

# Management Consultancy Salaries 2023

One of the more common discussions Prism Executive Recruitment are having with candidates and management consultancy employers is around salaries.

What is the going rate? How much have salaries gone up? How much are we going to increase salaries in 2023? How can we attract staff with our salary offer? How can we stop employees leaving to better paid roles?

Our [Prism salary review](#) from mid 2022 gives some pointers but is already, inevitably, out of date.

This is a complex topic and hard data with any real validity is difficult to come by. For example even when some of the high profile advisory and consulting firms announce increases one has to ask a) whether they are being wholly transparent about all aspects of the “increase” b) what the motivations are for the raises and for the publicity.

That said the Office for National Statistics (ONS) data shows that employees in the [Professional and Scientific](#) industry are benefitting as it is the only area where pay continues to match rising prices and has done so since 2018.

## Prism’s observations are:

### 1. Salary rarely the main reason for a job move....

Candidates rarely cite salary as the main reason for considering a job move/for contacting an agency. This may be partly cultural i.e. in the “professions” e.g. management consultancy, salary is a very personal and potentially emotive topic. So few would want to state to a stranger (e.g. the recruiter or employer) that this was the primary motivation.

### 2. ....but more candidates now raising it

[Our own surveys](#) show time and again that other factors are invariably the *catalyst* for a job move. However in 2022 a salary increase was more frequently cited as an important *objective* for the next move AND the increase mentioned is higher, typically in the 10-20% bracket rather than the 5-10% uplift in the past. This is partly to claw back salary lost to inflation but also, more recently, to recompense for the perceived risk of a job move with

2023 recessionary fears. However employers and their staff are very sensitive to the potential for disparity between the salary paid to existing staff and the amount being offered to attract new joiners. From the employers' perspective fears of a downturn may subdue salary pressures and abate attrition worries

### **3. Employers use of 'grade inflation'**

Employers (and candidates) are attempting to address the challenge by "grade/rank" inflation e.g. promotions, or grade uplifts on moving employer. This has the advantage to an employer of enabling a salary increase for key staff without the knock-on effects of a) having to offer the same to everyone at that grade b) not having to significantly increase charge-out rates at the grade. For example where a "Manager" might in the past have required 6-8 years' experience they might now gain a promotion in as few as 4-5 years. When consultants are considering a move, a step up (a promotion) is often on their "wish list" where in the past it was less frequently mentioned.

### **4. Salary competition for management consulting talent**

Salaries are clearly an important factor for candidates at offer stage. Shortages of "premium profile" consulting staff, especially at Consultant and Manager ranks, has led to occasional "bidding wars" and aggressive attempts by their current employers to change minds. Even where employers are not overtly [counter offering](#) to "beat" another firm there is no doubt that they are very aware of the competition when pitching their salary offer.

### **5. Bonuses in lieu of inflation rate increases**

Management consultancy firms are understandably reluctant to commit to 10.7% (November 2022 CPI) or 13.7% (November 2022 RPI) salary uplifts. Our information is that the Major Firms are offering increases in the range 5-8% and/or offering uniform "cost of living" bonuses of £2,000-£4,000 as a one off. The bonuses have the twin benefits of disproportionately assisting the less well-paid staff and not increasing the underlying salary bill.

### **6. Mid term salary reviews and bonus**

While most increments are being offered as part of the yearly salary review some of the larger employers have announced firm wide uprating and bonuses separate from this annual cycle.



## 7. No real consensus on salary increases, especially in SME consulting firms

An unpublished survey of SME consulting firms suggests that there are wide disparities and limited consensus with a significant proportion planning under 5% or, conversely, over 10%! A related comment was that staff shortages and continued demand has emboldened some firms to be more bullish with clients about rate increases. Inevitably some, depending upon their circumstances and especially their markets, will feel more confident than others, so this may partly explain the wide range of responses.

## 8. Other package aspects rarely feature

Base salaries are only part of the picture: there is some evidence of increments in other areas of the [employee remuneration package](#) especially improved bonuses, mainly because of firms' improved financial position. As well as the "one off" payments mentioned above. Little change however with other benefits, or "work life balance" features e.g. [working from home and flexible working](#). The latter are already part of many employees' roles and job expectations. Attrition/attraction concerns have delayed or cancelled any thought of a return to the long hours and high mobility that previously characterised the management consultancy job (although changing client expectations have played a role in this).

The good news is that the Bank of England is predicting [inflation will "drop sharply"](#) in 2023 and it may be that employers can ride out the storm by careful and targeted measures. However as 2023 starts it seems clear that neither consulting firms nor their staff are out of the woods yet.

***For more information on the job market, or to discuss your hiring plans please contact [Chris Sale](#), Managing Director, [Prism Executive Recruitment](#) via [csale@prismrec.co.uk](mailto:csale@prismrec.co.uk)***