in Government and Public Sector.

Fig 10. Estimate of consulting activity growth in the next 12-24 months (sectors)



Top environmental and sustainability trends

Sustainability is clearly top of mind for many consultants, with around a quarter of all respondents highlighting sustainability trends as key focus areas for the industry in the coming years.

Climate change protests, extreme weather events, and high-profile supply-chain debacles are never far away from the front pages of today’s news media. The consulting industry and its clients are doing more than ever to tackle their carbon footprints and strive for a more sustainable future.

Respondents were asked to highlight the three top environmental trends that are expected to have a significant impact in the next 12-24 months.

Fig 11. % of respondents selecting the following as their top environmental trend for the next 12-24 months



The Young MCA

To better understand the needs, wants and opinions of aspiring new consultants, this section will focus on respondents with zero to five years' experience in the consulting industry. Consultants with this level of experience are considered part of the Young MCA group, a network for those at the start of their consulting career.

Younger consultants tend to work across a smaller number of sectors as they start out; more experienced colleagues are more likely to work with a variety of clients across a range of sectors.

When it comes to benefits that attract talent to the industry, younger consultants tend to be more concerned with salary (34%); reimbursement for overtime (7%); and international travel opportunities (5%). Comparing this with those with more than five years' experience – sociable hours of work (20%) and flexible working (14%) are more important.

The average amount of time a Young MCA member has spent in the industry is 2.5 years. The group is open to all management consultants with zero to five years' experience, but is commonly made up of Analysts, Consultants and Senior Consultants.

When it comes to job satisfaction, younger members have slightly different priorities compared to their more experienced colleagues. Younger consultants are more concerned about learning and development of new skills, and gaining exposure to large, global clients. More experienced consultants are seeking greater recognition by clients, working with diverse groups, and remuneration.

Compared to their longer-serving colleagues, young consultants are less likely to be proactively seeking a new position (4%); however, they are very much open to offers (45%) and willing to wait

Fig 20. Industry sectors respondents currently work in

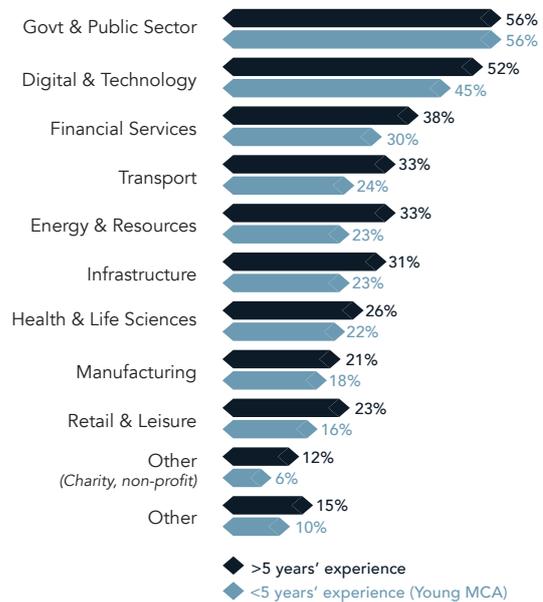


Fig 21. What consulting firms could offer to attract the best talent

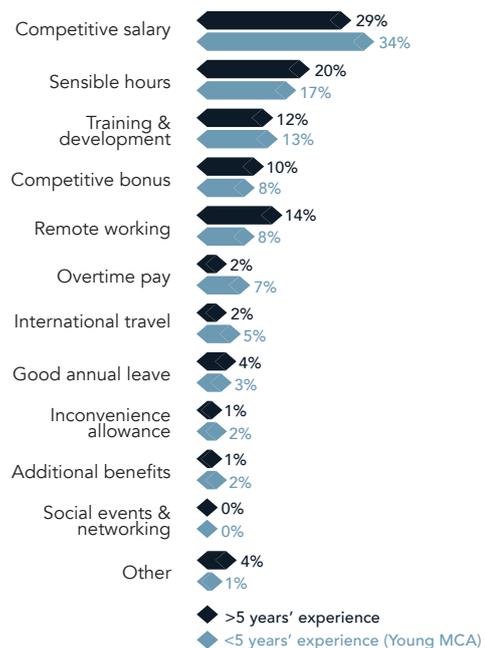
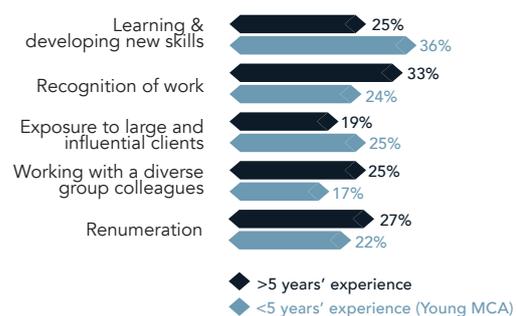


Fig 22. Areas of your role that provide the most job satisfaction



The findings confirm once again that the consulting industry is very accessible to graduates from a diverse range of backgrounds. The continuing decline of young consultants who attended a Russell Group university signals a widening of the pool consultancy firms use to identify talent. The percentage of young consultants that attended a Russell Group university has dropped by 28 points since 2011, from 73% to 45%.

Although the number of young consultants attending Russell Group universities has declined in 2019, the percentage of young consultants attending Oxbridge has increased.

The University of Durham and The University of Oxford are the most attended universities for young MCA members in 2019; Durham has remained at the top of this list since 2016. City University enters the top 10, joining Loughborough University as the second non-Russell Group university.

Fig 23. Which of the following best describes your attitude to future job prospects?



Fig 24. Percentage of young consultants attending a Russell Group university

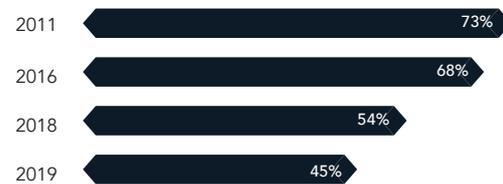


Fig 25. Percentage of young consultants attending Oxbridge

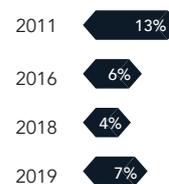


Fig 26. Most attended universities for young MCA members in 2019

Top 10 2018		Top 10 2019	
University	%	University	%
University of Durham	6%	University of Durham	4%
University of Exeter	5%	University of Oxford	4%
University of Warwick	5%	University of Bath	3%
University of Birmingham	4%	University of Birmingham	3%
Loughborough University	4%	University of Cambridge	3%
University of Nottingham	4%	University of Nottingham	3%
UCL	3%	University of Warwick	3%
University of Bristol	3%	Cardiff University	2%
University of Leeds	3%	City University	2%
LSE	2%	Loughborough University	2%

Research partner

Savanta:

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