



MCA outlook:

# Client pin in the advisory balloon

Is the boom in client-side advisory services the shape of things to come or a passing fashion. **Fiona Czerniawska**, director of the think tank at the Management Consultancies Association, worries that the industry may be pinning too many of their hopes on it

### The first person I heard use the phrase

“client-side advisory” was Richard Granger who is in charge of the NHS’s massive Connecting for Health programme. “The consulting industry is lost,” he said a couple of years ago. “It needs a new blueprint.” One of his complaints was that it was hard to find consultants who worked client-side – those who did not have any ulterior, self-serving motives.

Today, client-side advisory work is big business, or at least it claims to be. Leaders enthusiastically state that there is a big space for independent and objective advice which clients don’t think they can get from IT and systems integration firms. Indeed, three of the Big Four firms now in the process of re-entering the market for consulting, having variously sold or spun off their consulting practices a few years ago, have made much of their return. But it’s hard to know just how big the market is. On paper, the opportunity certainly looks enormous: if you include everything from advice on outsourcing to programme management and strategic IT work, then the market in 2005 was probably worth around £4.5bn. Moreover, the MCA’s figures suggest that management consulting was growing faster than IT and outsourcing-related work.

But – and there are some big buts here – a lot of this growth was fuelled by public sector work, outsourcing advisory work and the financial services sector. The rate of growth in expenditure on consulting in the public sector had already started to slow and there are plenty of indications that the slowdown there has become even more marked since the start of this year.

The outsourcing advisory market is a relatively mature one. As clients build up their own experience and knowledge of doing outsourcing deals, their need for outside advice diminishes. Furthermore, the last three years have seen a string of particularly large-



scale deals. So how many more of these can there be in the pipeline? Again, 2005 saw the rate of growth in outsourcing advisory work slow down. While the financial services sector

is unquestionably a boom market for consultants at the moment, it is also a notoriously volatile one. Although there are more regulations in the offing, will they be enough to replace recent work around Basel II and Sarbanes-Oxley?

The thing that makes me most doubtful about the size of the client-side prize is that buyer behaviour has moved on a lot in recent years. The concept of the trusted advisor sits less comfortably in an environment where procurement process have been centralised and formalised. Indeed, if there’s anyone who aspires to be the trusted advisor these days, it’s the procurement managers who see their job as acting in their end-users’ best interests. These managers are unlikely to look kindly on what is effectively competition. Turkeys, after all, don’t vote for Christmas. CR

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