

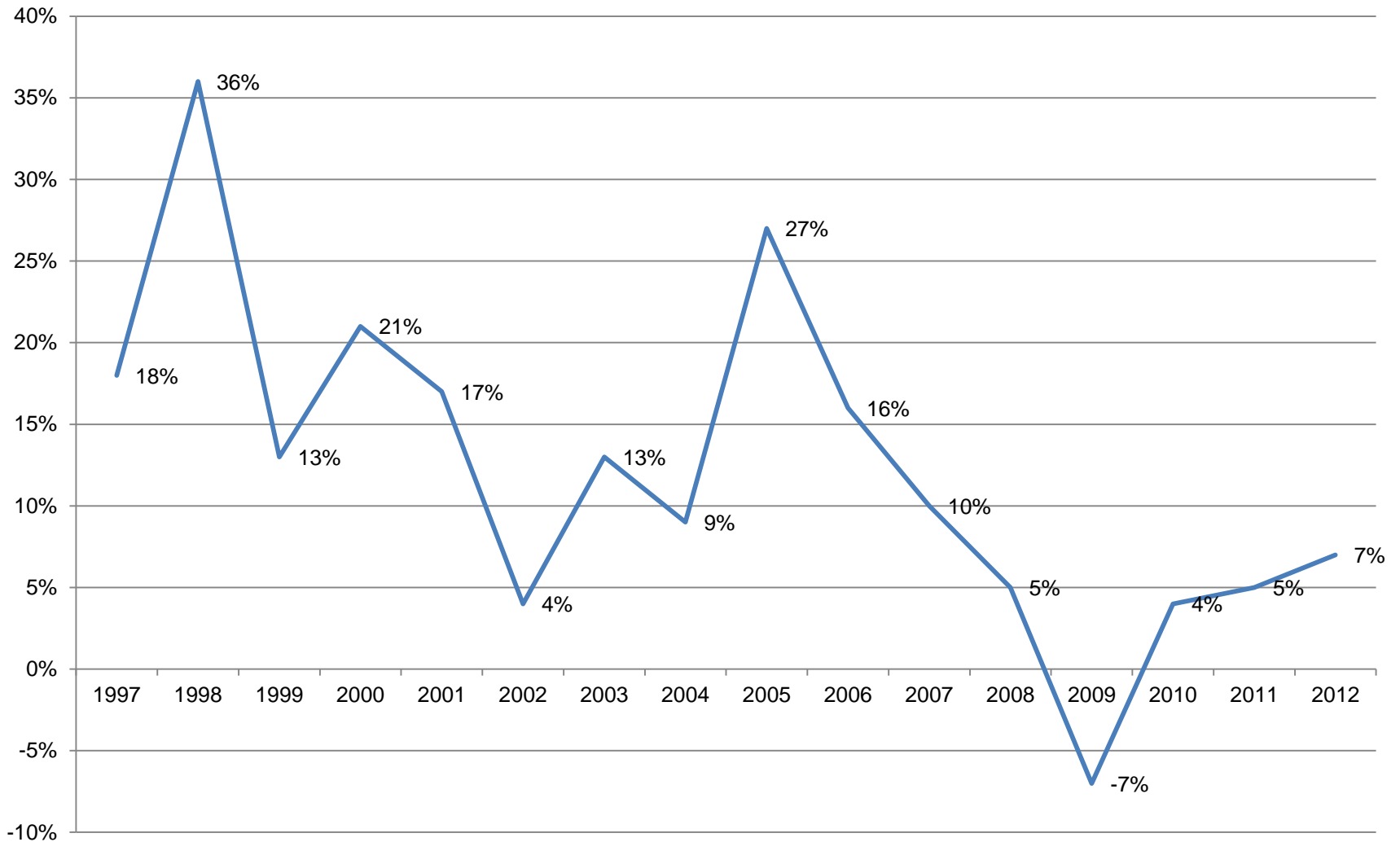
# What happened to management consulting in 2012?

David Coats, Director, WorkMatters  
Consulting

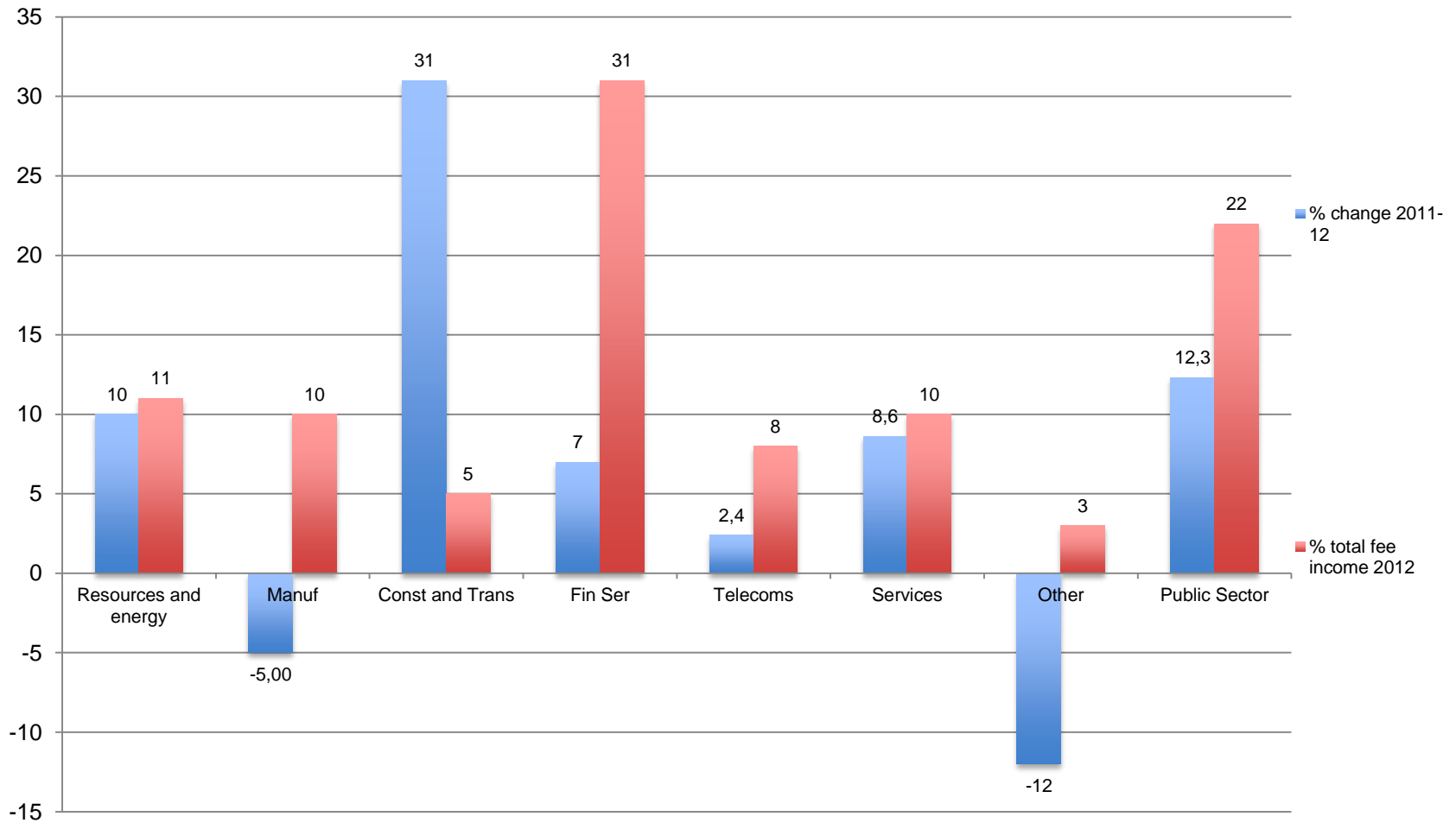
# Summary

- Fee income
- Where do management consultants work?
- Focus on financial services, retail, public sector
- Restructuring of the industry
- All good news? The pressure on prices/margins
- Where will the growth come from in 2013?

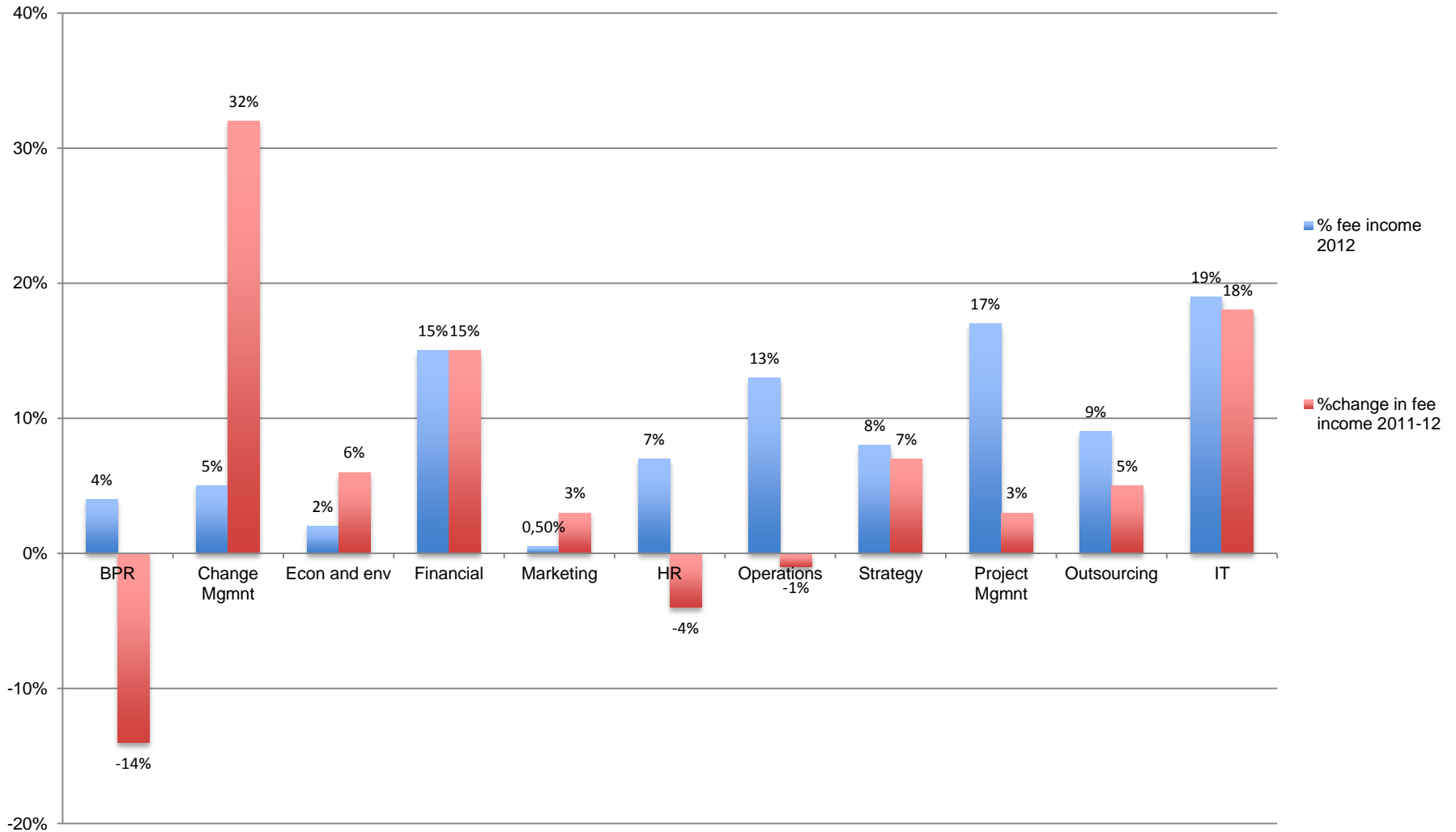
# Percentage change in fee income year-on-year 1997-2012



# Where do management consultants work?



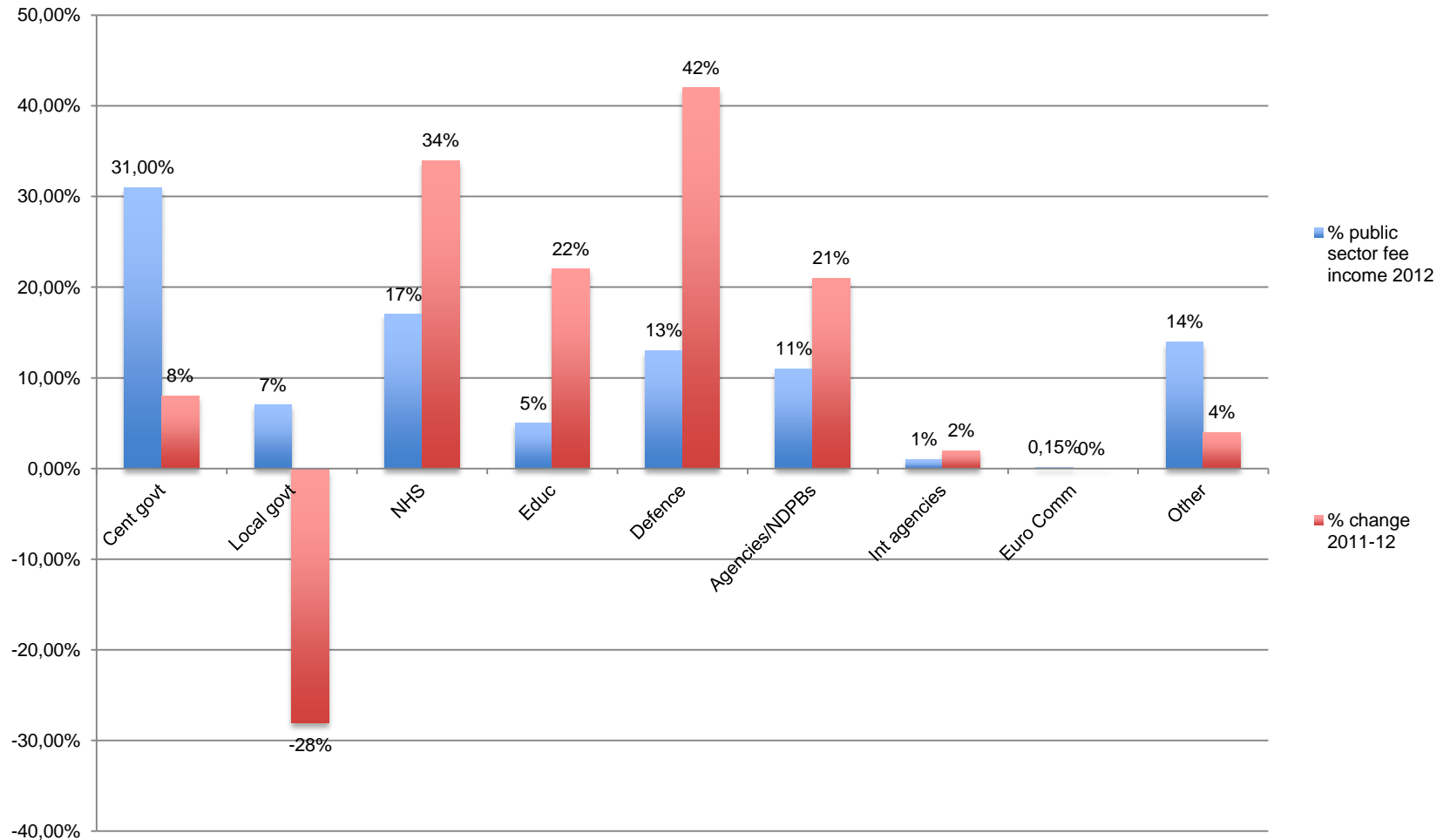
# What do management consultants do?



## What are clients buying? Financial Services and Retail

- Financial Services: Banks generate most fee income
- Largest areas of activity: IT (24%), financial consulting (20%)
- Fee income *not* expected to grow significantly in 2013
- Retail: Only 5% of total fee income, but grew by 25% in 2012
- Largest areas of activity: Outsourcing (36%), IT (24%)
- Two in five MCA member companies expect significant growth (5%+) in retail in 2013

# Public Sector fee income 2012



# Restructuring of the Industry

- 2011 and 2012 data show a consolidation of the industry.
- Big firms and small businesses are growing. The middle is squeezed.
- Explanations: “Big 4” rebuilding their consulting practices post-Enron
- Brand, scale and global reach are real advantages...
- ...as are flexibility, innovation and fleet footedness
- Not clear though if this is a cyclical phenomenon or a structural change

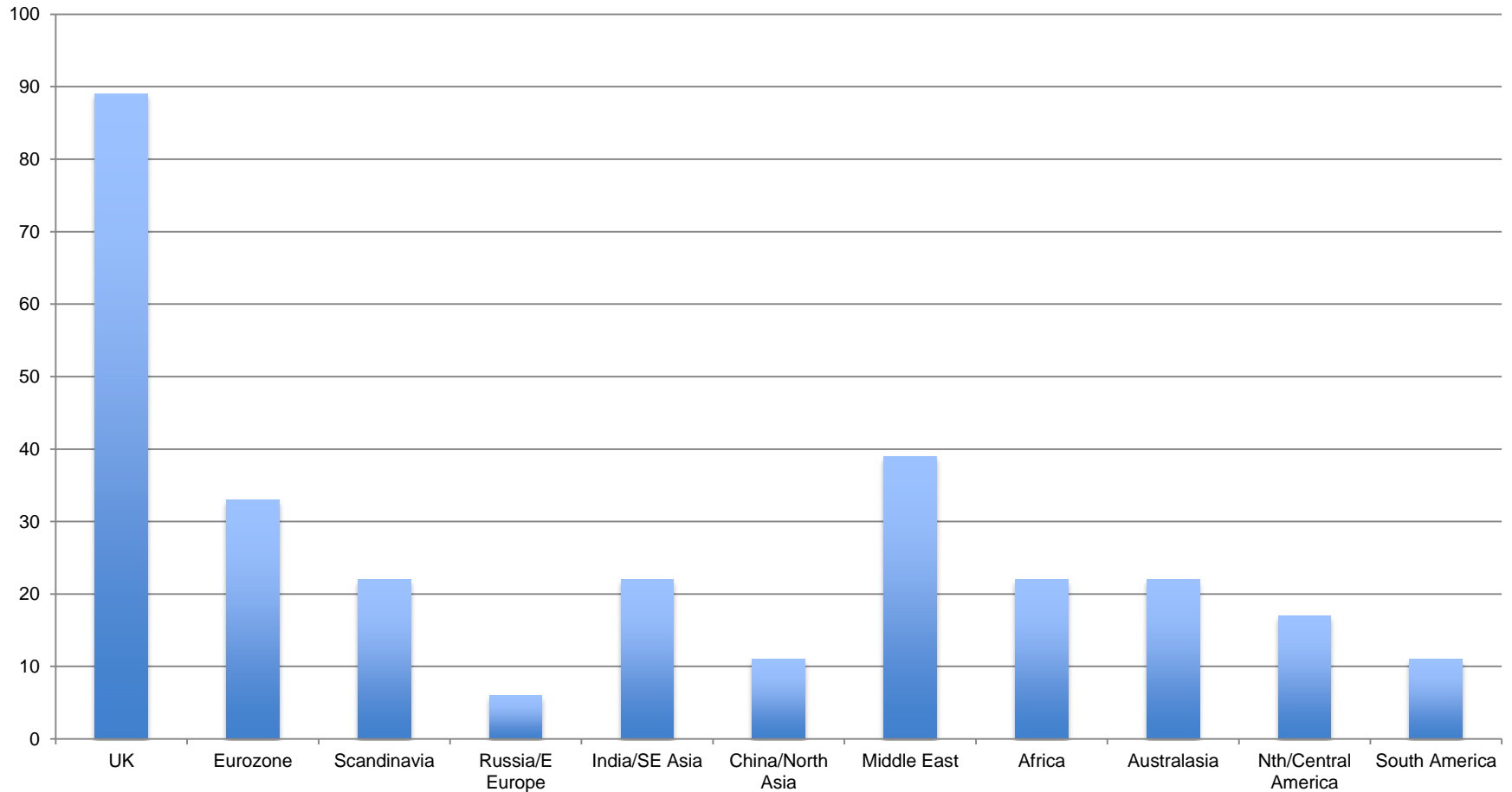


# Not all good news? Prices and Margins

- Fee income growing but prices and margins squeezed
- 60% report price pressure as high or very high
- Almost two in five (38%) report profits down in 2012
- 60% of MCA members operating at or above current capacity
- Two in three MCA members expect value of projects to be static or fall in 2013
- Risk reward: a changing relationship with clients?

# Where will the growth come from in 2013?

Where will fee income growth come from in 2013? (% responses)



**work**matters.

[www.workmattersconsulting.co.uk](http://www.workmattersconsulting.co.uk)  
[dcoats@workmattersconsulting.co.uk](mailto:dcoats@workmattersconsulting.co.uk)

**work**matters.