

January 2019

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# Forecasts for 2019

Market Trends Programme



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## About this report

Our report draws on four main sources:

- Our global consulting 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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# Introduction

Rereading the Forecasts for 2018 report that we published at the start of last year, one line jumps out ahead of all the rest: a musing that it will be interesting to see how client attitudes change over the course of the year as “details of Brexit and the Trump agenda come into sharper focus”. Oh, could we ever have been so young?

To be fair, “the Trump agenda” could hardly be clearer. He really, really wants to build a wall on the Mexican border. He would like the Affordable Care Act (ACA) to go away. He has fallen “in love” with Kim Jong-un.<sup>1</sup> He is “a Tariff Man”.<sup>2</sup> How much of that agenda turns into actual, workable policy that US clients and their global trading partners might confidently use to, say, make long-term business plans? Not a whole lot. As for that Brexit clarity that we thought would absolutely have to emerge in 2018? Well, you either laugh or you cry. But it’s coming any day now. Really, it is.

So, despite the fact that trying to keep up with the news in 2018 often felt like drinking from the proverbial fire hose, in some ways, very little happened—or rather very little seemed settled in any sort of satisfying, definitive way. It still kind of feels like everyone is waiting to see how the chips will fall. That sort of thing can’t possibly be good for the consulting market, can it?

## How will the consulting market fare in 2019?

Well, so far, consulting clients have taken the prolonged uncertainty in their stride. There was no guarantee that this would be the case. After all, last year’s survey results were a little hair-raising: Following a three-year streak of clients predicting big consulting spend increases year after year, at the end of 2017, just 54% of clients said they were planning to expand their consulting budgets over the following 18 months—a number that stood in stark contrast to the 73% who said they were looking to increase investments the year before. Even worse, 22% said they were planning cuts—a significant jump on the 11% who’d said the same in late 2016. Looking at clients’ new conservative streak, it seemed clear the uncertainty was getting to them.

And yet they kept spending anyway, and the global consulting market grew by a healthy 8.1% in 2018.

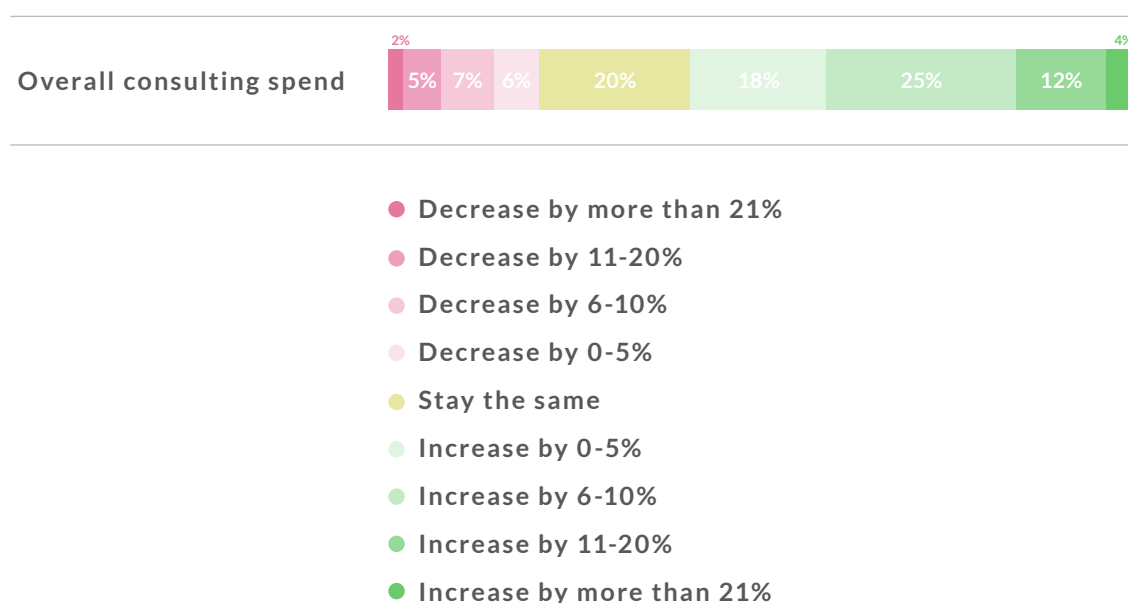
1 Chris Mills Rodrigo, *Trump: Kim Jong Un and I ‘fell in love’*, The Hill, Sept. 29, 2018 (accessed Jan. 2, 2019). Available at: <https://thehill.com/blogs/ballot-box/409104-trump-kim-jong-un-and-i-fell-in-love>.

2 Alan Rappeport, *Trump, Self-Styled ‘Tariff Man,’ Issues China a Warning*, The New York Times, Dec. 4, 2018 (accessed Jan. 2, 2019). Available at: <https://www.nytimes.com/2018/12/04/us/politics/trump-tariff-man-china-trade.html>.

This year, clients aren't quite so wary, even if they're not as ambitious as they were in the past. Overall, 59% of those surveyed for this year's report said they were planning consulting budget increases over the next 18 months, while 20% said they'd be cutting back. So, clients may not feel entirely sure of the road ahead, but they're not allowing themselves to be paralysed by uncertainty either. After all, there's a lot of work to do, and time waits for neither tariff men nor Brexits. Clients are signalling that, even in an unpredictable world, they are ready to get to work.

## Figure 1

*How clients expect their consulting expenditure to change over the next 18 months*



# About this report

## Methodology

### Sources

Our report is based on quantitative and qualitative research of consulting firms.

#### 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.

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

## 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”.

## About the authors

### *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 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.

B.J. Richards

✉ [bj.richards@sourceglobalresearch.com](mailto:bj.richards@sourceglobalresearch.com)

Ashok Patel

✉ [ashok.patel@sourceglobalresearch.com](mailto:ashok.patel@sourceglobalresearch.com)





## 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 Information Services Ltd  
20 Little Britain | London | EC1A 7DH  
UK +44 (0)20 3478 1207  
US +1 800 767 8058  
[info@sourceglobalresearch.com](mailto:info@sourceglobalresearch.com)  
[www.sourceglobalresearch.com](http://www.sourceglobalresearch.com)

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