

Independent consulting: a good gig in a changing world

Findings from the Eden McCallum LBS Future of Consulting survey 2018

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Jobs are changing, and so is the language we use to talk about them. Flexibility has been a watchword, and perhaps sometimes an abstract principle, for a long time, but it is now more prevalent in practice. The contingent workforce – people available for finite or specific tasks and projects – is a growing and recognised phenomenon.

Much of this new and developing world of work is covered by the familiar label of “the gig economy”. And for many that phrase summons up the image of a minicab driver or a delivery worker, bringing packages or hot food to homes and workplaces. But that image creates a misleading impression of the sort of work that is being done in large parts of the economy. According to the 2017 RSA Good Gigs report, 59% of such “gig” workers in the UK are involved with professional, IT or creative work; only 16% are drivers or delivery people.

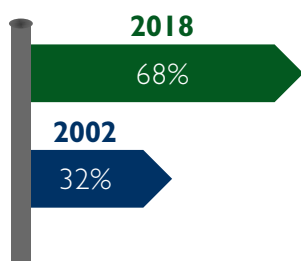
Clearly there are many different kinds of gig out there. And what Chris Tchen, a senior consultant with Eden McCallum, calls the “jigsaw” nature of teams and projects means that independent professional resources can be called upon at any time to help businesses make changes and complete tasks.

This year’s survey confirms that this new way of working is firmly embedded. We researched the views and experiences of 307 independent consultants working in the US and Europe, and for comparison another 94 employed consultants in traditional firms.

We found that independent consulting is offering an attractive, sustainable and in many cases preferable career path for talented professionals. The work, they tell us, is more satisfying and has greater impact. It is a “win-win” as clients benefit from higher quality work and better value for money. There is no drop in earnings for most independents, and in many cases incomes are higher, despite working fewer days (on average, 180 per year of which 135 are billable). There is more flexibility and control for consultants, and higher gratification. It is particularly attractive for women, who also get paid their proper rate and close the gender pay gap. Millennials prefer the autonomy and flexibility as well.

Over two thirds of respondents who know their plans intend to remain independent for the next three years at least, a far higher proportion than when we first asked independents about their plans in 2002. For consultants and clients alike, this is a serious alternative to working with a traditional firm.

Intending to remain an independent consultant for over 3 years more



Who becomes an independent consultant?

Average experience



Independents:

26 years' experience

10 years in industry



Employees:

15 years' experience

5 years in industry

While the universe of independent consultants is quite broad, a few striking characteristics emerge. Most deliberately chose to go independent, with 50% choosing it proactively, and 40% citing a mix of push and pull factors. They are mainly very experienced – on average, independents have 26 years of professional experience including 10 years in industry. However, 16% are under 40 and have made the choice to work independently from a relatively early age.

In terms of motivation, the survey underscores some important differences between independents and employed consultants. In considering the most important aspects in their working lives, both groups give primary importance to intellectual challenge. But independents placed somewhat greater weight on the ability to choose their projects, work life balance, having time for new/other interests, and flexibility as to when and where they do their work. Relative to their employed peers, they are significantly less motivated by the financial security, tangible career path, status and employee benefits in which the traditional firms excel.

Indeed, looking back at when they made the shift, the independent consultants we surveyed predominantly chose this way of working to gain greater control over their own time, a better work-life balance, and to work with clients in a different way. Among women independents, control over time was an even stronger driver: 60% of women cited this as a top 3 reason for going independent, compared with 39% of men; 49% of women cited work-life balance, versus 29% of men.

And while this way of working has a particular appeal for women, this is in no way a “female option”. Indeed, 79% of the independents surveyed are male. In a sense, male or female, they have deployed their own “up or out” discipline on themselves: choosing to leave a traditional firm rather than keep climbing a ladder that has less appeal. Independence allows the professional to focus on the skills and capabilities he or she uniquely brings to a client. There is less corporate baggage, and more concentration on delivering results.

Top 3 triggers in going independent

% of respondents citing in top 3 triggers

#1



Control of time

All respondents

43%

Women

60%

Millennials

48%

#2



Work-life balance

All respondents

34%

Women

49%

Millennials

31%

#3



Work differently with clients

All respondents

30%

Women

31%

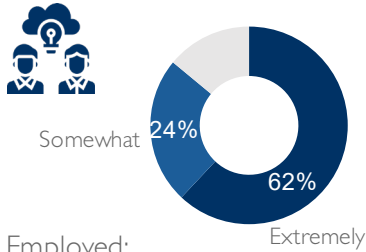
Millennials

33%

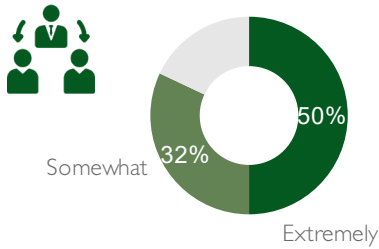
Independent working: higher satisfaction where it counts

Overall satisfaction % of respondents satisfied

Independents:



Employed:



The evidence for this shows up in the survey findings on satisfaction levels experienced by independent consultants compared with those who are employed by traditional firms. Overall, 86% of independents report being satisfied, ahead of the 82% of employed consultants who feel the same. Of particular note, 62% of independents are “extremely/very satisfied”, versus 50% of those employed.

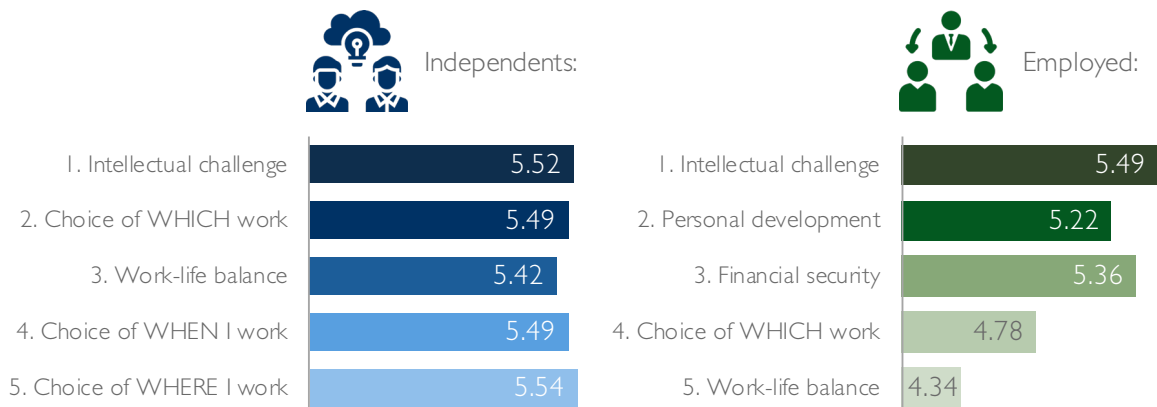
When it comes to specific important factors in working life, both independents and their employed peers enjoy high levels of satisfaction on their most important factors. But we found that independents were more satisfied on every one of their top five: intellectual challenge; flexibility on the timing, choice, and location of their work; and the right work-life balance. Employed consultants were significantly less satisfied than their independent peers on the choice of which work they do, and on work-life balance.

Perhaps reflecting this satisfaction, there has been a huge shift in attitude among independent consultants over the past two decades regarding their intention to continue working in this way. Of those who know their plans, over two thirds (68%) intend to stay independent for over three further years, compared to 32% when Eden McCallum originally surveyed its consultants in 2002. Far from being a temporary measure, today independent consulting is a career.

Satisfaction with Top 5 important factors in working life

In order of importance, highest = 1

Average satisfaction where 6= very satisfied, 5= somewhat satisfied, 4= neither satisfied nor dissatisfied



Hiring independents: greater impact and value

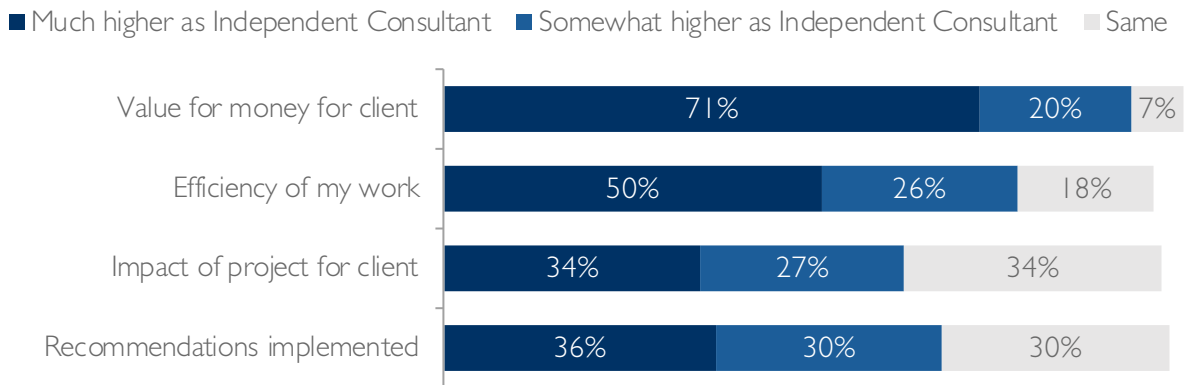
“Spending almost 100% of my time solving client projects, and almost 0% in non-value add activities.”

Independent consultants also recognise the benefits to clients which emerge as a result of working in this way. When asked to compare their project work now as an independent to when they worked in a traditional consulting firm, they report that the outcome for clients is better now: 91% said the work was better value for money for clients, 76% that their work is more efficient, and 61% that their projects are higher impact for the client. Two-thirds (66%) find that the likelihood of implementation is also higher – quite a startling discovery. It would appear that clients are benefiting from this new way of working as well: getting higher-impact work that is done more efficiently, hence much better value.

A key driver of this impact seems to be focus, and freedom from the structures and pressures of the traditional firm. As one survey respondent put it, the best thing about this way of working is “spending almost 100% of my time solving client projects, and almost 0% in non-value add activities.” Another highlighted that what they love most about independent consulting is “focusing on serving clients and not internal issues of firms”. Another especially valued having less administrative work to carry out, not having to get involved in business development, facing fewer bureaucratic processes and dealing with less career pressure and office politics.

It is a view echoed by clients, who themselves recognise the benefits of working with more focused and energised consultants. As one client pointed out, “[Eden McCallum] consultants are... more experienced people who are prepared to challenge us... they’re not looking ahead to the next project”. Another noted that Eden McCallum’s independent consultants “don’t just adapt to our culture, they bring energy, inspiration and personal commitment to my team.”

Rating of work as an independent, vs when employed in traditional consultancy
% of respondents

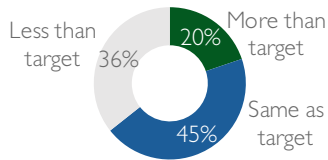


Independent challenges: managing the tradeoffs

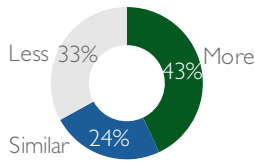
Earnings of independent consultants

% of respondents

Billed Days vs Target



Earnings vs while employed



This all sounds quite attractive so far, with the independent consultant having a better qualitative experience of working life – more impact, more personal control and flexibility, more efficient and energising work, and delighted clients. But as well as quality, quantity matters, in particular remuneration. What do the data tell us about this?

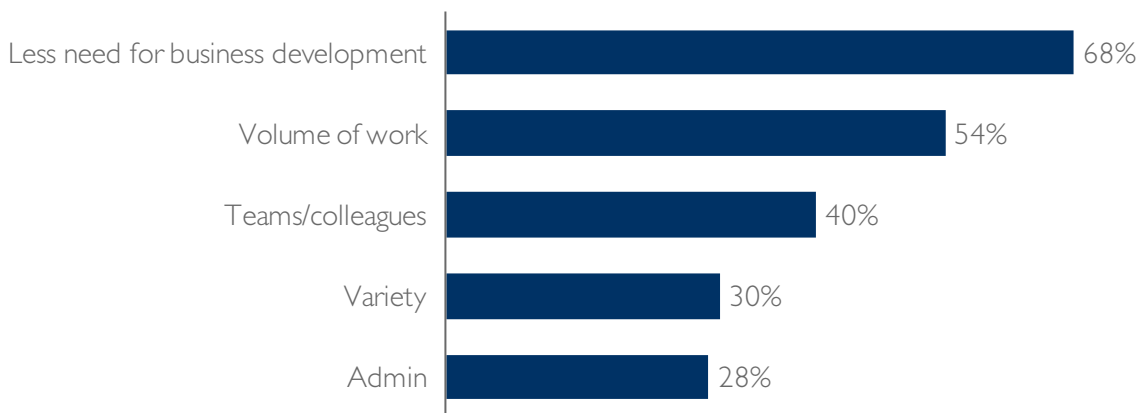
Independent consultants are working on average around 180 days a year, of which 135 are billable. 65% of them are billing their target days or more, and 67% are earning either the same or more than when they were in full-time employment while on average working fewer days. So while there is unpredictability in earnings, the remuneration is good or better for most.

Thus for the majority the challenges here are perhaps not financial but personal. Can you cope with the less predictable work flow and income stream? Can you adapt to working on your own and not always having a team and an office to fall back on? Will you miss the constant presence of colleagues? These rather than doubts about earning a living may be the questions that arise.

Eden McCallum's way of working is designed to address many of these needs by providing independent consultants with a more consistent flow of projects, a greater variety of topics/issues, team-based work, and relief from the administrative hassles of contracts and collections. Among those surveyed, the top three benefits of working through such partners were the reduction in business development burden, a higher volume of work, and the opportunity to work with teams of high calibre colleagues.

Benefits of working with a third-party firm or agency to their success

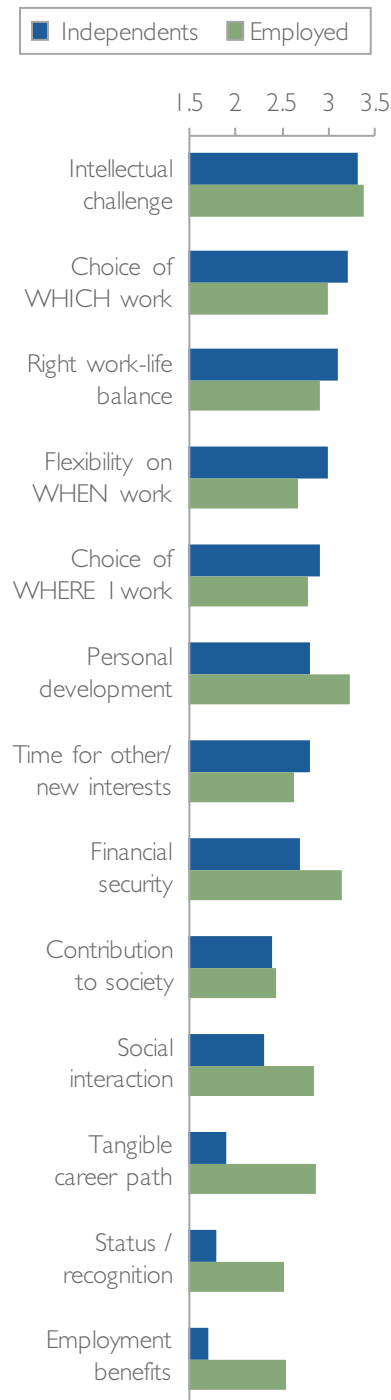
% of respondents citing in top 3 benefits:



Independent minded: adaptable, optimistic, and resilient

Importance of factors in working life

Average Importance where 4=Extremely, 3=Very, 2=Somewhat, 1=Not



Independent consulting will not suit everybody. Some may still prefer the more predictable monthly pay cheque and career progression of the employed consultant.

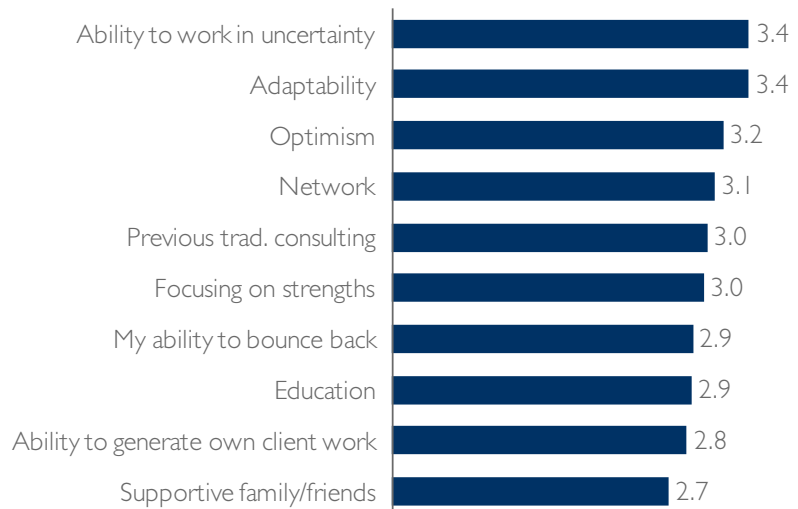
Indeed, in considering the importance of specific factors in their working life, the independents we surveyed placed significantly less importance than their employed peers on status, a tangible career path, and employment benefits, and somewhat less on social interaction, personal development, and financial security.

So what are the characteristics of those who thrive on the independent route? According to our survey, in considering the keys to their success independents rated their ability to work in uncertainty, their adaptability and inherent optimism as very important, as well as the strength of their network and their capacity to focus on their strengths. In addition, the over 40s rated as very important their resilience and ability to bounce back from any setbacks.

The data in our survey supported those perceptions – those who had stronger psychological resilience, mental agility and proactivity are indeed more successful, with higher billable days and higher levels of satisfaction.

Successful independent consultants' rating of key factors in their success

Average importance where 4= Extremely, 3=Very, 2=Somewhat, 1=Not

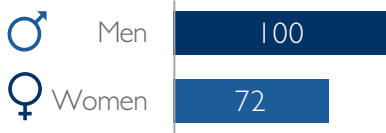


Independent women: work that works for them

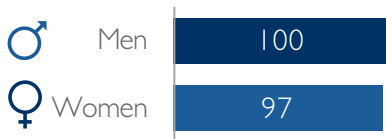
Pay by gender

Index: Men=100

Last FTE salary before becoming an IC



Day rates as IC



Independence signals freedom and improvement in working life in particular for female consultants. The long hours and inflexible culture of traditional consulting firms may not be ideal for anyone. But it is working mothers who may be affected most, if the majority of the task of caring falls upon them.

Something else pretty remarkable happens when women leave permanent employment and set up as an independent consultant: they start earning what they are really worth. The market delivers for them. While we found a c. 30% full time equivalent pay gap between men and women who are working as employed consultants, once both are independent that gap closes almost to zero. Clients themselves are willing to pay what individuals are truly worth, even if their former employers are not.

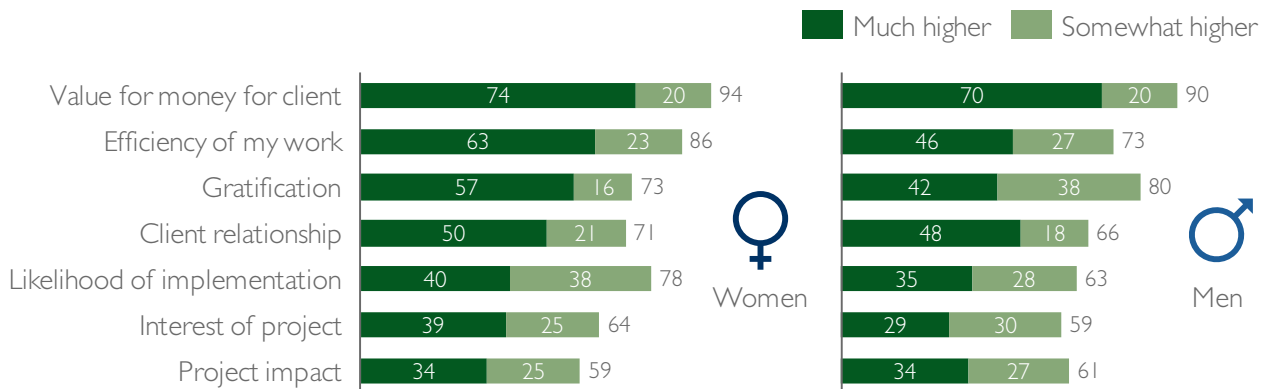
Another way in which women experience independence differently from men is in the deeper satisfaction they take from the work. Women register even higher satisfaction scores than men in terms of intellectual challenge, the flexibility of when and where they work, their work-life balance, time for other/new interests, and personal development.

Furthermore, a greater proportion of women give top ratings when comparing their work with working in a traditional firm: 63% say the efficiency of their work is "much higher" (vs 46% of men) and 57% find much higher gratification (vs 42% of men).

When it comes to defining success, there are other contrasts with male consultants. Income is less important to the women surveyed, with 51% including it in their top 3 definitions of success (vs 65% of men); most widely important is feeling energised by their work, with 54% citing it versus 45% of men.

Rating of work as an independent vs in a consulting firm

% of respondents

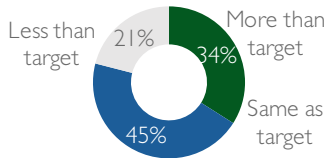


Independent millennials: driving the careers they choose

Billed Days vs Target

% of respondents

Millennials (<40 years)



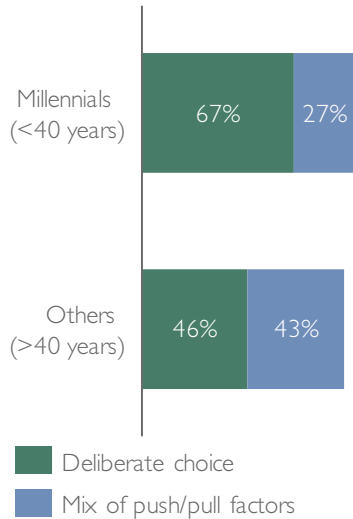
When it comes to the millennials who have chosen independence, here there are some even starker differences. They, more than any other cohort, are most likely to have chosen going independent as a wholly proactive decision – as many as 67% have done so. Like others they choose independence to have more control over their time, work life balance, and to work differently with clients. But in greater proportions than other cohorts their reasons for going independent include doing it to finance a new project (27%), to make a career change (25%), or to have more family time (25%).

Millennials are confident about their success, with 52% rating themselves extremely or very successful (vs 46% of older consultants). And learning is of particular importance to them: 29% see learning as part of their definition of success as an independent, versus 17% of consultants over 40.

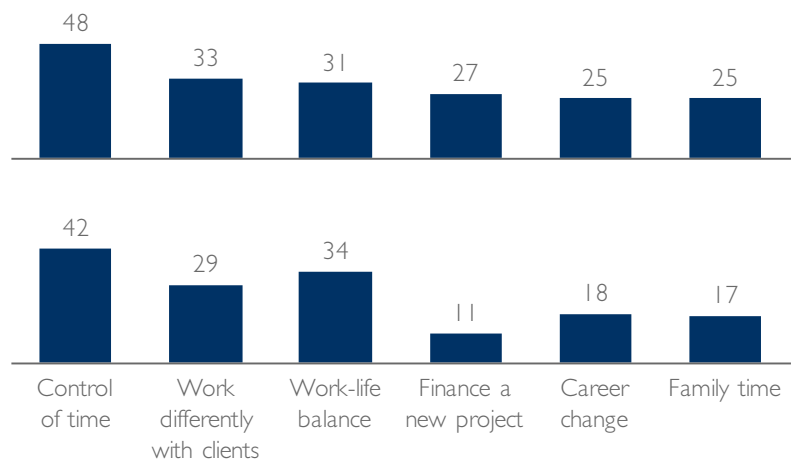
As to financial security, they are meeting their target earnings – 84% of millennials are earning the same or more as they did when in full time employment, with 71% earning more. They are working the same number of days as others surveyed (c. 180) but are billing more of them (c. 150 vs 135). And nearly 80% are billing their targeted days or more. In this they surpass their more experienced independent colleagues.

Millennials' reasons for going independent

% of respondents



% selecting within top 3 factors



Independent futures

“Freedom to choose the projects and people I work with. Being true to my beliefs/values in how I do my work. Being able to see the value I can add, and surpassing expectations.”

This year’s survey builds on the findings which emerged two years ago in a similar study conducted with LBS, INSEAD and the Financial Times. Independent consulting is a success on the professional, personal and financial fronts for consultants, and a success also for their clients.

Independence is clearly not for everyone, and many consultants are still earning a good living and experiencing professional satisfaction as full-time employees.

But the nature of this industry has changed significantly. Both clients and consultants now have a real choice. Traditional firms, which do offer employee benefits, a certain status, and a well-known global brand for clients, suit some; but there is now a real and attractive alternative for both consultants and clients, which involves carrying out work that is higher impact, more efficient and more satisfying. Working independently also offers a better work-life balance, fair remuneration for consultants, with better value for money and more focused, experienced support for clients.

The role and scope of independents in consulting is growing, and clients are increasingly happy about that. This is the leaner, more efficient route to completing successful projects. This pattern looks set to continue. Maybe it is not such a tough gig after all.

The Eden McCallum LBS Future of Consulting Survey

The Future of Consulting survey, a collaboration between Eden McCallum and London Business School, was conducted online from 5-21 October 2018, and previously in 2016. In 2018, the 401 respondents included 307 independent consultants and 94 consultants employed within traditional firms. 60% of the sample were based in Europe, and 40% in North America.

About Eden McCallum

Eden McCallum offers the insights, skills and experience of the major consulting firms but with a more flexible business model, as all of the delivery consultants are independent. The flexibility of working with the highest calibre freelance consultants provides faster, deeper insight to clients and greater pragmatism and empathy in the approach. And having stripped out many of the fixed costs but none of the quality, Eden McCallum offers its clients excellent value. The firm has offices in London, Amsterdam and Zurich.

www.edenmccallum.com
