

Consultancy Salary Review 2020



Prism

Executive Recruitment

Prism Executive Recruitment: Consultancy Salary Review 2020

In H1 2020 we undertook our annual salary review of the UK Management Consultancy market. This was compiled through the use of many relevant sources including our clients and candidates, other recruiters and additional information both private and published. We don't include large firm Partner and other equivalent Executive roles as the great variety of levels, and the make-up of remuneration packages, make simple summary figures meaningless.

The "Covid Crisis" hasn't yet had an impact and may not do so unless consulting firms experience pressure from clients regarding charge-out rates. This would hit profitability and, in turn, the scope for any uplifts to either existing or new staff and to the salaries and package a firm can afford. Indeed, "expensive" staff might be vulnerable. These rates are of course influenced by the nature of the consulting being delivered, the competitive positioning, sector etc. – all in flux at present as winners and losers become clearer.

Our experience is that candidate aspirations around a salary rise on moving jobs are generally subdued. The primary drivers for a move being either necessity (redundancy, lack of interim work, worries about job security) or seeking career progression, better experience, new challenges and work/life balance, rather than more cash. However, axed bonuses have been cited as a concern so far in 2020. A pay increase is more often mentioned as a key consideration by those in the earlier stages of their careers.

There remains a confusingly wide range of salaries at any given grade with upper quartile packages still typically mainly to be found in the "Big 4" and a small cohort of top tier advisory and strategy firms.

Prism's experience is that employers, both large and small, remain very cautious with respect to salary rises for existing employees or as a means of tempting new staff.

This summarises our findings (see definitions below):

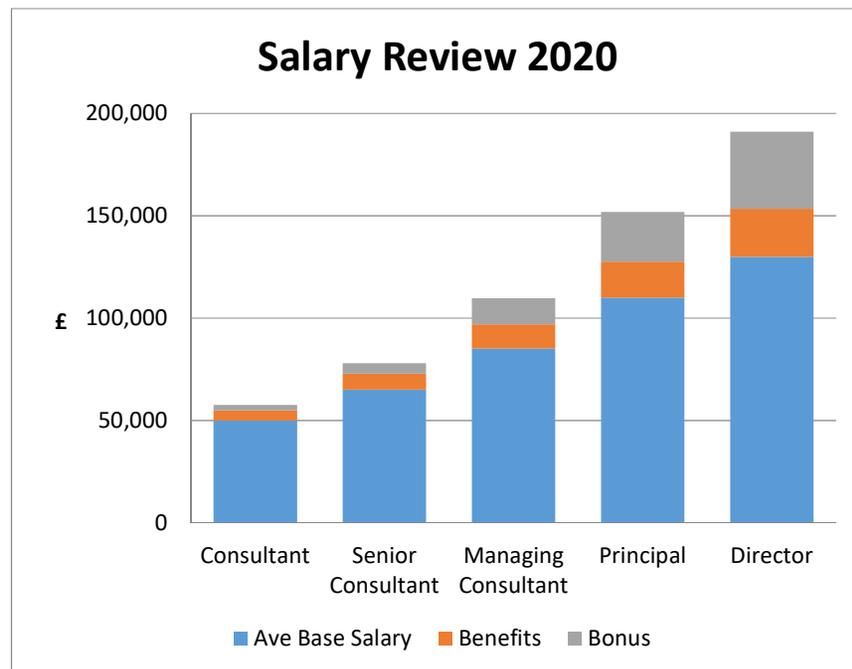
Grade	Base Salary Range	Average
Consultant	£40,000-£60,000	£50,000
Senior Consultant	£50,000-£80,000	£65,000
Managing Consultant/Manager	£70,000-£110,000	£85,000
Principal Consultant/Senior Manager *	£85,000-£130,000	£110,000
Director	£110,000-£180,000	£130,000

These relate to the base salary of consultants working in or around London (see later comment re regional variation). The upper c10-15% of the above bands typically relate to the very top end of the experience range and/or employees of the major strategy consultancies, or the highest performing consultants in "Big 4" firms.

There is considerable variation in the value and composition of the benefits package and variable pay component. The equivalent cash value of benefits is typically 10-20% of base salary with a tendency for more senior levels to be the more generous, including car allowances and greater pension contributions. Holidays are typically 25 days as the minimum but with some outliers below this.

Bonuses range from 0-5% at junior levels up to c. 40% at the most senior grade (very occasionally more, sometimes “uncapped”). Bonuses are usually dependent on a mix of personal objectives and those of the firm and at more senior levels such objectives are frequently weighted towards sales.

A ‘wildcard’ is travel expenses policy: if an employer is able to denote a given employee as ‘home based’ for the purpose of expenses then this can be worth a considerable amount to the employee depending, of course, upon their location. Excepting this point there are few noticeable regional differences in remuneration.



**Of note from 2019 are examples of Big 4 Senior Managers with base salaries in excess of £140,000: these outliers have not been reflected above and appeared to relate to firms attempting to keep staff by paying them Director level salaries when they are not able to promote them. There were also Big 4 staff on £85,000 or less who have the title Senior Manager but clearly neither the salary nor the sales involvement, again probably a retention strategy.*

Definitions of consulting levels:

Consultant:

At this level consultants will typically have 3-7 years of postgraduate experience.

Senior Consultant:

With at least 5 years’ experience and perhaps up to 12 years, these are more experienced delivery consultants. They might have some involvement in sales/business development (i.e. contributing to bids/proposals) and have experience of managing small teams, often perhaps as a workstream in a larger project. However they are overwhelmingly a chargeable delivery resource.

Managing Consultant/Manager:

At this level consultants will have 7-15 years’ experience, almost certainly including several years in consulting and would be able to manage small to medium-sized consulting engagements with typically 2-5 consulting staff and a similar number of client staff. Their focus would be as a chargeable resource, with perhaps 60-75% utilisation. They would have some business development responsibilities and could be involved in sales, particularly “sell on”, but not carry a target.

Principal Consultant/Senior Manager:

Consultants at this level will have typically a minimum of 10 years' experience, with several years in consulting, and would be able to operate independently at a senior level with clients, including managing major engagements or multiple projects, and may have sales and business development targets. They might "own" relationships, although not the overall account. Utilisation targets may range from c. 50%-70%.

Director:

These are very experienced and successful consultants with at least 13 years' experience, and often more than 20. These roles have all the attributes of a Principal Consultant and will also usually have formal sales or revenue targets, perhaps owning account relationships and with practice leadership responsibilities for a sector or service line – either "virtual" or direct staff management. Utilisation is typically 30%-60%.

In smaller firms these might be the most senior consulting employees apart from the owner(s) or the MD and could of course be termed "Partner". In mid-sized consultancies or the consulting arms of IT/outsourcing businesses they might report to the Board or Head of Consulting.

On occasion in larger firms these are not sales/revenue roles but grades for Subject Matter Experts, frequently with the explicit understanding that further promotion, i.e. to Partner, is not possible

NB: we have not attempted to cover all variations of role terminology. In particular a Managing Consultant can be a Manager, or a Senior Manager, or the grade immediately below the most senior levels of a firm (i.e. below Partner or Board level Director). As can a Principal Consultant!



In the Big 4 and major advisory firms the Partner grades would be above this and Partners would own the larger accounts and have higher sales targets.

If you would like to discuss any of the above please contact Chris Sale, Managing Director, Prism Executive Recruitment on 01344 636 426 or csale@prismrec.co.uk

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