EXTRACT

SOURCE GLOBAL RESEARCH

February 2019

The UK Consulting Market in 2019

Market Trends Programme

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

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5 About this report

Our report draws on four 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

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

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Programme manager, manufacturing sector 12
Chief digital officer, consumer packaged goods industry 18
Programme manager, financial services sector 42
Global head of marketing, manufacturing sector 49
CIO, banking industry 75
Operations director, consumer packaged goods industry 79

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UK overview

DISRUPTION **GROWTH** *OPPORTUNITY*
DIGITAL BREXIT
VARIED **WORKFORCE** *OPTIMISM* CHANGE
TRANSFORMATION
EFFICIENCY **UNCERTAINTY**

It's hard to identify a consensus view on the health of the UK consulting market in 2018. Although the numbers tell a story of a market that continues to grow, albeit at a slower rate than in 2017, what's clear is that individual firms continue to have very different experiences of the market.

> *The last 18 months have been about growth and the market has been buoyant in the UK.*
> John Blackburn, IBM

> *Overall, we've seen growth in consulting, but with substantial variation in trends across industry sub-sectors.*
> Richard Hammell, Deloitte

Brexit, inevitably, is one of the reasons for this patchy experience of the market, not just because it has created nervousness among some clients about committing to large programmes of work in the face of continued uncertainty, but also because of the effect that the UK's planned exit from the EU has had to date on the UK economy. A fall in exports, declining foreign investment, and rising inflation are all undoubtedly impacting clients' ability to invest.[1] Forecast GDP growth in 2018 of 1.4% was not only less than 2017's growth rate but put UK growth behind that of other major European economies, namely Germany and France. While Brexit-related demand has generated a good pipeline of work for many firms, some found their clients largely restricting themselves to must-do work, with more discretionary programmes in shorter supply—or at least more difficult to get off the ground.

1 Holly Ellyatt, *Brexit is estimated to have wiped 2% off the UK's GDP even before the exit date*, CNBC, Sept. 3, 2018 (accessed Jan. 9, 2019). Available at: https://www.cnbc.com/2018/09/03/brexit-is-estimated-to-have-wiped-2percent-off-the-uks-gdp-even-before-the-exit-date.html.

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> *Decision making in both the public and private sectors has been much slower in 2018. I think this is because organisations are more conservative when considering their spend at the moment, alongside uncertainty regarding Brexit and economic growth in the UK.*
>
> Andrew Hooke, PA Consulting Group

At the same time, there were firms that had a bumper year in 2018. It's been said many times before, but uncertainty and disruption can be a positive for consulting firms called upon to support clients as they work through their difficulties. And of course, it's not just Brexit and a slower economy creating this backdrop of disruption.

The onward march of new technology has forced clients to invest in the latest developments for fear of falling behind in the face of rising consumer expectations and intense competition, both domestically and from other parts of the world.

> *It's been a good year with our firm's fastest growth in the UK for 10 years.*
>
> David Rowlands, KPMG

> *The market was fairly robust last year. There was a lot of disruption and change, and as consultants, change and turmoil mean a lot of opportunities.*
>
> Michael Burke, Aon

> *Growth in demand has been good for consulting services as clients are seeking advice in responding to a more complex and uncertain business environment, both in the UK and internationally.*
>
> Anand Raghavan, Roland Berger

All in all, this was a market that grew by 5.6% in 2018. This represents a further decline in growth rate following market expansion of 6.1% in 2017 and 7.5% the year before, but it's far from being a disaster. Continuing economic and political uncertainty could make 2019 another bumpy ride, but the likelihood of a surge in Brexit-related preparation activity should provide a short-term boost to demand, making 2019 a better year overall.

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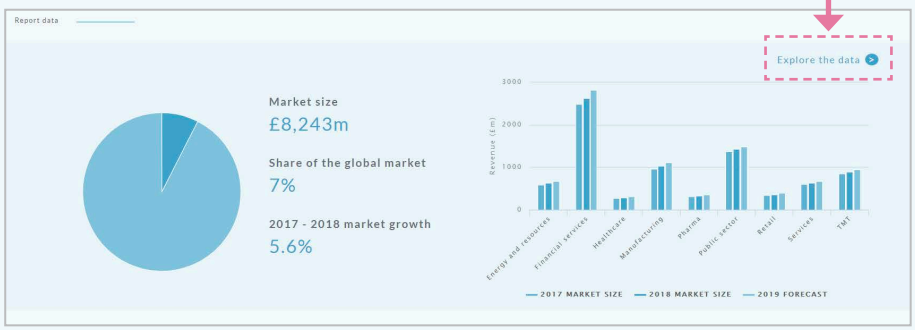
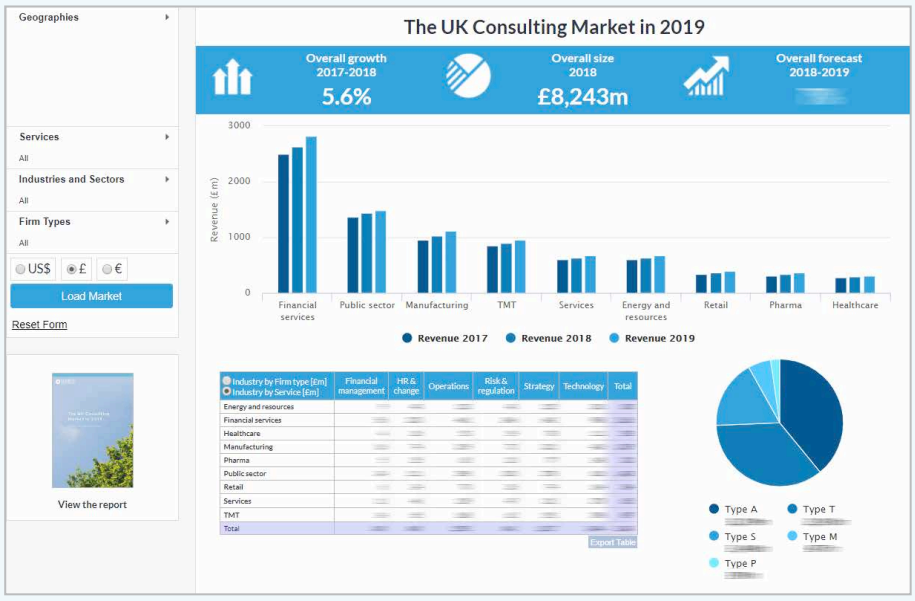
Explore the data

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.

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About this report

Methodology

Sources

Our report is based on quantitative and qualitative research of consulting firms in the UK. 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 emphasise 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 British pounds. 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**

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Client view

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

- What's driving change in their organisation
- 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 600 senior clients of consulting firms across the UK. The majority (91%) work for private sector organisations, many of which are multinationals. The remaining 9% work in various public sector organisations. All work in organisations 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, and what initiatives they'll be working on and how likely that is to drive consulting work. Their responses are just one of the factors that we take into account when forecasting future growth rates.

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Figure 14

Respondents by sector

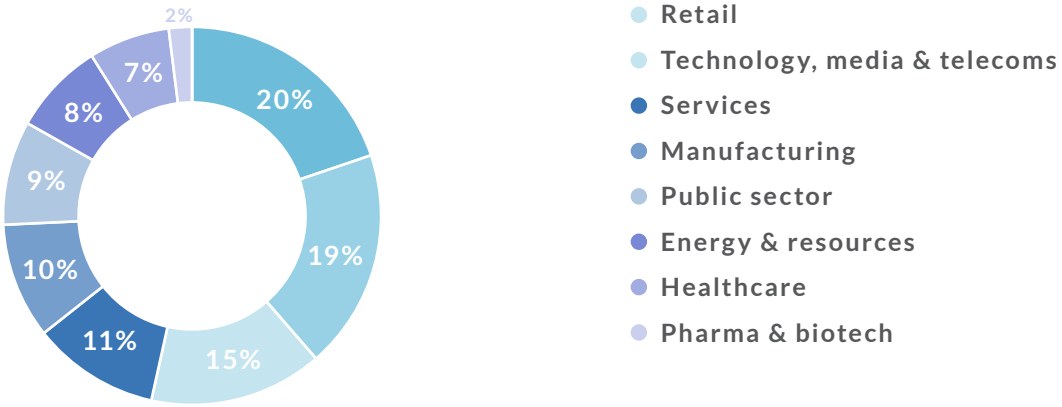


Figure 15

Respondents by organisation size

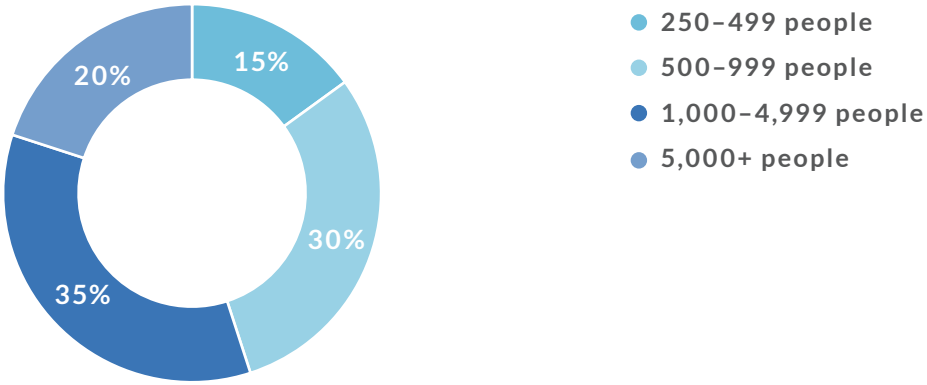
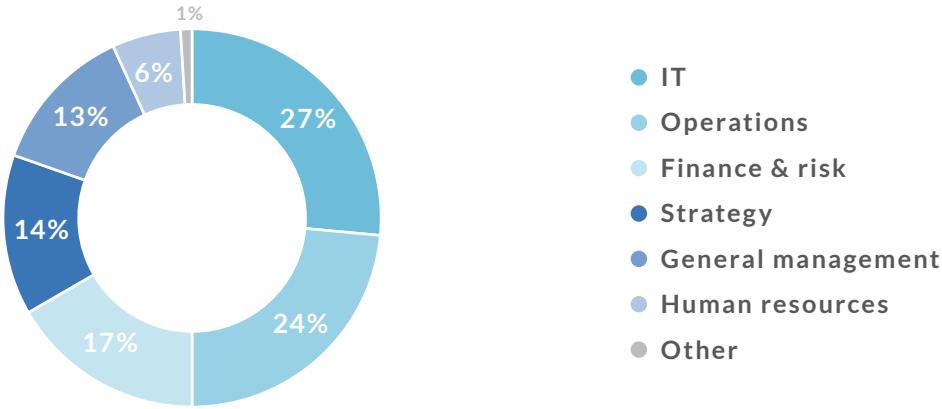


Figure 16

Respondents by function



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Interviews with senior consultants

In addition to our quantitative research, we interviewed 24 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 UK 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”.

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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
Eric Benedict	Managing Director	AlixPartners
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Tony Clark	Managing Director	Synechron
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Richard Hammell	UK Head of Strategy and Operations	Deloitte
Lisa Heneghan	Head of Digital Transformation at KPMG UK	KPMG
Andrew Hooke	Head of Consulting	PA Consulting Group
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Malcolm McKenzie	Managing Director	Alvarez & Marsal
Daniel Meere	Managing Director	Axis Corporate
Steve Newhall	Managing Partner	Korn Ferry
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Anand Raghavan	Managing Partner, UK	Roland Berger
Peter Richardson	Managing Director – Head of UK	Protiviti
James Rodger	Partner, UK Regional Lead	BearingPoint
David Rowlands	Head of Consulting at KPMG UK	KPMG
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About the authors

Zoë Stumpf

Zoë is Head of Consulting Market Trends at Source and is responsible for all reports published as part of the Consulting Market 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.

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Ashok is a writer and editor at Source, contributing to our Consulting Market 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		
July	South America Australia	Perceptions of Audit Firms Perceptions of Risk Firms Perceptions of Tax Firms	
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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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.

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- 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.

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