

# Salary Benchmarking Report 2007

*A comprehensive study of remuneration levels  
within the **IT consulting**  
and **management consulting** sectors*



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## Introductory remarks

The report you are about to read is the most comprehensive study into consultancy remuneration levels and trends that we have ever produced. It's also quite unlike anything we've seen produced by any other commentators on the consulting market.

Over the past weeks we have collected detailed survey responses from 1,660 consultants, a record level of participation (in itself an indicator of how anxious consultants are to ensure they are not missing out on the remuneration front).

This record level of response means that, for the first time, we are able to break out data for several types of consulting – including strategy consulting, programme management, IT consulting and change management. So this year, more than ever before, both employees and employers will be able to benchmark how their salary levels stack up against those of the competition. Our thanks go to all those that took part – and to the new team at [TopITconsultant.com](https://topitconsultant.com) who supported the regular [Top-Consultant.com](https://topconsultant.com) team and helped us to generate over 400 responses from IT consultants alone.

Within this report you will find basic salary, bonus levels and benefits all individually reported by level and by type of consulting. We have also had a large enough response to produce aggregate data for the US market, which can be found towards the back of this report. It has taken a great deal of time to distil all this data into what I hope is an insightful and informative report. I trust it proves a valuable resource – and would appreciate you forwarding on a copy to any friends or colleagues you feel would be interested in the findings.



**Tony Restell**  
**Co-Founder and Director**

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## Initial observations

The consulting industry appears to have reached a turning point. Now a mature industry, it no longer commands the premium prices necessary to fund sizeable pay rises and bonus payments. Despite the ongoing difficulties firms face in hiring sufficient new staff, few seem willing or able to raise remuneration to address the situation.

During the dot-com boom, margins were much fatter and remuneration levels rocketed as firms found themselves short of staff. Today there is far more caution from firms on the pay front. With work being won at much lower margins, all firms are having to be wary of allowing remuneration to rise too far.

We asked **Chris Sale, Director of Prism Executive Recruitment**, to set the scene for us. His sentiments very much echo the findings you will discover in this report. The hiring market is buoyant – but remuneration has not kept pace with expectations:

*“Overall, despite clear staff shortages, consulting firms of ALL shapes and sizes are being generally cautious. The main drivers for this are 1) memories of the salary inflation of 5-10 years’ ago which resulted in large numbers of layoffs when the downturn came; 2) fear that pushing up salaries for external hires will have a knock-on effect on inflation internally; and 3) competition is keeping charge out rates low.*

*With regard to the latter point firms would rather turn away work than recruit staff at salaries which reduce margins. They would also rather have candidates turn down offers than hire them at too high a price. This is a trend that we expect to continue or even to become more pronounced.*

*In practice we find that employers, with few exceptions, rarely make ‘generous’ offers: more often they are ‘satisfactory’ or often a few percent below what the candidate might have indicated to be their bottom price!”*

## Initial observations

According to Sale, this behaviour is characteristic of the whole market and can make the job-hunting process a frustrating experience for those for whom money is a significant motivator:

*“Our experience is that this caution applies across the board and includes Indian firms, IT/out-sourcing players, smaller players and the Big 4.*

*Occasionally it is ‘disguised’ by a firm claiming that its market rates are upper quartile, while in practice the barriers to candidates actually meeting the criteria for a hire which would see them being offered a role at the right level are so high that the actual offers made are much lower. It is also disguised with some smaller firms by slightly higher base salaries but very modest benefits packages resulting in an overall offer which is far from exceptional.”*

These observations are entirely in keeping with the findings of this report. Overall the picture is one of modest gains in remuneration over the last year for higher achievers, with a significant proportion of consultants – particularly at the lower levels – seeing their real incomes actually shrinking. The headline findings do not make pretty reading for many employees in the sector:

- Pay rises averaged 6% for those that received a raise at all – and 26.5% of consultants received no raise over the course of the last year.
- Bonuses averaged 13.5% of basic salary for those that received a bonus – but 33.4% of respondents received no bonus this last year.
- This bonus figure is down from 14.6% a year ago – and the proportion receiving no bonus has also risen – highlighting the fact that margins are tight in consulting and rewards are being targeted at individuals whom the firms are most concerned to retain.
- The likelihood of not receiving any bonus is far higher for those in the earlier years of their career, with 50.7% of junior consultants and 36.6% of senior consultants receiving no bonus this last year.



## Overview of UK consulting salaries and trends



## Overview of UK consulting salaries and trends

Throughout this report, we use the following definitions when referring to consulting grades:

**Junior Consultant** - defined as having 1-3 years' consulting experience

**Senior Consultant** - defined as having 3-5 years' consulting experience

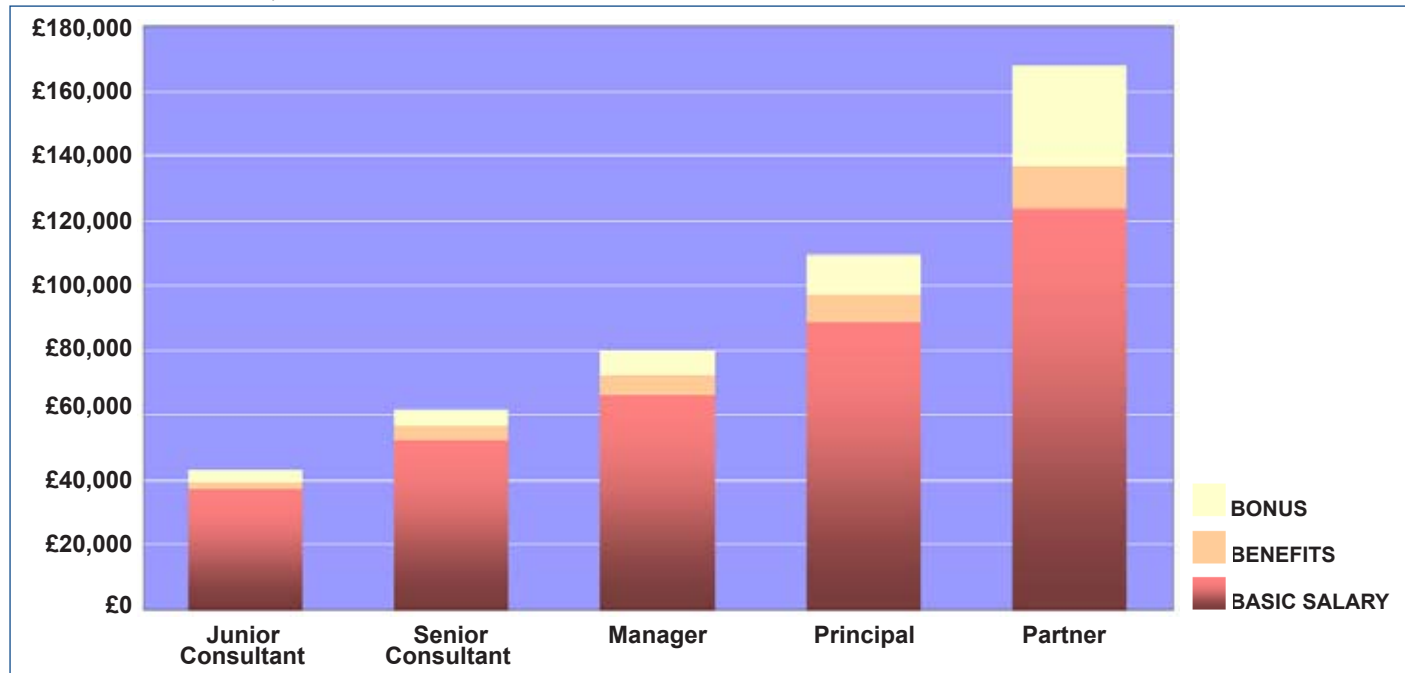
**Manager** - defined as having 5-9 years' consulting experience

**Principal** - defined as having 9-12 years' consulting experience

**Partner** - no definition required!

Below we present the aggregate data for the UK consulting industry, illustrating that average packages for those at the entry-level rungs are around £40k after a couple of years of employment; while those committed to working their way up to Partner can expect to earn £168,000 on average.

Total remuneration by level - **UK**



Source: Top-Consultant.com Consulting Salary Report 2007

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## CONSULTING INDUSTRY AVERAGE – UK

Below we present a breakdown of the aggregated data for the UK consulting industry. On subsequent pages, the same breakdowns are presented for various types of consultants (strategy consultants, change management consultants, etc.).

Level within Firm	Basic salary	Basic + Bens	Basic + Bens + Bonus	Average pay rise for those who received a pay rise	Proportion receiving no pay rise
<b>Junior Consultant</b>	£37,000	£39,405	£42,735	5.7%	28.1%
<b>Senior Consultant</b>	£52,000	£56,576	£61,464	5.4%	4.4%
<b>Manager</b>	£66,000	£72,072	£79,662	5.3%	23.2%
<b>Principal</b>	£88,200	£97,196	£109,103	4.9%	20.2%
<b>Partner</b>	£123,600	£136,578	£167,602	7.6%	31.1%

Level within Firm	Average bonus for those who received a bonus	Proportion receiving no bonus	Proportion who were promoted in last year
<b>Junior Consultant</b>	9.0%	50.7%	37.7%
<b>Senior Consultant</b>	9.4%	36.6%	29.6%
<b>Manager</b>	11.5%	30.9%	31.8%
<b>Principal</b>	13.5%	23.2%	23.6%
<b>Partner</b>	25.1%	22.6%	17.4%

**Please note** that throughout this report we state total remuneration (Basic + Bens + Bonus) incorporating the average bonus of those that received a bonus. Those that received a bonus should therefore compare their remuneration with these figures; those that did not receive a bonus should compare their remuneration with the figures in the column marked "Basic + Bens".



## Overview of UK consulting salaries and trends

To present as detailed an assessment of the market as possible, we contacted a number of specialist consultancy recruiters to gain a better understanding of the trends coming out of the salary survey. Here we present some of the key messages emerging from the recruitment market for consultants, before turning to our assessment of the figures within specific consulting areas such as strategy consulting, IT consulting and change management.

### Headline trends in the UK market

- Overall upward pressure on salaries has been minimal this last year, averaging just 4.5% across the industry
- Where good pay rises have been seen, they have been targeted mostly at new hires or counter-offers rather than applied across the board for existing employees
- The rising cost of living means that negotiations with new joiners have got more aggressive, with candidates increasingly likely to push for a rise or a guaranteed bonus payment when switching employer
- Where good offers are secured, they will very often result in a counter offer
- At the company-wide and industry level, what firms can pay overall is closely related to the fee rates they can achieve. The modest gains in remuneration this year are directly related to the difficulties firms have had in securing work at higher fee rates and with fatter margins
- Firms turning to flexible benefits to try and make packages more appealing without necessarily costing more. Plus they are hoping to appeal to more junior candidates on the "employee experience" front rather than the remuneration front



## Overview of UK consulting salaries and trends

### **Overall upward pressure on salaries has been minimal this last year, averaging just 4.5% across the industry**

As the opening data in this report has shown, those consultants that received a pay rise this last year achieved a 6% rise – and once we allow for the 26.5% that received no rise then the industry average is only 4.5%. This appears at odds with a market where candidates are clearly in short supply and where we might expect pay rates to be being considerably hiked. However **Mike Allen** of **The Mars Partnership** confirms this is indeed what's happening in the UK market:

*"We continue to find significant demand from our consulting clients for senior hires. Whilst demand remains high and appears to be driven by strong pipelines, the market remains fundamentally candidate driven with most candidates seeming to enjoy a number of choices in the event of a potential move. Surprisingly however we have not yet seen this translate into high upward pressure on salaries."*

### **Where good pay rises have been seen, they have been targeted mostly at new hires or counter-offers rather than applied across the board for existing employees**

The low average figures are explained by diverging treatment of different types of consulting staff. Increased salary budgets seem to be being targeted at securing new hires and at funding counter-offers for those on the verge of leaving, rather than being applied to staff across the board. **Don Leslie** of **Beament Leslie Thomas** comments on that in today's market:

*"We're seeing a shortage of candidates with several years of consulting experience under their belt. This is in part due to the slowdown in graduate recruitment that we saw in consulting earlier this decade - and in part due to City employers having lured many of these experienced consultants out of the industry. To ensure a successful recruitment outcome at these experienced hire levels, we've had reports of firms attracting new hires with 20% rises in basic salaries or with guaranteed bonuses for the first year of employment. These initiatives are targeted at new hires though - so existing employees don't seem to be benefiting to the same extent."*

## Overview of UK consulting salaries and trends

This assessment would seem to tally with the data showing that over a quarter of all consulting staff received no pay rise this last year. It also ties in with the experiences of HR teams at consulting firms, when packages are being negotiated with potential new joiners...

### **The rising cost of living means that negotiations with new joiners have got more aggressive, with candidates increasingly likely to push for a rise or a guaranteed bonus payment when switching employer**

We asked **Joy Matthews** of **DMW Group** to describe the situations they have faced when negotiating with candidates in recent months. Joy's experiences closely match the patterns Don expressed above:

*"We agree wholeheartedly that the market is indeed tight: consultancies are recruiting keenly, candidates have multiple options when deciding where to move next and thus negotiation about remuneration comes to the fore, in a way it didn't a year ago."*

*We have also found that the offer process sometimes involves negotiations around pension contribution, holiday entitlement or a sign on bonus - again this wasn't a feature of our recruitment process a year ago."*

**Ian Pye**, **Partner** at recruitment firm **SBCS**, suggests that aggressive behaviour on the part of candidates is the inevitable result of the rising cost of living in the UK:

*"There seems to be a bit of 'shove' and 'counter shove' going on in the sector just now with consultants wanting more money to move and firms trying to resist it as much as they can. I suppose the firms managed to get salary expectations down to an acceptable level over the previous year or two but now find themselves potentially having to pay more as the cost of living in the UK continues to soar. With interest rates at 5.75% and mortgage debt as high as it is, the 'odd £10K' or so wouldn't go amiss!"*



## Overview of UK consulting salaries and trends

### Where good offers are secured, they will very often result in a counter offer

A trend that has been reported to us by many recruiters is the re-emergence of the counter-offer. That's to say that an employer will try to deter an employee from resigning to join a competitor by offering them an improved package as an enticement to stay. **Barry Hoffman**, **Head of Human Resources** at **Charteris plc**, believes that counter-offers are a major concern in the current market:

*"Counter offering is a real issue for us, but more importantly it damages everyone and there are no winners: former employers get a potentially disillusioned employee to stay, agencies don't make their hires, new employers incur more costs and employees end up pricing themselves out of the market and just putting off the inevitable."*

Whilst now quite common practice, counter offers are no guarantee as **Michelle Flynn** of **Conchango** explains:

*"Some companies are throwing big money at candidates in the form of counter offers. Most candidates are however aware of the reasons behind this, and so are not tempted. Everyone is so busy that if they have made the effort to attend an interview, they tend to be serious about their search."*

### At the company-wide and industry level, what firms can pay overall is closely related to the fee rates they can achieve. The modest gains in remuneration this year are directly related to the difficulties firms have had in securing work at higher fee rates and with fatter margins

Recent figures from the MCA have highlighted that although industry growth rates remain robust, firms have found it extremely difficult to reverse the fee rate declines that took place during the downturn earlier this decade. As a consequence, margins on consulting work have been squeezed considerably – reducing the pot available to fund generous pay rises or bonus rounds.

**Howard Bailey**, **Head of Recruitment** at **Detica**, confirms that fee rates are the crux of the problem:

*"Clearly, there's a close correlation between the fee rate you can charge clients and the salaries you can afford to pay consultants."*

## Overview of UK consulting salaries and trends

His firm Detica is an example of a consultancy that sees giving employees choice over how they are remunerated as a key differentiator such that the focus is not entirely on the absolute level of a package but also its composition:

*“Where flexible benefits come into their own, is for every employee to be able to choose what additional benefits, if any, are appropriate to their lifestyle. For some that might mean simply taking the flexible allowance and increasing base salary, and for others, it might mean investing in tax efficient schemes for future earnings or additional comprehensive insurances as an example.”*

**Firms are turning to flexible benefits to try and make packages more appealing without necessarily costing more. Plus they are hoping to appeal to more junior candidates on the “employee experience” front rather than the remuneration front**

Others in the industry also see these flexible salary packages and other hygiene factors as an effective means of increasing employee satisfaction with their remuneration. **Darren Franks**, **Associate Director** at **Eutopia Solutions**, comments:

*“In an effort to differentiate themselves, organisations have begun to offer comprehensive salary sacrifice and benefits packages to attract candidates. In addition to this, companies are also paying more attention to their overall recruitment process – it stands to reason that the more ‘candidate friendly’ the recruitment process, the more attractive the company becomes to the prospective employee.”*

**Victoria Hammond** of **Mott MacDonald** also stresses that the whole “employee experience” can be used to attract more junior candidates, rather than having a total reliance on remuneration:

*“In the current employee driven market we recognise that in order to attract and retain both experienced consultants and new talent, we must offer competitive financial packages that include “attractive” performance pay incentives, but also demonstrate commitment to our staff. Whilst more experienced consultants are still primarily driven by core salary, their colleagues in the development stage are inspired by a variety of opportunities and projects, the ability to move into different sectors, achieving a healthy work life balance and continual professional development.”*





## Breakdown of results by type of consulting



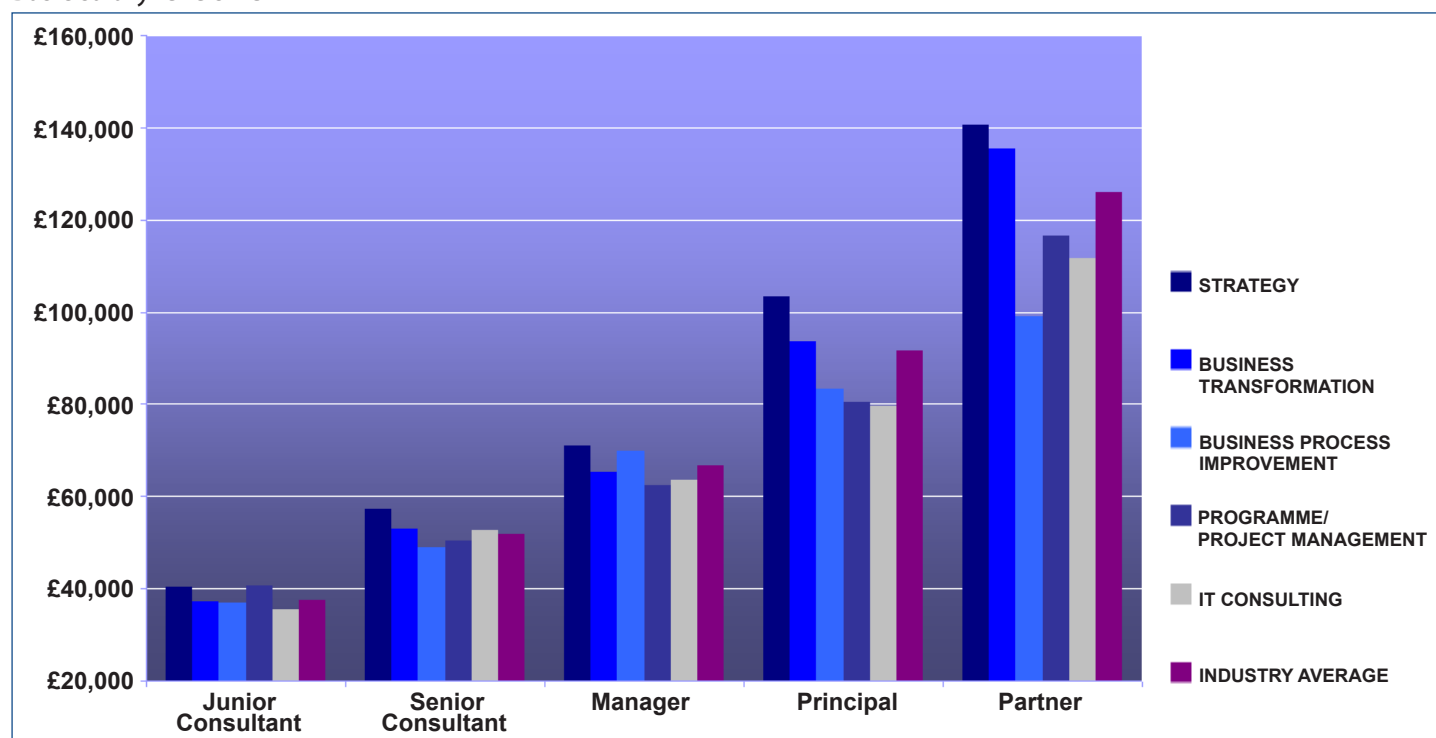
## Breakdown of results by type of consulting

Our 2006 report was very well received within the industry – but since its publication we have frequently been asked if we could break out the data by specialist consulting area. For the 2007 report we set out to achieve a higher response rate, such that we would have enough data-points to provide meaningful figures for a number of specialist consulting areas.

The 2007 edition reports average data for the UK consulting industry, plus specific findings for five major areas of consulting: strategy, business transformation / change management, business process improvement, programme / project management and IT consulting.

It will come as little surprise to most that strategy continues to lead the field in terms of remuneration. Below we can see that basic salaries within strategy are higher than in any other area – and this is true also for total remuneration, as the following pages will demonstrate. However there are significant differences by type of consulting - and business transformation / change management consultants in particular do also seem able to attract a premium in the market.

Basic salary levels - UK



Source: Top-Consultant.com Consulting Salary Report 2007

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## STRATEGY CONSULTING – UK

These strategy consulting figures are based on responses from 132 UK strategy consultants including significant numbers from A.T. Kearney, Accenture, Arthur D. Little, Bain & Company, Booz Allen Hamilton, Boston Consulting Group, McKinsey & Company, OC&C Strategy Consultants, Oliver Wyman, PRTM, Roland Berger and Spectrum Strategy Consultants.

Level within firm	Basic salary	Basic + Bens	Basic + Bens + Bonus	Average pay rise for those who received a pay rise	Proportion receiving no pay rise
<b>Junior Consultant</b>	£40,300	£42,355	£47,191	6.3%	46.4%
<b>Senior Consultant</b>	£57,200	£61,490	£68,411	6.1%	25.9%
<b>Manager</b>	£70,900	£75,012	£84,513	6.0%	32.3%
<b>Principal</b>	£103,400	£113,326	£129,870	5.2%	20.8%
<b>Partner</b>	£140,500	£149,071	£189,394	8.3%	27.3%

Level within firm	Average bonus for those who received a bonus	Proportion receiving no bonus	Proportion who were promoted in last year
<b>Junior Consultant</b>	12.0%	42.9%	39.3%
<b>Senior Consultant</b>	12.1%	29.6%	33.3%
<b>Manager</b>	13.4%	29.0%	32.3%
<b>Principal</b>	16.0%	12.5%	25.0%
<b>Partner</b>	28.7%	18.2%	4.6%

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## BUSINESS TRANSFORMATION / CHANGE MANAGEMENT CONSULTING – UK

These business transformation / change management figures are based on responses from 212 UK consultants including a significant proportion from Accenture, Atos Consulting, BearingPoint, BT Global Consulting, Capgemini, Ernst & Young, Hedra, IBM, KPMG, PA Consulting and Serco Consulting.

Level within firm	Basic salary	Basic + Bens	Basic + Bens + Bonus	Average pay rise for those who received a pay rise	Proportion receiving no pay rise
<b>Junior Consultant</b>	£37,200	£40,362	£43,375	5.8%	45.5%
<b>Senior Consultant</b>	£52,900	£58,666	£63,480	5.6%	25.0%
<b>Manager</b>	£65,100	£71,805	£80,008	5.8%	15.7%
<b>Principal</b>	£93,700	£102,883	£115,532	4.8%	19.3%
<b>Partner</b>	£135,400	£152,054	£187,258	9.1%	35.3%

Level within firm	Average bonus for those who received a bonus	Proportion receiving no bonus	Proportion who were promoted in last year
<b>Junior Consultant</b>	8.1%	59.1%	27.3%
<b>Senior Consultant</b>	9.1%	35.4%	18.8%
<b>Manager</b>	12.6%	31.4%	39.2%
<b>Principal</b>	13.5%	24.6%	17.5%
<b>Partner</b>	26.0%	23.5%	23.5%

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## IT CONSULTING – UK

These IT consulting figures are based on responses from 437 UK based IT consultants including a significant proportion from Accenture, Atos Origin, BearingPoint, Capgemini, CSC, Deloitte, Detica, EDS, Fujitsu, IBM, LogicaCMG, Oracle and PA Consulting.

Our thanks go to the team at [TopITconsultant.com](http://TopITconsultant.com) for their assistance in generating these responses from IT consultants.

Level within firm	Basic salary	Basic + Bens	Basic + Bens + Bonus	Average pay rise for those who received a pay rise	Proportion receiving no pay rise
<b>Junior Consultant</b>	£35,600	£37,736	£40,548	5.2%	23.5%
<b>Senior Consultant</b>	£52,600	£56,966	£61,016	5.2%	22.0%
<b>Manager</b>	£63,600	£70,087	£75,811	4.3%	24.6%
<b>Principal</b>	£79,600	£87,799	£96,873	4.9%	19.3%
<b>Partner</b>	£111,500	£122,762	£146,957	6.1%	26.3%

Level within firm	Average bonus for those who received a bonus	Proportion receiving no bonus	Proportion who were promoted in last year
<b>Junior Consultant</b>	7.9%	50.0%	55.9%
<b>Senior Consultant</b>	7.7%	50.9%	27.1%
<b>Manager</b>	9.0%	31.6%	28.1%
<b>Principal</b>	11.4%	29.8%	22.8%
<b>Partner</b>	21.7%	31.6%	26.3%



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## PROGRAMME & PROJECT MANAGEMENT – UK

These programme & project management figures are based on responses from 99 UK based consultants including a significant proportion from Accenture, Atos Consulting, Avail Consulting, Chaucer Consulting, Deloitte, Detica, Ernst & Young, PA Consulting, Pcubed and PricewaterhouseCoopers.

Level within firm	Basic salary	Basic + Bens	Basic + Bens + Bonus	Average pay rise for those who received a pay rise	Proportion receiving no pay rise
<b>Junior Consultant</b>	£40,600	£42,955	£46,649	8.5%	13.3%
<b>Senior Consultant</b>	£50,450	£54,032	£60,792	5.9%	21.4%
<b>Manager</b>	£62,400	£67,891	£76,939	4.6%	27.3%
<b>Principal</b>	£80,300	£89,294	£99,090	4.2%	28.6%
<b>Partner</b>	£116,600	£128,960	£153,212	7.3%	37.5%

Level within firm	Average bonus for those who received a bonus	Proportion receiving no bonus	Proportion who were promoted in last year
<b>Junior Consultant</b>	9.1%	46.7%	20.0%
<b>Senior Consultant</b>	13.4%	42.9%	42.9%
<b>Manager</b>	14.5%	36.4%	42.4%
<b>Principal</b>	12.2%	19.1%	28.6%
<b>Partner</b>	20.8%	18.8%	31.3%

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## BUSINESS PROCESS IMPROVEMENT CONSULTING – UK

These business process improvement figures are based on responses from 116 UK based consultants including a significant proportion from Accenture, Capgemini, Deloitte, IBM, KPMG, PA Consulting and PricewaterhouseCoopers.

Level within firm	Basic salary	Basic + Bens	Basic + Bens + Bonus	Average pay rise for those who received a pay rise	Proportion receiving no pay rise
<b>Junior Consultant</b>	£37,000	£39,405	£42,587	4.5%	9.5%
<b>Senior Consultant</b>	£48,900	£53,203	£57,262	4.7%	21.1%
<b>Manager</b>	£69,800	£76,012	£82,783	5.9%	14.3%
<b>Principal</b>	£83,200	£91,021	£103,334	4.3%	19.1%
<b>Partner</b>	£99,000	£111,672	£136,818	7.6%	25.0%

Level within firm	Average bonus for those who received a bonus	Proportion receiving no bonus	Proportion who were promoted in last year
<b>Junior Consultant</b>	8.6%	33.3%	28.6%
<b>Senior Consultant</b>	8.3%	31.6%	31.6%
<b>Manager</b>	9.7%	21.4%	14.3%
<b>Principal</b>	14.8%	33.3%	33.3%
<b>Partner</b>	25.4%	25.0%	0.0%

## **Breakdown of results by level of seniority**



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## JUNIOR CONSULTANTS – UK

More than one in three Junior Consultants received a promotion in the last year. Bonuses averaged £3,330 for the minority who did receive a bonus, while pay rises at this level averaged 5.7% for those that received a raise. The tables below show how junior consultants within the various types of consulting practice fared in the last year.

Sector	Basic salary	Basic + Bens	Basic + Bens + Bonus	Average pay rise for those who received a pay rise	Proportion receiving no pay rise
Strategy Consulting	£40,300	£42,355	£47,191	6.3%	46.4%
Programme & Project Management	£40,600	£42,955	£46,649	8.5%	13.3%
Business Transformation	£37,200	£40,362	£43,375	5.8%	45.5%
<b>Industry average</b>	<b>£37,000</b>	<b>£39,405</b>	<b>£42,735</b>	<b>5.7%</b>	<b>28.1%</b>
Business Process Improvement	£37,000	£39,405	£42,587	4.5%	9.5%
IT consulting	£35,600	£37,736	£40,548	5.2%	23.5%

Sector	Average bonus for those who received a bonus	Proportion receiving no bonus	Proportion who were promoted in last year
Strategy Consulting	12.0%	42.9%	39.3%
Programme & Project Management	9.1%	46.7%	20.0%
Business Transformation	8.1%	59.1%	27.3%
<b>Industry average</b>	<b>9.0%</b>	<b>50.7%</b>	<b>37.7%</b>
Business Process Improvement	8.6%	33.3%	28.6%
IT consulting	7.9%	50.0%	55.9%

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## SENIOR CONSULTANTS – UK

Almost one in three Senior Consultants received a promotion in the last year. Bonuses averaged £4,888 for the ~2/3 of employees who did receive a bonus, while pay rises at this level averaged 5.4% for those that received a raise. The tables below show how senior consultants within the various types of consulting practice fared in the last year.

Sector	Basic salary	Basic + Bens	Basic + Bens + Bonus	Average pay rise for those who received a pay rise	Proportion receiving no pay rise
Strategy Consulting	£57,200	£61,490	£68,411	6.1%	25.9%
Business Transformation	£52,900	£58,666	£63,480	5.6%	25.0%
<b>Industry average</b>	<b>£52,000</b>	<b>£56,576</b>	<b>£61,464</b>	<b>5.4%</b>	<b>24.4%</b>
IT consulting	£52,600	£56,966	£61,016	5.2%	22.0%
Programme & Project Management	£50,450	£54,032	£60,792	5.9%	21.4%
Business Process Improvement	£48,900	£53,203	£57,262	4.7%	21.1%

Sector	Average bonus for those who received a bonus	Proportion receiving no bonus	Proportion who were promoted in last year
Strategy Consulting	12.1%	29.6%	33.3%
Business Transformation	9.1%	35.4%	18.8%
<b>Industry average</b>	<b>9.4%</b>	<b>36.6%</b>	<b>29.6%</b>
IT consulting	7.7%	50.9%	27.1%
Programme & Project Management	13.4%	42.9%	42.9%
Business Process Improvement	8.3%	31.6%	31.6%



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**MANAGERS – UK**

Just under one in three Managers received a promotion in the last year. Bonuses averaged £7,590 for the ~2/3 of employees who did receive a bonus, while pay rises at this level averaged 5.3% for those that received a raise. The tables below show how managers within the various types of consulting practice fared in the last year.

Sector	Basic salary	Basic + Bens	Basic + Bens + Bonus	Average pay rise for those who received a pay rise	Proportion receiving no pay rise
Strategy Consulting	£70,900	£75,012	£84,513	6.0%	32.3%
Business Process Improvement	£69,800	£76,012	£82,783	5.9%	14.3%
Business Transformation	£65,100	£71,805	£80,008	5.8%	15.7%
<b>Industry average</b>	<b>£66,000</b>	<b>£72,072</b>	<b>£79,662</b>	<b>5.3%</b>	<b>23.2%</b>
Programme & Project Management	£62,400	£67,891	£76,939	4.6%	27.3%
IT consulting	£63,600	£70,087	£75,811	4.3%	24.6%

Sector	Average bonus for those who received a bonus	Proportion receiving no bonus	Proportion who were promoted in last year
Strategy Consulting	13.4%	29.0%	32.3%
Business Process Improvement	9.7%	21.4%	14.3%
Business Transformation	12.6%	31.4%	39.2%
<b>Industry average</b>	<b>11.5%</b>	<b>30.9%</b>	<b>31.8%</b>
Programme & Project Management	14.5%	36.4%	42.4%
IT consulting	9.0%	31.6%	28.1%

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**PRINCIPALS – UK**

Just under a quarter of Principals received a promotion in the last year. Bonuses averaged £11,907 for the ~3/4 of employees who did receive a bonus, while pay rises at this level averaged 4.9% for those that received a raise. The tables below show how principals within the various types of consulting practice fared in the last year.

Sector	Basic salary	Basic + Bens	Basic + Bens + Bonus	Average pay rise for those who received a pay rise	Proportion receiving no pay rise
Strategy Consulting	£103,400	£113,326	£129,870	5.2%	20.8%
Business Transformation	£93,700	£102,883	£115,532	4.8%	19.3%
<b>Industry average</b>	<b>£88,200</b>	<b>£97,196</b>	<b>£109,103</b>	<b>4.9%</b>	<b>20.2%</b>
Business Process Improvement	£83,200	£91,021	£103,334	4.3%	19.1%
Programme & Project Management	£80,300	£89,294	£99,090	4.2%	28.6%
IT consulting	£79,600	£87,799	£96,873	4.9%	19.3%

Sector	Average bonus for those who received a bonus	Proportion receiving no bonus	Proportion who were promoted in last year
Strategy Consulting	16.0%	12.5%	25.0%
Business Transformation	13.5%	24.6%	17.5%
<b>Industry average</b>	<b>13.5%</b>	<b>23.2%</b>	<b>23.6%</b>
Business Process Improvement	14.8%	33.3%	33.3%
Programme & Project Management	12.2%	19.1%	28.6%
IT consulting	11.4%	29.8%	22.8%

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## PARTNERS – UK

Just over 17% of Partners received a promotion in the last year. Bonuses averaged £31,024 for the ~3/4 of partners who did receive a bonus, while pay rises at this level averaged 7.6% for those that received a raise. The tables below show how partners within the various types of consulting practice fared in the last year. A small minority of Senior Partners received remuneration that was a multiple of the figures below.

Sector	Basic salary	Basic + Bens	Basic + Bens + Bonus	Average pay rise for those who received a pay rise	Proportion receiving no pay rise
Strategy Consulting	£140,500	£149,071	£189,394	8.3%	27.3%
Business Transformation	£135,400	£152,054	£187,258	9.1%	35.3%
<b>Industry average</b>	<b>£123,600</b>	<b>£136,578</b>	<b>£167,602</b>	<b>7.6%</b>	<b>31.1%</b>
Programme & Project Management	£116,600	£128,960	£153,212	7.3%	37.5%
IT consulting	£111,500	£122,762	£146,957	6.1%	26.3%
Business Process Improvement	£99,000	£111,672	£136,818	7.6%	25.0%

Sector	Average bonus for those who received a bonus	Proportion receiving no bonus	Proportion who were promoted in last year
Strategy Consulting	28.7%	18.2%	4.6%
Business Transformation	26.0%	23.5%	23.5%
<b>Industry average</b>	<b>25.1%</b>	<b>22.6%</b>	<b>17.4%</b>
Programme & Project Management	20.8%	18.8%	31.3%
IT consulting	21.7%	31.6%	26.3%
Business Process Improvement	25.4%	25.0%	0.0%

## Factors contributing to the trends being seen in the UK market

The consulting industry and its associated recruitment markets have been undergoing quite a transformation of late. The return of the Big 4; offshore providers moving aggressively into the UK market; rampant growth of new start-up consultancies; commoditisation of consulting firms' services. These are just some of the issues that have been challenging and unsettling our industry. To try and get a feel for the impact these are having on both recruitment and remuneration in the UK market, we again spoke to expert recruiters in the area. They identified key factors as being:

- **The aggressive recruitment / retention practices of the Big 4**
- **Mainstream consulting no longer competitive compared to contracting or a career with a small independent firm**
- **FTSE in-house roles proving a major lure to consultants and putting upwards pressure on consulting salary expectations; Private Equity also adding to this pressure**
- **Specialist areas of consulting seeing strong growth in remuneration, reflecting acute hiring difficulties in these niche areas**

On the following pages we reproduce quotes from a number of these experts in the hope of conveying to you the state of play in the UK market as at August 2007.

To set the scene, comments from [Iain McAdam](#) of [Digby Morgan](#) reinforce the impressions given by Chris Sale at the beginning of this report. The consulting market is without doubt booming from a recruitment perspective – but remuneration has not been keeping pace and this has made recruiters' targets that much harder to fulfil. McAdam tells us:

*“Generally I have not seen any significant increase in remuneration in the consulting market and certainly bonuses have not caught up with the levels that were being offered at the turn of the millennium. It seems consulting firms want to attract the best but are unwilling to push the envelope from a compensation perspective to get the best candidates. In many ways consulting is lagging behind other sectors from a remuneration perspective despite giving individuals a rougher deal from a work/life perspective.”*



## Factors contributing to the trends being seen in the UK market

This issue of the industry “lagging behind” other sectors will be heard again and again in this report – to the point that one wonders how much longer the firms can continue without doing something drastic to reinvigorate profit margins and therefore their ability to boost remuneration levels.

**Jonathan Krogdahl**, who heads up the Consulting Sector for **Futurestep**, stresses that the attraction and retention of top performers is absolutely vital:

*“With the Big 4 moving back into advisory and a seemingly endless stream of small niche consulting start-ups, there is increasing pressure for firms to not only attract but also to retain their high performers. I am seeing an increased flexibility in both salary and bonus amounts and total package construction.”*

### Mainstream consulting no longer competitive compared to contracting or a career with a small independent firm

One direction in which mainstream consultancies have been losing ground is the battle to keep their staff from switching to contract roles or leaving to form or join a smaller independent firm. **Raj C. Tulsiani**, CEO of **Green Park Interim & Executive Resourcing** notes:

*“There is a continual drain of executive talent out of mainstream consulting as people move into more lucrative independent consulting careers, or form small specialist boutique consultancies where they have genuine long-term wealth creation opportunities.”*

**Michelle Flynn**, Recruitment Manager at **Conchango**, also sees the contract market presenting problems to consultancy employers:

*“The main difficulty around money is the contract market. People are offered daily rates that are massively above their worth, as the number of good people in the market is limited. This makes it hard to find permanent staff, and affects retention as the money is tempting. However, candidates need to keep their eyes open to the downfalls of contracting.”*





## Factors contributing to the trends being seen in the UK market

**Kevin Fuller, Director of Strategy & Marketing at TDX Group**, also believes that small firms can prove a lure to top candidates:

*“The current market for top candidates with analytical, business leadership and client relationship skills is extremely competitive. Such candidates now have the luxury and flexibility of being able to work for any employer in the same way that, historically, a first rate firm had the power to choose the most exceptional candidates. Increasingly, high calibre candidates have the ability to choose between either top strategy consulting firms or fast growing start-ups such as TDX Group.”*

### **FTSE in-house roles proving a major lure to consultants and putting upwards pressure on consulting salary expectations; Private Equity also adding to this pressure**

Without question, the slow rate of growth of consulting earnings has allowed other areas to catch up and overtake the sector in terms of appeal to the best candidates. Simultaneously, end-clients of consulting firms have realised they can bypass consulting fees for some internal projects if they can just bring the right staff on board. So at a time when consultancies are struggling to up their packages, FTSE organisations find they are able to extract more value from these individuals – and therefore pay them more handsomely. James Howells, Managing Director of Imprint Search & Selection, confirms this trend:

*“The demand for professionals with strategy consulting backgrounds to work within the commercial sector has continued to grow. FTSE Plc’s are looking to hire the most talented strategy consultants for their own executive management programmes as the quality, intellect, analytical ability and interpersonal skills displayed by these individuals are ideal for many of these programmes.*

*In many cases, to secure this talent businesses are matching or exceeding the remuneration packages on offer from consultancies and highlighting their work/life balance credentials in order to attract the brightest individuals to these in-house roles.”*



## Factors contributing to the trends being seen in the UK market

**Matt Brooks, Manager** at **Frazer Jones Reward**, confirms that in-house roles can often out-remunerate the packages of consulting firms:

*“A strong consultant from a Big 4 background in the executive compensation arena could expect to increase their annual earnings potential by up to 75% in a move in-house to the right organisation in the right industry sector.”*

**Nick Coppin**, a **Principal** at recruitment firm **Holker Watkin**, pinpoints strategy consultants in particular as being those in greatest demand with FTSE organisations:

*“We’ve seen demand for ‘strategic talent’ reach record levels - beyond the heady dot-com days of the late nineties.” Coppin tells us.*

*“Corporates are increasingly addressing growth agendas following the successful execution of cost saving initiatives during 2001-2003. This change in priorities feeds significant demand for in-house strategic talent, most of whom are likely to come from a leading strategy consultancy. Interestingly, we’ve seen a rise in the use of sign-on bonuses by our corporate clients to capture individuals from leading strategy consultancies or competing corporates.”*

This fight to lure strategy consultants is having a knock-on effect on the availability of strategy consulting candidates – and therefore the roles they are able to secure – as **James Wood**, **Associate Director** at **Michael Warwick Nicholls Group**, confirms:

*“Although we are not seeing huge hikes in salary, we are seeing some strategists maybe being taken at a level above where we would pitch them, therefore attaining a higher remuneration package as a result”*

**Nick Coppin** of **Holker Watkin** believes that a similar trend is being seen with consultants being hired into Private Equity, albeit on a smaller scale:

*“As the current low cost of debt relative to achievable returns-on-equity fuels significant leveraged buyout activity, PE houses and Hedge Funds are hiring more strategy consultants (with transactions advisory experience) to strengthen decision-making than we have seen in the past.”*



## Factors contributing to the trends being seen in the UK market

### Specialist areas of consulting seeing strong growth in remuneration, reflecting acute hiring difficulties in those niche areas

A number of recruiters we spoke with confirmed that particular niche areas were seeing remuneration gains that diverge from the broader pictures we've presented in this report. **James Crawley**, Practice Head at **Huntress Executive Search** highlights a couple of examples of this:

*"What we have seen is that salaries in particular functions such as Financial Management and Programme Management are attracting a premium of up to 20% compared to other consulting colleagues. This is mainly due to the shortage of supply of quality individuals as many people are able to secure lucrative short term contracts in industry at the moment. We are also seeing premiums being paid for particular industry sectors - mainly all aspects of financial services and telecommunications."*

**Paul Rumball** of **WorkingAssets** confirms a similar divergence in the FS market:

*"There has been a significant change in the market dynamics for Financial Services Consultants, that has been very noticeable over the last 12 months. The issue is the demand for the limited pool of experienced technical and project/programme Consultants. Consultancies are obviously constrained in what they can pay by what the Consultant can generate in fees. A typical consultant might generate £1,000 day times c220 days = £220,000. With overheads & profit, the boutique Consultancy can, at a push, pay c£150,000 all in. However a Bank (if the benefit of a project is a saving of £8 million) would be happy to pay way in excess of this; up to £200,000 all in. There is no Consultancy that can compete with that, hence the severe manning shortage. This is particularly so in the Junior Manager (Junior VP) level, where there is an acute shortage of candidates. This shortage of qualified people can be traced back to both Banks and Consultancies not hiring in 4-6 years ago."*



## Factors contributing to the trends being seen in the UK market

Life sciences consultancy specialist **Simon Jacob** of **Hanson Search** believes there's a similar trend in play in his sector:

*"While McKinsey's infamous 'war for talent' seems to have afflicted all of the consultancy sector, one of the worst affected areas has to be life sciences. The whole of the healthcare consulting arena is suffering from a serious shortage of talent with high demand from firms and simply not enough good people to go around. The main problem is that this is a discipline that routinely calls for a combination of 'classic' consulting skills – analysis, lateral thinking and good inter-personal and communication ability with strong academic backgrounds in the key sciences. And, as we're all too aware, scientific education, particularly in this country has proved singularly lacking when it comes to developing the kind of all-rounder that the profession needs. The result is a constant bidding war for the best consultants, both financially, in terms of escalating base salaries and bonuses and more generally in terms of a clearly defined career path, work/life balance measures, training, mentoring and 'sexy' projects."*

Last but not least, **Alastair Paterson** of **Marks Sattin** believes that anyone with the skills in demand by the Big 4 will stand to do better than average in the current market:

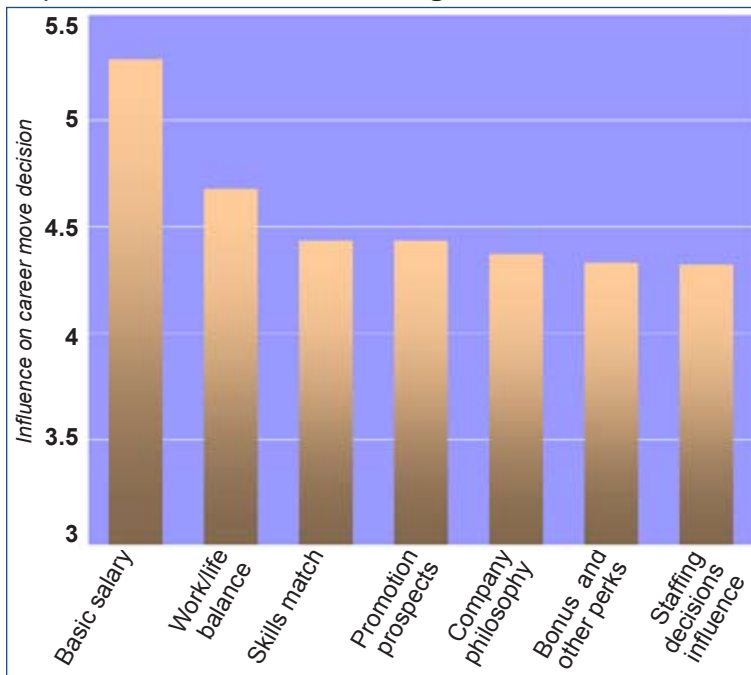
*"Working across the entire consulting spectrum, we have noticed a void appearing between the Big 4 Advisory and traditional IT/Technology Consultancies. Not only is the interview process more efficient with the Advisory firms, but salaries and packages are often vastly superior. As if that wasn't enough, the Big 4 seem to be counter offering anyone who is tempted to leave with lucrative salary increases and even promotions. It appears that they won't rest until they have once more become a force to be reckoned with, even if it means paying the best salaries in the market."*

## Hygiene factors – are career moves entirely about the money?

We asked our respondents “If you were to change position in the near future, to what extent would your decision be based on the following criteria?” The higher the score for a factor, the more important it is in the decision process.

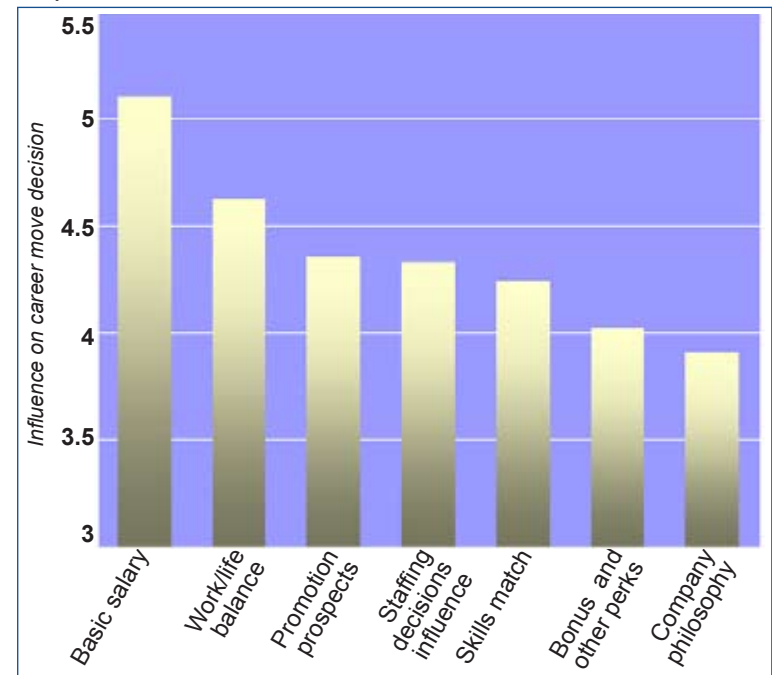
A more detailed assessment of these issues can be found in our **2007 Retention Report**. But from the results below we can already see that a number of factors rank close to salary when influencing a consultant's next choice of career move. Separate findings are presented for Management Consultants and for IT consultants.

Important decision criteria - **Management Consultants**



Source: Top-Consultant.com Consulting Salary Report 2007

Important decision criteria - **IT Consultants**



Source: Top-Consultant.com Consulting Salary Report 2007



## Hygiene factors – are career moves entirely about the money?

**Richard Harris** of recruitment firm **Mohawk Consulting** reiterates the importance of hygiene factors:

*“Hiring firms need to be clear about what they are offering that differentiates themselves from the rest of the competition, particularly since remuneration alone is rarely the single dominant factor.”*

Differentiators could include:

*“a wider choice of programmes of work; opportunities to work in new and different sectors; opportunity to specialise; international opportunity; the chance to redress the level of time spent away from home; the opportunity to increase/decrease amount of time spent on business development and bid work; opportunity to move further towards strategy end; desire to focus purely on delivery; further training and personal development; and so on. No firm is likely to be able to provide complete flexibility in all areas to all candidates, but they should be clear about the unique selling points of what a career with them can offer.”*

**Matt Parkinson** of **Catalyst** agrees that decisions are increasingly based on more than just money:

*“Remuneration will always be a key factor, but as potential recruits have a wider choice of employer, they are spending an increased amount of time discussing in more detail the type of work they will be doing, to ensure it is of real interest to them”*

## The US perspective – salaries & trends in the North American market

As in the rest of this report, we use the following definitions when referring to consulting grades:

**Junior Consultant** - defined as having 1-3 years' consulting experience

**Senior Consultant** - defined as having 3-5 years' consulting experience

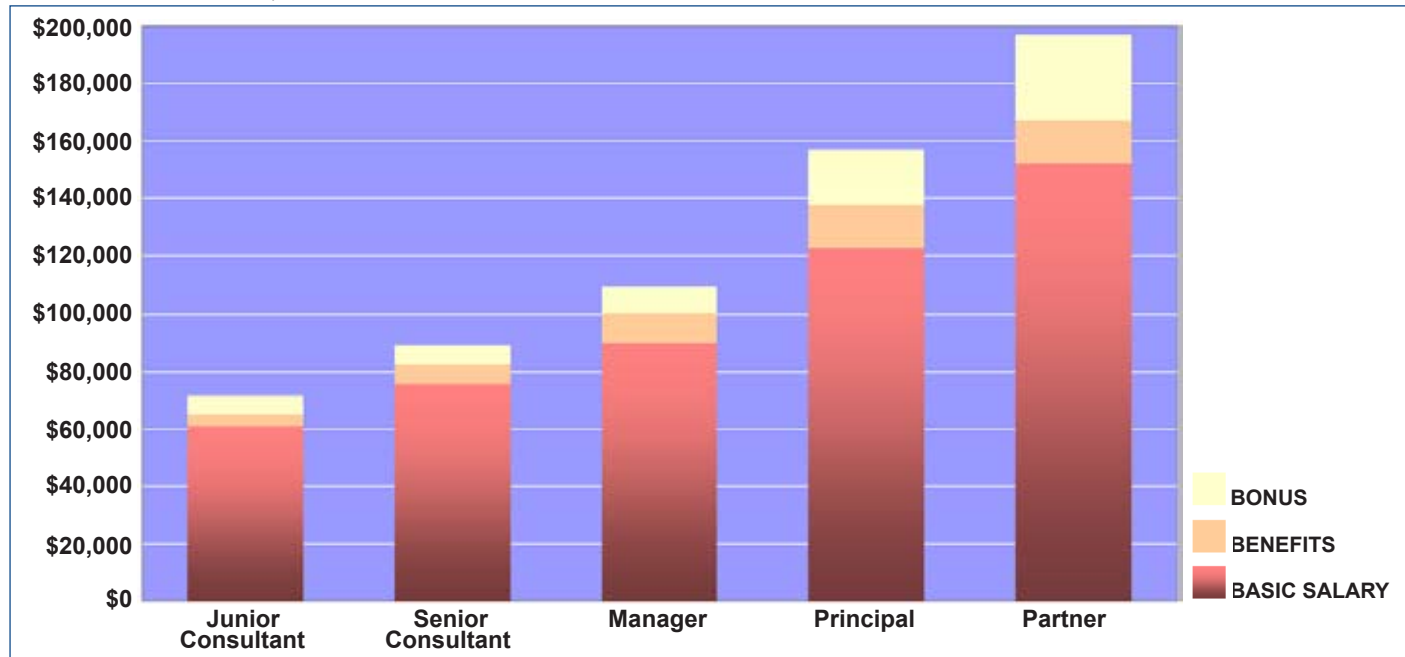
**Manager** - defined as having 5-9 years' consulting experience

**Principal** - defined as having 9-12 years' consulting experience

**Partner** - no definition required!

Below we present the aggregate data for the US consulting industry, illustrating that average packages for those at the entry-level rungs are just over \$70,000 after a couple of years of employment; while those committed to working their way up to Partner can expect to earn \$200,000 on average.

Total remuneration by level - **US**



Source: Top-Consultant.com Consulting Salary Report 2007

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## CONSULTING INDUSTRY AVERAGE – US

Below we present a breakdown of the aggregated data for the US consulting industry. We secured almost 200 responses to our survey from US readers, making the results statistically valid. We do not break down the results further owing to insufficient data. However we would expect that the lead enjoyed by strategy and business transformation consulting in the UK market would be similarly mirrored in the US market.

Level within Firm	Basic salary	Basic + Bens	Basic + Bens + Bonus	Average pay rise for those who received a pay rise	Proportion receiving no pay rise
<b>Junior Consultant</b>	\$60,500	\$64,917	\$71,148	6.7%	26.7%
<b>Senior Consultant</b>	\$75,200	\$82,118	\$88,736	6.8%	25.0%
<b>Manager</b>	\$89,500	\$99,882	\$109,190	6.3%	23.7%
<b>Principal</b>	\$122,500	\$137,690	\$156,678	5.6%	23.4%
<b>Partner</b>	\$151,800	\$167,132	\$196,581	6.9%	40.0%

Level within Firm	Average bonus for those who received a bonus	Proportion receiving no bonus	Proportion who were promoted in last year
<b>Junior Consultant</b>	10.3%	40.0%	20.0%
<b>Senior Consultant</b>	8.8%	30.6%	36.1%
<b>Manager</b>	10.4%	26.3%	31.6%
<b>Principal</b>	15.5%	29.8%	21.3%
<b>Partner</b>	19.4%	28.6%	31.4%

**Please note** that total remuneration (Basic + Bens + Bonus) incorporates the average bonus of those that received a bonus. Those that received a bonus should therefore compare their remuneration with these figures; those that did not receive a bonus should compare their remuneration with the figures in the column marked "Basic + Bens".

## Appendix 1: Demographics of our consulting readership

Conducting this survey has allowed us to collect demographic data about our readership that may be of great interest to recruiters seeking to attract consulting staff through our websites. Here we present data for Top-Consultant.com and on the following page provide a similar overview for TopITconsultant.com.

**Top-Consultant.com**  
*Global Opportunities in Consulting*

### Respondents Profile

Of the 1,223 readers who responded to our management consultancy salary survey, it is very interesting to note that our greatest reach is into the levels spanning Senior Consultant, Manager and Principal. Recruiters often ask whether job boards remain a resource used primarily by more junior candidates and these figures strongly suggest this is not the case!

#### Level within firm

Junior Consultant	17%
Senior Consultant	22%
Manager	24%
Principal	22%
Partner	15%

Also of note is the fact that 91.4% of all respondents are currently employed as Management Consultants. The results presented in this report are based on the data submitted by those who are actually currently employed within our industry and excludes salary data for those looking to move into the industry.

We also asked respondents to identify the primary type of consulting work they undertook (to enable segmentation of the

salary data). This provides interesting insights into the types of consultants that recruiters are most likely to be able to reach via the Top-Consultant.com site:

#### Consulting type

Business Transformation /	
Change Management	27%
Strategy	25%
Business Process Improvement	18%
Project / Programme Management	16%
Technology	7%
HR Consulting	4%
Outsourcing	4%

#### Sector \*

Public Sector	33%
Telecoms, Media & Entertainment	29%
Energy & Utilities	25%
Financial Services	
(Retail Financial Services focus)	23%
Retail / Consumer Goods	23%
Healthcare & Pharma	17%
Financial Services	
(Investment Banking / Capital Markets)	16%
Automotive / Aerospace	15%
Distribution / Logistics	13%
Transportation	11%

\* multiple choices were possible and hence the total exceeds 100%

View the latest global opportunities in consulting at [Top-Consultant.com](http://Top-Consultant.com) and [TopITconsultant.com](http://TopITconsultant.com)

## Appendix 1: Demographics of our consulting readership

Conducting this survey has allowed us to collect some fantastic preliminary demographic data about the emerging readership of TopITconsultant.com. For clients wondering what types of IT consultants they can reach through this new site, the following data should provide a strong steer.



### Respondents Profile

Of the 437 readers who responded to our IT consulting salary survey, it is interesting to see a similar profile to Top-Consultant in terms of the levels of seniority that we reach. The levels spanning Senior Consultant, Manager and Principal are once again the best represented:

Level within firm	
Junior Consultant	16%
Senior Consultant	25%
Manager	25%
Principal	23%
Partner	10%

Also of note is the fact that 89.0% of all respondents are currently employed as IT Consultants. The results presented in this report are based on the data submitted by those who are actually currently employed within our industry and excludes salary data for those looking to move into the industry.

We also asked respondents to identify the primary type of consulting work they undertook. This provides interesting insights into the types of consultants that recruiters are most likely to be able to reach via the TopITconsultant.com site:

Consulting type	
IT project / programme management	37.1%
ERP consultant	18.1%
IT strategy	14.0%
Architect	
(Enterprise / Infrastructure / Technical)	11.9%
Technical consultant	8.7%
Systems analyst	3.9%
Software developer / programmer	3.4%
IT security	2.1%
Database administrator	0.5%
Web developer	0.5%

Sector *	
Telecoms, Media & Entertainment	35.7%
Public Sector	35.2%
Financial Services	
(Retail Financial Services focus)	26.1%
Energy & Utilities	23.6%
Retail / Consumer Goods	22.2%
Financial Services	
(Investment Banking/Capital Markets)	16.5%
Healthcare & Pharma	14.7%
Distribution / Logistics	14.4%
Automotive / Aerospace	14.0%
Transportation	9.2%

\* multiple choices were possible and hence the total exceeds 100%

View the latest global opportunities in consulting at [Top-Consultant.com](http://Top-Consultant.com) and [TopITconsultant.com](http://TopITconsultant.com)



## Contact details

To find out how your firm could attract consulting hires by advertising on our websites or accessing our CV databases, please:

### Call to speak with one of our team

Please call us on +44 (0) 207 667 6880 and ask for Graeme Underhill or Simon Bell if you are interested in recruiting IT Consultants; or Bryan Hickson, Dawn Habijan or Sarah Nutton if you are interested in recruiting Management Consultants.

### Request a brochure

Alternatively, please feel free to request a PDF brochure detailing our services. You may do this online by visiting the following web links:

**TopITconsultant.com** – for IT consulting hires  
<http://www.topitconsultant.com/brochure.aspx>

**Top-Consultant.com** – for management consultancy hires  
<http://www.top-consultant.com/UK/clientcentre/brochure.aspx>

### Email us

Feel free to email our Customer Services team with any questions you may have using the address [customer.services@top-consultant.com](mailto:customer.services@top-consultant.com).

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**Top IT consultant.com**

