

# The *ALM Vanguard*: Compensation Consulting 2019



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## Overview

# Capability Drivers

The fourth industrial revolution affects every aspect of an organization, including traditional compensation models which must now adapt to the workforce of the future. Today's workforce is changing due to many factors, such as the gig economy, differing generations with different priorities, and the lack of certain skill sets make attracting, recruiting and retaining talent difficult. The competitive landscape has shifted so that the Chief Human Resources Officer (CHRO) now has a dotted-line reporting relationship to the C-suite. In any case, consulting firms are increasingly working with the C-suite to align business with compensation strategies and investment decisions to secure the best talent in an environment that demands innovative compensation and reward strategies from an agile organization that is focused on the employee value proposition.

To create the most powerful compensation strategies and platforms, consulting firms are using data-driven technologies to derive input from multiple data sources spanning benchmarking, survey data, and internal organizational data to focus on job architecture, job families and pay equity, and overall compensation transparency and fairness.

Increased regulatory scrutiny continues to be a major issue in the compensation market, from pay equity (gender and race) to increased government scrutiny of the tax implications of increased gig economy jobs along with the creation of new legislation to combat possible losses – all amidst increased shareholder scrutiny. Clients seek guidance to deal with local governments in an era of increased global convergence and mobility. Some consulting firms are working with governments on shaping policy, and many are working with a “think global, act local” mentality. The foremost concern for boards is the reputation of their brand, which now must entail social responsibility and incorporate pay fairness, pay equity, and climate control among other societal issues that are important to younger generations.

The market is largely shaped by the larger consulting firms, including members of the Big Four as well as Accenture, and the HR consulting providers who operate globally. These global organizations share the market with mid-sized and boutique providers (many formed around 2010 when the SEC enacted disclosure rules for executive compensation). The smaller and boutique firms provide specialized services in more local geographies, mainly in the areas of organizations seeking advisory on independent executive compensation.

The consulting providers designated as leaders in this research have a number of attributes in common.

### **Ability to develop compensation strategies that attract, align and retain talent to create the workforce of the future.**

Leading consulting firms are taking a holistically agile approach with clients to attract and retain the best talent and maintain satisfied workforces and executives. Traditional compensation models no longer fit the bill, and organizations are now addressing the total employee value proposition (EVP). Different employee populations have different expectations and with the gig economy, contractors, full-time and part-time, and a mix of generations involved, offering flexible compensation/reward packages is necessary to meet all expectations. These issues have elevated beyond HR to the C-suite to justify investment in high level job architecture assessments and rewards programs with the EVP as a business priority. Having the C-suite understand the importance of brand reputation (employee satisfaction is a must), organizational structuring, job redesigning and using emerging technologies to design the workforce of the future is of utmost importance. Also important are increasing employee engagement and motivation (pay for performance plans, for example), attracting the best talent

## Overview

# Capability Drivers

and reducing attrition – all with a focus on creating an agile rewards framework within an agile organization to nimbly gain competitive advantage.

**Ability to advise on global trends and a business impact's on society.** The notion of building brand resonance and reputation is a key development in the last year. Consulting firms are focused on making a business's impact on society a top priority for the C-suite. The mission of an organization is no longer just about compensation and work/life balance but building a brand focused on issues that are increasingly important to the millennial and Gen Z generations. These include social responsibility, diversity, pay equity, climate change and other global issues surrounding the compensation debate.

**Ability to deliver data-driven compensation strategies.** Leading consultants are bringing powerful data-driven tools backed by data collected from multiple sources to ensure the best insights and most effective compensation management platforms and programs, with transparency and fairness being a central focus. These programs provide coverage of core HR services, workforce management, workforce optimization, and rewards and workforce analysis. Using analytics, organizations can use existing company data to align employee preferences, compensation/reward offerings, employee retention and performance.

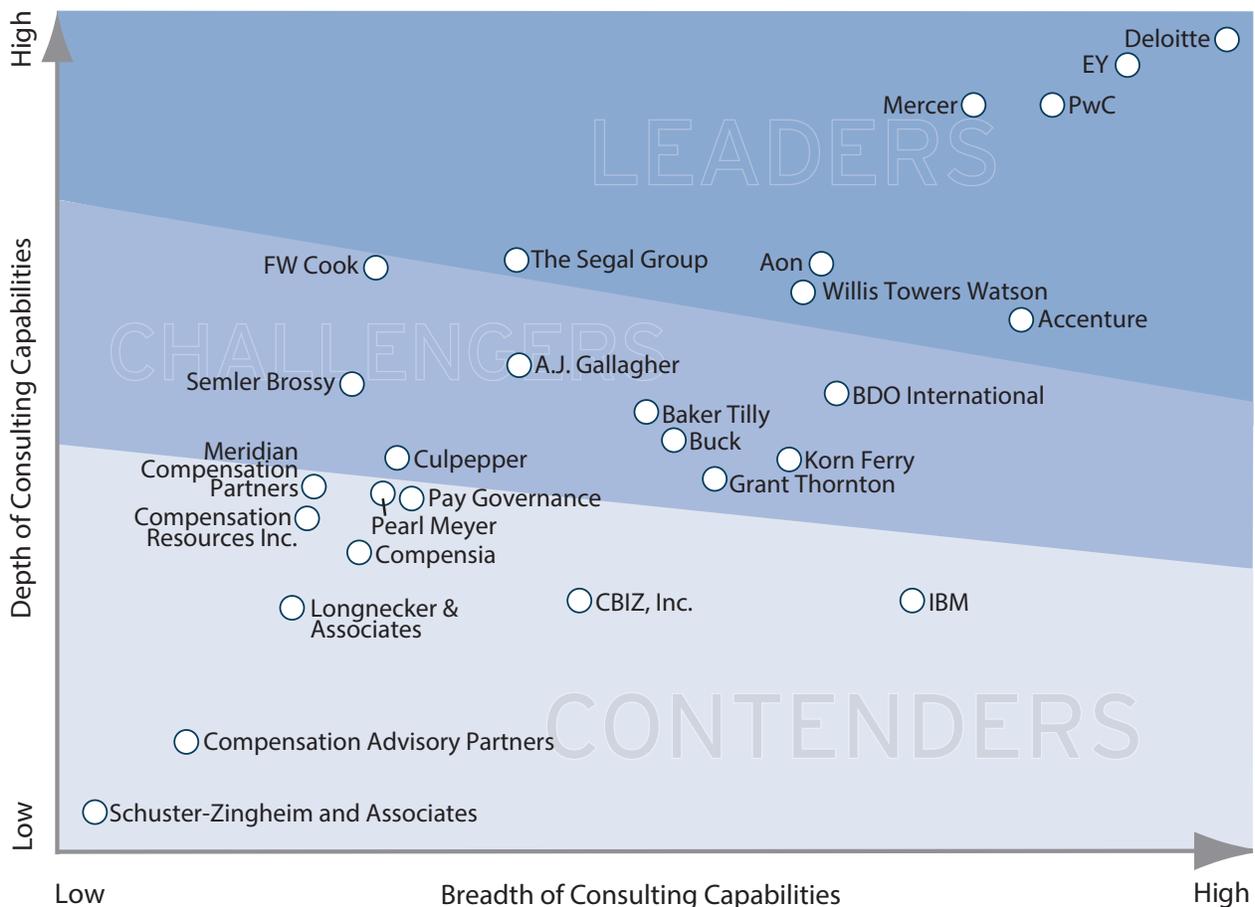
Many top consulting firms are acquiring or partnering with cloud-based compensation data management providers to provide deeper market data to create robust analyses for better market positioning, best practices and compensation administration. Additionally, many providers are developing proprietary accelerators and tools (some AI-driven) to provide job architecture, job evaluation, pay equity, share plan, and tax plan guidance. Last, thought leadership is at the forefront of the consulting firm competition to determine the best solution. There are different approaches, with one firm, for example, creating internal data and analytics hubs to allow for global idea sharing to provide the best thought leadership.

**Ability to advise on global complexity and regulatory developments to mitigate risks.** Increased complexity in the global environment and legislation makes leading consulting firms particularly important in providing expertise in the tax and legal arenas. There is a “think global, act local” mentality among consulting firms emerging with rising global mobility in the workforce and some governments awakening to the fact that their tax income may be lowered due to lower full-time employment due to the gig economy and other factors. Increasing shareholder scrutiny on organizations' regulatory disclosures and pay practices due to pay equity legislation, GDPR, and linking executive incentives to environmental, social and governance objectives, ongoing scrutiny of Say on Pay proposals and CEO Pay Ratio disclosures are major areas of focus for leading consulting firms. Consultants are working with clients to provide expertise on complex rules and requirements and to prevent pay practice scrutiny. They also work with local governments to shape policy and attempt to mitigate risks in the areas of regulatory, financial and PR.

## ALM Vanguard of Compensation Consulting Providers

The *ALM Vanguard of Compensation Consulting Providers* assesses firms in terms of their relative ability to create impact for their clients. For this, the *ALM Vanguard* displays the relative position of the providers featured in this report, deemed capable in compensation consulting, based on an evaluation of their overall capabilities according to a consistent set of criteria. Capability depth denotes a provider’s capacity to get results for clients, while capability breadth indicates its ability to deploy that capacity across multiple client scenarios.

Consulting is distinctive from other industries because of the variety of client contexts that providers encounter in terms of ambitions, needs, and abilities that alter what it takes to create impact. As providers seek to deploy their capacity to create client impact (depth) across industry sectors, geographic regions, and interfaces with adjacent functional and technical capabilities (breadth), they increase the complexity of their engagement models. The downward slope of the lines that separate the tiers of the market captures the trade-off between low-complexity engagement models (designed to maximize the capacity to create impact for a narrow set of client applications) and high-complexity engagement models (made to maximize deployability and create impact for a wide variety of client applications).



Source: ALM Intelligence

## Competitive Landscape

The compensation consulting market is a dynamic market in a state of change with global forces impacting the demand for consulting including: global convergence; the workforce of the future and the need for an agile compensation and rewards frameworks with investment from the C-suite; regulatory requirements; and data-driven technologies.

The leading firms are providing significant thought leadership, broad advisory in terms of advisory, regulatory, tax and legal; and importantly, developing and partnership to provide emerging, often AI-driven, technologies and analytics to provide insights into designing the workforce of the future.

In reviewing the landscape of the firms on the Vanguard it is important to remember that there are a very varied mix of firms competing in this space. There are the broad advisory firms providing consulting in all areas of compensation from end-to-end advisory including tax and legal expertise as well; and small boutique firms who specifically position themselves as independent advisors to compensation committees and boards on the issues pertaining to executive compensation. In the middle are the more traditional top HR consulting firms, some of whom have gone through significant directional changes focusing on brokerage and solutions to reduce risk in addition to their more traditional HR advisory offerings and administration.

**Leaders.** The Vanguard leaders remain largely the same from the previous reporting cycle but there are some interesting changes in placement, and a new entrant. Deloitte takes the overall lead this year with significant investment into gaining insights into future workforce disruptors through its Bersin's Total Reward research and its "Global Job Architecture Survey". In addition, Deloitte's continued investment into cognitive technology, with its Cognitive Personnel Insights, providing AI-driven solutions for clients saving manual work and providing significant clarity in the area of job architecture and others is a significant strength of the firm. EY moves up to spot number two with its People Advisory Services (PAS) and its work around agile total reward frameworks and its "How, Why, What" approach to engagements. PwC truly takes a "One Firm" global approach to compensation consulting, and continues to invest in its data and analytics tools with its recent launch of the Rewards Data & Analytics Hub creating an internal community of compensation experts to target new and innovation client solutions by looking at client needs/challenges and sharing learning and ideas. Mercer's internal restructuring around community of interests in the areas of executive compensation, talent and transformation with underpinning client needs teams for sprint approaches provides an enticing new approach for clients. Aon and Willis Towers Watson continue to bring significant compensation benchmarking and survey data to the table to underpin advisory work and guide clients directionally. Accenture made a significant move up in the ranks given its new leadership since last year and its current leading role in the digital revolution (particularly in EMEA). The new senior managing director was brought in to pivot strategy to shape the workforce of the future and create agile organizations utilizing Accenture's deep expertise in technical solutions. A new entrant is The Segal Group (Sibson Consulting). Segal is a mid-sized firm but its expertise is in its focus on long-term, highly client-centric relationships. Each compensation engagement is approached in a customized manner focusing on consulting and not design, Segal's approach views compensation as an investment in people and helping organizations to get the best return on those investments.

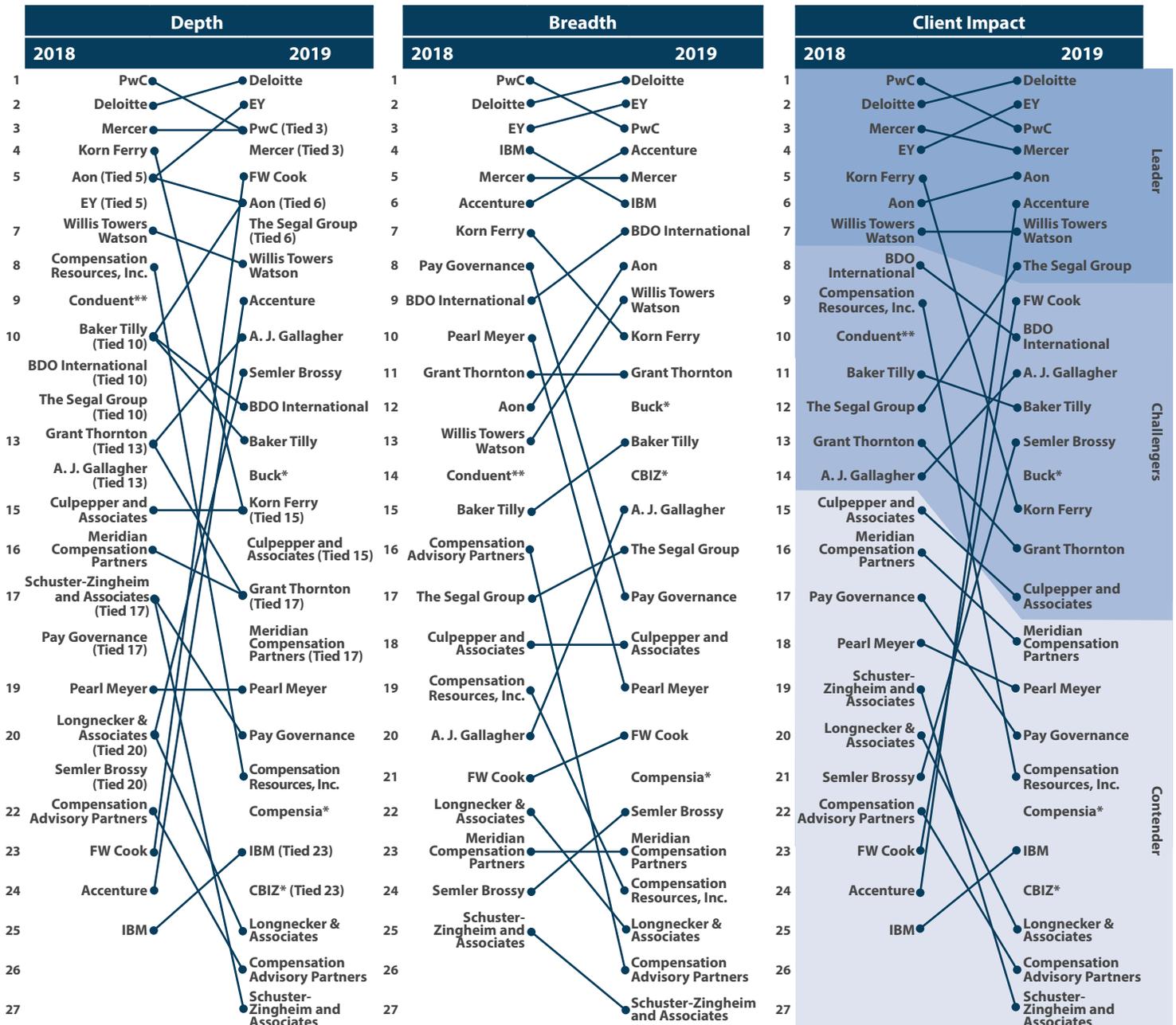
## Competitive Landscape, Cont.

**Challengers.** The challengers are largely comprised of firms focused on specific areas of compensation consulting. FW Cook made a significant move up due to its expertise in executive compensation and its market reputation as a trusted advisor. Semler Brossy also had a nice jump in the ranking as it focuses on executive and broad-based compensation issues differentiating itself with thought leadership and bringing a sustainability metric to compensation committees. The audit firms Baker Tilly, BDO, Grant Thornton provide significant expertise, particularly in the areas of tax and legal issues that arise in individual countries for global companies. A.J. Gallagher provides solid compensation consulting with sound benchmarking and surveying; and Culpepper is making a move to grow its consulting business underpinned by its existing survey business. Since Buck's divestiture from Conduent, it appears that the firm is taking some time to regain its footing in this arena and determine the best go to market strategy going forward, perhaps a force to be reckoned with in the future. Korn Ferry's Hay Group used to focus significantly on compensation; however, the firm has done away with the Hay name and seems to have shifted focus to other areas, thus the drop in rankings.

**Contenders.** As with some in the Challenger segment, contenders (other than IBM) are negatively impacted from a breadth perspective through limited global knowledge and a niche position providing executive compensation only (Meridian Compensation Partners, Compensation Advisory Partners, Compensation Resources, Inc, Longnecker & Associates, Pearl Meyer, Pay Governance); or focused on specific industries or geographic regions such as Compensia (focused on tech and life sciences) and CBIZ (US-focused). IBM provides significant capability in technology and platform implementation with Workday, along with other compensation platforms and Watson analytics to provide integrating tools for clients' compensation management programs. The breadth is there but the depth in other advisory capabilities is not a focus.

# Provider Capability Rankings

The figures below indicate the change in consulting providers' ranks in terms of their overall capability depth, breadth, and client impact. (See the Definitions section of this report for a detailed breakdown of underlying capabilities.) Ranking position number one denotes the top-ranked provider.



\*Firms not previously covered, \*\* Firms not covered in 2019

Source: ALM Intelligence

## Rating Level Summaries

ALM Intelligence rates providers according to a three-level scale based on their relative breadth and depth of overall capabilities. Each rating level corresponds to an area in the *ALM Vanguard* graphic bounded by a downward sloping line designed to equate engagement models of different degrees of complexity.

Rating Level	Providers	Description
<b>Leaders</b>	<ul style="list-style-type: none"> <li>Accenture                      Aon</li> <li>Deloitte                        EY</li> <li>Mercer                         PwC</li> <li>The Segal Group              Willis Towers Watson</li> </ul>	The leaders are at the top of the market in terms of their capabilities to create client impact through their depth of expertise and ability to deploy it across a range of engagement models. They are unique in their ability to independently execute a broad array of projects across the full spectrum of client contexts. They range from providers in the top quintile in terms of depth of capability for low-complexity engagement models to those that combine above average depth of capability with the ability to deploy it across high-complexity engagement models.
<b>Challengers</b>	<ul style="list-style-type: none"> <li>A.J. Gallagher                Baker Tilly</li> <li>BDO International            Buck</li> <li>Culpepper &amp; Associates      FW Cook</li> <li>Grant Thornton                Korn Ferry</li> <li>Semler Brossy</li> </ul>	The challengers can execute end-to-end projects in low complexity engagement models or a substantial portion of project components in high-complexity engagement models. They range from those with above-average depth of capability for low-complexity engagement models to those that combine depth of capability between the bottom third and top half of the distribution, with the ability to deploy it in high complexity engagement models.
<b>Contenders</b>	<ul style="list-style-type: none"> <li>CBIZ                              Compensation Advisory Partners</li> <li>Compensation Resources, Inc.      Compensia</li> <li>IBM                                Longnecker &amp; Associates</li> <li>Meridian Compensation Partners      Pay Governance</li> <li>Pearl Meyer                      Schuster-Zingheim and Associates</li> </ul>	The contenders can execute a substantial portion of projects in low-complexity engagement models or a single phase or project instance in high-complexity engagement models. They range from those with average depth of capability for low-complexity engagement models to those that combine depth of capability in the bottom third of the distribution with the ability to deploy it in high-complexity engagement models.

Source: ALM Intelligence

## Leader Assessments

The ALM Vanguard of Compensation Consulting Providers comprises the following Leaders.

Leaders	Strengths
Deloitte	<p>Deloitte’s strengths are in the area of thought leadership on the Future of Work including the changing workforce, the increasing demand for job architecture, career mobility projects, and its deep expertise in global regulatory complexities. The firm provides leading-edge advisory to clients to gain better business outcomes and competitive advantage. Deloitte’s view is shaped by its total rewards research through its Bersin arm as well as other research, such as the Global Job Architecture Survey. Deloitte also excels through its AI-driven suite of tools, Cognitive Personnel Insights (CPI), which serves as client accelerators in the growing demand for job architecture and career mobility models in addition to dozens of other tools and solutions. The firm recently announced global partnership with PayFactors, a cloud-based compensation data management provider, will provide access to data from other 2,000 surveys. Deloitte intends to provide more robust analyses regarding market positioning, best practices and compensation administration through this alliance. Deloitte’s ability to bring to bear expertise across the firm to implement these engagements, including professionals beyond its Workforce Transformation team for compensation across Human Capital (including change management and communications experts), data and analytics, tax and legal expertise, is of significant benefit to clients.</p>

Source: ALM Intelligence

## Provider Capability Ratings

The table below provides detailed capability ratings for Compensation consulting providers. (See the Definitions section of this report for explanations of the capabilities.) Legend: ● Very Strong ◐ Strong ◑ Moderate ◒ Weak ○ None

Provider Capabilities: Compensation Consulting									
	Discovery			Design			Delivery		
	Needs Assessment	External Market Insight	Internal Client Insight	Strategy	Operating System	Management System	Project Management	Client Capability Development	Enabling Tools
A. J. Gallagher	◑	◑	◑	◑	◑	◒	◑	◑	◑
Accenture	◑	◑	◑	◑	●	◑	◑	◑	●
Aon	◑	●	◑	◑	◑	◑	◑	◑	◑
Baker Tilly	◑	◑	◑	◑	◑	◑	◑	◑	◑
BDO International	◑	◑	◑	◑	◑	◑	◑	◑	◑
Buck	◑	◑	◑	◑	◑	◒	◑	◑	◑
CBIZ, Inc.	◑	◑	◑	◑	◑	◑	◑	◑	◑
Compensation Advisory Partners	◑	◑	◑	◑	◑	◒	◒	○	◒
Compensation Resources, Inc.	◑	◑	◑	◑	◑	◑	◑	◑	◑
Compensia	◑	◑	◑	◑	◑	◑	◑	◑	◑
Culpepper and Associates	◑	◑	◑	◑	◑	◒	◑	◑	◑
Deloitte	●	●	●	●	●	●	●	◑	●
EY	●	●	●	●	●	●	●	◑	●
FW Cook	●	◑	◑	◑	◑	●	◑	◑	◑
Grant Thornton	◑	◑	◑	◑	◑	◑	◑	◑	◑
IBM	◑	◑	◑	◑	◑	◑	◑	◑	◑
Korn Ferry	◑	◑	◑	◑	◑	◒	◑	◑	◑
Longnecker & Associates	◑	◑	◑	◑	◑	◑	◑	◑	◑
Mercer	◑	●	●	◑	●	●	◑	●	◑
Meridian Compensation Partners	◑	◑	◑	◑	◑	◑	◑	◑	◑
Pay Governance	◑	◑	◑	◑	◑	◑	◑	◑	◑
Pearl Meyer & Partners	◑	◑	◑	◑	◑	◑	◑	◑	◑
PwC	●	●	●	◑	●	●	◑	◑	◑
Schuster-Zingheim and Associates	◑	◑	◑	◑	◑	◑	◑	◑	◑
The Segal Group	◑	◑	◑	◑	◑	◑	◑	●	◑
Semler Brossy	◑	◑	◑	◑	◑	◑	◑	◑	◑
Willis Towers Watson	◑	●	◑	◑	◑	◑	◑	◑	◑

Source: ALM Intelligence

## Best in Class Providers

Providers identified as best in class evidence deep capabilities in specific areas of Compensation consulting and stand out from their peers for their highly effective and often innovative consulting approaches and service delivery.

Capability Areas	Provider	Strengths
Strategy	Deloitte	Deloitte provides end-to-end advisory using extensive market experience, in-house research through Bersin and other surveys, proprietary tools and resources to develop innovative, unique strategies. The firm’s market research on job architecture, incentive plan designs, salary structures and specific local market compensation databases, and Total Rewards research provides clients with insights about future workforce disruptors. Deloitte’s approach places heavy emphasis on the growing demand for job architecture and career mobility models, using in-house developed tools such as cognitive technology and market data to create sustainable job frameworks that accommodate changing goals, business priorities, market practices in developing the right strategy for each organization. Deloitte is highly innovative in its approaches to find the “right” strategy for each organization and is not entrenched in past compensation models, but rather looks to new approaches such as pay for performance, rating-less management, providing flexibility to consult on multi-faceted and cutting edge solutions to drive business performance and employee engagement.

Source: ALM Intelligence

## Provider Briefs

### Leaders

Deloitte	
<b>Approach</b>	<p>Deloitte provides compensation consulting with an agile team geared to advise organizations on the evolving global compensation landscape with a focus on trending issues, including the competitive environment for talent, and regulatory requirements. Deloitte's view is that clients have to fundamentally change how they design and implement their compensation programs to accommodate the future of work as the workforce continues to diversify as new jobs will require different thinking traditional compensation models will not support. In addition, expansion into global consumer markets requires global workforces to adhere to local regulations and new legislation – with Deloitte's mantra being "think globally, act locally." As such, Deloitte approaches engagements with a built-in infrastructure using in-house developed technology, as well as partnerships with alliances when appropriate, to provide expertise to create employee experiences that provide value-added business outcomes.</p> <p>Deloitte provides end-to-end advisory services using extensive market experience, in-house research through Bersin and other Deloitte branded surveys, proprietary tools and resources, down to the drafting of legal documents. The firm's market research on job architecture, short- and long-term incentive plan designs, salary structures and specific local market compensation databases as well as Bersin's Total Rewards research provides clients with insights on future workforce disruptors. The highly awaited release of Deloitte's unique Global Job Architecture Survey will be launched this spring (last published in 2017).</p> <p>Deloitte's approach places a heavy emphasis on the growing demand for job architecture and career mobility models, using in-house developed tools such as cognitive technology as well as market data to create sustainable job frameworks that accommodate changing goals, business priorities, market practices and growth. The internally developed Cognitive Personnel Insights (CPI), a suite of cognitive technologies, serve as AI-driven accelerators for job architecture projects with a new cloud-based job architecture tool available later this year. Other tools support job evaluation and classification, HR data cleansing, M&amp;A due diligence, share plan designs, and newer tools support pay equity. All CPI tools minimize manual work enabling Deloitte to build natural language processing classification models. In the area of non-traditional rewards, Deloitte designs innovative pay for performance approaches, such as programs with a rating-less performance management.</p>
<b>Practice Structure</b>	<p>Deloitte offers compensation consulting from within its Human Capital consulting practice as part of its Workforce Transformation team. Human Capital, comprised of over 4,000 professionals, provides services in workforce transformation, HR transformation, human capital as a service and organization transformation. The Workforce Transformation compensation consultants offerings are augmented by the breadth of Human Capital as well as the breadth of professional services across the firm including industry expertise, technology, data and analytics, accounting, tax, legal, global employee services and valuation expertise for any compensation advisory engagement.</p> <p>Deloitte recently entered a global relationship with PayFactors, a cloud-based compensation data management provider. PayFactors has access to data from other 2,000 surveys, covering 156 industries and sub-industries and can integrate an organization's data sources and surveys into one platform. Deloitte intends to utilize this relationship to provide more robust analyses regarding market positioning, best practices and compensation administration.</p>
<b>Service Delivery Model</b>	<p>In a changing world with an emphasis on the Future of Work and the changing workforce and increasing demand for job architecture and career mobility projects, Deloitte has a methodical approach to service delivery with innovative offerings continuing to be added to the model. In addition to the emerging advisory emphasis on job architecture/career mobility and regulation, Deloitte provides core compensation consulting services, including executive and board of director compensation, broad-based compensation, salesforce compensation, compensation governance, risk and compliance, compensation benchmarking, pay equity, compensation administration, equity administration, pay and performance alignment, performance management, change management, global employer mobility services, technology and enabling tools and legal services.</p> <p>Deloitte brings to bear significant compensation capabilities through each phase of a compensation engagement. During the Discover phase the following sample capabilities may be deployed: needs assessment (clean slate review, incentive plan risk review, technology/tool review and M&amp;A due diligence); external market insight (Deloitte, including its Bersin research arm, does extensive research on incentive plan designs, job architecture, salary structures, local market compensation, high impact rewards, compensation surveys, vendor benchmarking, a global share plan, and a Center for Board Effectiveness). For Internal Insights, Deloitte has invested heavily in its Job Architecture Diagnostic (which provides a framework that supports changing goals, business priorities, market practices and organization growth), the new pay equity analyses, M&amp;A Integration capabilities and rewards optimization. During the Design phase, Deloitte approaches strategy as both rewards and talent as well as communications. Focus on the operating system includes organizational transformation, equity database and HCM optimization. Management system capabilities include vendor search, selection and benchmarking, global governance, and utilization of the Cognitive Personnel Insights suite of tools focusing on job architecture, a new AI-based Cognitive Personnel Insights tool (focused on minimizing the manual work found in job architecture, job classification projects, and M&amp;A due diligence with natural language processing models), rewards optimization, and pay for performance modelling. In the engagement Delivery phase, project management entails M&amp;A PMO support, compensation/equity vendor transition, and equity administration PMO support. For Capability Development, process design/documentation, compensation training, change communications and CHRO/BOD Labs are involved. Deloitte has recently added the new relationship with PayFactors, an Incentive Design Tool, a global job architecture tool, and a new pay equity tool to their suite of enabling solutions.</p>

Source: ALM Intelligence

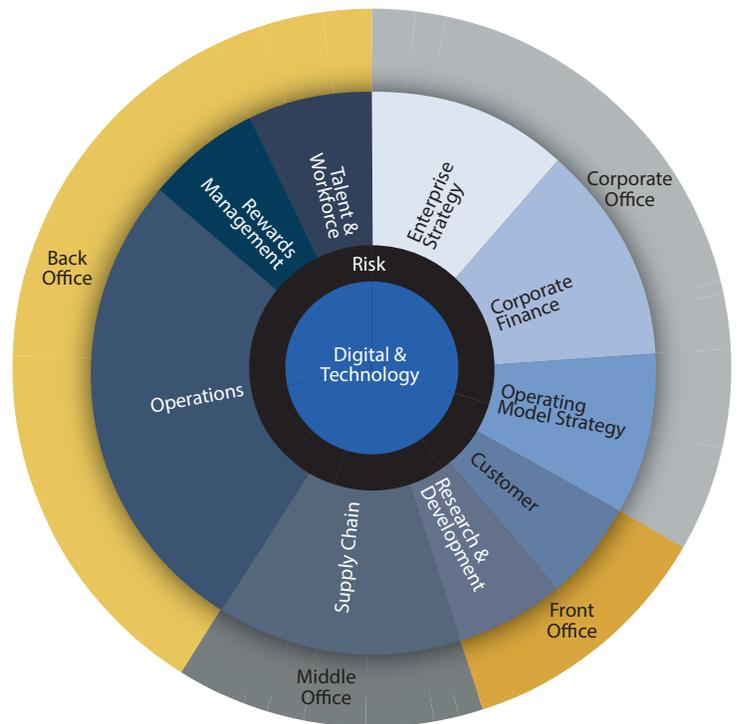
Definitions

# What is Compensation Consulting?

Compensation Consulting is part of Rewards Management, which forms part of the management consulting services directed at clients' back office activities. Its objective is to improve the incentive systems designed to motivate employee behaviors aligned with a company's strategic objectives.

Rewards management consulting consists of three services.

- **Retirement benefits:** structuring, selecting, managing, and measuring the performance of benefit programs designed to support employees' financing of their retirement spending.
- **Health & wellness benefits:** structuring, selecting, managing, and measuring the performance of benefit programs designed to support employees' healthcare and wellness spending.
- **Compensation:** structuring compensation packages and managing the process for reviewing employee compensation packages



Definitions

**Consulting Provider Capabilities**

Capability Areas	Capabilities	Descriptions
Discovery	<b>Needs Assessment</b>	How does the consultant establish goals and objectives for the project and determine which stakeholders need to be involved from the client organization, consultant, and third parties?
	<b>External Market Insight</b>	How do consultants’ knowledge and experience inform diagnostics through benchmarking and trend analysis?
	<b>Internal Client Insight</b>	How does the consultant obtain internal client insights through data analysis and interviewing and workshops and incorporate them in diagnostics?
Design	<b>Strategy</b>	How does the solution align with the client’s market, customer and product, and functional strategies?
	<b>Operating System</b>	How are client information, physical, and people assets and processes configured to generate the value add intended by the strategy?
	<b>Management System</b>	How are client resources mobilized, managed, measured, and motivated through governance, incentives, organizational structures, and performance management to execute the strategy?
Delivery	<b>Project Management</b>	How are activities sequenced and resources allocated, aligned, and coordinated to execute and sustain the solution?
	<b>Client Capability Development</b>	How are client technical skills developed and mindsets and behaviors adapted to execute and sustain the solution?
	<b>Enabling Tools</b>	What consultant tools are used for diagnostic and design activities that support the client in executing, sustaining, and refreshing the solution?

Source: ALM Intelligence

**Provider Capability Rankings Descriptions**

**Depth:** a measurement of a consulting provider’s strength based on its capabilities, including such factors as resources, proprietary methodologies, and intellectual properties

**Breadth:** a consulting provider’s ability to deploy its capabilities in multiple client scenarios across industry sectors, geographic regions, and interfaces with adjacent functional and technical capabilities

**Client impact:** a consulting provider’s capacity to get results for clients based on the combination of its capability depth and breadth adjusted by the degree of engagement model complexity incurred by its breadth across industry sectors, geographic regions, and interfaces with adjacent functional and technical capabilities

## Methodology

# Overview

ALM Intelligence has been researching the management, financial, and IT consulting industry for over 40 years, studying the global consulting marketplace at multiple levels. The resulting market analyses help buyers of consulting services to effectively target best in class providers, and help consulting providers to identify and evaluate business opportunities.

### **The proprietary research methodology comprises four components:**

- Extensive interviews with consulting practice leaders, financial analysts, consulting clients, and clientside industry experts
- Data and background material from the proprietary library of research on the consulting industry and individual firms
- Quantitative data collection from primary and secondary sources
- Key economic data relevant to the sector(s) being analyzed

The research output for a project is derived predominantly from primary research.

Data is obtained through a centralized effort, with teams of analysts collecting, assessing, fact-checking, and refreshing baseline information on leading consultancies and consulting markets. This information populates an extensive knowledge base of consulting providers, widely regarded as among the most comprehensive in the world.

Working collaboratively, analysts narrow their research to the most discrete and pertinent intersection of consulting service/industry/geography.

The experience and knowledge of the analyst team are critical to the success of these research endeavors. Directors and associate directors average over a decade of consulting and/or analyst experience, with an emphasis on professional services. Junior analysts typically bring an average of five years of consulting and/or analyst experience.

The group's long-term relationships with consulting clients and industry leaders are based on trust and respect. ALM Intelligence's fundamental goal is to deliver objective assessments and insightful viewpoints on the management, financial, and IT consulting market.

## Methodology

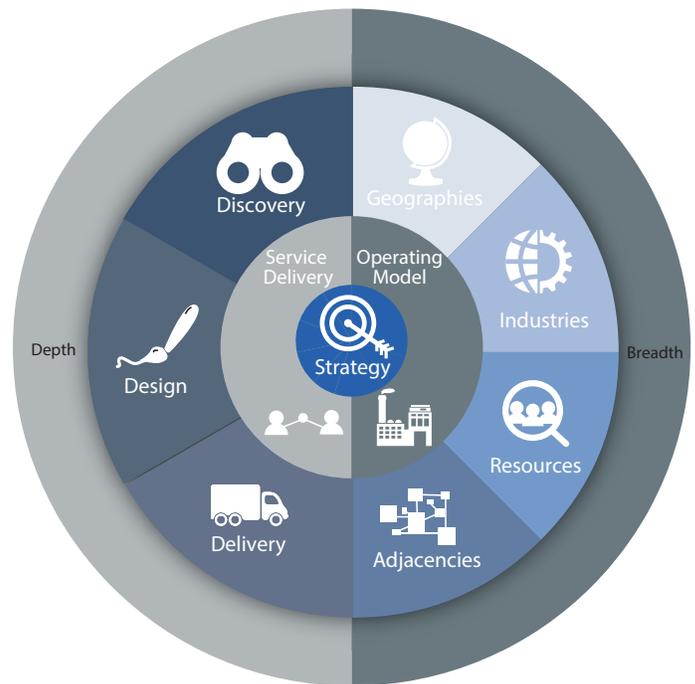
# How We Evaluate Consulting Providers

ALM Intelligence’s goal is to deliver objective assessments to help buyers of consulting services effectively identify and maximize the benefits of working with best in class providers.

ALM Intelligence evaluates consulting providers with respect to a particular consulting area in terms of the following baseline criteria. The general criteria below are refined and customized over the course of the research effort based on input from clients and providers:

- **Consulting approach:** What are providers’ points of view on the root causes of client challenges? How do those points of view inform choices about how best to resolve them? How do providers view the intersection of these needs and solutions with other consulting or non-consulting offerings or cross-cutting themes?
- **Consulting organization:** How do providers organize and deploy their capabilities? What sort of consultants and other human resources do they possess, and how do they obtain and use them? What sorts of partnerships, collaborations, and alliances with external parties do they use to bolster their capabilities?
- **Consulting service delivery model:** How do providers deliver their services? Do they employ any particular processes or methodologies, preconfigured tools, or other unique elements of service delivery? Do they follow any particular sequence or direction in their service delivery? How do they measure outcomes?
- **Client pain points and needs assessments:** What factors most influence successful engagements in the opinion of clients? What capabilities do providers need to bring to their engagements to be compelling? What sources of differentiation matter most to consulting buyers?
- **Future development:** What investments are providers making or planning to make to enhance their future capabilities?

In addition to briefings with consulting buyers and providers, ALM Intelligence uses a mosaic approach to derive its findings. This incorporates primary research conducted with industry practitioners, academics, and other experts and secondary research on providers’ public information and other third-party sources of data and analysis.



Source: ALM Intelligence

## About ALM Intelligence

ALM Intelligence provides accurate and reliable market sizing and forecasts on consulting services worldwide, needs-analysis and vendor profiling for buyers of consulting services, timely and insightful intelligence on the top consulting firms in their respective markets, and operational benchmarks that measure consulting performance. ALM Intelligence's research spans multiple service areas, client vertical industries, and geographies. Our analysts provide expert commentary at consulting industry events worldwide, and offer custom research for Management Consulting and IT Services firms. More information about ALM Intelligence is available at [www.alm.com/intelligence/industries-we-serve/consulting-industry/](http://www.alm.com/intelligence/industries-we-serve/consulting-industry/).

ALM, an information and intelligence company, provides customers with critical news, data, analysis, marketing solutions and events to successfully manage the business of business. For further information and to purchase ALM Intelligence research, contact [ConsultingResearch@alm.com](mailto:ConsultingResearch@alm.com), 855-808-4550.



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