

A dramatic landscape photograph of a stormy sky. The top half shows dark, heavy clouds, while the bottom half shows a bright, golden light breaking through the clouds, creating rays of light. A single tree stands in the center of the horizon.

Stormy days ahead?

The state of the consulting nation

Fiona Czerniawska

M·C·A
MANAGEMENT
CONSULTANCIES
ASSOCIATION

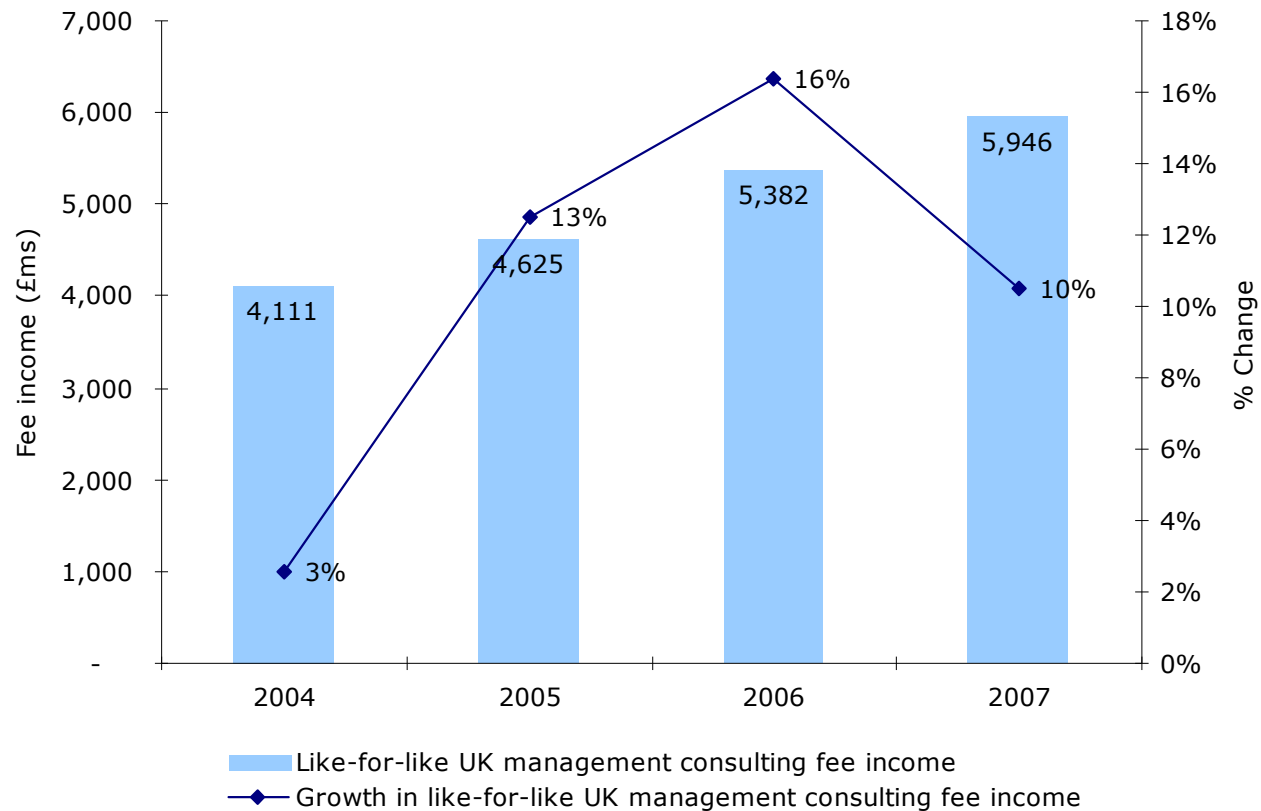


What am I going to talk about?

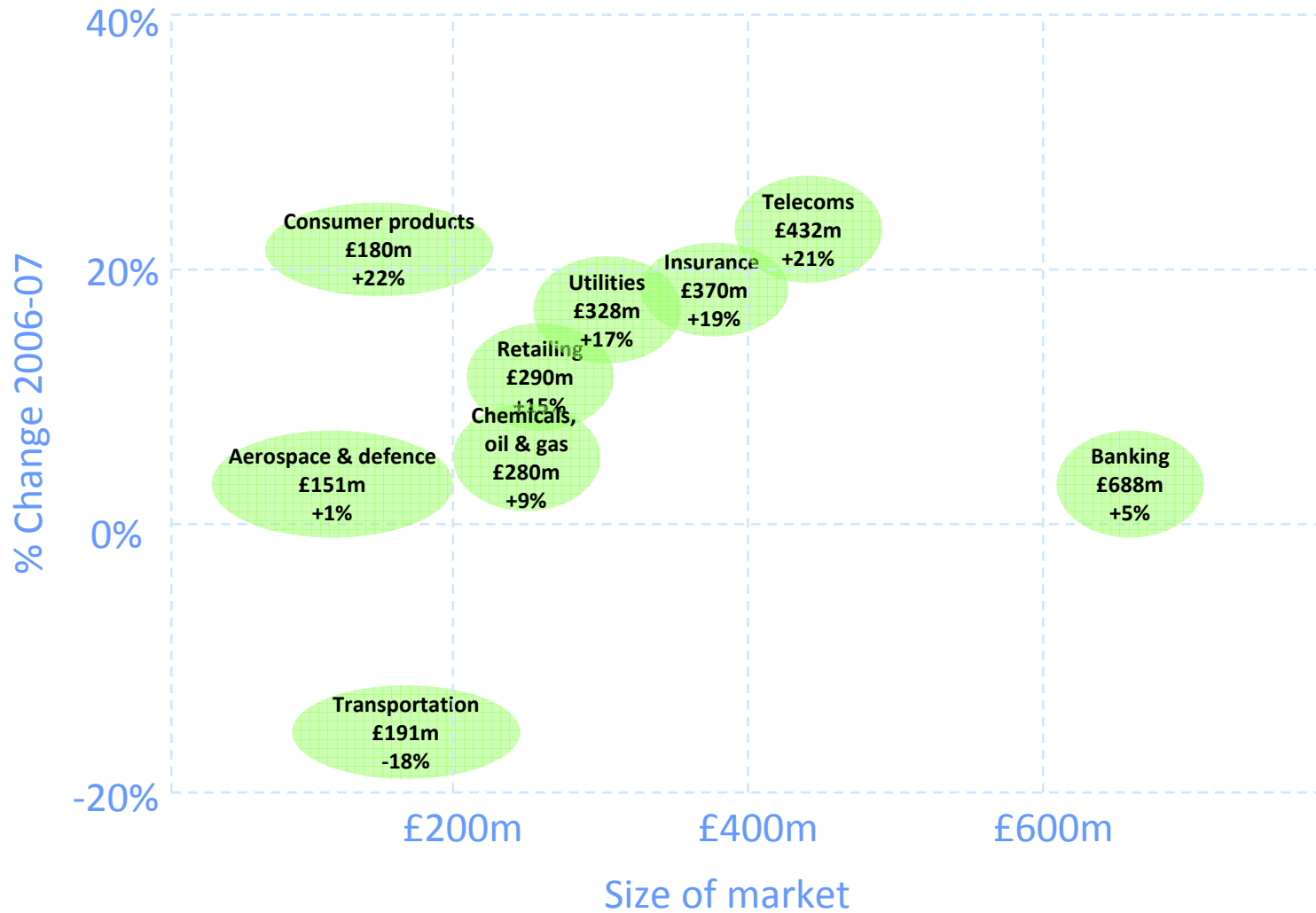


Slower growth in 2007...

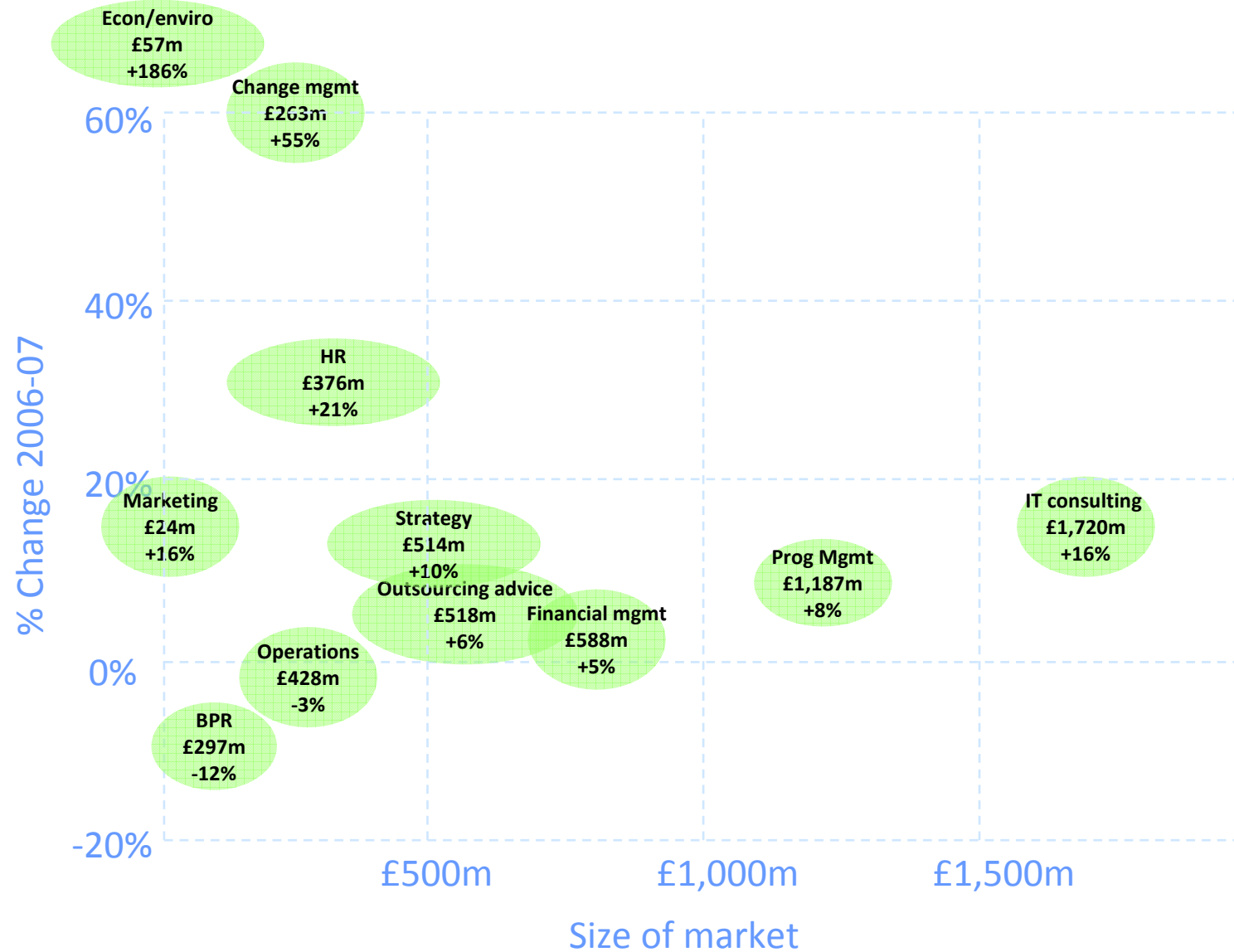
...and growth in the first half of 2008 was only 8 percent



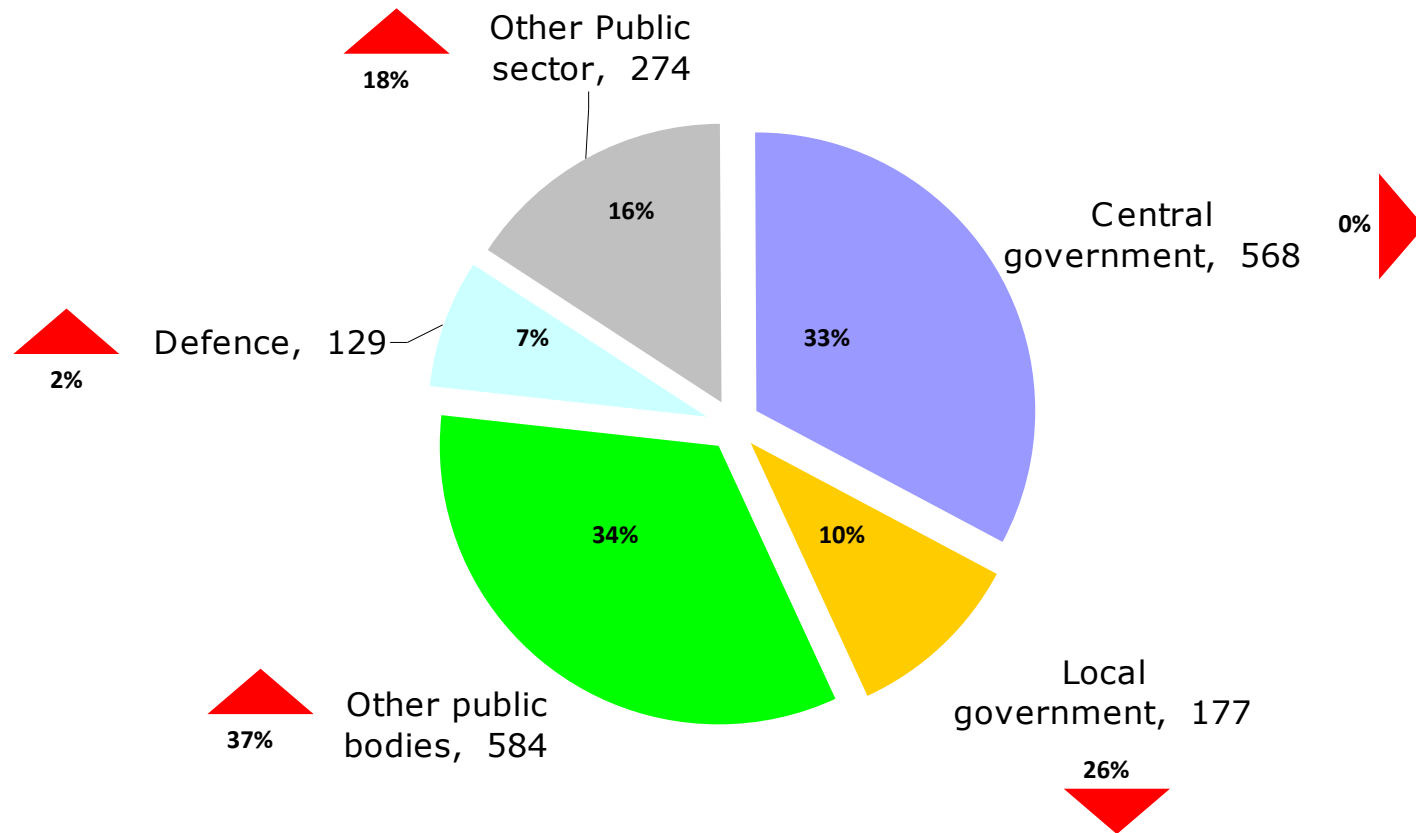
Trends in the private sector



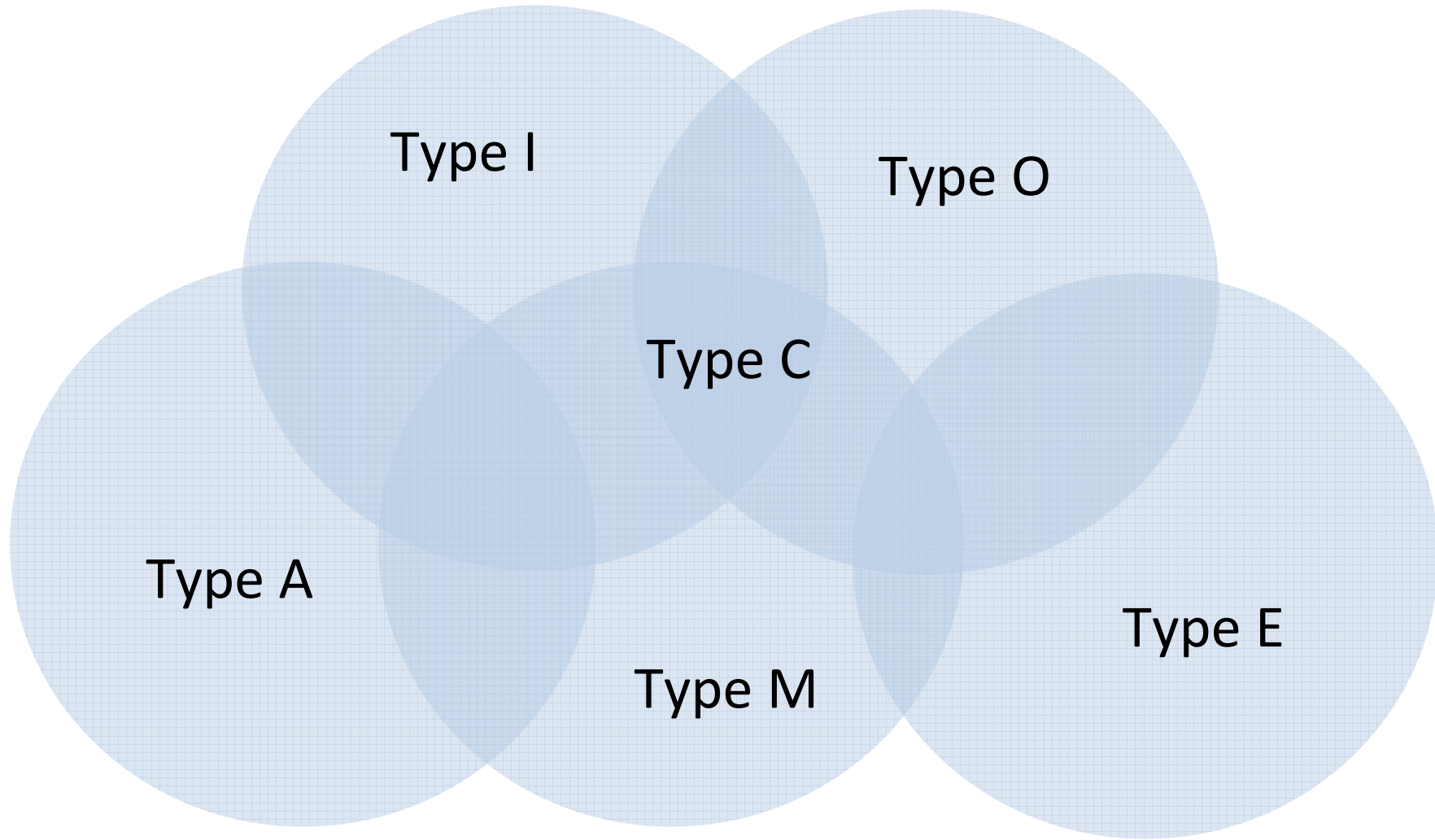
Trends by service line



Consulting in the public sector



Segmenting the consulting industry



Performance by segment

Segment	Share of management and IT consulting in 2007	Rate of growth H12008
Type C	57%	7%
Type A	21%	15%
Type M	10%	12%
Type I	9%	0%
Type E	3%	10%
Type O	1%	0%

Some operational metrics

	2006	2007	% Change
"Pure" management consulting	15,965	17,535	10%
IT consulting	10,879	11,493	6%
Outsourcing advice	3,884	4,445	14%
Management consulting	30,728	33,473	9%

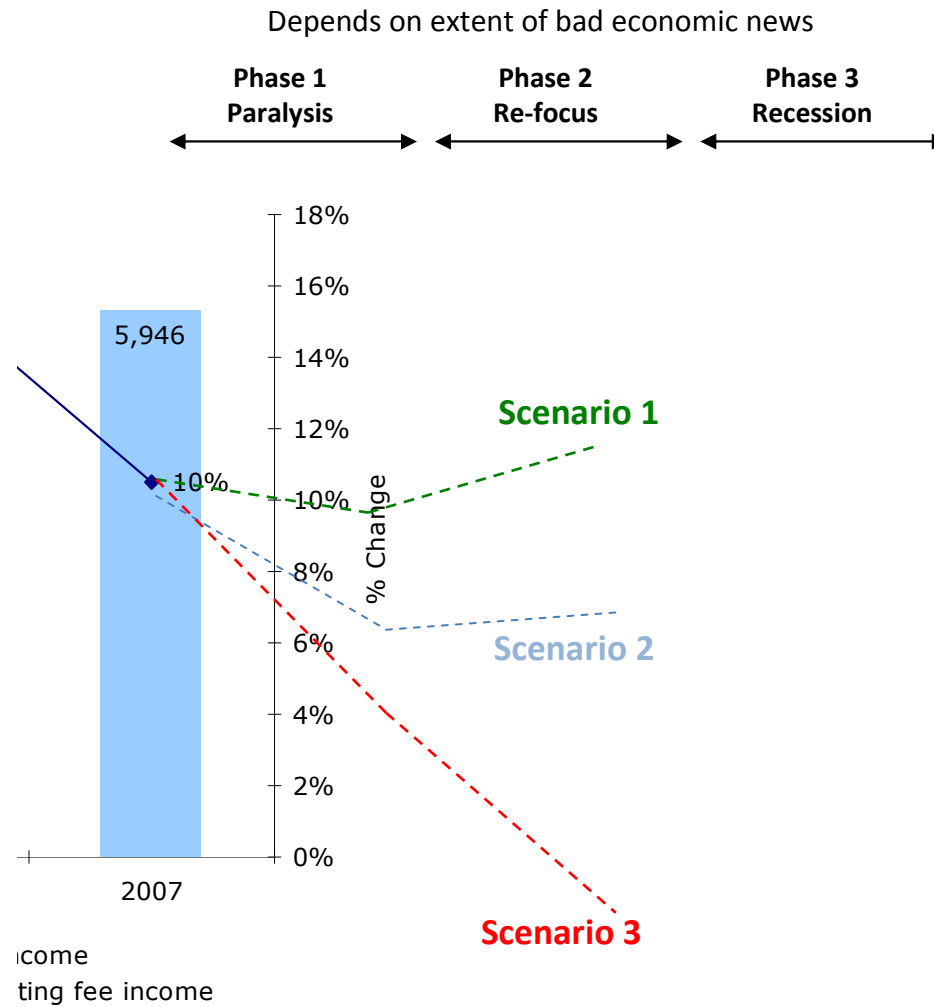
	2006	2007	% Change
Average revenue by consultant	175k	178k	2%

The impact of the credit squeeze?

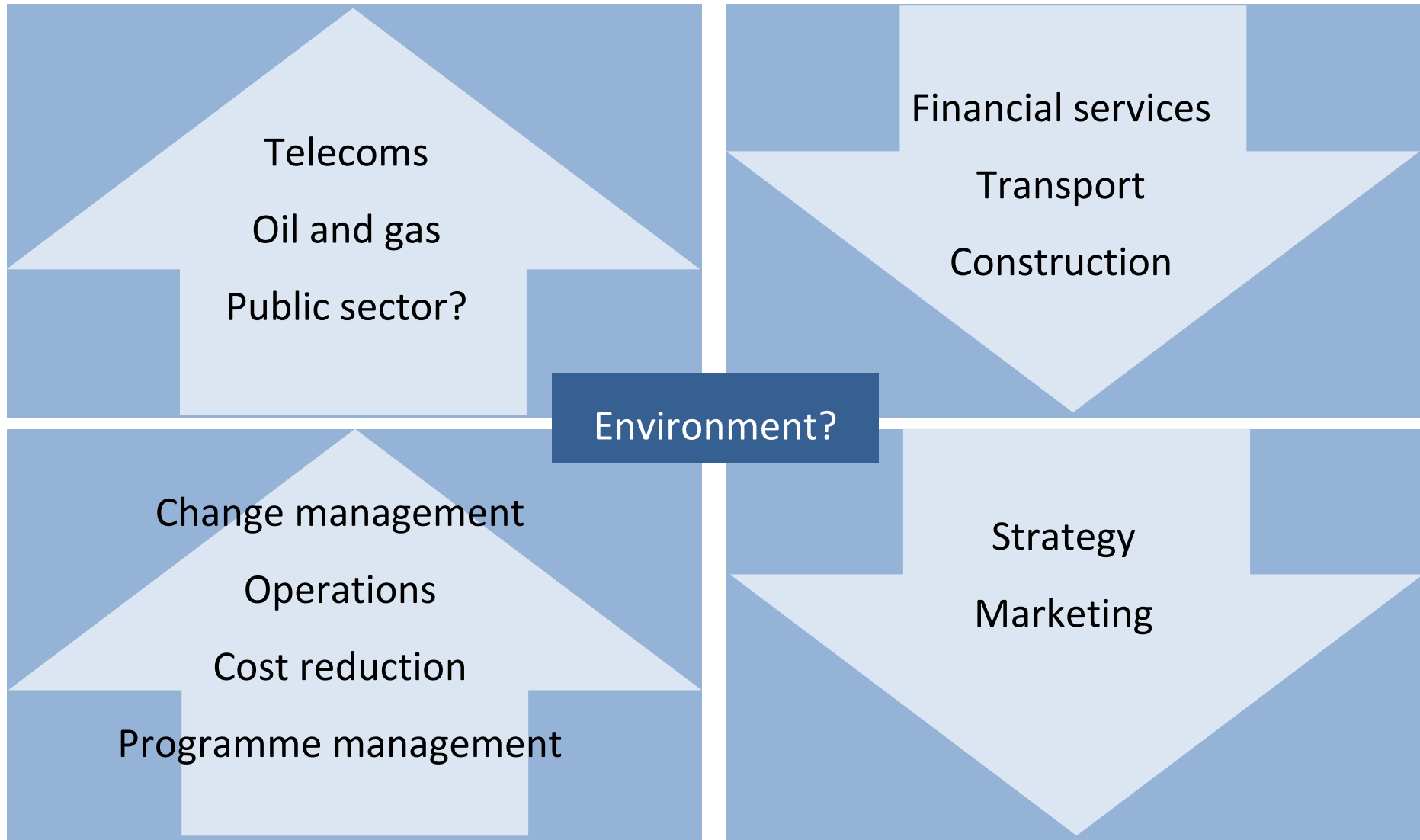


Three scenarios

...and most firms expect it to be Scenario 2, but recent events may change that



The outlook ...



The impact on clients

- Want to reduce their expenditure on consultants
- Focus on specific projects and cutting back on “biscuits”
- Need for security (brand)
- Preferred supplier lists



Winners and losers?





Non-discretionary

Projects need to: Have a compelling business case; be focused on delivery, rather than advice; generate tangible benefits; have an immediate payback





Differentiation

To be the obvious choice: Clear set of services; track record; specialist expertise; thought leadership



Organisational agility

To balance supply and demand:

Greater use of associates; more alliances; global delivery networks; overseas markets; virtual firms

In summary...

Do focus

Don't panic