LABOR MARKET BRIEFINGS SERIES

LABOR MARKET INFORMATION FOR RESEARCHERS

THE CONSULTANCY SECTOR IN EUROPE
As part of EURAXIND's Labor Market Briefings Series, this report will give an overview of the Consultancy sector in Europe and will provide insight as to how European researchers can begin making their career in the sector. While providing a general overview of the Consultancy sector, this report will focus on the consultancy sector in two European regions, the UK and Ireland, and the DACH Region (Switzerland, Austria, and Germany) as both regions boast significant consultancy sectors. It should be noted that this is a general overview of the Consultancy sector and does not seek to give specific information, rather a glimpse of the sector.
Put simply, consulting is the business of giving expert advice, for payment, to people working in a professional or technical field. The field of consulting is an invention of the 20th century and has become one of the most respected and lucrative sectors globally. Throughout the previous decades the international consulting sector has been experiencing sustained international growth, except for a brief downturn between 2008 and 2011. The current valuation of the global consultancy sector stands at about $250bl, making it one of the largest professional service industries globally. The growth of consulting can be directly attributed to world globalization within the last decades. The international consulting sector has been growing with an average Compound Annual Growth Rate (CAGR) of 4.1% since the end of the downturn in the sector in 2011.

The consulting sector can be divided up into multiple segments of consulting services. The largest of which is Operations Consulting, which accounts for nearly 30% of the global sector, followed by the Financial Advisory segment. Strategy Consulting – the most prestigious segment in the industry – represents less than 15% of the market, and is, in terms of size, comparable to the HR Consulting domain. Technology Consulting, also referred to as IT Consulting, holds a 20% share of the overall market.

When examined in a regional context, the North American consulting sector is by far the most dominant region globally, however, the EMEA region – Europe, the Middle East, and Africa – lead in terms of sector size, holding a 41% share of the overall consultancy economy. The US is by far the largest national consulting sector in North America, with Canada taking just a 7% share of the North American sector.

With the entire consulting sector being valued at $250bl, the market value of the EMEA-region is on track to surpass the $100 billion mark, within the next few years.

Europe represents the largest segment of the EMEA consulting sector at more than 95%, with Western-Europe serving as the most significant contributor, adding 90% of Europe’s total turnover in the sector.

Following the economic slowdown within the European consulting sector between 2008 and 2010 – in the wake of the financial crisis – the consulting industry managed to recover and has returned to modest growth. Following a 3.9% growth in 2012, to a total market value of $85bl, the following years have seen a growth rate fluctuating between 3.5% and 4%. As mentioned previously Europe and the EMEA have already surpassed the $100bl value mark. The consulting sector in the wider EMEA region and more specifically in Europe looks poised to continue growth in the future.
With a more in-depth examination of the Consulting sector in Europe, differences between the consultancy sectors in West- and East-Europe become more apparent. Between the years of 2010 and 2015, the consultancy sector in Western Europe grew less than half as fast as that of Eastern Europe. The German-speaking DACH region (Germany, Austria, and Switzerland) has a combined turnover of $24bl annually and represents the largest consulting sector region in Europe, this is followed by the UK and Ireland, with a combined turnover of $23bl. In terms of individual countries, the UK and then Germany are the largest consulting sectors, followed by France. The Benelux countries, with the Netherlands as the largest hub, account for a turnover of around $7.5 billion, about $1 billion more than the Nordic region.

An even more in-depth comparison of the different European consulting sectors shows that there is considerable variation in segments and offerings between the different European regions. Financial Advisory plays a larger role in the UK (32%), with its large financial sector than in the German-speaking countries of the DACH region (24%). This is due to the fact that a number of services offered by financial consultants in the UK are commonly performed in the DACH region by local lawyers and accountants. Human Resources Consulting is still emerging in Southern Europe, where fewer large multinationals are headquartered relative to Northern Europe. Unsurprisingly, HR Consulting in the UK and Ireland account for 12% of the consultancy sector, while in Southern Europe only 8% of the sector consists of HR Consulting. The sector structure of the Benelux region is comparable to that of France and the DACH region.
As Europe and the European economic area are diverse places with significant distinctions between the economies of the different member states (and associated countries), a focus on the Consultancy sector in a few specific countries can help us glean an overview of the sector in Europe. Two regions within Europe with significant national Consultancy sectors are the UK and Ireland, and Switzerland, Austria, and Germany (the DACH Region). It is in the Consultancy sectors in these three countries that recent graduates looking to make a career in the Consultancy world should begin starting their search.

The DACH Region (Switzerland, Austria, and Germany)

The consulting market of the DACH region is one of the largest in the world and is valued at around €8.7bl. The valuation of the consulting market has been steadily on the rise since the end of the financial crisis in 2011 with the market experiencing an increase of over 15%. The value of the German consultancy sector stands at over €7.5bl which is roughly 7% of the global consulting sector, which makes the German consultancy sector the largest in the DACH region. In terms of growth, the consulting sector in Germany is the fastest growing sector in the region with a growth rate of over 6.5% annually. In comparison, the consultancy sector in Switzerland is growing at over 5.7% annually and Austria at 2.9%. Placing their valuations at €943ml and €265ml respectively.

Austria’s weaker position within the consulting sector of the region can in large part be attributed to its exposure to volatility from Eastern Europe and Russia due to its political and geographic positioning. The Eastern European consultancy market is valued at just over €1.1bl and has seen a negative growth rate in recent years.

Russia’s consulting sector has been suffering an even more drastic decline, declining by over 13% in recent years. Which can be attributed to political turmoil and economic uncertainty in that country. As such, the Austrian consulting market has been hampered by the slowdown in the Eastern European and Russian consulting sectors.

Since 2011, the DACH region’s consulting market has seen more than €1bl added to its total value. This can be attributed to two main consulting sub-sectors, financial service consulting and manufacturing consulting. The money spent by manufacturers on consulting was mostly by the automotive industry which makes up half of the consulting demand by manufacturing firms in the region. The pharmaceutical & biotech consulting market is one of the smaller markets in the DACH region, yet it has been the fastest growing industry in recent years from a consulting perspective. Which can be attributed to increased pressure on Pharmaceutical and Biotech companies to comply with demands for consolidation and regulation by the EU and DACH region governments.

In regard to service areas, strategy consulting is the largest consulting service in the German, Swiss, and Austrian consulting sectors. With risk & regulation standing as the fastest growing single consultancy service demanded in the region, which can be attributed to growing cybersecurity concerns. This trend for increased Risk & Regulation demand due to cybersecurity concerns can be found not only in the DACH region but worldwide. With estimates citing close to $400bl in damages annually due to cybersecurity issues. The DACH region has also been experiencing a surge in demand for digital technology consulting services, which have been growing at over 8% annually.
When contrasting the DACH regions consulting sector with fifteen other sectors it becomes apparent that the Region’s consulting sector is one of if not the world’s most attractive consultancy sector. Upon an examination of four central criteria, talent, growth prospects, average revenue per consultant, and propensity to buy we can observe that the consulting sector in the DACH region is significantly superior to the consulting sectors of Australia, the UK, the US, and the GCC. What stands out most for the DACH region is the average fee income per consultant, with high-priced consulting being more prevalent in this region than anywhere else in the world. Additionally, the DACH region contains one of the largest supply’s of high-quality talent due to the high education levels and educational infrastructure that can be found in the region. Overall, the DACH region boasts one of the strongest and fastest growing consultancy sectors in the world.

The UK and Ireland
The UK and Ireland boast one of the largest consulting sectors in the world. The consulting sector of both countries combined are estimated to be worth around $23 billion, which comprises almost a quarter of Europe’s consulting sector. Both the UK and Ireland have seen staggering growth in the consulting with an over 20% increase in recent years. When comparing the consulting sector in both the UK and Ireland we can glimpse some disparities between the two. Firstly, the UK consulting sector is between 10 and 11 times the size of the Irish consulting sector. The UK’s larger role in the sector can be attributed to London’s dominant role in the region in terms of demand for consulting and implementation services.

Upon closer examination, we can see that Financial Advisory is the largest sub-sector in the UK & Ireland consulting sector.
Of the annual consulting services provided by the UK’s consulting sector annually, 81% is consulting for domestic interests with 19% being exported. Of the external consulting about 8% goes to the EU and the other 8% outside of Europe. The trends in the UK’s consulting market are an increased demand for consultants who can provide solutions to complex problems, as such consulting firms are increasingly hiring multi-disciplinary staffs which can deal with different sets of issues. Additionally, consulting firms with an advantage in digital are set up nicely to grow and excel in the coming years.

In recent years the Irish consulting sector has been growing drastically, which is in line with economic growth by the entire Irish economy. The Irish consulting sector is growing by a rate of about 7% annually with its current valuation standing at about €700 million. An analysis of the Irish consulting sector’s sub-sectors highlights the dominance of the Operations Consulting and Technology consulting sub-sectors totaling 30% and 23% of the sector respectively. This is followed by Strategy and People & Change which account for 17% and 11% respectively. Similarly, to the UK, 89% of Irish consulting is for domestic interests and only 11% is exported. Of that 11%, 10% goes to the EU and 1% goes outside of Europe. While not yet quite as dominant as the UK’s consulting sector, Ireland’s consulting sector is significant and looks to only continue growing over the next few decades.
In the last decade, the consulting sector has risen to become one of the most prominent economic sectors. Large multinational consulting firms can be found in every developed economy around the world, with Europe being no exception. While we often think of the large multinationals, such as Deloitte, McKinsey, and PWC when we think of the consulting sector, these firms are found mostly in one type of consulting firm, full-service consulting. There exist another two types of consulting firms, strategy and boutique consulting. These types of firms tend to be smaller, especially boutique consulting firms, with firms providing services exclusively in specific consulting markets. While these types of firms may be less prestigious, employees benefit from smaller employee pools in terms of employment impact and intra-firm relations. All of this comes at no expense regarding salary and benefits in comparison to larger firms. Europe too is no stranger to strategy and boutique firms with a large percentage of European consulting operating being comprised of these types, qualifying them as SMEs.

As the consulting market continues to grow, more consulting jobs are becoming available throughout Europe. While the consulting sector offers high-salaries, especially in large and established consulting firms. Employment in the sector often demands working long work weeks with afterhours work from home a sector standard rather than an exception. In addition, most employees in the Consultancy sector can look forward to a large amount of travel due to the international profile of their clientele. So, if you don’t mind working long hours and traveling a lot while earning a high salary then consultancy is for you.

Some examples of large multinational full-service consulting firms are:

**Europe**
- IMPLEMENT Consulting Group
- Vertone, and Estin & Co.

**DACH Region**
- TALOS, BSD Consulting, BOYDAK, and EgonZehnder.

**The UK and Ireland**
The consulting sector is one of the most prominent career paths for recent graduates. As consulting firms need an endless supply of highly trained researchers and analytical thinkers. Degrees are valued to the utmost within the consulting sector with the more degrees attained the more attractive the potential employee becomes. The fact that the consulting sector provides high salaries, high prestige, travel opportunities, and career opportunities makes it extremely competitive for recent graduates. While roles for researchers and advanced graduates are plentiful they are not unlimited making the attainment of such positions quite competitive.

Therefore, it can often be beneficial for students looking forward to a career in consulting to try and get accepted into a consulting graduate scheme. In these schemes consulting firms agree to subsidize a part or all a student’s studies as well as guarantee a future position in the firm. In return, the student signs an agreement guaranteeing to work for the firm upon graduation as well as to undertake specific studies beneficial for the firm. Just like employment in consulting firms, positions in graduate consulting schemes are extremely competitive with high achieving students from prominent schools being favored.

In terms of degree or field of study, there are no preferences in the consulting sector. Like many other sectors, degrees from the STEM fields do well. Yet, a degree from any field can find a place in the consulting sector as firms often need experts in a wide range of issues and topics. Larger firms in full-service consulting hire from all the fields of study with smaller firms often specializing in a specific field. This is usually reflected in the hiring processes at consulting firms.

The skills/attributes most sought after in the consulting sector are problem-solving, analytical thinking, strong written and communication skills, teamwork ability, planning ability, organizational skills, a friendly personality, initiative, motivation, and commercial awareness. A strong interest in your chosen field of study is a huge bonus as well as language skills and an affinity for travel. As consulting is a dynamic field the more skills attained the stronger a candidate is.
The Consultancy Sector in Europe -
http://www.consultancy.uk/consulting-industry/europe

The DACH consulting Market 2017 -

Guide to UK Consulting 2015 -

Consulting Firm Guide -

Graduate Careers in Consulting -

Ph.D. Career Guide - Consulting -
http://www.phdcareerguide.com/consulting.html