

EMBRACING THE FUTURE:

What ordinary consultants think about technology-led change



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INTRODUCTION

For much of this year we've looked at the forces that are starting to reshape what clients and consulting firms think of as consulting.

Success in the analytics space will depend on firms combining their clever thinking with an ability to change client-side behaviour. Strategy consulting is being pulled in three different directions—towards analytics, digital transformation, and implementation—leaving many people asking what's left. Clients are interested in a new type of “managed service” that replaces conventional consulting with a combination of deep expertise, smart software, and proprietary data. Robotic process automation (RPA) and artificial intelligence are just two of the technologies that could transform the way consultants gather information—the “discovery” part of the consulting process—but have significant implications for the shape of the industry. Digital transformation is evolving, and without more evidence of success, especially around how people's work has been transformed in practice, there's a danger that this huge market could start to evaporate.

All of these changes have an impact on consultants too. Indeed, they have an impact not only on the organisational structure—what shape will the traditional pyramid morph into?—but also on individuals and the way they work. And it's vital that firms take a close look at this, because for all the discussion around RPA, managed services, etc., consulting remains, in the minds of those who buy it and those who deliver it, a people business. If those people feel uncertain about the future, it's going to be harder for firms to recruit and retain the type of high-calibre people on which they depend.

In this report, we aim to put our finger on the pulse of the industry. What follows is a snapshot of an industry starting to walk out through the waves into a sea of change. And while there are causes for concern, we believe that it's a broadly positive picture. Most consultants, we conclude, see the future as an opportunity to be seized, not a threat to be avoided. However, there are crucial steps that consulting firms still need to take if the benefits of technology-led change are to be successfully realised.

The winners will be those that both embrace change and recognise that change is a constant in the new norm, that it's not something to fear but something to manage with energy and excitement and appropriate levels of experimentation. Advantage is built on failure as much as success. We need to regard 'failure' in this digital world as an opportunity to learn. And because few firms actually behave like that, those that do learn from their mistakes are often able to overtake their competitors.

Steve Hill, KPMG

There's a business imperative to invest in a digital future for us, for all our competitors, and for our clients. We see ourselves as a data-rich, digital business, and we're developing new subscription-based services to prevent ourselves from being disrupted, given changes in the audit, tax, and consulting industries. To do this, you need to have a workforce with the appropriate skills, mindsets, behaviours, and relationships.

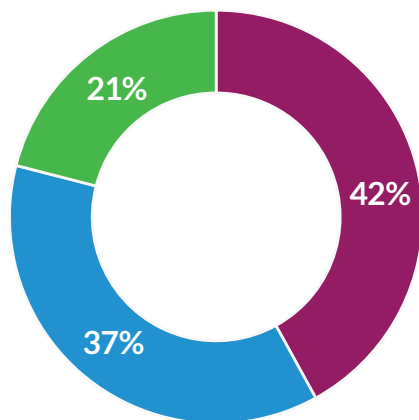
Kevin Kroen, PwC

METHODOLOGY

Our aim was to create a sample that was representative of the wider consulting industry.

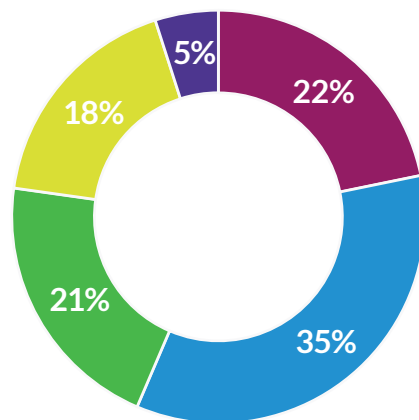
We surveyed just under 100 management and technology consultants from a cross section of regions and firm sizes. Forty-two percent came from North America, and approximately 50% work in firms that have more than 1,000 consultants, with 30% working in firms with more than 5,000 consultants. And they cover a range of different services from strategy through to technology consulting. We also wanted a mix of seniority and years of experience. Twenty-two percent are junior consultants/analysts, while 39% are directors/partners. Thirty-eight percent had been with their current firm for more than 10 years.

Breakdown of sample by region



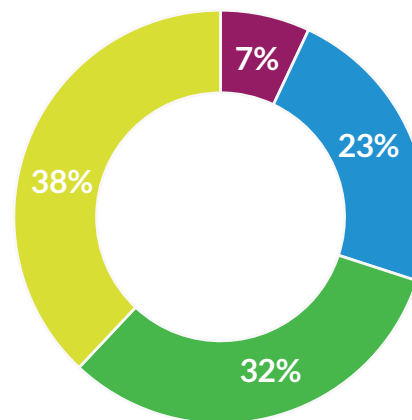
- North America
- Europe
- Asia-Pacific

Breakdown of sample by role



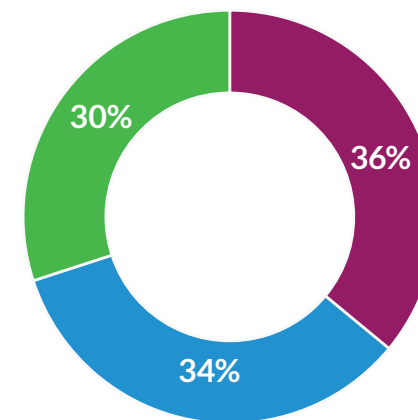
- Consultant/analyst
- Senior consultant/manager
- Director/principal
- Partner
- Other

Breakdown of sample by years of experience



- Up to two years' experience
- Between three and five years' experience
- Between six and 10 years' experience
- More than 10 years' experience

Breakdown of sample by size of consulting firm



- Less than 100 people
- Between 100 and 5,000 people
- More than 5,000 people

Section 01

CONSULTANTS' VIEWS ON THE STATUS QUO

Why do people become consultants in the first place?

Before we begin to look at how new technology and the possibilities of disruption are impacting consultants, we need to understand what motivates them to join the industry in the first place.

Our data suggests that, while there are many reasons for becoming a consultant, one stands out: the exposure to a broad range of experience in a relatively short period of time. Consultants, it seems, are looking for variety, perhaps out of personal preference, but certainly out of a desire to accelerate their career development.

Forty-eight percent of our sample said this was one of their two most important reasons for becoming a consultant, well ahead of the next two biggest motivations—because consulting is an exciting industry to work in (31% chose this), and because it affords opportunities to travel and/or work abroad (24% chose this).

01

Section 02

ANTICIPATING FUTURE CHANGE

02

What we need to appreciate is that the nature of work for our clients is changing as quickly as it's changing for us. They have the same challenges but in different ways—they're being disintermediated more quickly than we are, for example. It all means that clients are far more informed about what's possible than they used to be, and that means that the type of support they'll be looking for in 10 years' time could be very different. Instead of a human trusted adviser, they might turn to a 'digital companion'.

Steve Hill, KPMG

We're very conscious that the consulting model isn't going to be as it has been in the past, where people join as an associate and want to be a partner. Some people will do this, but others may want to kind of flex in and out of the industry. The industry will also change over the next five to 15 years in terms of what services it provides, and consulting firms may look more like digital businesses, with some parts more labour- or human-intensive.

Bhushan Sethi, PwC

Section 03

THE IMPLICATIONS FOR CONSULTING FIRMS

03

Five key questions for consulting firms

Our data suggests that consultants are broadly happy with both the pace and nature of changes in the way they work, and are optimistic about what will happen in the future. But it also highlights some specific challenges.

In this final section of our report, we'll focus on five questions which we believe highlight the points that consulting firms will need to consider going forward:

- 1 What do consultants think their jobs will look like in five years' time, as a result of changes in technology?**
- 2 Are consultants likely to be more or less satisfied in the future?**
- 3 Will new technology make the consulting industry more or less attractive as a career?**
- 4 Is technology likely to strengthen the consulting industry's reputation for innovation?**
- 5 Do consultants think that the firms they work for are responding appropriately to technology-led change?**

CONTRIBUTORS

We're immensely grateful to the following, all of whom contributed their time to our research. These details are correct as of the time of interview in 2018.

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A Co-Founder and Director of Source, Fiona is one of the world's leading commentators on the management consulting industry. Since founding Source in 2007, she has been bringing this expertise to bear on our clients' most pressing strategic projects and business issues.

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About Source

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