Going for growth in 2013: how to build a strong consulting bench

NEWS
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The Berkeley Partnership LLP
48 Chancery Lane
London WC2A 1JF

t: +44 (0)20 7643 5800
f: +44 (0)20 7935 1892
e: enquiries@berkeleypartnership.com
CONTENTS

Fiona Dunsire appointed UK CEO for Mercer 4
Applications rocket 300% for London-based apprenticeship jobs at PwC 4
Entrusted Group joins MCA 5
Capgemini’s recruitment drive moves into top gear 5
Going for growth in 2013: How build a strong consulting bench 7
Global consulting spend set to rise but consultants are trapped in the back office 9
Dom Moorhouse on business building: The ‘complete entrepreneur’ 10
Our people can’t change 12
Interim management market sees 3% growth in 2012 15
Huntswood: The state of the market – Q1 2013 16
Contractor or consultant? 19
Selling in the Consulting World: Are you supporting your consultants? 20
It should have been you 22

Zambeasy.com Limited
Northcliffe House
2 Derry Street
London W8 5TT
United Kingdom

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VAT Number GB 243 5711 74

Advertising:
advertising@top-consultant.com

Enquiries:
customer.service@top-consultant.com

+44 (0) 207 667 6880

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Mercer has announced that Fiona Dunsire has been appointed UK market leader and CEO. She previously worked as senior client leader in Mercer’s investments business, advising clients on the full range of investment consulting services. Prior to that, she was business leader for Mercer’s investment consulting business in the UK for over five years. Dunsire has been a member of several leadership teams within Mercer advising on high profile cross-business collaborations.

“I’m very pleased to be appointed UK chief executive and am looking forward to the challenges ahead;” she commented. “Mercer will continue to provide excellent pensions and benefit advice to our trustee clients, but our market is changing and, in the years ahead, we will be looking to further develop our relationship with companies on all aspects of their people and benefit strategies.

“Companies will continue to need Mercer’s support in developing effective defined contribution schemes and managing the risk posed by their defined benefit pension schemes. However, we are increasingly being called on to advise companies on how to attract, motivate and manage the best talent,” she continued. “Historically, we have been ahead of the competition in delivering products and services that address specific client problems. I can see tremendous opportunity in bringing Mercer’s expertise to bear on the broader issues faced by human resources and finance directors.”

Applications to professional services firm PwC, for their London based Higher Apprenticeship and School Leaver programme have risen 318% since the financial crisis began, as the City gears up for one of the largest ever Apprenticeship fairs in Hackney on Wednesday.

Applications from London and the surrounds to the firm’s school leaver programmes doubled last year to over 1000, as over 30 new Higher Apprenticeship jobs were created in the firm’s London Bridge and Embankment based Consulting and Tax teams. 40% of all applications nationwide for student level jobs were for London roles.

PwC has recruited London school leavers for over ten years, and last year the firm launched the first ever nationally recognised Higher Apprenticeship for the professional services industry. The programme offers students the chance to earn while they learn, and work towards an internationally recognised industry qualification in tax, consulting or audit. This year the firm will recruit around 50 Higher Apprentices in London in Tax and Consulting.

Richard Irwin, head of recruitment said: “London’s always a popular choice for our graduate jobs, but the level of interest in the Higher Apprenticeship proves that students are seriously considering alternatives, and are waking up to the fact that not all City careers in the future will have to start with university.”

A recent study by the Education & Employers Taskforce on perceptions of Apprenticeships reported that 88% of young adults who heard from three or more employers about careers while at school say it helped them decide on a career.

However just 11% had the opportunity to hear from at least three working professionals before leaving school or college.

Gaenor Bagley, head of people, PwC said: “We have to demystify the world of work, business and young people’s options for study if we are to realistically attract a wider range of people to the professions and the City.

“With the routes into work and training changing so radically over the past five years, Higher Apprenticeships are a simple idea, with far-reaching consequences for development of business skills, to support UK growth.”

“The cost of raising awareness is low, and there is much to gain for both employers and students from events as simple as an open day, or presentation on how someone’s skills and training led them to the job they do.”

PwC will run a series of workshops at the Careers Fair, providing personal career stories from PwC’s own staff on job options in the industry, a survival guide to job interviews and applications, and Q&As on Higher Apprenticeships at the firm with recent new joiners.
Capgemini’s recruitment drive moves into top gear

Capgemini UK is seeking to recruit 100 new apprentices in the Birmingham and West Midlands region this year as part of a significant increase in its commitment to its national apprenticeship programmes. Capgemini is one of the world’s foremost providers of consulting, technology and outsourcing services, and last year hired 44 new apprentices in Birmingham.

Capgemini employs some 8,000 people in the UK where its clients range from HM Revenue & Customs and the Metropolitan Police to Rolls-Royce, Tesco and Unilever.

The expanded scope of this year’s recruitment plan reflects the success of the 2012 intake, and the increasing interest among young people in apprenticeships as an alternative to university. Those joining Capgemini’s Higher Apprenticeship Programme have an opportunity to progress onward to gain a funded BSc (Hons) degree in Computing and IT Practice, with all tuition fees paid.

Brian Sinclair, head of fresher recruitment at Capgemini UK, said: “We are looking to recruit people with a passion for IT who have ambitions to become top IT professionals. We can help them achieve their ambitions through an industry-leading learning experience. Last year’s apprentice intake have been a huge success with our clients and our managers, and this year we want more of the obviously hardworking students from Britain’s industrial heartland for roles based in the West Midlands, an area of strategic importance to Capgemini.”

The company offers permanent roles to all apprentices and pays competitive starting salaries, currently £10,000 pa for the first three months during which they are on the fast-track residential course. On successful completion of this course the salary package then rises, on current figures, to £14,500 pa for Advanced Apprentices and £16,000 pa for Higher Apprentices. Recruits will be based at Capgemini locations in Aston, Birmingham and Telford, Shropshire.

Entrusted Group joins MCA

The Entrusted Group has joined the Management Consultancies Association (MCA).

Entrusted Group is a fast-growing consultancy providing bespoke business management solutions across the public and private sectors. Its four divisions offer a wide range of services, supplying consultants with proven experience and sector-specific expertise. The Group’s list of clients includes Best Western Hotels, the Department of Health and the NHS Institute for Innovation and Improvement.

Stephen Day, Chief Executive of Entrusted Group said: “Our vigorous and sustained growth has been powered by enthusiasm, drive and a determination to deliver outstanding results to all our clients. Joining the MCA, with its strong reputation for promoting professional standards, will further Entrusted Group’s ambition to be the best.”

Alan Leaman, Chief Executive of the MCA said: “I am delighted to welcome Entrusted Group to the growing membership of the MCA. Their decision to join us underlines the importance of the MCA’s role as the voice of the industry, and in our proven commitment to demonstrating quality and professionalism in management consulting.”

The MCA’s member companies comprise around 60 per cent of the UK consulting industry in fee income, employ around 30,000 consultants and work with over 90 of the top FTSE 100 companies and almost all parts of the public sector.
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The Definitive Guide to UK Consulting Firms

T. Restell & V. A. Kumar (eds)

2nd edition

Kingsham Press & Top-Consultant edition

Top-Consultant.com
Global Opportunities in Consulting
Some consulting firms have been taking advantage of the economic environment to strengthen their businesses through mergers and acquisitions. While firms may add specific new capabilities through acquisitions, it will typically be through hiring that most consulting firms will choose to build on their core capabilities. As the market and opportunities for candidates improve, retention will become a more pressing challenge and firms will give greater focus and investment towards their talent acquisition and retention.

Having specialised in management consultancy for 10 years, Mindbench understands the strategies that different consulting firms use to attract, select and retain the best candidates. We have distilled six suggestions on how consulting firms can select, retain and motivate the best consulting candidates:

1. **Take time to get to know your candidates and new recruits**

   It is important to get to know the personality and “soft skills” of a new recruit and for them to get to know your firm and evaluate whether or not they fit. This is often difficult to do through a standard formal interview process.
We have seen some strategy firms begin with an “informal” dinner before any interviews are decided upon. This has built trust and interest, which helps sustain candidates through what can be a long process. Other firms have had a dinner at the end of the process, and this has also paid dividends. It also provides a useful way for consulting firms to see how candidates handle more informal situations.

2. Foster an open and honest dialogue about what the firm can and can’t offer

Alongside understanding the motivations of candidates is a need to be honest about what the consultancy can offer.

When hires don’t work out it is typically either because the candidate is underperforming or there is a mismatch between the candidate’s underlying motivations and aspirations and what the consulting firm can realistically deliver. Some simple issues around transport and work flexibility need to be fully explored. Consulting firms need to fairly represent (and communicate via their recruitment agents) the travel flexibility which is required from the candidate. Sometimes firms will over-emphasise a particular type of work they do to get candidates excited; this can be counter-productive if it transpires that the candidate does not enjoy the main work of the firm.

3. Don’t use academic achievements as a proxy of learning ability

Academic achievements are a poor proxy for learning ability. This is because exams are often effectively ‘memory tests’ for past thinking and problem solving, and so are what we would call ‘crystallised intelligence’. Consulting firms often use case studies to show a candidate’s problem solving ability (‘fluid intelligence’) and we recommend that clients use some form of aptitude testing to show a candidate’s learning capability (and preferred learning style).

4. Not all recruits are the same

Too often, large firms fail to identify the potential stars from their recruits and don’t give them the support and mentoring to progress quickly in the organisation. Large management consultancies hire hundreds of graduates. While they will all contribute, there is a smaller number that will really make a very significant impact to the business if they are developed well.

5. Be a champion of diversity and it will pay dividends

The ratio of men to women in consulting firms at entry level is broadly equal across the industry, but it is widely known that the percentage of women falls dramatically after manager grade. We have seen some consulting firms being successful in requiring less travel for mothers returning to work, and providing support and mentoring to manager and senior manager female consultants.

6. Offer opportunities for secondments and career breaks

Many candidates say that they leave consulting firms to join industry because they want to have line management experience, P&L responsibility or to make a longer term impact, which they cannot typically do within the project-to-project matrix consulting environment.

Other candidates want the excitement of a start-up, or to “give something back” by working in a charity or social enterprise. It has often puzzled me why consulting firms don’t offer these opportunities to their consultants via their client networks.

While the loss of a good consulting resource in the short term may result, this would surely be better than the alternative of many consultants leaving permanently to join industry. We do see a few consulting firms embracing this approach, however, and actively encouraging their team to take these opportunities. The approach enriches the consultants’ experience, enhances retention and potentially builds client relationships further as well.
Global consulting spend set to rise but consultants are trapped in the back office

The most comprehensive report ever conducted into clients’ use of management consultants has found that almost half (49%) of consulting clients expect their spend on consultants to increase in 2013, with a quarter expecting double digit percentage increases. In particular, companies operating in the energy and natural resources sector are expecting to call on the services of consultants, with a tenth expecting their spend to rise sharply.

The report, published by Source Information Services (Source), is based on surveys and interviews with around 800 senior users and buyers of consulting services from Europe, the Middle East and the US. Source claims that the report is one of the most positive readings of the market it has taken since 2007, suggesting that there is genuine cause for optimism, with only 16% of those surveyed expecting a fall in spend.

Cost-reduction remains a very significant focus for many clients – 87% said they expect to engage in cost-related initiatives over the course of 2013 and many expect to turn to consultants as they do. Very close behind is a focus on growth – 86% said they had growth initiatives planned for 2013 – but many expect consultants to support growth initiatives from the back office rather than lead them from the front office.

Fiona Czerniawska, co-founder of Source, explained: “Our research suggests that the growth agenda continues to gather momentum among clients. This represents one of the biggest opportunities for consulting firms at the moment, but for many it will manifest itself as demand for more traditional back office consulting around technology, for instance, or operations.”

Czerniawska continued: “Far fewer consulting firms will find themselves well-positioned to work alongside clients in the front office, on more traditional growth-related activities like marketing and sales. To some extent this is about consultants being victims of their own success in the back office, but the reality is that many have shot themselves in the foot here: failing to spot the need to update their thinking about the ways in which organisations can grow. Whichever way, we suspect there’s a much bigger opportunity which may go begging as a result.”

Tech consulting under demand
In overall terms technology consulting looks set to enjoy the strongest growth. Organisations surveyed stated they are four times as likely to expect their use of consultants on technology projects to increase, as decrease. Only 14% of the organisations surveyed said their expenditure in this area will fall – compared to 56% who thought it would grow.

Opportunities still exist in the buoyant energy and natural resources sector for conventional, large-scale IT projects, driven by the need to replace increasingly obsolescent systems. Elsewhere, more specialist advice is being sought in areas such as cloud computing where the IT and telecoms service providers lack the consulting skills to articulate and adapt their proposition, and the ability to discuss technology issues with functional heads outside the IT department.

The report also says that the use of technology consultants is increasingly not confined to the chief information officer (CIO). It says that as bring-your-own-device initiatives and data analytics begin to play an increasing role, other functional heads may be planning to increase the amount they spend on technology consulting, albeit from a lower starting point. For instance, chief human resources officers (CHROs) and chief operating officers (COOs) foresee a rapid rise in their expenditure in this area; by contrast, CIOs expect small increases topping up the status quo.

Operational improvement and strategy consulting
Demand for operational improvement consulting also looks set to grow faster than average in 2013, with 54% of end users expecting expenditure in this area to increase. Strategy consulting will also grow in 2013 but at a slightly lower rate than the market average. Source says that the immediate focus here will be efficiency, but growth is never far from thought. However, in stark contrast there is less growth in demand for advice on financial management and control.

Czerniawska concluded: “The need to improve technology, increase sales and reduce expenditure continues to drive a lot of organisational activity and expenditure on consultants, but there’s lower than average willingness to use consultants to respond to risk, change culture and particularly implement existing plans.”
Dom Moorhouse on business building

The ‘complete entrepreneur’

Dom Moorhouse focuses on the importance of having the right entrepreneurial mind-set and, specifically, examines a model for the ‘complete entrepreneur’.

In this piece, we will be focusing on the importance of having the right entrepreneurial mind-set and continuing to examine the ‘complete entrepreneur’. If you missed the first article in this series click here.

6. Decision making tempo

This one is critical. Building a business is about momentum: experimenting with new service offerings; qualifying opportunities in or out; hiring new people; expanding into new markets. As the person at the apex (or even as the singleton pioneer) you will need to make a raft of decisions every day. The best leaders I worked for prior to starting out on my own had this very special quality: they made decisions with tempo. It is so seductive to wait for more information, more data ... but know this: you will never have the complete data set. Far better to make progress-enabling decisions and get them right 80% of the time than to put all your colleagues into morale-sapping stasis with protracted deferment.

There is a stratagem in the military that refers to winning the battle by ‘getting inside the enemy’s decision making cycle’. The analogy carries to the commercial world in so much as you will steer your firm to the top of the market if you can ride the constantly spinning OODA (observe-orientate-decide-act loop) faster than your competition.

7. Obstacles are what you see when you take your eyes off the goal

There is a very thin line between dogmatic tenacity and delusion. This quality, therefore, is not about hanging onto a dream when every new bit of information tells you it is doomed (this is a well-known psychological trap known as cognitive dissonance). It is, however, about the mental tenacity to see a way around the everyday challenge, minutiae and bureaucracy that the world can throw at you. As I was taught in the Royal Marines, in the face of whatever was thrown at you, you need to ‘improvise, adapt, overcome’. Put another way, as my Gran used to say: ‘It takes a carpenter to build a shed but any donkey can kick one down.’ Be aware, the world is full of donkeys who revel in why something can’t be done; an entrepreneur is constantly, tirelessly, looking to prove them wrong.
8. You are in business to be in business

This was one of the best bits of advice I got on stepping out and talks to another key attribute required – business savvy. A good entrepreneur does not ‘smoke his own dope’ in relation to getting too puffed up with the rhetoric of business. All the MBA-type analysis, business planning and product development is for nought if you aren’t actually out there trading. I meet many who love the cerebral aspect of it all: they have the shiniest service offering you have ever seen but appear to have totally lost the point that it is all fundamentally about selling a service for more than it costs you to provide it.

A real entrepreneur just gets out there and does business. Be receptive to what the market wants as opposed to belligerently sticking to your original offer on the basis clients will eventually come to you. We had another expression at Moorhouse which sought to encourage us into action whenever we were starting to pontificate – ‘Stop polishing stones, start throwing some’.

9. Courage

Plain and simple – of all variants. Later in this guide I will cover your attitude to business risk but you will need a well of moral courage also. Why? Well, you are about to grow a people business and leadership of such an organisation will invariably throw at you human conundrums also. You can have no idea now of the variety of issues that will come your way for resolution. All you should know is that, occasionally, situations arise that will test your integrity. When this happens, hold the line. Never, ever seek short term popularity or the easy route when you know it comes at a compromise of your values, integrity or sense of fairness. Such a position will always slowly unwind.

10. Luck

There is an inherent danger in seeking to nail down the attributes of a successful entrepreneur and, for completeness, I am going to call it out. You base such an analysis on your own experience, great leaders you have worked for, CEO biographies you have read. Many of the attributes I have listed you intuitively knew already – optimism, risk-taking, courage etc. What these studies sometimes fail to acknowledge, however, is the ‘silent evidence’ – all the stories of those that didn’t succeed.

These tales are less often written up which is a shame because done well they can carry far more useful information than the pro forma success story. If you could access it, this ‘graveyard’ would be full of people with similar traits. So the reality could be that the only attribute of real consequence – that really separates the winners from the ‘nearly rans’ – is luck, plain and simple. I certainly had my fair share of this – more of which later – so maybe I am also guilty of a retrospective ‘narrative fallacy’ when I list all these other factors. Maybe. I would like to believe it is more than just luck but you will need to judge that for yourself. What I can be sure of, however, is that you will certainly need a dose of it. But then doesn’t luck come to those that are inclined to look for it?

So how did you do? Do you personally qualify for the cape and superhero underpants?

Let me reiterate again, this is a platonic ideal of the entrepreneur – he or she doesn’t exist in reality in this idealised form.

In the next edition, I address an aspirant entrepreneur on the topic of ‘attitude to risk’.

This is an edited extract from the Five-Year Entrepreneur series of learning modules (guides and related resources) that can be found at dommoorhouse.com. Designed for the managing owner(s) of professional service businesses (or entrepreneurs in the making), the series provides a step-by-step approach to building a successful – and valuable – professional service business.
Our people can’t change

Very often, what stops a client from commissioning a project is not a lack of belief in you, but doubts about their ability to change. Malcolm Sleath of 12boxes offers some suggestions on how to get the client to park their doubts and imagine a positive future.

by MALCOLM SLEATH

Question: Our client is a non-UK manufacturing group with the majority of its business in commodity products where margins are continually under pressure and prospects for growth are limited. But, almost by accident, it has also developed a number of niche products that command higher margins.

At present these represent a tiny proportion of the group’s current turnover, but its management is looking to find markets for similar products and double the size of the business in five years. The present growth rate is nowhere near enough to achieve this, mainly because the sales and marketing staff are already stretched and fully occupied reacting to the needs of the existing customer base and can’t step outside the box.

We are talking to them about a change and development project that will transfer our research, technology transfer and opportunity nurturing expertise into their business. They are impressed by our expertise, but have great difficulty in believing that they could ever change the way they conduct their business.

We are sure it’s possible; they accept we have the expertise. How do we overcome their lack of belief in their own capabilities?
Answer: From your change-management experience, you will know that it is better to invest your energy in reducing the forces restraining change, than upping the forces pushing for it.

It sounds as if your firm belief in the solution makes the client feel you are pushing it at them. You have to get them into a frame of mind where they are pulling your solution towards them.

You need to motivate the client by helping them to suspend their disbelief, facilitate the development of a ‘vision of success’ and thereby arouse their curiosity about the potential of your solution. This is my suggested order of play during your next conversation:

1) Review current progress in turnover growth, and discuss the outcome from not achieving a step change in the growth of niche products. You have to inject a sense of urgency into the situation, but don’t do it by sounding urgent. Stay calm, draw the client out and get them to talk about it. This way they are much more likely to take it on board.

2) Acknowledge that they have severe doubts about the ability of their sales and marketing department to respond to the challenge. That’s not the same as agreeing with them. You just need to show that you accept that’s how they see it.

3) Invite them to exercise their imagination. For example, say, “If we had a magic wand that would transform your sales and marketing department so that they could take up this challenge, what difference would it make to the growth of your business”. Fully explore this vision with them so that it becomes fixed in their minds as a desirable scenario. Then ask about the measurable benefits that might arise from this changed state.

You should now observe a changed state of mind in the client. The switch should be from continual repetition of the doubts about the capability of their sales and marketing department, to curiosity about how it might be transformed.

I think you will now find that the client is prepared to pay to find out, and this will be your opportunity to demonstrate your capability, and the associated change possibilities, by offering to run a pilot project.
Make the short list
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Interim management market sees 3% growth in 2012

The latest Snapshot survey from interim management provider Russam GMS highlights a 3% growth in activity in the interim management market from December 2011 to December 2012, indicating that a growing number of companies are hiring interims to spearhead business projects in spite of a flat economy. Despite activity levels falling by 1.5% compared with June 2012, the overall 3% growth in the past year indicates the market is set on growth – albeit slowly.

There was good news for part-time interims, who saw their daily rates increase slightly to £606 by December 2012 from £583 at June 2012, and now represent 31% of the market. The increase in part-time working was identified by the Office for National Statistics last year and Russam’s research indicates that the professional interim management market is also seeing growth in demand in this area.

Manufacturing and engineering continues to be the busiest sector for interims with 11% of all assignments, closely followed by financial services (10%) and then both the charity sector and the NHS, which each accounted for 7% of interims’ assignments.

The number one interim job discipline was change management and transformation – making up 23% of all assignments; finance specialists were also in demand, undertaking 17% of all assignments, with general managers taking on 14% of all assignments. This has dropped from 21% largely due to the increase in interims describing themselves as change & transformation specialists.

Businesses continue to move away from using interims as ‘gap fillers’. More than half (55%) of interims are now recruited to provide specialist skills absent in client business; 39% to implement new strategies and 36% to work on special projects. Just 14% are hired to cover temporary absences or sudden departures – down slightly from 15% in June 2012.

Businesses are being careful how much they pay for interims. There was a slight decline in overall daily rates, down from £619 to £593. Those in the food industry, however, saw a substantial rise from £595 to £712 in June, with banking, finance and insurance the only other sector to have seen a small increase in rates (£701 to £702) in the last six months.

Regionally, rates only rose in the west of England from £496 to £558 in the last six months. However, the international market continued to expand with daily rates increasing from £718 to £759 a day – indicating that the overseas market is less influenced by domestic economic factors and that businesses are willing to pay more for quality interims.

Charles Russam, chairman of Russam GMS, commented: “The interim market is showing resilience in a very flat economy. Market conditions continue to be tough. However, we are pleased to see a 3% growth over the past 12 months – indicating small signs of recovery.

“Increasingly, businesses are using interims more strategically to lead change management and transformation programmes and, particularly in the finance and banking sectors, to undertake special projects or implement new strategies. Interims offer skills and experience that tend not to exist within companies and their immediacy and affordability is very appealing.

“In line with other industry reports, part-time workers are seeing an increase in their rates and now represent a third of the market. We think this trend will continue. Interim managers are working part time both as a lifestyle choice and because interim is an attractive option for many professionals, particularly in a static economy with a limited number of permanent, well-paid part-time roles available.”

The research highlighted that a new professional discipline of change & transformation has emerged, with 17% describing themselves as change managers. This figure has risen to 20% – the highest category of interims on assignment, overtaking general management and reflecting the fact that more interims see themselves as change & transformation specialists rather than general managers.

Age continues to be no issue in the interim market with 52% of those working as interim managers in their 50s and a constant 29% in their 60s – with little change since the last survey. There is a small increase from 47% to 49% of 50 year olds currently on assignment, with those in their 60s on assignment remaining constant at 34%. People in their 40s make up the highest proportion on assignment (55%) and these interims command the highest daily rates of £619 per day.
I have started this year feeling very positive: the FTSE100 is back to where it was two years ago (pre-Eurozone crisis and in full recovery mode) and people I’m talking to are feeling real enthusiasm about the year ahead. The “new normal” that we exist in means that, although growth will be minimal by pre-crash standards, it still should be something to celebrate. Mercer’s Salary Movement Snapshot suggests that UK employees are in for a 3% pay increase through 2013; I, for one, am celebrating that!

The picture is even rosier in the management consultancy world. The MCA’s Consulting in 2013 report predicts a 5% rise in fee incomes through 2013, with 77% of firms interviewed saying they expect their business to grow. While 80% of fee incomes still come through the top 10% of firms by size, this is – to some extent – flattening out and the smaller and more specialist firms are showing more resilience.

**Firm performance**

Growth has been the report from most firms publishing results in the last quarter save for a few strugglers. Of the larger consulting organisations, Ernst & Young’s advisory function is up 16.2% at year end; its best year since 2006. PwC has also reported a 7% revenue growth in its UK consulting business, including a net 3% increase in headcount. Similarly, Deloitte’s consultancy is up 14%. However, what we are hearing on the ground is while certain service lines are booming (Deloitte Digital, for example), some of the more traditional business change consultancy service lines are struggling in the Big Four. Off-the-shelf solutions aren’t enough any longer in the likes of shared services and outsourcing design and delivery. KPMG has been making redundancies while the boutique consultancy market in this area is flourishing. For more on this please read our blog article regarding boutique consulting.

In the technology players, Accenture is up 4% in revenue across European consulting and Atos is up 8% in revenue in consulting and technology, driven by public sector work (a stark contrast though to the 7% decrease across the rest of Europe). Cognizant has reported revenue growth and is expected to publish a 20% increase for 2012 globally, driven by the establishment of a consulting-led approach. CSC has also reported another improvement in profit through its Q2, a sign of its slow recovery, although total revenue fell slightly. Capgemini and IBM have reported minor contraction in consulting services through Q3 of 4% and 3% respectively, though the latter is reporting a huge increase of 14% on the year to date in its business analytics offering.

In the boutiques the MCG has confirmed that Alexander Proudfoot and Kurt Salmon are performing in line with management expectations, an improvement on the outlook of the last quarter. Baringa Partners, the specialist consulting in the energy and financial services sectors, now has 250 consultants. The firm has had a fantastic year and reported a 25% growth in its business for FY ending in April 2012. This, it has to be said, is in line with massive growth reported across various other specialist firms in similar sectors, with reports of up to 200% growth in the last financial year.

**M&A**

The big story of the last quarter was the takeover by Deloitte of the Monitor Group. This demonstrates the firm’s clear intent to continue to expand its footprint in the strategic consulting space, as outlined by Deloitte’s MD of strategy & operations consulting, Michael Canning. Commentators
have speculated about whether this will lead to a full merger, or whether the firm will try to maintain the Monitor brand in a “Monitor Deloitte” entity.

Elsewhere in M&A news:
• Deloitte has also acquired mining consultancy Vennyn for an undisclosed amount, in a move to consolidate its existing mining advisory services into a new entity: ‘Vennyn Deloitte’.

• Hitachi Consulting has made a move to bolster its management consultancy services by acquiring business operations consultancy Celerant. The deal, for which terms were not disclosed, will give Hitachi a greater footprint across Europe & the Americas, as well as combining with the rest of the portfolio to allow the firm to make a full business transformation lifecycle pitch. It is an interesting move for the highly acquisitive firm which has previously signalled its intentions to pursue more of an IT consultancy focus. I look forward to seeing how the new business develops.

• In looking for ways to enhance the company network since its management buyout and restructure last year, Arthur D. Little has partnered with Solidance in APAC, a B2B growth strategy advisory and promoter of growth and innovation in emerging markets.

Procurement of consultancy services
The procurement of consulting services has been an ongoing theme throughout the quarter; specialist research firm Source for Consulting has reported that over two thirds (69%) of procurement managers are now strongly influencing the purchasing decisions of large consulting projects. Reports have also established that procurement has also begun to be more involved throughout an engagement in an attempt to drive the return on investment for the work. The MCA has also moved to launch its new ‘Consultancy Buyers Forum’, a service that will bring the country’s leading consulting firms together with major client organisations with an aim to achieve even better rates of ROI for clients than the already impressive figures reported in its research.

The consultancyONE government framework ploughs on without an end in sight; the costs are becoming onerous for smaller firms. We all hope to see a resolution as soon as possible to how the government will procure consultancy services, and from whom.

Growth areas
Emerging markets
International growth of consulting firms has continued. Africa, the Middle East and Latin America offer the most interesting opportunities for international expansion for UK management consultancy. For instance, Africa’s adoption of new technology over more traditional desktop and wired internet gives companies who can develop mobile based solutions a real advantage in the market. Furthermore, the MCA has also reported that the growth seen in the UK management consultancy industry in 2012 is almost entirely down to consulting exports, with accredited firms reporting that almost a fifth (17%) of consulting revenue now comes from international markets, compared with just 5% last year.

This quarter, strategy giant Booz Allen Hamilton has been the most recent addition to significant Middle East operations, after unveiling its new base in the Etihad Tower, Abu Dhabi. Meanwhile, Atos has established a new operation in Qatar and BPO giant Capgemini has opened new offices in Sao Paulo, Brazil. Accenture has moved to establish an FS innovation centre in Beijing, offering business and technology services to support strategic growth and transformation of large banks in the region.

Public sector
Two years down the line and reality is dawning in the public sector and doors are opening up for consultants in the NHS, local government and emergency services. The MCA’s Consulting in 2013 report states that “key areas outside of central government, such as health and local government, are in a period of massive process and operational change, and could be future growth sectors for the consulting industry”. Source for Consulting has reported that more than 80% of public sector managers want to buy more consulting services in order to access skills not available in-house. Local governments are also under pressure to reform services to allow more choice and become more ‘customer centric’. KPMG, which has traditionally been strong in this space, has moved to install a new head of public sector across Europe, Middle East and Africa. Alan Downey, who will assume the role, commented that external advisors have a huge role to play in enabling public sector organisations to significantly change the way that they operate in order to deliver better public services with less money and survive and thrive in the current economic environment.

In conclusion, firms can look at the public sector with openness again; international growth is now a plan all firms should be taking and, for all of us, 2013 ought to be a year of positivity.
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Contractor or consultant?

Contractors can be hired, even recruited, by clients; ‘consultants’ are supposed to be something different, says Fiona Czerniawska, co-founder of Source.

by FIONA CZERNIAWSKA

It’s not just a question of glamour (‘consultant’ sounds so much more upmarket, as any hair or sales consultant will tell you), but hard cash: consultants can charge more than contractors.

But the question of how you tell the difference continues to vex clients. Consultants are supposed to work on projects, rather than open-ended contracts, so they’re tasked with completing something, not simply doing it. Consultants would probably argue that they’re just as focused on delivering results. Consultants come in teams (it’s one reason why they’re more expensive per capita) so can take a more integrated approach to bigger projects: contractors have to be managed by the client.

Consultants are preceded by their brand, the quality ‘stamp’ which means that they meet an acceptable standard – although many clients say they now vet individual consultants as they would contractors or, indeed, employees.

These are murky waters, made murkier still because consulting firms use contractors much as clients do to deal with peaks of activity or to provide short-term, specialist input which it doesn’t make sense to have in-house on a permanent basis. And that’s happening more and more: consulting firms are telling us that utilisation levels are high; many are quietly but constantly shedding staff whose skills aren’t in demand; lower margins mean that recruitment usually comes after a large piece of work has been won rather than before it. Of course, the irony here is that the flexibility clients seek from consultants is being passed on, as lean consulting firms look to the contractor market to provide them with the flexibility they need. It’s the labour market equivalent of a back-to-back contract.

There are two quite obvious problems with this. The first is that consulting firms are no better than their clients at flexibility: the consulting firm may add value in many ways, but this is not one of them. The second, and perhaps more important, problem is that both clients and consultants are making use of the same contractor market. “We found they were using a lot of contractors on the project, not their own staff,” complained a client we spoke to recently. “If we’d wanted those people we could have gone to the contractor market ourselves. We don’t need a consulting firm to do it for us.” Contractors can be hired, even recruited, by clients; a ‘consultant’ is supposed to be something different, a rarefied beast who comes trailing clouds of experience in their wake. But the issue is not simply that consulting firms are trying to pass off contractors as consultants (and charge accordingly); it’s that if a consultant is someone who isn’t readily available in the contractor or recruitment market, then many of the people who are currently working for consulting firms may be in danger of being seen as contractors by their clients. They’re just not expert, or different, enough to be seen as a scarce resource by people who themselves are former consultants.

Some years ago, when I started writing books about the consulting industry I looked at the way in which differences between clients and consultants were being eroded and asked if we were all going to be consultants in the future. I was wrong: I should have been asking if we were all going to be contractors.
In SBR Consulting’s work with professional services firms, we are finding that consultants are feeling more and more pressure to achieve their ever-increasing business development targets. The role of a consultant is and always will be about delivering value to the clients; yet the role is changing to incorporate supporting and winning projects and many are feeling a conflict of interest.

As the need for firms to win valuable work grows, many are choosing whether to bring in business development managers (aka professional salespeople) or whether to tap into the strong relationships and trust the consultants have already developed during their years of delivery. As a global sales consultancy, SBR Consulting believes strongly that consultants delivering value have earned the right to become more proactive in advising and influencing clients about ways their firm can add value, leading to more mutually beneficial work. However, there is an increasing danger that the support is not there to help consultants with this transition. Managers themselves are often not given the time or the skills to lead this ideal and incumbent business development team.

For many, the recent round of appraisals has seen a new addition for the next year’s personal performance – support and involvement in winning work. Many even have a revenue figure attached to it. However many consultants are telling us they are being given a notional figure with no thought behind it and with no plan as to how to achieve it. The following considerations are designed to help you see what is required to create a high performance business development culture and to ensure that you do not lose your good consultants because their role requires this behaviour change.

Put simply, where you want a change in behaviour that goes against their emotional conditioning, e.g. “I am not in sales” or “I...
do not have time for business development”, you must ensure that you provide the right support. A highly challenging goal with low support leads to stress and often the loss of a good deliverer. Equally, lots of support without the right challenging goal leads to people staying very much in their comfort zone of delivery. As the table below shows, only one of the four quadrants is desirable: high challenge and high support. The other three result in anything from high stress to apathy, to unrealistic comfort zones, all ultimately leading to poor business development.

So, here are four ways to support individuals with real potential when giving them challenging revenue targets. They are not 100% guaranteed, but provide a strong foundation for true business success.

1 - People not paper

The most common mistake made by managers is not spending enough time with their key people. The latter have the potential to bring in more work than you can imagine yet finding time to support them is not always in your plan because you think they do not need it. Make a 1-2-1 schedule with your key people and stick to it. Treat the meetings as if they are as important as those with your top client. Make sure that you give lots of “hows” to go about business development correctly: if they are finding it hard to build their network, for example, give them specific suggestions on what to do, and build on this each month.

2 - Track to run on

You cannot manage what you do not measure. As humans, we may fight it but we do need structure. Rather than just giving out sales targets, focus on the behaviours and effort required of the consultants. Talk about the number of relevant contacts they have in their network and the number of meetings they are having. Five meetings a month is 60 a year and if only six of those result in work, most people would be happy. Encourage meetings even if they are not all with decision makers. Focus on effort above the opportunity stage, not just the results.

3 – Skill

Provide an environment where consultants can up-skill themselves. Selling is not a “black art”: there is real structure and process behind it, so decide that business development is going to be a conscious competency within the practice and provide training and coaching. You would never expect someone to become an expert in another profession without showing them ‘how’ to be successful first. Why should sales be any different to other professions?Share best practice around the sales skills already being used successfully in your firm.

4 – Will

Ultimately, an individual’s desire to be proactive in business development or not could be the deciding factor as to whether the firm scales. It has been proved many times that money is not the main motivator for many high performers. If it were most would not be doing what they are doing. When we work with our clients, time and time again, we hear the same key motivators that encourage them to win business and make it a habit: recognition, promotion, client satisfaction, project satisfaction, personal development and autonomy. Tap into ‘why’ an individual wants to be proactive and help them to have the number of meetings and conversations required to achieve sales success.

In summary, we must start being consultants to ourselves. None of this is new, nor rocket science, but if the four key areas described above are a consistent part of the culture and the right kind of support is there, you stand a real chance of taking the stress away, of the whole team feeling involved and of successfully hitting targets. The top producers always thrive when they feel they have the necessary support while being pushed to the next level. Take a moment to look at the business development targets set for individuals within your firm and decide whether you have the right balance between support and challenge – remember, you need both.
It should have been you

You do good work for clients, they appreciate and benefit from it, so why shouldn’t you get some wider recognition, asks Mick James.

by MICK JAMES

“See one, feel one, touch one, See one, feel one, win an award.” So went the lyrics of *I wanna be a winner* by Brown Sauce from 1981: not so much a one-hit wonder as a crime against humanity. Apologies if this horror is now playing in your head, but at least you know what I’ve been going through since inadvertently tuning into Radio 2 a couple of weeks ago.

But for all the awfulness of its Noel-Edmonds-penned lyrics, the song expresses a noble sentiment. You should win an award. You do good work for clients; they appreciate it and benefit from it. Why shouldn’t you get some wider recognition?

One excuse might be that there’s really no point entering something like the MCA Awards because they are dominated by the Big Four. And at first sight that seems to be true: the Big Four proper make up 20 of the shortlisted places for firm awards, and there’s a similar story in the individual awards. Add in the other “Big” firms and that’s half the shortlist.

But what about the other half of the list? There are plenty of smaller MCA members there, but not necessarily unfamiliar ones – particularly because they are always in the running for awards. Moorhouse and Boxwood, for example, have both had considerable success in the past: they clearly believe that the work they do will stand up against anyone else’s and aren’t afraid to put it on display.

Big firms have one or two advantages: they have large and well-resourced PR and marketing departments, and a large number of projects to choose from. But it’s
easy to overestimate this advantage. For a start, working in marketing for a big consultancy firm isn’t always the walk in the park you might think: you’re a long way from the action and without psychic powers it’s impossible to know which projects really are the best. In fact, awards can be a major boon to marketing teams to get their fee-earners to cough up the ammunition they need.

By contrast, in a smaller firm it’s much easier to keep your finger on the pulse: also much easier to get closer to the clients, whose cooperation the MCA has wisely made so central to winning.

But why bother with awards at all? Isn’t it all just a massive self-congratulatory junket?

I suppose the answer is yes, but why is that a bad thing? Let’s be honest, awards are a bit of an industry, and done right they can be a bit of a money-spinner. That is also a good thing: otherwise many of the professional associations and magazines you know and love might find it harder to survive.

But awards also play an important part in the cohesion and morale of an industry, and I think that’s why consultancy needs them more than most. There aren’t too many opportunities in our world to actually come together as an industry, and even fewer to put across an upbeat image of consultancy. How many of the positive stories about consultancy that appear elsewhere in the UK press have their genesis in a MCA award entry?

For the smaller consultancies as a group the awards are a perfect opportunity to underline the point that high-quality, complex and challenging consultancy projects are not the exclusive domain of the big firms. That may be what you tell clients all the time, but it’s easy to say things like that: every time a smaller firms walks off with an award, though, it’s proof that it’s true. Many smaller firms are in two minds as to the benefits of joining the MCA: surely the chance of winning an accolade that puts you on a par with the biggest names in the industry would be a major incentive? If you can beat the big boys in the marketplace, surely you can see them off at a black-tie do?

Finally, any award needs to be seen in the wider context of how consultancy is purchased and managed in its entirety. All sorts of interesting things are coming out of my involvement with the Consultancy Buyers Forum, but one theme in particular that is emerging is the vexed question of What Good Looks Like. In the absence of hard-and-fast performance measurement, managing expectations during consultancy projects is a tough ask. The case studies that underpin MCA awards may be broad brush, but this is what excellence in consultancy looks like: if your project looks nothing like them, you may want to have a word with your consultants.

Awards play so many important roles, but one area where they may fall short is in reflecting one of the consultancy industry’s greatest attributes: its incredible diversity. And that shortcoming cannot be laid at the feet of the organisers but those who, while eligible to enter, fail to do so.

In April you’ll be able to see who has triumphed in the MCA Awards this year. I urge everyone to follow them carefully and think: “It should have been me!” – a much better song to end on.
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