

Career choices for consulting super stars

The consulting world has changed dramatically over the last 20 years and with it have the career options open to the best consultants.

In the 1980s and early 1990s, the brightest consultants joined one of a handful of elite strategy firms. They stayed loyal to the firm, were sponsored to do an MBA at an Ivy league business school, and if they stuck at it and made the grade, they would be rewarded handsomely by being promoted to Partner.

Then in the late 1990s, dotcom mania struck. Many of the best consultants failed to return after their MBA or left the firm to join hi-tech start-ups, hoping to build and float companies with “new paradigm” business models. The most memorable example in the UK was the founding of the travel company, Lastminute.com. Famously, Brent Hoberman was a Senior Associate at Spectrum Strategy when he met Martha Lane Fox and jointly founded Lastminute.com in 1998.

With the crashing of the internet bubble from 2000 and with the consulting downturn in mainstream corporate consulting lasting until 2004, consultants faced difficult career choices. Many consultants decided that with so little real job security in consulting they were better off eschewing the traditional consulting career ladder and working as freelance associates. This gave them life-work flexibility as well as the ability to focus on areas of consulting that they were genuinely interested in. It also enabled them to gain valuable line-management experience to complement their consulting skills.

Many of the top consulting firms de-risked their business by increasing the proportion of associate staff to permanent staff. They found that with so many good consultants “on the bench”, it was possible to supplement their permanent consulting resources as required to meet demand surges. With a large pool of freelance associates it has also been possible for these firms to pin-point their staffing so that they get a sector or skills expert on their team as required.

Outside of consulting, the business area to be most favourable to the brightest consultants was private-equity. Many of the largest private equity firms which had begun life as funding business start-ups, switched to performing major management buy-outs where they could achieve much more predictable revenue streams. With such low interest rates, and so many European business crying out for restructuring, money poured into buy-out funds. One of the key reasons why businesses were taken private was to undertake the complicated corporate surgery by industry experts, which might not be understood or welcomed by a broad shareholder base.

To make post-acquisition improvements private equity firms need strategy consultants' analytical rigour combined with operational and sector experience. As well as relying on trusted consulting firms to assess deals and create strategies, they have looked for key individuals who they can work with over a long period to deliver tangible business performance improvements. Consulting companies with their linear structure, low level of operational experience, and requirement to sell big-teams, often are not suited to the implementation needs of the private equity world. Hence the need for skilled associate staff who have the management consultant's training and the business executive's experience.

With the consulting market picking up from 2004, many consulting firms have been re-hiring aggressively. However for many of the brightest consultants today, the choice is not which firm to join but whether to join a firm or to work an associate basis.

For more information on Mindbench, go to www.mindbench.com