

Consultancy Salary Review 2021



Prism Executive Recruitment: Consultancy Salary Review 2021

In H1 2021 we undertook our annual salary review of the UK Management Consultancy market. This was compiled using a variety of relevant sources including our clients and candidates, other recruiters as well as additional information both private and published. We don't include large firm Partner and other equivalent Executive grades.

Many firms cancelled bonuses, salary rises and promotions in 2020, even though in some cases the actual business impact of the pandemic didn't warrant it. Staff were unimpressed and as a result, many candidates are now seeking to make up lost ground. Combine that with the notable candidate shortages that employers and recruiters started experiencing from Q2 2021 and it's clear there will be significant salary inflation pressures on management consultancy firms.

Our direct experience is that candidate aspirations around a salary rise on moving jobs are much more bullish than in 2020, especially at junior and mid-tier levels. The primary drivers for a move remain either necessity (redundancy, lack of interim work, worries about job security) or seeking career progression, better experience, new challenges, better culture/values and work/life balance. However, a pay increase is much more often mentioned as a key consideration than in recent years.

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.

In contrast to the candidates' expectations Prism's experience is that employers, both large and small, have so far been very cautious with respect to salary rises for existing employees or as a means of tempting new staff. However, there are clear signs of firms being forced to reconsider proposed salary ranges in the light of weak pipelines of applicants with a relevant background and skills and increased attrition.

This summarises our findings (see definitions below):

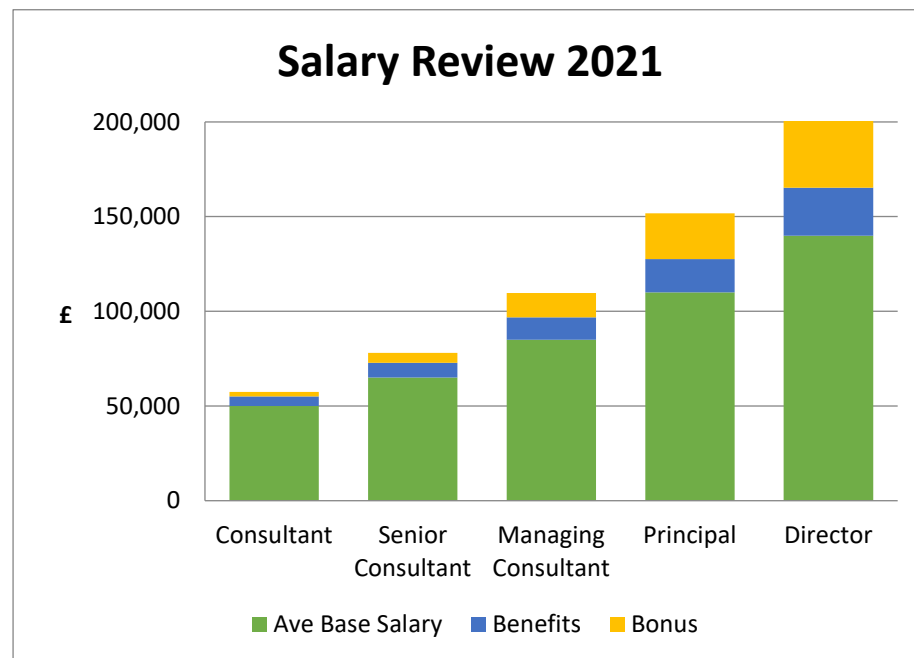
Grade	Base Salary Range	Median
Consultant	£40,000-£60,000	£50,000
Senior Consultant	£50,000-£80,000	£65,000
Managing Consultant/Manager	£70,000-£100,000	£85,000
Principal Consultant/Senior Manager *	£85,000-£130,000	£110,000
Director	£110,000-£180,000	£140,000

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 on top is typically 10-20% of base salary at Consultant and Manager grades with a tendency for more senior levels to be more generous, including car allowances and greater pension contributions. Holidays are typically 25 days as the minimum, up to a maximum of 30 days, but with some outliers below this.

Bonuses range from 0-10% at junior levels up to c. 40% at the most senior grade (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 can 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.



**We have seen examples of Big 4 Senior Managers with base salaries more than £140,000: these outliers have not been reflected above and appear to relate to firms attempting to keep staff by paying them Director level salaries when they are not able to promote them. Conversely there are 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’ post-grad 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’ total experience, almost certainly including several years in consulting and 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 may 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 probably not the overall account. Utilisation targets may range from c. 50%-75%.

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.

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



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 (more often called "Director"). As can a Principal Consultant!

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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