



MCA

A POSITIVE FORCE  
FOR THE ECONOMY

## Member Survey

January 2019

Savanta:

# Foreword

The MCA commissioned this member survey to identify the key trends, challenges and opportunities facing the consulting sector in the UK. Our aim, as the voice of the consulting industry, is to enhance understanding about the benefits that leading management consultancies in the UK deliver to both public and private sector organisations. Over 328 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 January 2019. Roughly two thirds of respondents worked for larger and medium sized firms whilst one third of participants came from SMEs. Despite the political turbulence in the UK the outlook for the sector is optimistic for 2019 after a broadly positive performance in 2018. As well as 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. For years many firms have been changing their recruitment policies ensuring they are hiring the best talent coming out of schools and universities. Developing top talent is not the privilege of one educational institution and this survey shows entrance to leading management consultancy firms is becoming more accessible than ever.



Tamzen  
Isacsson  
Chief Executive

## About the MCA

The Management Consultancies Association (MCA) is the representative body for management consultancy firms in the UK and has been at the heart of the UK Consulting Industry since 1956.

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 60% of the UK consulting industry, employ around 45,000 consultants and work with over 90 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.

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## Methodology

The purpose of this study was to identify the key trends, challenges, and opportunities facing the industry over the last 12 months and those emerging in the future. In addition, the research covered growth estimations, key skills requirements and demographic questions.

In order to capture this data, we surveyed 328 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 the 14th to 28th January.

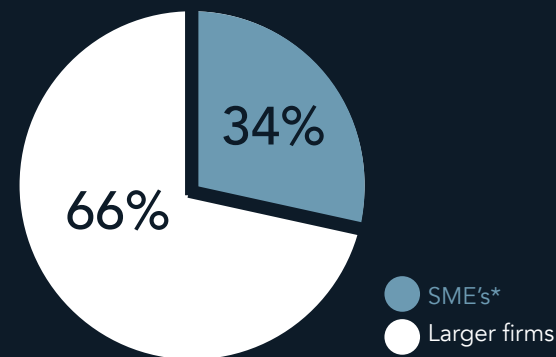
# An overview

## The Survey



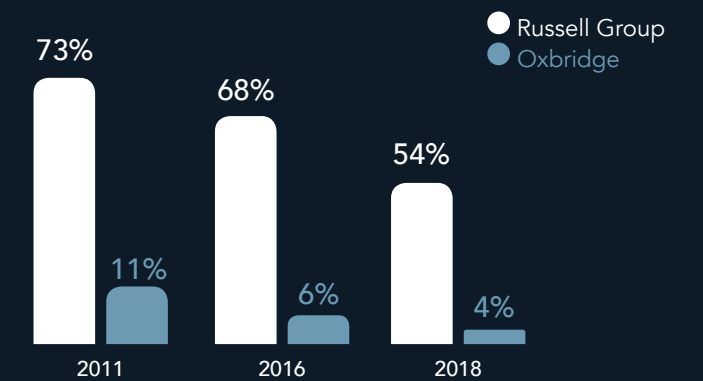
**328**

respondents from  
Analysts to Heads  
of Consulting

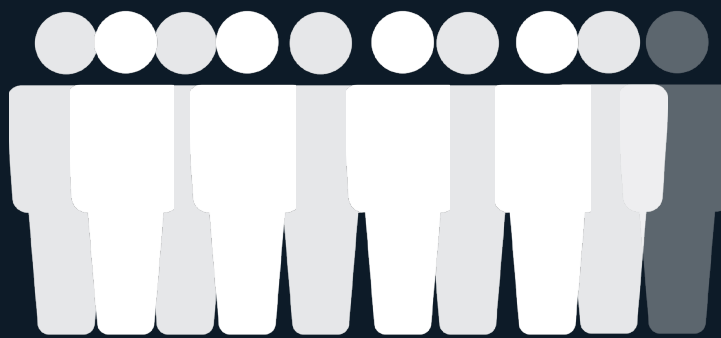


## Young MCA

The number of young consultants attending Russell Group and Oxbridge universities has significantly declined since 2016.



## 2018: The year in review



**9 in 10**

said business performance had met or exceeded expectations.



## The future of the profession



**3 in 4**

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

## 2019: Looking ahead

**9 in 10**

believe their consulting activity will increase in the next 12-14 months.

**3 in 4**

from SME\* firms see flexible working as a key internal trend

## Technology trends

Tech that is anticipated to have a profound impact on the industry.

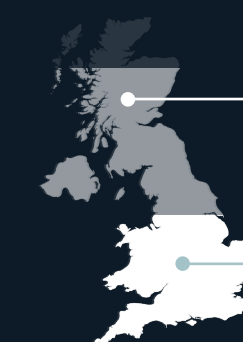


## Brexit: The opportunity & challenge



**80%**

believe their organisation is prepared for Brexit



**90%**

believe a 'no deal' would have a negative impact on the UK economy.

**40%**

believe a 'no deal' would have a negative impact on the management consulting industry.

\* SME firms = <100 full-time employees

# Executive Summary

## Our membership

The MCA membership represents a wide array of firm sizes, service specialisms and sectors of operation. Two thirds of respondents were from large and medium size firms and over a third of survey participants come from SME-size firms (<100 full-time consulting staff).

328 management consultants took part in the survey, representing all levels of their organisations, from Analysts to Heads of Consulting.

### 2018: Year in review

2018 was a positive year for the industry - 9 in 10 consultants said their business performance had met or exceeded expectations. Growth was largely driven by sustained client demand for consultancy services, but some firms highlighted wider geo-political and economic issues as having a dampening effect on their revenue.

### 2019: Looking ahead

Consultants are highly optimistic about the future growth trajectory of the industry; while Brexit is highlighted as a risk, many respondents noted how projects relating to Brexit will increase work for their businesses.

AI, Automation and Cyber security will have a profound impact on the consulting industry in 2019.

Over 70% of consultants believe the general slowdown of the UK economy will impact the industry.

An increase in requirements for flexible working and competing with non-consulting industries for the best talent are considered the biggest internal challenges for 2019. SMEs are particularly concerned with flexible working; 3 in 4 respondents from SME firms highlighted flexible and remote working as a key internal trend.

### The future of the profession

In 2019, consultants will continue to see demand from clients to provide digital and technological-focused advisory. Data science and analytical skills will remain top of the agenda for the year for human resource requirements.

Consultancy firms must continue to provide consultants at all levels with the requisite skills to meet the changing digital and tech demands of clients.

3 in 4 consultants believe the industry is better than most other sectors at attracting high quality talent.

Firms need to offer competitive salaries, sociable hours of work, and continued professional development to continue to attract the best talent.

### Brexit: opportunity and challenge

8 in 10 consultants believe their organisation is prepared for Brexit. 9 in 10 consultants believe a 'no deal' Brexit would have a negative impact on the UK economy.

Only 4 in 10 consultants believe a 'no deal' Brexit would have a negative impact on the management consulting industry.

### The Young MCA

The number of young consultants attending Russell Group and Oxbridge universities has continued to decline. Since 2011, Russell Group alumni has dropped 19 percentage points, and Oxbridge alumni 9 percentage points.

The University of Durham remains the top most attended university of young management consultants. Loughborough University enters the top 10 for the first time.

# Our membership

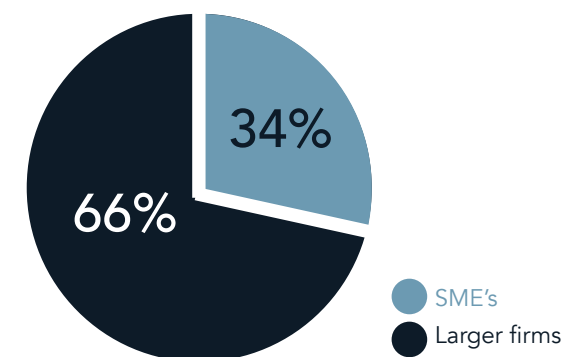
The MCA membership is home to a diverse group of leading consultancy firms, and the respondents of this survey really showcase that diversity. 328 management consultants took part in this study, ranging from Apprentices and Analysts, to Heads of Consulting and Managing Directors. The average length of time in the industry for respondents is 7 years.

Our members show versatility in the range of sectors they operate in. The average consultant surveyed operates in more than three sectors, most commonly in the Government and public sector, followed by Digital and technology.

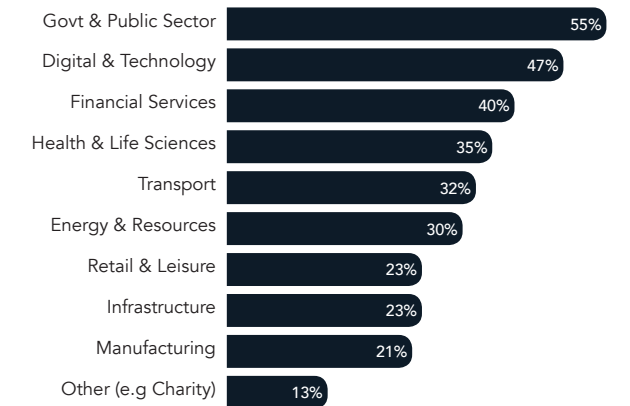
Plotting a graph of our respondents by company size forms an inverted bell curve, with the distribution skewed towards the smaller, boutique firms as well as large international firms. This gives a good overview of our industry. The MCA define an SME as any firm with under 100 full-time fee earning consultants; over a third of participants represent an SME business.

Business transformation (66%), Change management (57%) and Digital and tech consulting (46%) were the service areas that the largest proportion of our respondents operate in, and almost one in three consultants say that they 'specialise' in Business transformation. The two second-most common specialisms are Digital and tech and Operations advisory.

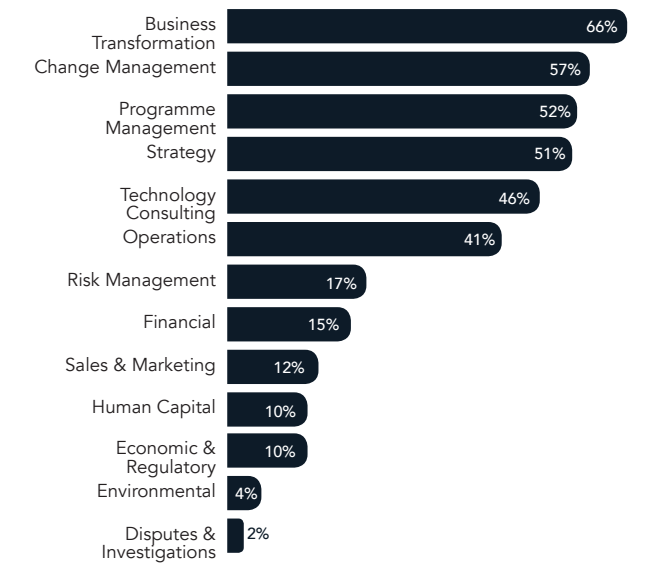
### Membership breakdown



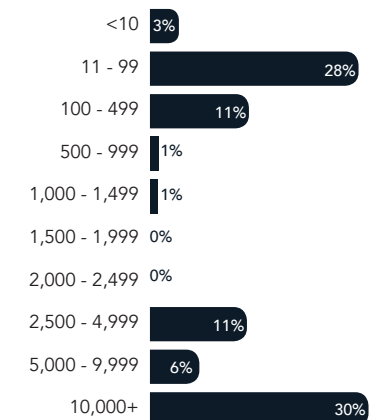
### Industry sectors respondents currently work in



### Service lines respondents currently work in



### Size of respondents' business



# 2018: Year in review

In a year overshadowed by Brexit uncertainty and wider political and economic turbulence, 2018 was a positive year for the consulting industry.

9 in 10 MCA members said their organisation's overall business performance had met or exceeded expectations. SME firms are less optimistic, with marginally more stating that 2018 did not meet expectations.

Overall, members estimate that their consulting activity grew by almost 6% over the past 12 months. The two highest growth sectors include Retail and Leisure, and Transport. As high spend and complex projects like Crossrail reach their culmination, and as decades old infrastructure creaks under the strain of an increasing urban population, the Transport sector has looked to consultancies to enable growth. Meanwhile, the need for agility and adaptation in the retail sector is apparent; large retailers are constantly looking for ways to adapt to a changing marketplace.

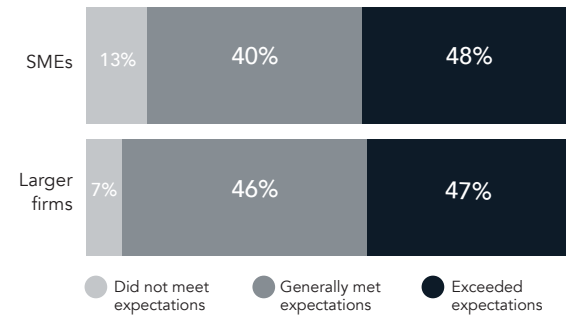
According to the survey results SME MCA members said they had achieved an average growth rate of 6.2%, compared to the 5.7% of larger firms.

While sustained client demand is widely cited as the key driver behind positive growth in 2018, many MCA members have highlighted specific factors enabling increased consulting activity.

## Activity growth in 2018



## 2018 Expectations



## Factors driving growth in 2018

*Opportunities in delivering regulatory change and managing the preparations for our departure from the European Union added an additional layer of opportunities for us help our clients.*  
Head of Consulting, Large Firm

*Retention of, and recurring work with, core clients. Successful tenders with new clients.*  
Managing Director, Small Firm

*Many clients have identified the need to invest in optimising the effectiveness of their digital activities, resources, and operations.*  
Head of Consulting, Mid-sized Firm

*The firm's own transformation is beginning to make a difference in the market.*  
Senior Partner, Large Firm

Member firms that experienced a decline in consulting activity in 2018 largely linked their poor performance to political and economic uncertainty.

## Factors curbing growth in 2018

With Brexit on the horizon the question remains as to whether growth can in be sustained through an increasingly uncertain business environment.

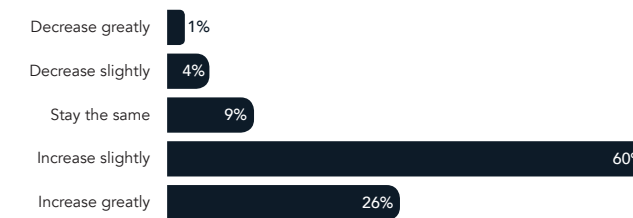
*Uncertainty in the business world due to geo-political issues; this is leading to a reduction in budget for discretionary spend.*  
Managing Director, Small Firm

*Economic uncertainty due to Brexit and broader global factors led to delays in client investment.*  
Owner, Small Firm

# 2019: Looking ahead

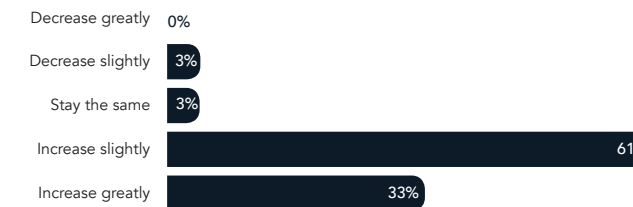
MCA members are optimistic about the industry's ability to weather potential turbulence in the future. Almost 9 in 10 members expect their organisation's consulting activity to increase in then next 12-24 months; over a quarter of members believe it will increase greatly.

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



SME firms are notably more positive about the growth of consulting activity in the next 1 – 2 years, when compared with the overall average.

## To what extent will your organisation's consulting activity increase or decrease in the next 12-24 months (SMEs)



Member firms predict increased consulting activity will be driven by advisory projects relating to the impact of Brexit, and a changing business environment.

## Increased consulting activity in 2019 driven by:

*Change means opportunity and a need for our clients to adapt; we are confident that our firm is best placed to partner with our clients in developing their new approach to a Changing business environment.*  
Head of Consulting, Large Firm

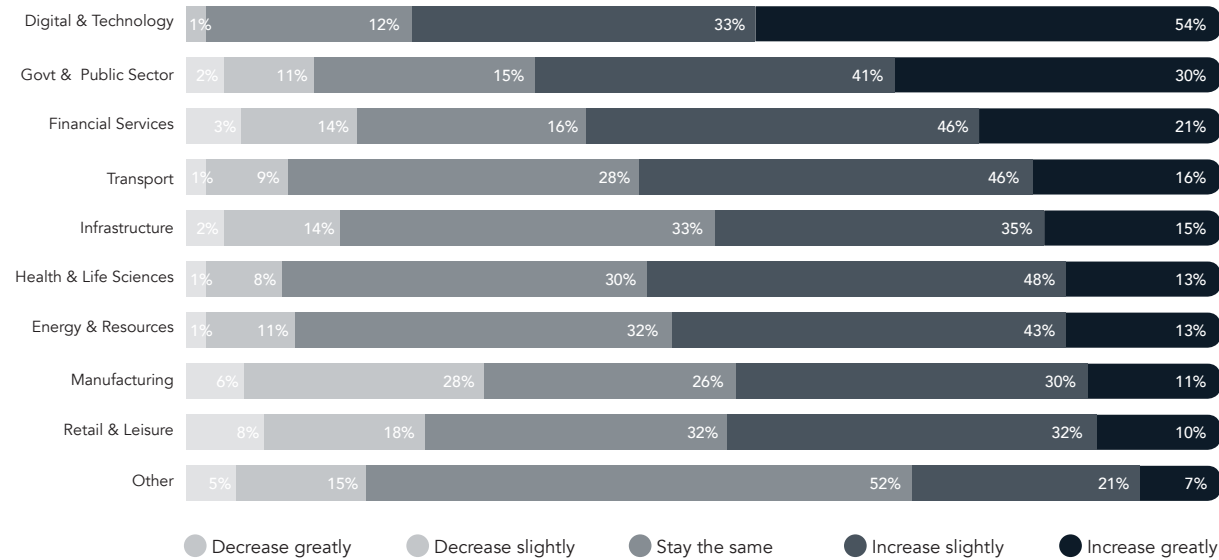
*The Assumption is that Brexit will now generate an amount of work in the first half of the next financial year. This will create a buffer for the second half of the year. In 12 months expect a catalyst of new work once the 'future' is bit clearer for clients.*  
Owner, Mid-sized Firm

*The need for a recovery on delayed projects due to Brexit. Companies will need to catch up on strategic and operational programs that may have been delayed. In addition, some tactical programs due to Brexit and the changing economic environment.*  
Owner, Mid-sized Firm



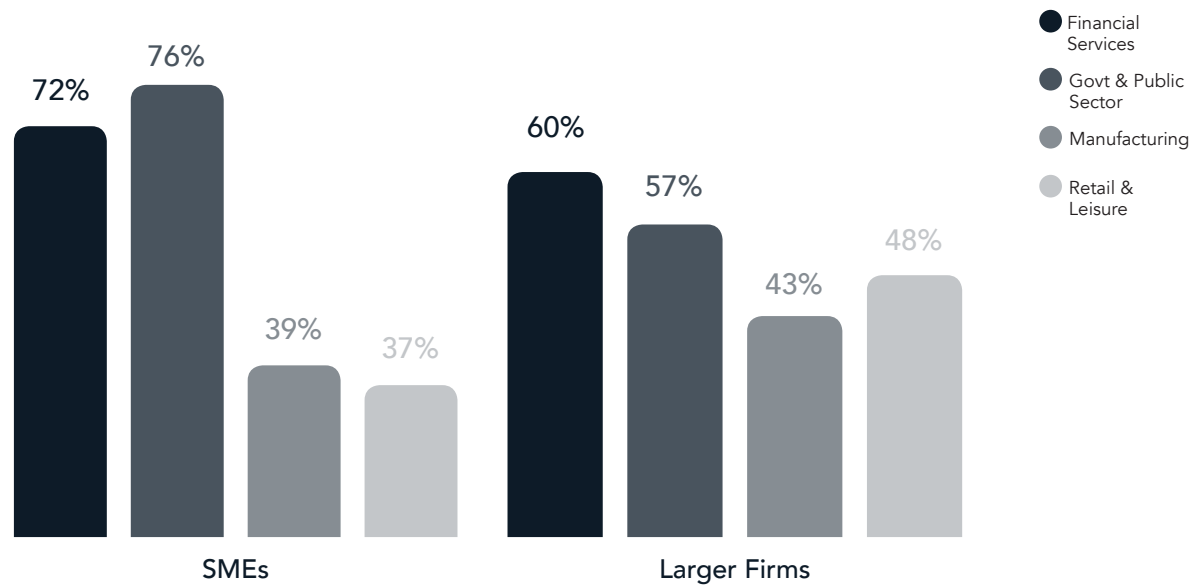
Members predict growth to be driven by client demand in three key sectors: digital & technology, Government and the public sector, and financial services. Notably, over half of all survey respondents believe consulting activity in the digital sector will increase greatly.

To what extent do you expect consulting activity to increase or decrease in the following sectors in the next 12-24 months



Larger firms estimate they will see more activity in Financial Services, and Government and Public Sector in the coming months compared to SMEs. Whereas SMEs are more positive about the Manufacturing and Retail and Leisure sectors in the same period.

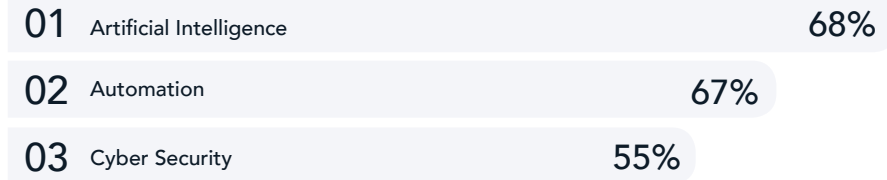
% of respondents expecting growth in each sector in the next 12-24 months



Not only is digital & technology predicted to be the highest growth market in 2019, but several digital innovations are set to significantly impact the industry and our clients.

Top 3 key digital trends in 2019:

Member firms identified their top three digital trends predicted to have a significant impact on the consulting industry in 2019.



New technologies such as AI and Automation are no longer limited to the realm of the thought leadership whitepaper; the increasing utilisation of these innovative technologies by consulting firms will define 2019.

High-profile data breaches have impacted the likes of British Airways and Marriott in recent years, and with the increased threat of a hefty fine imposed by GDPR, businesses have reason to be nervous. Consulting firms will continue to support businesses with cyber security and intelligence products to protect sensitive data.

Outside of digital, member firms predict that several wider topics and trends will have a significant impact on the consulting industry in the next 12-24 months.

Top 3 key industry-wide trends in 2019:



As Brexit grinds to its conclusion, and global economic growth slows, MCA member firms are concerned that UK economic slowdown may be just around the corner.

The blurring of sector lines will continue as management consulting firms continue to add specialist skills and knowledge in digital, marketing, and advertising to their offering.

Several firms are leveraging top freelancers and external talent to tackle resourcing challenges on some projects. As demand for flexible working among younger generations increases, consulting firms may continue to rely on more flexible resourcing models in future.

Member firms are also facing numerous internal challenges, including increasing requirements for flexible working; talent acquisition and retention; and growing demand for continued professional development.

# The future of the profession

In an industry that continually adapts to the changing demands of clients, so to will consultants need to remain agile when it comes to adopting new skills and techniques to meet those demands. In particular, a requirement for consultants to have knowledge of digital and technological innovations and applications will continue to grow.

## Factors that will impact the consulting profession in the next 5 years

- “ A greater focus on ‘hybrid’ consultants who are both business and technical experts.  
**Head of Consulting, Large firm**
- “ Consultants will need to be more comfortable working with data and new digital innovations, even if they have not historically had these areas of expertise.  
**Owner, Mid-sized firm**

Perhaps not surprisingly, digital and technological skills were highlighted as specific skill areas that will become increasingly important for management consultants to harness in the next five years.

## Most common skill areas identified by survey respondents:

1. Data science and analytics
2. Technological expertise
3. Digital skills and expertise

As we have identified previously in this study, management consulting continues to compete with several other industries on the acquisition and retention of the best talent. However, MCA members believe that the industry is very good at attracting high quality talent to the profession.

3 in 4 survey respondents believe the consulting industry is better than most industries at attracting high quality talent.

While the industry’s competitive salary may be the most effective tool in attracting the best talent, sociable and flexible working, and continued professional development are also evidently important.



Perhaps surprisingly, a ‘competitive salary’ was selected as a Top 3 benefit by 66% of young consultants (0-5 years’ experience in the industry). Whereas SME firms put roughly equal weighting on the need for a competitive salary (51%) and sociable working hours (50%).

# The Young MCA

We also asked relevant questions to consultants who have been in the management consulting industry for 0-5 years. Consultants with this level of industry experience are eligible to be a part of our Young MCA group – a professional network for those starting a career in management consultancy.

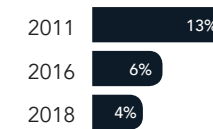
What is clear from the survey findings is that the industry is becoming more accessible than ever to graduates from all backgrounds. Young consultants represented over 48 different universities in the study. Adding to the large number of UK universities listed is a large group from international institutions. While a significant proportion of young respondents attended a Russell Group university (above the national average), there has been notable downward trend since 2011. The percentage of young consultants attending Russell Group universities has dropped by 19 points since 2011.

## Percentage of young consultants attending a Russell Group university



Furthermore, the number of young consultants attending Oxbridge has also decreased significantly.

## Percentage of young consultants attending Oxbridge



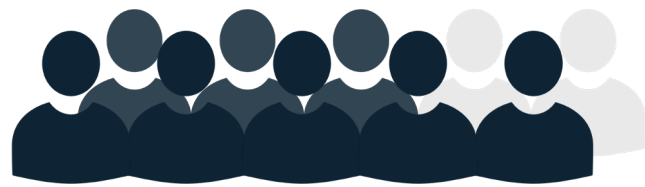
The University of Durham remains the most represented among our young members. The University of Exeter and University of Warwick shoot up to second and third place respectively. The only non-Russell Group university, Loughborough University, enters the top 10 for the first time. Loughborough recently secured their highest ever university league table results and was named ‘University of the Year’ in The Times and Sunday Times University Guide 2019.

Top 10 2016	%	Top 10 2018	%
University of Durham	7%	University of Durham	6%
University of Nottingham	6%	University of Exeter	5%
UCL	4%	University of Warwick	5%
University of Manchester	4%	University of Birmingham	4%
University of Oxford	4%	Loughborough University	4%
University of Birmingham	4%	University of Nottingham	4%
University of Southampton	3%	UCL	3%
Imperial College London	3%	University of Bristol	3%
University of Bristol	3%	University of Leeds	3%
University of Leeds	3%	LSE	2%

# Brexit: opportunity and challenge

MCA member firms are optimistic about the future growth trajectory of the industry; however, it remains clear that Brexit presents itself as both a challenge and an opportunity. Roughly 2 in 5 of surveyed respondents said that 'Brexit' was one of the biggest events facing the UK management consulting industry in the next 12-24 months.

8 in 10 survey respondents believe their organisation is prepared for Brexit. Perhaps unsurprisingly, technology consultants feel the most 'future-proofed', with almost all digital and tech specialists (96%) feeling prepared for deadline day.



**8 in 10** consultants believe their organisation is prepared for Brexit

Whereas consultants feel confident about the preparedness of their organisations, there seems to be clear consensus when it comes to the national impact of a 'no deal' Brexit.



**9 in 10** consultants believe a 'no deal' Brexit would have a negative impact on the UK economy

**5 in 10** believe it would have a very negative impact



The outcome is slightly less gloomy for the Professional services industry.



**6 in 10** consultants believe a 'no deal' Brexit would have a negative impact on the professional services industry.

The effect of a 'no-deal' Brexit on the management consulting industry is less clear-cut across our members.



36% predict a positive impact, while 40% predict a negative impact.

Management consultants' optimism may, however, be short lived. Survey respondents noted how clients have been delaying and even cancelling projects as a direct result of Brexit uncertainty.

- Over half of consultants (55%) believe Brexit-related activity is diverting attention away from core business needs of clients
- Over half of consultants (60%) believe clients have been delaying projects due to Brexit uncertainty
- Almost a third of consultants (31%) believe clients have been cancelling projects due to Brexit uncertainty.

What can be said for certain is that the MCA membership are prepared to assist clients and the UK government to ensure growth and efficiency is sustained whatever the outcome may be.



# Research partner

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