



# Management and Consulting Services

*Consultants and consulting services firms continue to play a role supporting organisations through periods of review and change, as well as enabling response to project and policy-based opportunities.*

## Industry Developments and Workforce Issues

**Economic Conditions.** The last few years have seen a period of constrained spending with increased competition from big firms and emergent mid-tier firms offering specialist services. A lulled WA economy has seen strategic business shifts from competing firms. Some entered new practice areas and lateral hires, offering a range of supplementary services to support revenue and others differentiated themselves by providing services in niche areas. Business confidence is starting to return due to increased levels of commercial construction, major civil infrastructure projects and signs of recovery in WA's mining sector which have a flow on effect to the rest of the economy,<sup>1</sup> including management and consulting services.

**Technology.** Businesses are placing a growing focus on system implementation to streamline workflow and processes, and inform decision making, based on data analytics to drive productivity and growth. Cloud-based accounting continues to grow and automation is transforming accountancy and finance jobs through automation of routine tasks such as payroll, tax, audits and banking.<sup>2</sup> Digitisation of products, platforms and services require management and consulting professionals to be highly knowledgeable and proficient in the use of current technologies and systems relevant to their business sectors. This is particularly relevant for those providing advice to clients around system selection/implementation and business efficiencies. They rely on highly developed analytical skills for functions such as financial modelling and interpretation of big data. Flexibility and adaptability are core skills needed to apply knowledge and broaden capability across emerging technologies and processes. System adoption will vary between industries and businesses. While well-resourced companies will have greater scope for implementation, smaller players will not have the same capacity. Consultants will need to find affordable, relevant solutions to streamline client processes, maximise their capability and gain business efficiencies.

**Service Diversification.** While the economy is showing some signs of improvement, the sector remains a highly competitive, cost conscious environment with corporate clients looking to gain efficiencies and reduce their spend. The provision of quality management and consulting services is reliant on highly skilled professionals with strong business partnering and enterprise skills to deliver business development services, improve business performance and provide business owners with a greater return on investment. Management and related consulting services have become supplementary service offerings and revenue streams for large accounting and (increasingly) law firms. In line with this, companies are rationalising their products and services to target growth industries and ensure business objectives are met. While we do not know whether this model will be adopted in Australia, PwC is set to overhaul its UK audit business and include an operational split to change their audit practice. Large accounting firms are expanding their legal service offerings to large corporate clients as a point of diversification, value-add and growth. Reportedly, the largest market for legal services contains corporate and business client accounts, dominated by banking, finance and insurance sectors,<sup>3</sup> while

<sup>1</sup> Bankwest for Business, [Bankwest Future of Business: Focus on Mining Services 2019 release](#).

<sup>2</sup> Hays Jobs Report, [Hotspots of skills in demand: Accountancy & Finance](#), Jan – June 2019.

<sup>3</sup> IBISWorld, Legal Services - Australia Market Research Report, May 2019.



accountants are now considered the most important professional services provider to SMEs in terms of business performance.<sup>4</sup>

**Niche Markets.** In a competitive market vying to gain and retain clients where income from traditional services is being driven down by technology, offshoring and the gig economy, smaller consulting companies will increasingly need to diversify their service offerings and provide specialist knowledge to support SME clients throughout different stages of their business lifecycle, directing business efficiencies, implement cost saving measures, assisting with financial literacy and guiding financial obligations. There are a number of sole traders and micro-businesses providing consulting services across all industries. The challenge for consultants working in highly regulated sectors (such as education, training and finance) is their ability to keep up to date with reforms and subsequent legislative, regulatory and compliance requirements. Consultants working in these areas will increasingly need broader and more complex multidisciplinary skills to meet employer and client expectations.<sup>5</sup> With change being a constant, it is important these professionals continue to up-skill and access development programs to ensure currency.

**Freelance and Gig Economy.** A growing freelance and gig economy is providing affordable skills gap solutions for under-resourced and smaller organisations. This is particularly important for SMEs who are increasingly relying on hybrid skill sets to support business growth and transformation. In this way smaller companies can access interim executive solutions by contracting consultants with relevant expertise, otherwise prohibitive through traditional employment solutions.<sup>6</sup> This is seeing highly skilled individuals being placed in temporary, contract-based senior roles within smaller companies. Some entrants into the industry are moving out of internal management and finance roles seeking the freedom and flexibility available through management consulting. These individuals contract via platforms such as Expert360 which are tailored for the professional gig economy.<sup>7</sup>

**Demand.** Automation and offshoring continue to reduce the need for duties typical to graduate and entry level roles in accounting and financial sectors, resulting in a local shift towards a provision of adjunct value-add technology-based service provision, including: industry specific advisory services, audit services, data analytics and cloud-based accounting. While the large four accounting firms continue to employ graduates to train internally, smaller consulting firms rely on employees who have strong relationship management skills and the ability to win and retain clients. A growing demand exists for experienced candidates able to operate in or rapidly familiarise themselves with client-based industries, particularly in companies where management consulting is not the core business or where they are looking to diversify and provide adjunct services. As such, skill demand aligns with industry sectors experiencing growth.

**Anticipated Growth.** Hays' latest skills report points to a growing demand for highly skilled professionals: senior accounting roles to assist organisations with system implementation and process improvement, data analytics, budgeting and forecasting, local tax and audit. Increasingly, employers and businesses are seeking experienced accountants with business acumen, analytical skills and the ability to interpret data and provide strategic operational insights.<sup>8</sup> Growth in contract, project-based, temporary and other non-permanent employment continues in the accounting professions. Demand from SMEs is expected to grow as business confidence returns and new construction, infrastructure and mining projects commence. McGowan Government's commitment to the development of a 20-year infrastructure strategy<sup>9</sup> flags a pipeline of projects, as does the \$1.6 billion allocation of Federal Government funds for road and rail infrastructure across Perth and regional WA.<sup>10</sup> Access to grants through the New Industries Fund may see an influx of new and emerging businesses requiring specialist accounting services to support their financial obligations and drive small business productivity and efficiency. Similarly, the government's plan to restructure personal income tax and our ageing population are also

<sup>4</sup> Bankwest, *Future of Business: Focus on Professional Services*, 2019.

<sup>5</sup> PwC Skills for Australia, *Industry Skills Forecast and Proposed Schedule of Work Draft for consultation, Financial Services*, April 2019.

<sup>6</sup> Understanding the 'gig economy' and the changing world of work. Seek insights & resources. Accessed at <https://insightsresources.seek.com.au/gig-economy-changing-world-work> on 24/07/2018

<sup>7</sup> The gig economy is growing whether you like it or not. Financial Review, 04/06/2018, accessed at <https://www.afr.com/brand/boss/gig-economy-explainer-the-phenomenon-rocking-the-way-we-work-20180514-h101t9>

<sup>8</sup> Hays Jobs Report, *Hotspots of skills in demand: Accountancy & Finance*, Jan – June 2019.

<sup>9</sup> Media Statements, *Infrastructure WA Bill next step to growing the economy and creating jobs*, 19 February 2019.

<sup>10</sup> Infrastructure Magazine, *Major investment in WA transport infrastructure*, 29 March 2019.



expected to drive strong demand for financial advice into the future, including tax related services and advice provided by personal accountants. PwC Skills for Australia anticipates a growth in demand for specialist knowledge to support retirees accessing financial services and people with a disability under the NDIS scheme.<sup>11</sup> Growth opportunities also exist as organisations seek to take advantage of Brand WA, the Western Australian Industry Participation Plan, Aboriginal Procurement Policy and the Asian Business Strategy.

**Regulatory Reforms.** Future of Financial Advice's (FoFA) educational and licensing requirements for accountants providing advice<sup>12</sup> and Financial Adviser Standards and Ethics Authority's (FASEA) mandated base tertiary requirements for existing and new financial advisers<sup>13</sup> will provide opportunities for experienced, qualified and licenced financial advisers and consultants providing financial product advice (such as those associated with self-managed superannuation funds (SMSF) and related advisory services). Reports, reforms and pending regulatory guidelines examining banking, superannuation, financial services<sup>14</sup> and aged care quality and safety<sup>15</sup> have focused scrutiny on compliance around governance, compliance, leadership, culture, service delivery and remuneration. These will shape the direction of service provision across the sector and determine skill requirements into the future. Similarly, proposed OH&S legislative changes and reforms are also potential drivers of demand.

**Small Business Capability.** With many small companies vying for contracts, the competitive environment requires more than quality service delivery. Organisations need to stay connected with their clients in order to maintain communication and be responsive to their needs. Social networking and social media marketing are effective ways to promote and differentiate a business, inform clients and connect to new growth opportunities. Service providers need to foster interactive relationships with existing clients and utilise breadth of communication platforms to market themselves. Knowledge of global and regional trends as well as local factors are important if local businesses are to take full advantage of the most appropriate suite of marketing strategies and tools for their products and services. Lack of marketing expertise among the micro-business can be a barrier to growth.

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## Industry Workforce Priorities

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**Growing Capability Requirements.** A 2019 global survey of CEOs identify a skills shortage amongst their workers as the third largest threat to their growth.<sup>16</sup> Human skills such as creativity, critical thinking, emotional intelligence, empathy and imagination are critical in balancing technology with person-to-person connection. Similarly, Deloitte point to an emerging formation of *superjobs* which combine responsibilities across a number of work domains. These *superjobs* rely on increasingly complex set of technical and human skills, as well as adjunct capabilities supported by evolving technological advancements.<sup>17</sup> To some extent, professionals working in the management and consulting services sector have needed to continually adapt to fast changing work environments, developing their skills and knowledge to support client needs. This growing demand for increasingly hybrid skills and knowledge (and supply gap of suitable candidates) may provide growth opportunities for managing consultants with niche expertise.

**Management and Technical Capability.** Management consultants rely on their ability to build and sustain client relationships in a highly competitive environment while responding to growing expectations and requirements. Business acumen and business development skills are critical, as is the ability to adapt

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<sup>11</sup> PwC Skills for Australia, [Industry Skills Forecast and Proposed Schedule of Work Draft for consultation, Financial Services](#), April 2019.

<sup>12</sup> Ibid.

<sup>13</sup> The Financial Adviser Standards and Ethics Authority Limited, [Education Standard commenced 1 January 2019](#).

<sup>14</sup> Australian Government, The Treasury, [Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry](#), 2019.

<sup>15</sup> Australian Government, Productivity Commission, [Superannuation: Assessing Efficiency and Competitiveness](#), Productivity Commission Inquiry Report, 21 December 2018.

<sup>16</sup> Business News, [Time team human put tech to work](#), 5 April 2019.

<sup>17</sup> Deloitte Insights, 2019 Deloitte Global Human Capital Trends, [Leading the social enterprise: Reinvent with human focus](#).



to emerging business needs and delivery of adjunct services. A strong suite of enterprise skills particularly around advanced communication, problem solving, team work, customer service delivery and stakeholder management are critical to their role. They need well developed advisory and entrepreneurial skills, networking capability and an increasing reliance on technical and digital knowledge and skills. Improving organisational management capability is critical for productivity improvement and has been raised as an important policy consideration.<sup>18</sup> Technical capability among management professionals is crucial particularly on large projects to ensure effective management and delivery of projects on budget.

*Employment Conditions.* Growth in the gig economy, particularly via professional gig platforms, and the increasing use of temporary, freelance and contract management consultants is likely to see more subject matter experts and management professionals seeking to build their consulting and entrepreneurial skill set to take advantage of new opportunities. The risk to organisations seeking to engage independent consultants is ensuring employment conditions do not breach legislative obligations for independent contractors.<sup>19</sup>

*Training and Professional Development.* Continued training and professional development remains critical to ensure management professionals provide the greatest value to their clients and organisations. High level management and leadership skills are seen as critical for organisations to achieve productivity goals, to innovate and to be competitive.

*Work Health and Safety.* It is important those working in work health and safety are current in their knowledge and can provide advice on changes in the sector. Industry prefers individuals with a strong knowledge of the Standard and skills around safety management systems and audit. Demand for these is expected to increase aligned to regulatory changes and economic recovery. Legislative and regulatory changes are expected to bring about a need for training of safety and union representatives. Due diligence, duty of care, employee engagement and the ability to demonstrate professional competence will all be critical and an area of risk for consultants and service providers given increases in penalties for contraventions. Recently, PwC Skills for Australia has completed its review of Work Health and Safety qualifications within the BSB Business Services Training Package to ensure these can equip workers with the skills and knowledge to provide effective advice on WHS and enable high standards of capability among WHS students. While this may not directly affect consultants working in this space, it provides pathways into WHS roles across a variety of organisations and industry sectors.

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<sup>18</sup> Leadership, Culture and Management Practices of High-Performing Workplaces in Australia. Steve Vamos, 2011. Provided by Professionals Australia.

<sup>19</sup> Financial Review, [The gig economy is growing whether you like it or not](#), 4 June 2018.