



# Management and Related Consultant Services 2020

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## *Industry Developments and Workforce Issues*

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**Overview.**<sup>1</sup> Management consulting firms provide clients with advice and strategies to solve a range of complex business issues. These issues can include financial performance, business strategy, operational structure and human resources. The market size of the consulting industry in Australia is around \$8.4 billion. The largest consulting firms in Australia are the Big 4 Accounting firms which are Deloitte, KPMG, PricewaterhouseCoopers and Ernst & Young and strategic consulting firms such as McKinsey, Boston Consulting Group and Bain & Company.

**Employment Overview.**<sup>2</sup> The national labour market outlook<sup>3</sup> estimates an employment growth of 19.3% for Management and Related Consulting Services over the five years to 2024. Most recent ABS figures<sup>4</sup> indicate that as at May 2020, the sector employed 126,100 people nationally. Western Australia employed 9,900 people with fluctuating numbers over the past year: 8,200 in the February quarter, 10,300 in the November quarter and 10,400 in the August quarter. Compared to May 2019 (8,300), current numbers represent an increase of 16%.

The projected job growth for consultants in the next 5 years is 24.7% and the average salary for a consultant is \$103,000.<sup>5</sup>

National based statistics collected by Payscale<sup>6</sup> indicates that an entry-level Management Consultant with less than 1-year experience can expect to earn an average total of \$65,538. An early career Management Consultant with 1-4 years of experience earns an average total of \$74,965, whereas mid-career Management Consultant with 5-9 years of experience earns an average total of AU\$105,947. An experienced Management Consultant with 10-19 years of experience earns an average total of AU\$136,700. In their late career (20 years and higher), employees earn an average total of AU\$150,937.

**Industry Trends.** Top consulting firms are seen to be hiring specialised consultants in specific industry or function. Areas of employment for specialist hiring include operations, data science, marketing and sales, oil and gas, life sciences, capital markets and change management. The jack-of-all-trade consultant is viewed in today's market as limited in delivering tailor made solutions. This is a positive development for consultants with strong experience in specific industry areas to advance their careers. Large Australian consulting firms that are following this trend of hiring specialists or subject matter experts include BCG, McKinsey and Bain.<sup>7</sup>

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<sup>1</sup> Australian Government, [Australian Public Service Commission](#).

<sup>2</sup> These figures do not take into account any impact caused by COVID-19. It reflects data collected prior to the effects of the pandemic which is having a substantial negative impact on the current labour market.

<sup>3</sup> Australian Government, Department of Jobs and Small Business, Labour Market Information Portal, [Employment Projections, 2019 Industry Projections – five years to May 2024](#), May 2019.

<sup>4</sup> Australian Bureau of Statistics, Labour Force Australia Detailed Quarterly, [Data Cube EQ06 Employed persons by industry group of main job \(ANZSIC\), Sex, State and Territory](#), May 2020.

<sup>5</sup> Seek, [Career Advice – Management Consultant](#), July 2020

<sup>6</sup> Payscale, [Management Consultant Salary](#), July 2020

<sup>7</sup> Case Coach, [The Difference Between Generalists and Expert Roles at Top Management Consulting firms](#)



*Impact of COVID-19 Induced Downturn.* With the shrinking of the entire global economy and uncertainty faced by companies, the indication is that companies will reduce their demand for consulting services; either delaying projects or decreasing their scope or even cancellation of the entire project.

To offset the COVID-19 induced downturn, the Big Four consulting firms have made job cuts as well as an array of measures to contain cost, including asking staff to take pay cuts and partners having their pay slashed by up to 40%. Deloitte slashed 700 jobs, PwC slashed 400 and KPMG 200.<sup>8</sup>

*Impact Based on Segment.* According to an estimate by UK-based analyst firm Source Global Research, Australia is set for a 17% contraction in revenues. The overall impact on the industry is negative but there will be a variance in the impact by segment. The revenue risk varies considerably depending on the market, industry and the type of consulting work. For instance, opportunities are expected for restructuring and cost cutting programmes but with discretionary advisory services such as change management the forecast is a reduction of revenue by up to 40%.

The experts are predicting digital transformation will be a strong growth area. The necessity of digital transformation to business survival and longevity became abundantly clear during the pandemic lockdown. The shift towards digitisation is not new; it has simply been brought into sharp focus and accelerated by the pandemic.<sup>9</sup>

*Changes in Buyer Behaviour.*<sup>10</sup> Management consulting firms are worried about the changing ways buyers go about buying services and this concern seems to be driven by the increased use of online search, social media and other non-traditional channels to find and vet consulting firms.

Brand awareness and business reputation are derived from other online methods such as online reviews, sophisticated onsite and offsite content marketing programs and direct engagement in social media.

The digital revolution has amplified and accelerated to a point where word of mouth is no longer an act of intimate, one-on-one communication. Today, it also operates as a one-to-many basis where product reviews are posted online, opinions disseminated through social networks, blogging and podcasts are creating industry experts.

*Turning to a Portfolio Career.*<sup>11</sup> Post COVID-19, to ride out the storm, professionals of all generations appear to be turning to *portfolio* careers to earn their living through a mix of contracted freelance jobs, consulting gigs, short-term projects, board membership and other engagements that allow them to apply their expertise under flexible conditions. It is likely that some of the jobs currently cut or given leave of absence will be replaced by part-time contractors and freelance consultants in long-term.

This pursuit of multiple income streams can provide more financial security and spread risk across several projects or businesses, prudent in the current economic climate.

Both traditional recruitment agencies such as Hays and Chandler Macleod and online talent platforms such as Upwork, Freelancer and Expert360 can connect consultants to the right work opportunities.

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## Industry Workforce Priorities

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*Need to Understand Emerging Technology.* In a survey conducted by Centre of Management Consulting Excellence<sup>12</sup>, respondents were asked to rank drivers of change and their likely impact on the skills that will be needed by consultants by 2030.

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<sup>8</sup> Consultancy Australia, [COVID-19 cost-cutting response of PwC, Deloitte, EY and KPMG](#), 23 April 2020

<sup>9</sup> Financial Times, [Coronavirus creates new priorities for consultants](#), 2020

<sup>10</sup> Hinge, [Professional Services Marketing Today](#), February 13 2020

<sup>11</sup> Fast Company, [This is how each generation can freelance during and after the pandemic](#), 1 May 2020

<sup>12</sup> Survey by Centre for Management Consulting Excellence, [Consulting Skills for 2030](#), Dec 2018



Technology dominated most of the responses; ranking highest were cyber security (77%), artificial intelligence (76%) and big data (72%), followed by the internet of things (54%) and robotics (53%). Self-employment (75%) and globalisation (68%) were also seen as having a significant level of impact.

The survey suggests that today's consultants need to fast forward their acquisition of knowledge about new technologies, not so much as to advise on the new technologies at a technical level but to be able to understand the technologies and to contextualise their impact in a nervous and volatile business environment.

*SaaS – a New Business Model.* Overall, consulting services are labour intensive that use a billable time business model. Pitcher Partners, however, has recently launched a subscription model for its services aimed mainly at their mid-market clients. This approach provides clients with much needed flexibility amid the complex workforce planning equation they need to address in order to navigate the COVID-19 induced downturn. A subscription service model offers small to medium size companies a cost effective and flexible way to access advice.<sup>13</sup>

*Demand for Data Driven Approach.*<sup>14</sup> Typically, management consultants are engaged to collect and analyse data to prescribe improvement actions to solve problems, however, these activities tend to be very labour intensive.

With the adoption of business intelligence software, businesses can explore, analyse and share real-time analytics easily and more cost effectively. The ability to harness and analyse large amounts of data to identify insights is a powerful tool which will have an impact on management consulting, leading demand in more technology-based consulting solutions.

*Shortage of Business Intelligence Skills.* Business information and intelligence has the power to propel a business, if used strategically. The top skills needed include data analysis, problem solving, specific industry knowledge, communication and business acumen.<sup>15</sup>

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<sup>13</sup> Consultancy Australia, [Pitcher Partners launches subscription model for its services](#), 27 May 2020

<sup>14</sup> towards data science, [AI & The Future of Consulting: Will Data Scientists Become Consultants](#), 10 March 2020

<sup>15</sup> datapine Blog, [A Guide to Starting a Career in Business Intelligence](#), 7 March 2019