EXTRACT

SOURCE GLOBAL RESEARCH

May 2019

The US Consulting Market in 2019

Market Trends Programme

Contents

US summary

Provides an at-a-glance view of the main trends in the market alongside key statistics.

The US market—what you need to know

Explores the key trends and topics that are front of mind for consulting firms in this market right now.

Market data

Looks at growth, sizing, and forecast data split by sector, service, and consulting firm type, together with analyst insight about what's happening in the market.

Forecast

A consultant and client view of what's likely to happen in the market in 2019 alongside a summary of forecast growth figures for 2019 by sector, service, and consulting firm type.

About this report

Our report draws on five main sources:

- Our global data model with 9.7 million data points
- Our annual global client perception survey of senior end-users of consulting firms
- Our interviews with senior management consultants from a range of consulting firms
- Our interviews with senior clients of consulting firms across a range of sectors and functions
- Our in-depth desk research on the market

A detailed view of our methodology and more information about Source can be found below.

Client profiles

US overview

DIGITAL **ASSETS**
CONCERNS **VALUE** *DATA*
BOOMING
SPEED *DOWNTURN* TRADE **DEALS** *TRANSFORMATION*

The US consulting market performed strongly in 2018, with growth of 8.5% outpacing even 2017's impressive uptick, taking the market to a value of US$68.5bn.

> *We had an amazing year. The last three to four years have been groundbreaking.*
> John Tobin, Slalom

> *The US performed pretty well in 2018.*
> Randy Browning, PwC

> *2018 was a great year for us. We saw tremendous year-on-year growth in each of our industry sectors and solution areas.*
> Casey Foss, West Monroe

The thriving economy, spurred on by 2017's tax cut, made for positive market conditions, with clients in a confident mood and keen to invest. Clients looked for consulting help to maximize the value of the initiatives being undertaken and make the most of the possibilities presented by new technology.

> *2018 was a strong year. The booming economy gave clients the confidence to make investments for strategic purposes.*
> Robert Rourke, L.E.K. Consulting

> *I don't think there has ever been a better time to be a consultant. There is a different sense of urgency and rigour to solve previously unsolvable problems. It's a very exciting time.*
> Michael Lyman, Accenture

The complexity and pace of change facing clients was the major driver of demand. Clients face a number of challenges, including the need to deal with competitive market conditions, keep up to date with the latest technology, and cope with a difficult global political and economic landscape—all creating tensions. For most consultants, this was good news, as clients turned to them for support, though for some the picture was less rosy, as the myriad challenges reduced the spending appetite of some clients.

> *The overall performance has been strong with high demand for top-tier talent and services. Clients have been faced with pressure from disruptors of many types, including new entrants, a high volume of deals, pressure from activist investors, and the international trade situation.*
>
> David Garfield, AlixPartners

> *The consulting market has been very, very strong in 2018. The benchmark, or the bedrock, of a consulting market is the change agenda of our clients, and there's no shortage of change; positive and disruptive.*
>
> Hank Prybylski, EY

> *The consulting market was a bit choppy in 2018. There were a number of changes in the market that affected clients' buying patterns in the markets we focus on.*
>
> Lee Spirer, Navigant

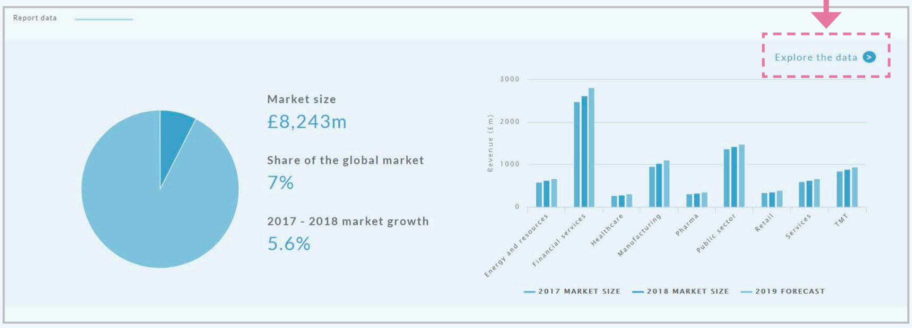
> *2018 was a strong year and our growth was very broad based. We experienced strong growth in each of our practice areas—we felt very good about 2018 in a very dynamic market.*
>
> Cory Gunderson, Protiviti

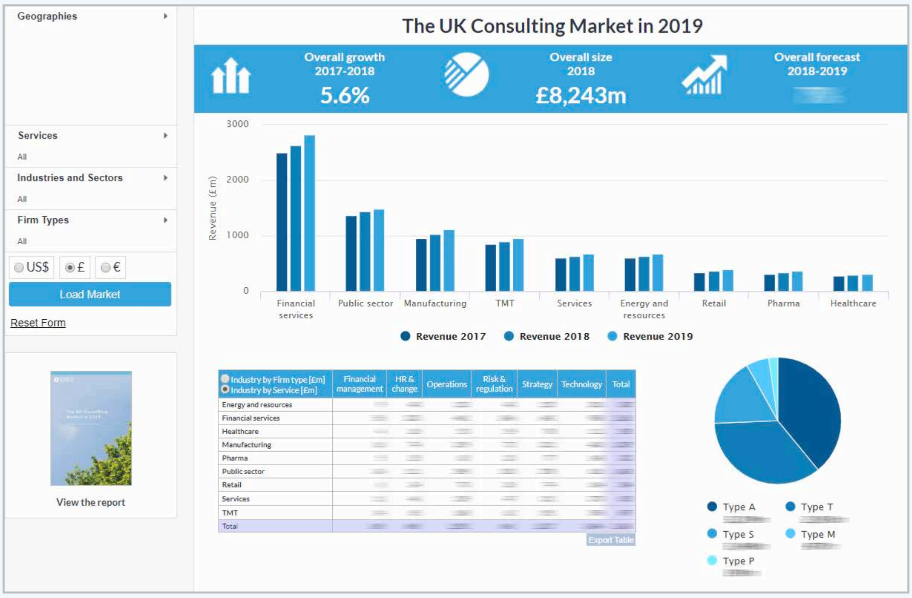
With concerns that economic growth may slow as the short-term boost from the tax windfall loses its effect, and given the potential of the looming Presidential election to affect clients' plans, 2019 could be a little bumpy in parts. Fears of a cyclical downturn abound, and those fears could, in themselves, be sufficient to slow client spend on consulting support even if the economy's fundamentals remain strong. That said, clients have so much on their plates that this bumpiness is unlikely to do much to alter the current strong growth trajectory—at least through the end of 2019.

Explore the data

All of the market size data in this report is available to explore online through our global data model portal. You are able to interact with the data in more detail and create custom views of the market to suit your needs.

You can access the data via our reports page, as seen below:





EXPLORE THE DATA

Our global data model is the biggest and most sophisticated model of the professional services industry available. It provides data on market size, growth rates, and forecasts across 29 industries, six service lines, 84 countries, and five firm types. It's the platform on which a growing number of professional services firms are basing their understanding of the market and their performance within it.

About this report

Methodology

Sources

Our report is based on quantitative and qualitative research of consulting firms in the US. This includes the following:

Megamodel: our global data model

The quantitative data contained in this report focuses on consulting done by mid- and large-sized consulting firms (those with more than 50 consultants) and typically includes work they have carried out for mid- and large-sized clients—what we at Source call “big consulting”. It therefore reflects the “addressable” market for the majority of mid- and large-sized consulting firms; we don’t try to track the long, thin tail of work done by very small firms for very small clients, nor the contractor market, as most readers of this report would not seek or be able to compete with this part of the market. Our analysts work out the addressable size of the market through desk research, identifying the number of firms that meet our criteria, and extrapolating from that to reach a figure for the market as a whole.

Using this definition, we’ve built a bottom-up model of the global consulting market from the information we get from consulting firms and our own research, and we use it to size the industry and its growth rates. This is based on our global model which contains detailed data about almost 1,600 firms, plus higher-level estimates about a further 400,000 firms, all with more than 50 consultants apiece, in addition to comprehensive primary research carried out by Source analysts.

Please note that our 2017 baseline figures have changed a little since last year, as we have refined and implemented improvements to our research methods. We are happy to provide subscribers who bought last year’s report with a restated set of 2017 baseline figures should this be of interest.

We should emphasize that there are no standard sources of definitions of data within geographies let alone between them. We are, however, confident that the richness of our qualitative data, combined with Source’s unparalleled industry expertise, means that our analysis fairly and accurately reflects the state of the market.

Please note that we have refined and implemented improvements to our research methods for digital data, taking a bottom-up approach to firm-level data this year.

All figures given in this report are in US dollars. For reference, Source is using the following exchange rates in its reports this year:

US dollar to British pound	**US$1 = £0.75**
US dollar to euro	**US$1 = €0.85**

Client view

We interview senior end-users of consulting in the US to help us to build up a rich picture of how trends in the consulting market are playing out within clients' organizations. Our conversations focus on the following areas:

- What's driving change in their organization
- How they are using consultants
- Factors that affect the way clients work with consulting firms
- What they value the most—and least—about working with consultants

We also carry out client surveys. We surveyed 715 senior clients of consulting firms across the US. The majority (94%) work for private sector organizations, many of which are multinationals. The remaining 6% work in various public sector organizations. All work in organizations with over 250 employees.

Our survey asks clients similar questions about how they buy consulting services. In particular, this report draws on how they expect their expenditure on consulting services to change over 2019 and into 2020, what initiatives they'll be working on, and how likely it is that those initiatives will drive consulting work. Their responses are just one of the factors that we take into account when forecasting future growth rates.

Figure 14

Respondents by sector

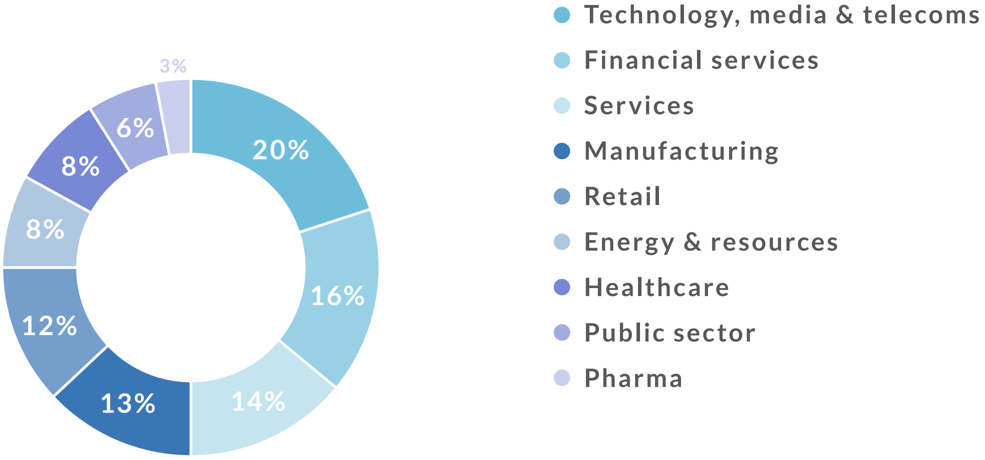


Figure 15

Respondents by organization size

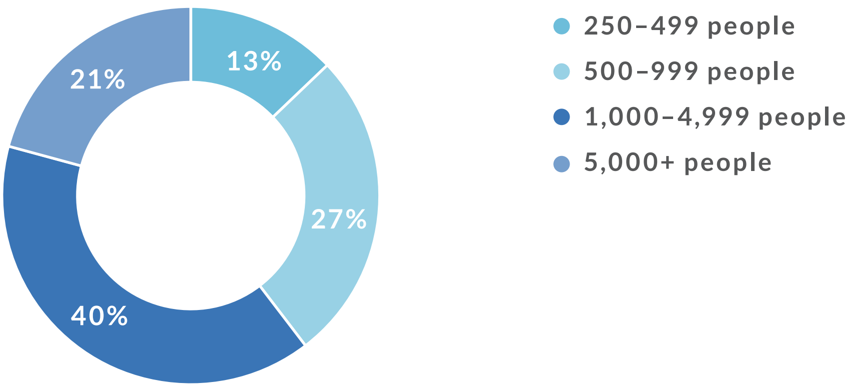
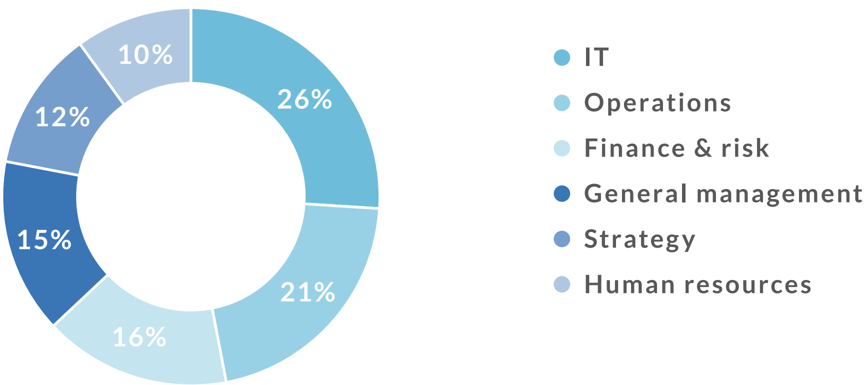


Figure 16

Respondents by function



Interviews with senior consultants

In addition to our quantitative research, we interviewed 23 very senior consultants (typically the most senior person in their country) from most of the leading consulting firms in the country and many smaller local specialists to understand more about how the consulting market is performing and what the major trends, changes, and challenges are. Throughout the year, Source analysts remain plugged into the global consulting market through our bespoke research and consulting projects, adding further depth to our understanding of the consulting industry.

In-depth desk research

We also conducted a thorough PEST analysis in the US that drills down into finer macroeconomic details on a holistic and sector-by-sector basis and allows us to fit our research into a wider macroeconomic picture.

Definitions of sectors and services

Our definition of management consulting includes a broad range of business advisory services, but excludes:

- tax advisory
- audit
- the implementation of IT systems
- the delivery of outsourced/offshored services
- HR compensation/benefits administration and technology

Where mergers and acquisitions work is concerned, consulting on deals is included (under strategy), but corporate finance fees on deals themselves are generally not included, although it is not always straightforward to separate the two.

For more information about how we classify consulting services and sectors, please see “Definitions of sectors and services”.

Contributors

We are extremely grateful to all the people we spoke to for making this report possible. Below is a list of the individuals who have contributed from consulting firms (some consultants choose to remain anonymous).

Name	Job title	Firm
Tom Bolger	Chief Strategy Officer	West Monroe
Alex Bombeck	President & Managing Director	North Highland
Randy Browning	Partner	PwC
Carl Carande	Vice Chair, Advisory	KPMG
Maria Downing	Senior Manager, Global Consulting Strategy Office	Deloitte
Tracey Figurelli	Executive Vice President	Resources Global Professionals (RGP)
Casey Foss	Chief Marketing Officer	West Monroe
David Garfield	Managing Director & Co-Leader, Enterprise Improvement Practice – Americas	AlixPartners
Cory Gunderson	Executive Vice President	Protiviti
Ken Hutt	Principal, CSO, US Consulting	Deloitte
Sandeep Kumar	Managing Director New York	Synechron
Michael Lyman	Senior Managing Director, Accenture Strategy – North America Strategy Leader, Global Insurance Leader	Accenture
Thomas Mataconis	SVP, FSI Business Consulting	NTT DATA Consulting, Inc.
Allan Platt	COO	Clareo Partners
Hank Prybylski	Americas Go To Market	EY
Tom Puthiyamadam	U.S. Management Consulting Leader, Global Digital Services Leader	PwC (inc Strategy&)
Jemuel Ripley	Executive Vice President, Sales & Sectors Leader	Capgemini Invent North America
Robert Rourke	Managing Director and President of the Americas	L.E.K. Consulting
Pete Sanborn	Co-President Performance, Reward & Talent	Aon
Lee Spirer	EVP, Global Business Leader	Navigant
Kerry Stover	COO	Pariveda
John Tobin	President and Co-Founder, North America	Slalom
Wim Tolboom	Country Manager	EFESO

About the authors

Zoë Stumpf

Zoë is Head of Market Trends at Source and is responsible for all reports published as part of the Market Trends Programme. A world-leading expert on consulting trends, she is the driver behind Source's bespoke analysis of consulting's biggest geographical and industry markets. She is an active member of the Source research team and spends much of her time interviewing consultants and their clients all over the world, collecting their first-hand accounts of what is happening in the consulting world. She also brings extensive experience as an analyst and writer to her post.

Prior to joining Source, Zoë spent more than 12 years working as a management consultant in a variety of roles with KPMG and Atos Consulting. She has also worked as an independent marketing consultant.

B.J. Richards

B.J. is the senior editor at Source and is responsible for ensuring consistency in quality, content, and tone across the core programme. She also writes a number of our core reports and participates in Source's market research. An accomplished writer and editor, B.J. has provided strategic communications for senior executives ranging from a US senator to presidents of Harvard University. She earned her juris doctorate from the University of Georgia and is a member of the Georgia bar.

Ashok Patel

Ashok is a writer and editor at Source, contributing to our Market Trends Programme and Client Perception Programme reports. Prior to joining Source, he was an editor and a consultant in the commodities market, and he also brings experience from the UK automotive sector.

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Programme schedule for 2019

Reports 2019	Market Data and Analysis	Client and Brand Insights	Emerging Trends
January	Forecasts for 2019		
February	UK	UK Nordics GCC	
March	GCC Benelux Nordics	France Germany US	The Future of Pricing
April	France DACH Southern Europe	Energy & Resources Financial Services Healthcare Technology, Media & Telecoms	
May	US Eastern Europe & Russia		The Value Problem
June	Canada	Global Perceptions of Audit Firms Global Perceptions of Risk Firms Global Perceptions of Tax Firms	
July	South America Australia		
August	Africa Risk		The Make-Buy Decision
September	India Energy & Resources Planning for Growth in 2020	Talent Attractiveness in 2019	
October	Financial Services China South East Asia		
November	Japan Healthcare Technology, Media & Telecoms		The Future of Delivery
December	Tax		

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SOURCE GLOBAL RESEARCH

Our custom work

We provide advice and custom research services to the world's most successful professional services firms, helping them to identify, and develop strategic responses to, their most pressing opportunities and challenges.

Among other things, our work includes:

– Deep market and competitor analysis
– Acquisition strategy
– Proposition strategy and development
– Brand and client sentiment analysis
– Thought leadership strategy, development, and review

For more information about any of these, please visit our website or get in touch.

SOURCE GLOBAL RESEARCH

About us

Source Global Research is a leading provider of information about the market for professional services.

Set up in 2007, Source serves the professional services industry with expert analysis, research, and reporting. We draw not only on our extensive in-house experience but also on the breadth of our relationships with both suppliers and buyers. All of our work is underpinned by our core values of intelligence, integrity, efficiency, and transparency.

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