

PAYING CONSULTANTS & ALUMNI

how much are
current & former
consultants
paid?

2018

MOVEMEON

FORWARD

Movemeon (MMO) is an exclusive community for consultants, consulting alumni and freelance consultants – used by ~29,000 members. MMO was founded by McKinsey consultants following frustrations with traditional recruitment agencies. At MMO, we're on a mission to provide consultants and alumni with the best experience for career exploration, and employers with the best experience for hiring.

Movemeon is the largest dedicated channel for hiring people who started their career in consulting. Our website – movemeon.com – provides 1,900+ employers with a curated platform through which to share their job opportunities with these candidates, even when they're not actively looking.

We are asked about pay almost every day. “How much can I expect for this job?” and “Which industries pay the best?” – from members. “What’s a reasonable package for this role?” – from many of the employers partnering with us to hire.

So, in January 2018, we analysed 34,945 responses* to answer those questions and many more.

This report sets out the key findings for employers and for candidates. It covers everything from pay levels and

structures in different industries to pay progression depending on current / former consulting firm to the gender pay gap. There is further salary analysis available via the insight section on the Movemeon website.

We hope that this content helps you make more informed career and hiring decisions. If you would like to speak to us regarding the information in this report, or Movemeon in general, please email info@movemeon.com.

NOTES:

This report is designed for both ‘employers’ and ‘candidates’ and you’ll find commonly asked questions throughout – eQ for an ‘**employer question**’ and cQ for a ‘**candidate question**’.

* Further information on our data quantity and sources as well as definitions for commonly used terms, are available at the end of the report.

The information in this report is proprietary. Please do not reproduce it without the permission of Movemeon. Thank you.

INDEX

04 Pay progression – staying in consulting

06 Pay progression – on leaving consulting

08 Pay progression – staying vs leaving

10 Pay by industry

12 Pay per hour by company type

14 Pay by job type ('function')

16 Pay breakdown by company type

18 Pay vs job satisfaction

20 Pay rises

22 Pay comparison - freelance vs permanent

24 Day rates for freelance consultants

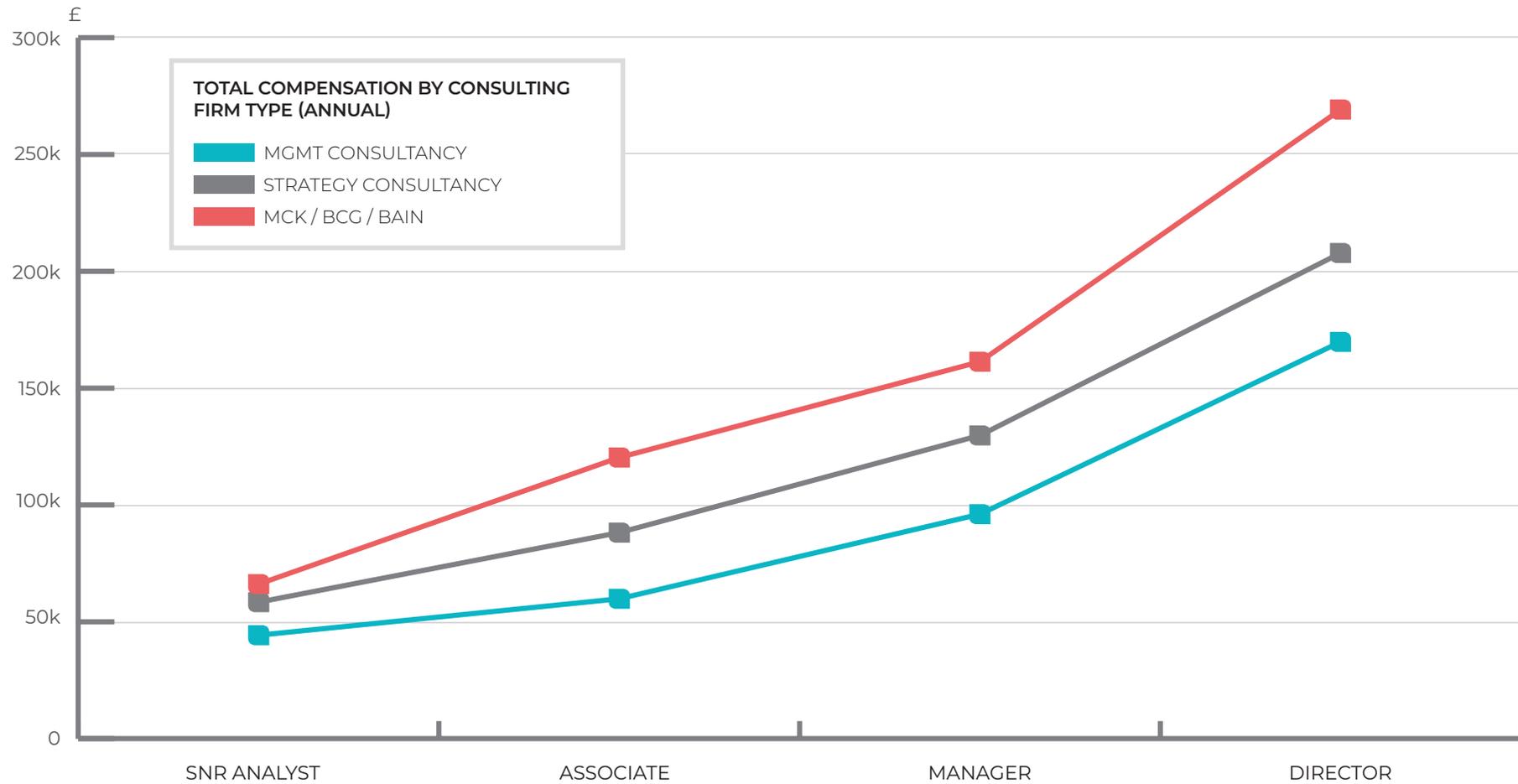
25 Pay expectations - employers vs candidates

26 Pay gap - gender

27 Data – 34,945 responses

28 Definitions

PAY PROGRESSION – STAYING IN CONSULTING



PAY PROGRESSION – STAYING IN CONSULTING

e Q: how much do my target hires currently earn?

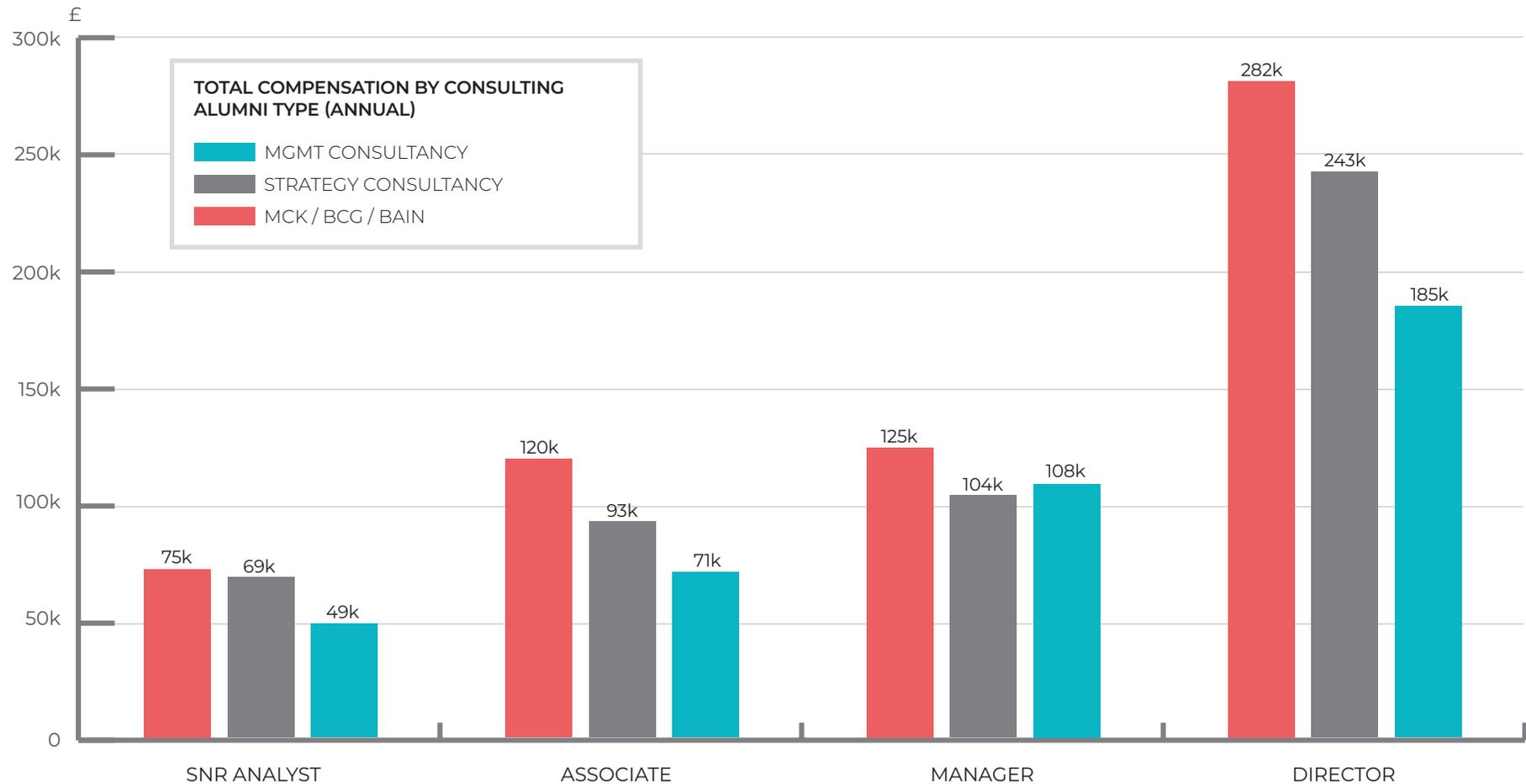
Earnings are on average £45-270k, depending on seniority and the type of consulting firm.

c Q: how do earnings vary by consulting firm?

McKinsey, Bain and BCG employees are paid, on average, a 26% premium over consultants working in other strategy consultancies; who are in turn paid an average 34% premium over those working in management consultancies.

	SNR ANALYST	ASSOCIATE	MANAGER	DIRECTOR
MBB PREMIUM VS STRATEGY CONSULTANCY	13%	36%	24%	30%
STRATEGY CONSULTANCY PREMIUM VS MANAGEMENT CONSULTANCY	32%	47%	35%	22%

PAY PROGRESSION – ON LEAVING CONSULTING



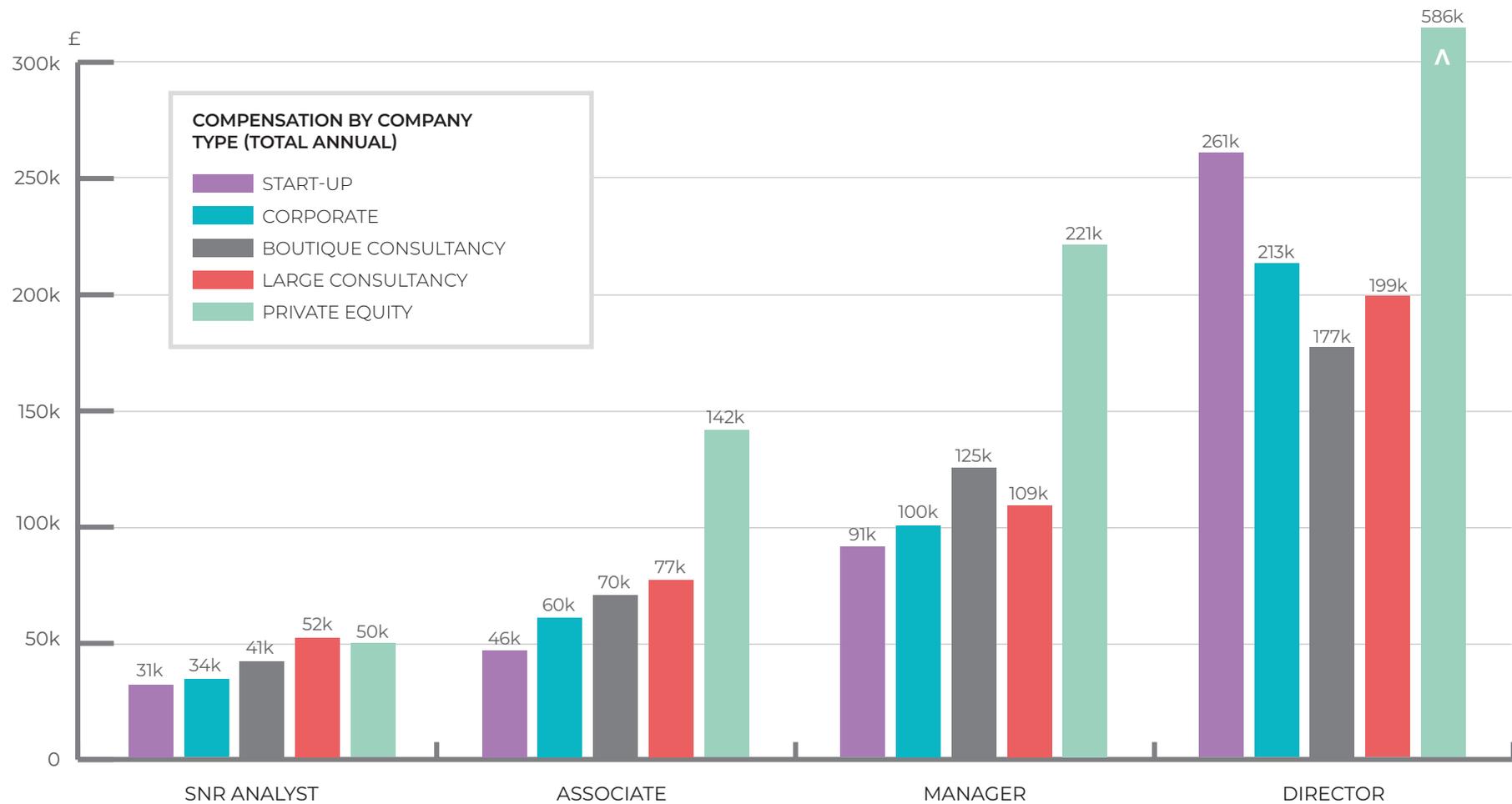
PAY PROGRESSION – ON LEAVING CONSULTING

e Q: **do certain alumni continue to command a premium even after leaving consulting?**

c Q: **does my choice of consulting firm at the start of my career, impact my future earnings even after I've left consulting?**

Yes, on average. The trend is similar to pay within consulting firms. McKinsey, Bain and BCG alumni command a premium and strategy consulting alumni are more highly compensated than their management consulting peers.

PAY PROGRESSION – STAYING VS LEAVING



PAY PROGRESSION – STAYING VS LEAVING

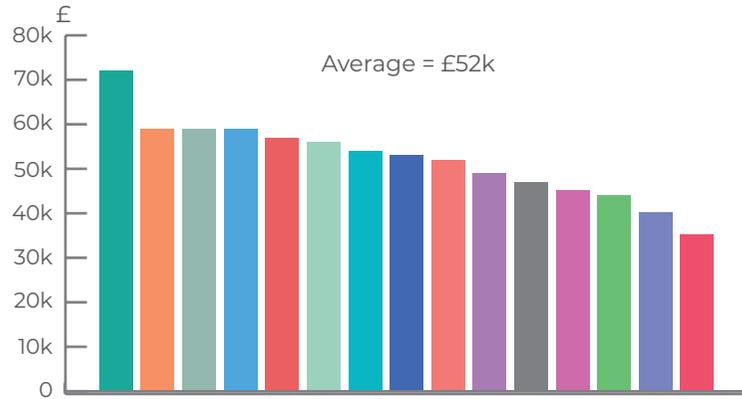
- e Q: **what total compensation do companies similar to mine offer when hiring consultants & alumni?**
- c Q: **how will my future earnings vary based on the type of company I join? Is it better to leave or stay in consulting?**

At junior levels, corporates and consultancies pay better than start-ups. However, the opposite is true at senior levels in a start-up. This is driven by the value of equity – as is shown on page 16.

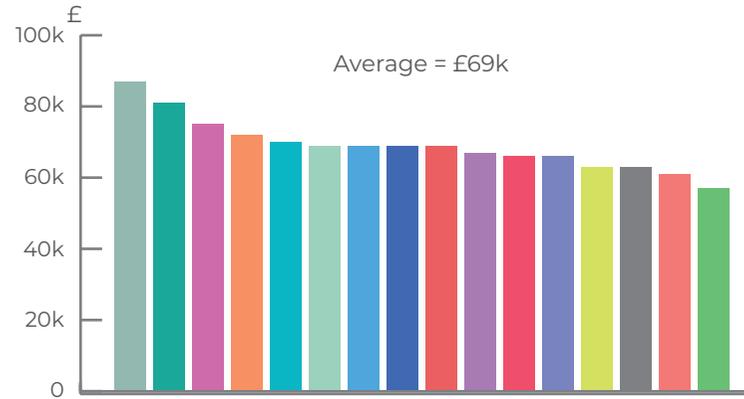
Up to Manager level, consulting pay exceeds corporate and start-up pay; eclipsed only by private equity. However, senior level consultants are paid between 10-30% less than their peers 'in industry' - both corporates & start-ups - as the value of share options kicks in.

PAY BY INDUSTRY

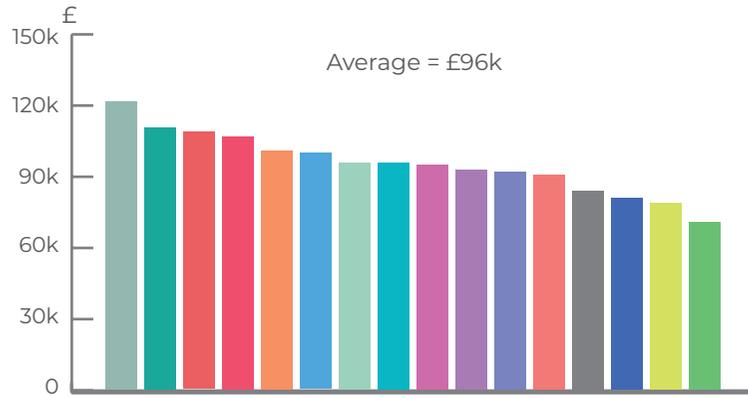
SNR ANALYST



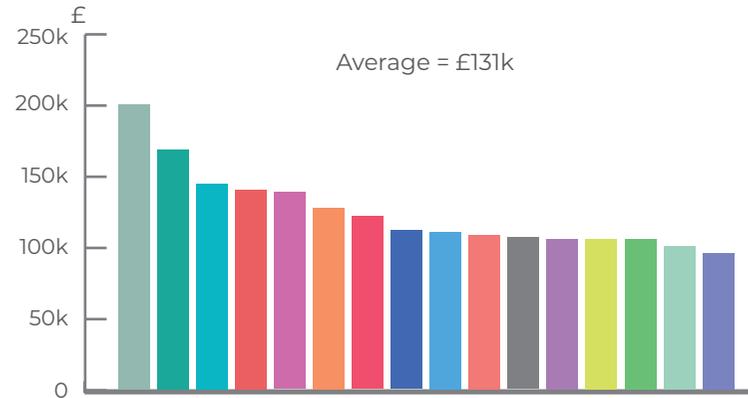
ASSOCIATE



MANAGER



DIRECTOR



PAY BY INDUSTRY

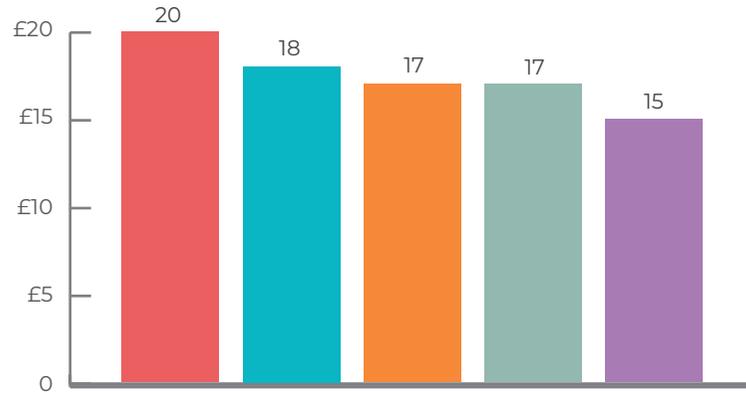
e Q: **what basic salaries do companies in my industry offer when hiring consultants & alumni at different levels?**

c Q: **how will my future salary vary depending on the industry I join?**

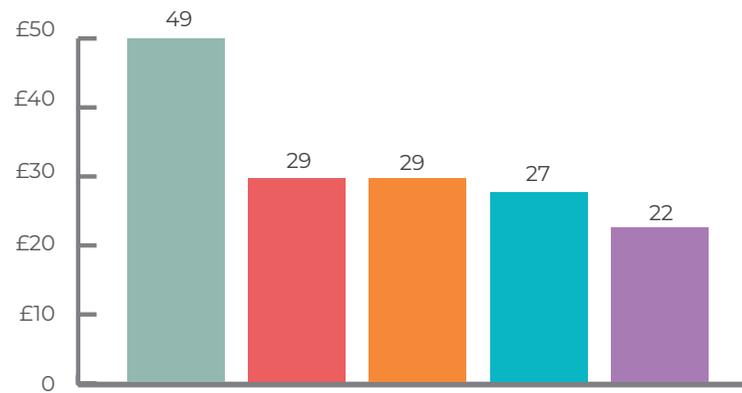
There is considerable variance. When you are hiring, you may need to offer more or less than you might think. Equally, from a candidate perspective, choose your industry carefully - particularly if compensation is extremely important to you.

PAY PER HOUR BY COMPANY TYPE

SNR ANALYST



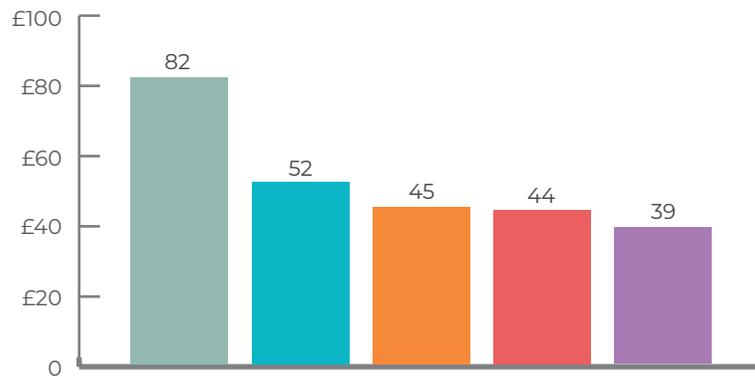
ASSOCIATE



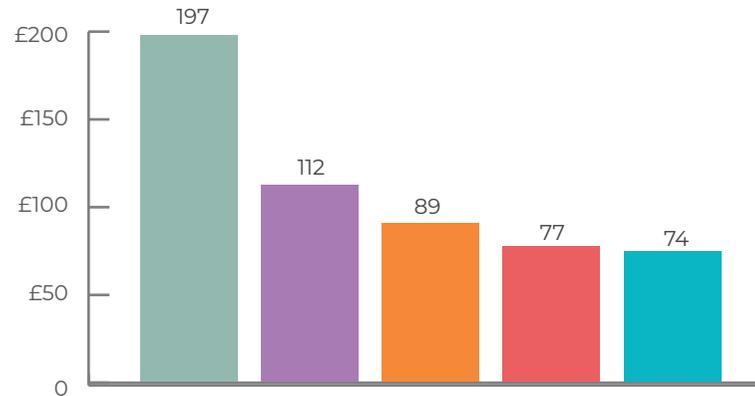
TOTAL COMPENSATION PER HOUR BY COMPANY TYPE

- START-UP
- CORPORATE
- BOUTIQUE CONSULTANCY
- LARGE CONSULTANCY
- PRIVATE EQUITY

MANAGER



DIRECTOR



PAY PER HOUR BY COMPANY TYPE

Q: which industries pay the best once working hours are factored in?

It's not all about the money! In our poll on 'reasons to leave consulting', 'work-life balance' was the most common answer. Here we look at the decrease / increase versus staying in a large consultancy in absolute pay (i.e, total annual compensation) alongside the decrease / increase versus staying in a large consultancy in hourly pay (i.e, total annual compensation divided by total annual hours worked).

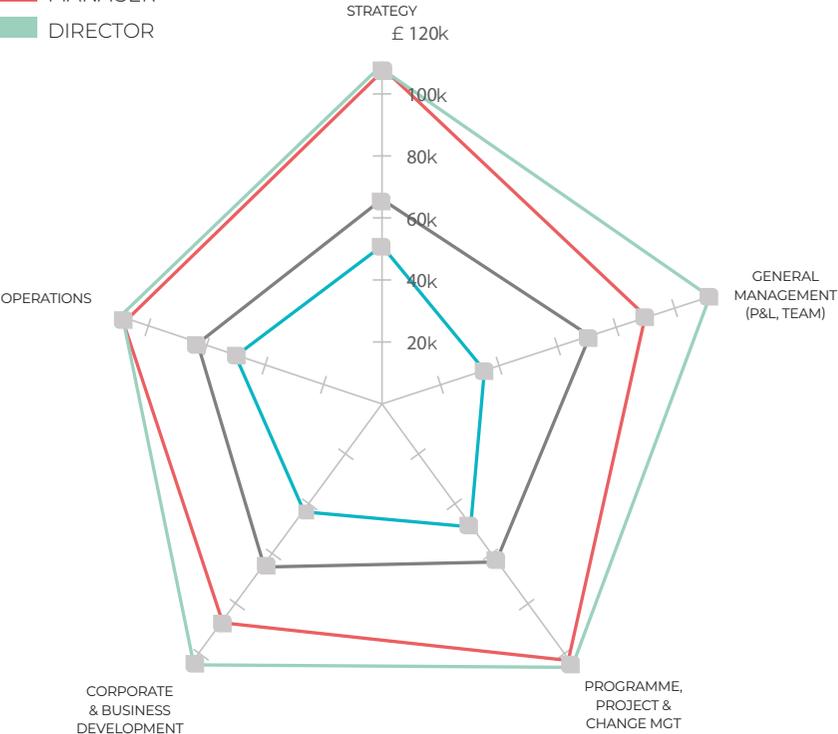
For instance, if you were to leave a large consultancy as an Associate and join a corporate, your absolute pay would fall 21%, but once the fewer working hours are factored in, your hourly pay would be exactly the same.

PAY DIFFERENCE VS LARGE CONSULTANCY	ANALYST	ASSOCIATE	MANAGER	DIRECTOR
START-UP: ABSOLUTE PAY	-39%	-40%	-16%	31%
START-UP: PAY PER HR	-23%	-25%	-11%	45%
CORPORATE: ABSOLUTE PAY	-35%	-21%	-8%	7%
CORPORATE: PAY PER HR	-18%	0%	1%	16%
BOUTIQUE CONSULTANCY: ABSOLUTE PAY	-20%	-9%	15%	-11%
BOUTIQUE CONSULTANCY: PAY PER HIRE	-11%	-6%	19%	-4%
PRIVATE EQUITY: ABSOLUTE PAY	-5%	84%	104%	194%
PRIVATE EQUITY: PAY PER HIRE	-14%	66%	85%	157%

PAY BY JOB TYPE ('FUNCTION')

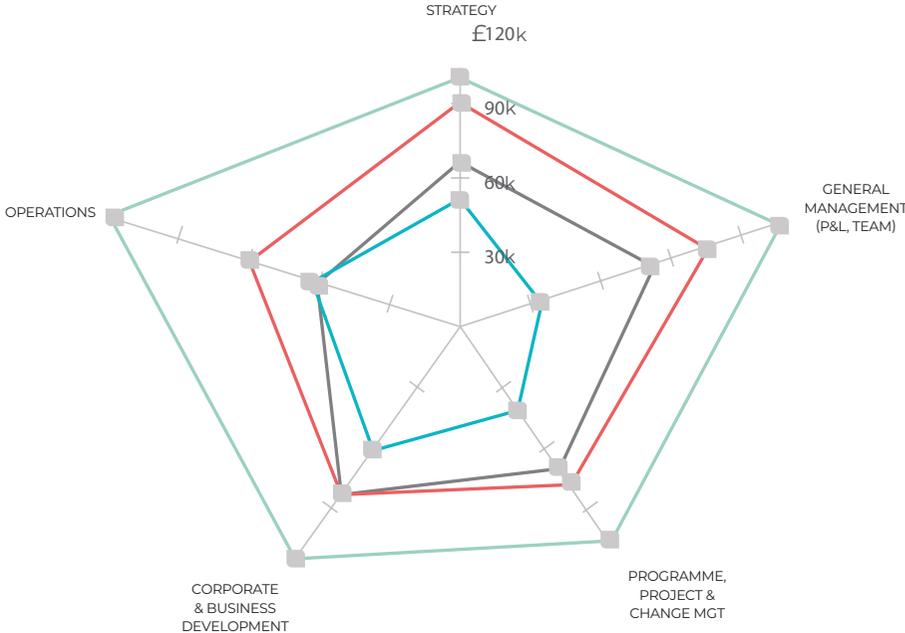
START-UP
BASIC SALARY BY TYPE OF JOB (ANNUAL)

- SNR ANALYST
- ASSOCIATE
- MANAGER
- DIRECTOR



CORPORATE
BASIC SALARY BY TYPE OF JOB (ANNUAL)

- SNR ANALYST
- ASSOCIATE
- MANAGER
- DIRECTOR



PAY BY JOB TYPE ('FUNCTION')

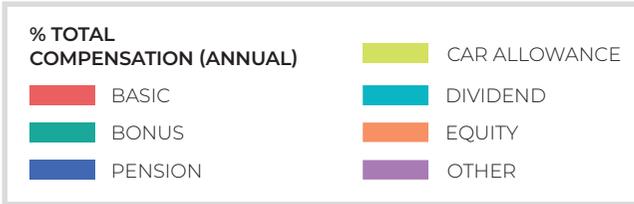
e Q: **do I need to pay consultants & alumni differently based on the role for which I am hiring?**

c Q: **what do different types of jobs pay if I leave consulting for a small or large company?**

Within corporates, consulting alumni are better paid when they manage to step away from the classic 'post-consulting' functions (i.e, strategy or project management) and into operational roles (i.e, general management, business development or operations).

Within start-ups, operations roles are paid significantly less than other functions.

PAY BREAKDOWN BY COMPANY TYPE



PAY BREAKDOWN BY COMPANY TYPE

e Q: **how do companies similar to mine structure their packages?**

c Q: **does the make-up of my package (i.e, basic vs bonus vs equity vs other) vary depending on the type of company I join?**

In all company types, the proportion of the value of total compensation made up by the 'cash' (i.e, basic salary + bonus) element, decreases with seniority. This is particularly stark in start-ups and private equity, where the majority of the value of compensation at senior levels is in equity. The trend is the same in corporates but to a lesser extent.

NON-CASH PROPORTION	ASSOCIATE	MANAGER	DIRECTOR
START-UP	5.6%	17.0%	66.6%
CORPORATE	12.3%	16.3%	26.6%
BOUTIQUE CONSULTANCY	5.3%	6.9%	16.5%
LARGE CONSULTANCY	11.1%	11.5%	8.4%
PRIVATE EQUITY	13.9%	23.7%	54.4%

PAY VS JOB SATISFACTION

CORRELATION	JOB HAPPINESS	COMPENSATION HAPPINESS
JOB HAPPINESS	1.00	0.54
COMPENSATION HAPPINESS	0.54	1.00
COMPENSATION	0.08	0.16
HOURS WORKED	0.04	0.11

PAY VS JOB SATISFACTION

e Q: **is there a correlation between how happy someone is in their job and their compensation?**

No! The correlation is strongest between job happiness and compensation happiness, rather than compensation itself (correlation is 0.54). I.e, **it doesn't matter what someone is paid, but what does matter is that they perceive what they are paid to be fair.**

This insight is particularly relevant for retention. If employees' pay does not progress in line with market and / or the value they are adding to the business, they are far more likely to leave. The cost of losing an employee (i.e, the lost value due to lack of capacity), recruitment (including team time interviewing etc. as well as fees), onboarding / getting the new recruit up to speed so they are adding as much value as the incumbent, is often in excess of paying market rate to the incumbent.

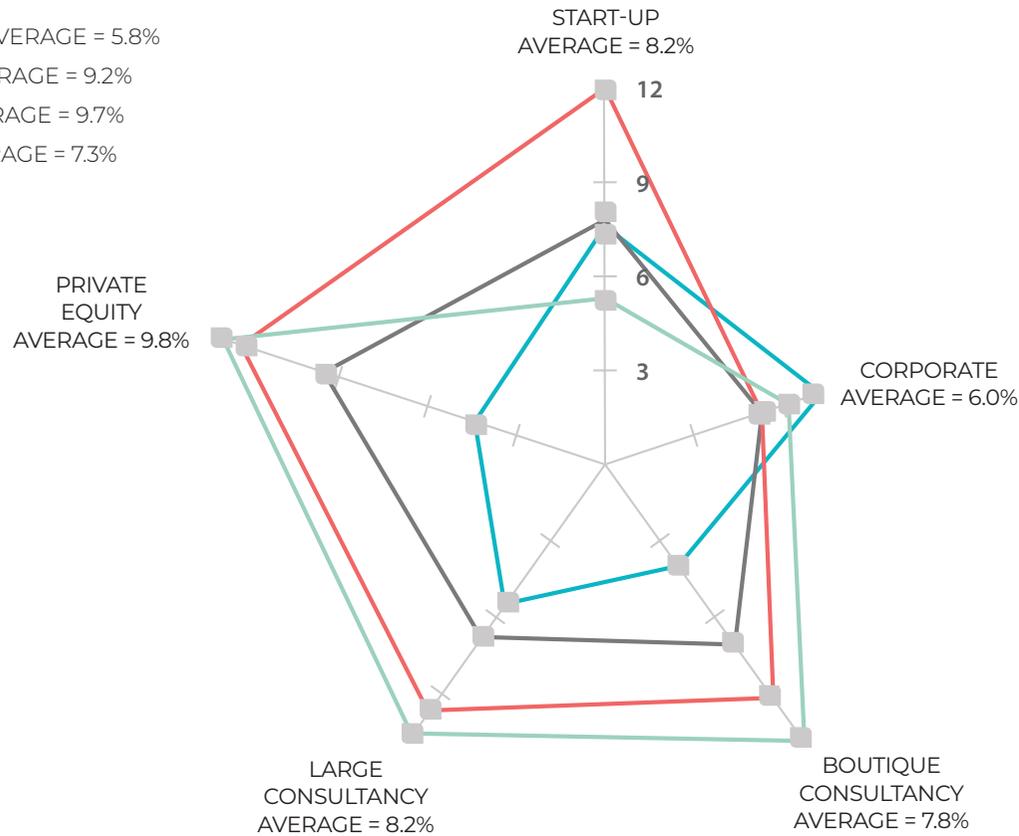
c Q: **Is there a correlation between how happy someone is in their job and the number of hours they work?**

Again, No! **If people are happy in their job, they are insensitive to their working hours** (correlation is 0.04).

PAY RISES

BASIC SALARY RISES BY COMPANY TYPE (ANNUAL)

- SNR ANALYST - AVERAGE = 5.8%
- ASSOCIATE - AVERAGE = 9.2%
- MANAGER - AVERAGE = 9.7%
- DIRECTOR - AVERAGE = 7.3%



PAY RISES

e Q: **what % pay rises should we be considering?**

c Q: **at what career stage and in which industries are basic salary pay rises greatest?**

On average, basic salary increases are greatest in the middle parts of a career – i.e, when progressing through Associate and Manager levels. At senior levels, increases in compensation are driven primarily by variable compensation (bonus, equity etc).

On average, basic salary increases are lowest in corporates. Start-ups and consulting firms all average ~8%. Private Equity leads the pack.

PAY COMPARISON – FREELANCE VS PERMANENT

	SNR ANALYST	ASSOCIATE	MANAGER
EFFECTIVE DAY RATE - PERMANENT EMPLOYEE	£251	£394	£589
DAY RATE - FREELANCER	£439	£594	£841
PERMANENT EMPLOYEE VS FREELANCER	-43%	-34%	-30%
AVERAGE TOTAL ANNUAL COMPENSATION	£43,296	£70,452	£107,271
EMPLOYER NATIONAL INSURANCE CONTRIBUTION	£4,848	£8,596	£13,677
EMPLOYER PENSION CONTRIBUTION (ASSUMED 4%)	£1,732	£2,818	£4,291
OTHER FIXED COSTS (ASSUMED £6K)	£6,000	£6,000	£6,000
TOTAL PERMANENT EMPLOYEE ANNUAL COST	£55,875	£87,866	£131,239
WEEK DAYS PER YEAR	260	260	260
PAID LEAVE (ASSUMED 25 HOLIDAYS + 8 PUBLIC + 4 SICK DAYS)	37	37	37
PERMANENT EMPLOYEES - TOTAL DAYS WORKED PER YEAR	223	223	223

PAY COMPARISON – FREELANCE VS PERMANENT

e Q: **day rates can feel high - is that the reality once all the costs of permanent employees are factored in?**

The supply and demand for freelancers is – in our experience – highest at Associate and Manager levels. At these levels, once you factor in all the other costs (beyond compensation) incurred for a permanent employee, the saving is 32%.

However, there are advantages to using a freelancer that could imply that the effective cost is even more comparable – i.e, the saving is lower than 32%.

You can end a freelancer's contract with little or no notice *

There are a number of common reasons as to why you may need to let someone go. The business could be contracting, requiring redundancy. There may be a performance issue, requiring HR procedures and a notice period.

Equally, a valuable permanent employee may decide to leave – on average according to Payscale data, this now happens every 2.5 years. Replacing that employee not only incurs recruitment costs, but business performance may also be held back by under capacity during the recruitment and onboarding period.

In summary, there are cost implications in any scenario regarding termination of permanent employment that either do not apply or may apply to a far lesser extent when using freelancers. *

You can appoint a freelancer very quickly

Typically, recruiting for a permanent employee takes a number of months (sourcing candidates, interviewing, getting an offer accepted and then working out a notice period all adds up). During this time, business performance may suffer simply because there is nobody 'in role'. Simply put, there is an opportunity cost to the business.

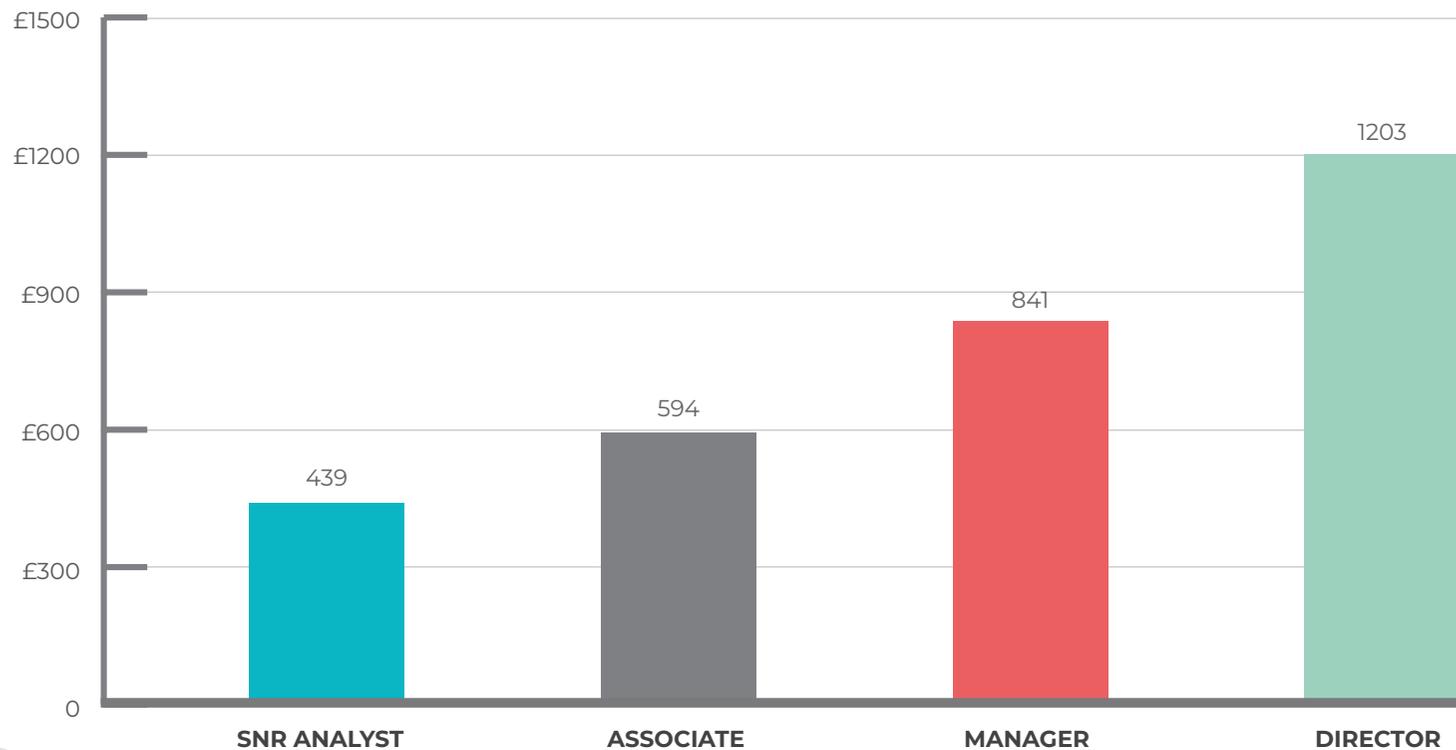
The recruitment cycle for freelancers is far quicker (via movemeon we see freelancers starting projects within 1 week of the project opportunity being shared). Generally the interview process is faster as hiring managers are purely focused on competency – “does this person have the right skills & experience to do this piece of work” - rather than competency, cultural fit, potential for progression through the business etc. Moreover, the freelancers they'll be interviewing have immediate availability.

* Your employer obligations will depend on how the contract with the freelancer is structured, how often and how much they are working for your business and many other factors. Please take appropriate formal HR / legal advice. *

DAY RATES FOR FREELANCE CONSULTANTS

c Q: what day rates can freelance consultants expect at different levels?

Although there is some variance depending on industry and project length, freelance day rates at each seniority are relatively consistent. The % increase between seniorities is also relatively consistent.



PAY EXPECTATIONS – EMPLOYERS VS CANDIDATES

Q: what is the difference between the basic salary a candidate expects to be paid (when applying) and what an employer expects to have to pay (when recruiting)?

At Senior Analyst level, candidate expectations, on average, are 20% more than employer expectations. At every other level, the difference is consistently 11%.

With regard to particularly popular industries, candidate expectations regarding private equity salaries are, on average, 27% inflated, and for growth stage start-ups this is 15%. Both of these industries structure compensation away from basic salary (i.e, to carry / equity), which could account for the mis-match in candidate expectations in regards to salary.

11%

CANDIDATE EXPECTATION PREMIUM (AVERAGE)

15%

START-UPS CANDIDATE EXPECTATION PREMIUM

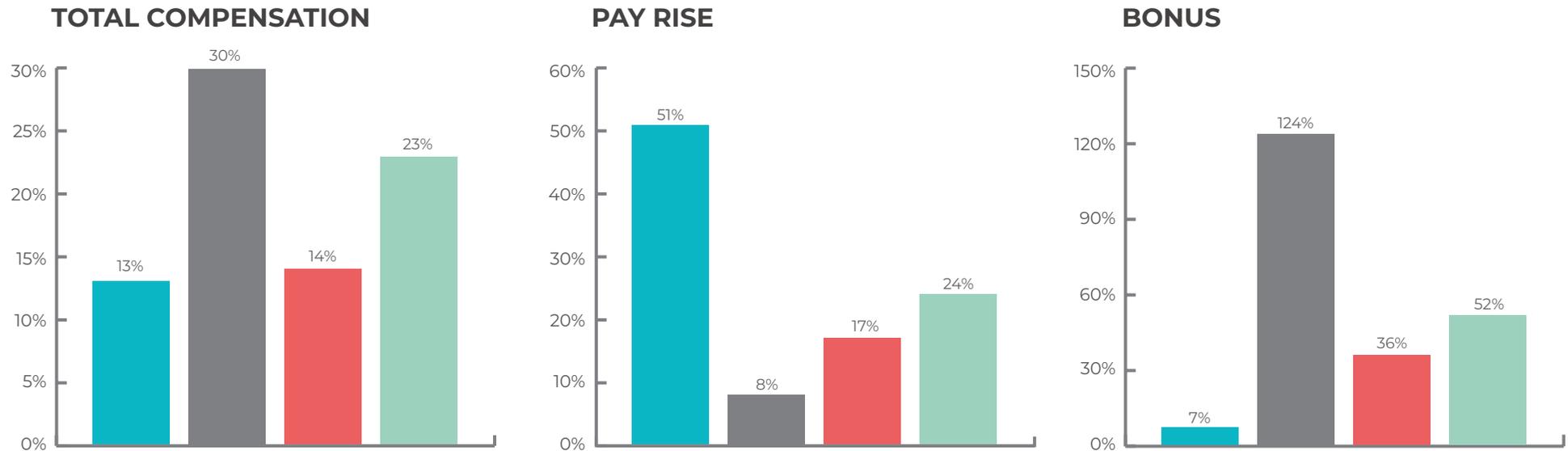
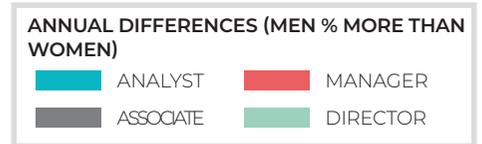
27%

PRIVATE EQUITY CANDIDATE EXPECTATION PREMIUM

PAY GAP – GENDER

Q: how does compensation level and progression vary between men and women?

The gender pay gap is stark and needs closing. Women are paid between 13-30% less. Their pay rises are also smaller as is performance based compensation (i.e, bonus).



DATA – 34,945 RESPONSES

Recruitment agencies often publish salary surveys. The problem is that the insights are based on very few respondents – often as few as 100 and very rarely more than 500. The reports can also lack detail; for instance tracking pay progression based on where someone started their career – an important decision when entering the world of consulting as a graduate.

Our survey is different. It's based on two websites that consultants and alumni use every day. So the data set is significant and the level of detail unmatched.

Paypective: **Payspective.com** is Movemeon's sister site. It compares salaries in real time, allowing members to see how well they are paid vs their university and industry peers.

2,059 Payspective responses were aggregated, anonymised and analysed to uncover the insights in this report. Payspective data is extremely detailed and underpins our most granular analysis (e.g, compensation structures by industry). The demographic break down is:

Senior Analyst: 11%

Associate: 35%

Manager: 35%

Director: 19%

Movemeon: **Movemeon.com** is an exclusive community for consultants, consulting alumni and freelance consultants. Movemeon is on a mission to offer our members – candidates and employers – the best experience for career exploration and hiring.

32,886 salary expectations when applying to different types of jobs (e.g, industry, seniority) were aggregated and analysed to uncover the insights in this report. The demographic break down is:

Senior Analyst: 7%

Associate: 53%

Manager: 29%

Director: 11%

DEFINITIONS

Commonly used terms in this report include:

Websites

Movemeon / MMO = **Movemeon.com** - an exclusive community for consultants, consulting alumni and freelance consultants

Payspective = **Payspective.com** - compare your salary in real time

Consulting firms

MBB or McK/Bain/BCG includes: McKinsey & Company, Bain & Company, The Boston Consulting Group

Strat Cons / Strategy consultancies includes: OC&C Strategy Consultants, L.E.K. Consulting, Oliver Wyman, Simon-Kucher & Partners, Strategy&, Roland Berger Strategy Consultants, AT Kearney, Mars & Company, Kurt Salmon, ZS Associates, The Parthenon Group, Credo, ?What If! Innovation Partners, Markon, Monitor (Deloitte), Arthur D. Little, Corporate Value Associates, Javelin Group, Market Gravity, Advancy, White Space Strategy.

Mgmt Cons / Management consultancy includes: Deloitte, PWC, EY, Accenture, KPMG and all other consulting firms not included in the 'MBB' and 'Strat Cons' categories.

Seniorities

Snr Analyst includes: all job titles more junior than 'Associate'.

Associate includes: all job titles more senior than 'Snr Analyst' and more junior than 'Manager'. It includes 'Consultant', 'Snr Consultant' and 'Junior Manager'.

Manager includes: all job titles including the term 'Manager'. It includes 'Senior Manager' and 'Expert'.

Director includes: all job titles more senior than 'Senior Manager'. It includes: 'Director', 'VP', 'Head Of', 'Junior Partner' and 'Partner'.

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