Centre for Management Consultancy Excellence (CMCE)
Future of Management Consultancy Report

CMCE hosted an event on 22 October to launch the [Future of Management Consultancy report](#). The report identifies current trends and potential developments and how they are likely to impact different types of management consulting firm and their business models.

The report's co-authors, Paul Kelly and Jim Foster, focused the presentation and discussion on five topics:
1   Services
2   Accreditation
3   Payment Methods
4   Online Marketplaces
5   Competition

For each topic, they presented the key findings and conclusions included in the report and attendees were also asked for their opinions on current trends.

1   Services

The report highlights that Generative AI provides clients with the capability to more easily analyse many situations without support from consultants. As a result, the range and mix of services required by clients is likely to change. Although clients will be able to do more problem solving, they will need support in:
• Selecting and using AI technologies
• Structuring existing data and obtaining additional datasets
• Validating solutions to complicated problems
• Solving complex problems
• Implementing solutions

Management consultants are also likely to be involved in developing and deploying AI agents which they can provide to clients or use in performing their own consulting work.

When asked for their views on the impact of AI on the demand for services, the responses from attendees were:

The increased availability and capability of Generative AI technology will result in:	
More demand for consulting services	25%
Less demand for consulting services	50%
No change in demand for consulting services	13%
Don't know	13%

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2   Accreditation

The report mentions a number of recent publications that have highlighted examples of unethical behaviour by management consulting firms and describes the accreditation and regulation process used in other professions to deal with similar situations.

The report concludes that accreditation of management consultants will increase very slowly as there is no demand from clients. This was confirmed by one attendee who commented that despite spending a significant sum of money over many years to be accredited they had never been asked about it by a client.

Accreditation seems to be of most interest to small to medium consultancies, to demonstrate credibility in competing with larger consultancies and to develop the consulting skills of their staff.

Attendees commented that accreditation cannot prevent unethical behaviour and that to be effective it needed to be accompanied with regulation. There was also a concern that the accreditation could impose standardization and impact the creativity and the variety and depth of experience provided by management consultants.

There was a question whether the increased use and potential mis-use of AI by management consultants could act as a catalyst for requiring management consultants to be accredited. This was considered to be unnecessary as existing trading standards and fraud laws could deal with recommendations based on "hallucinations" generated by AI. Concerns were also expressed about keeping the standards required as the basis for accreditation up to date given the rapid development of AI.

When asked whether there should be a requirement for management consultancies and consultants to be accredited and regulated, the responses from attendees were:

Should there be a requirement for management consultancies and consultants to be accredited and regulated?	
Yes	76%
No	24%

3   Payment Methods

The report concludes that payment mechanisms will become more diverse.

The potential increase in demand for services to support the adoption of solutions is likely to lead to an increase in demand from clients for mechanisms in which the payment of fees is based on the project outcomes (such as milestone achievement) or business value (such as improved profitability) achieved by consultants. Attendees also commented on the potential to link fees to social value.

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Management consultancies may also want to move away from Time and Materials mechanisms in order to recover the costs of their investments in AI and to take account of the reduced effort resulting from using AI technologies. They may also want to charge for any products or data that they provide of a fixed or subscription basis.

We asked attendees for their feedback on the types of payment mechanisms that have been used on consulting projects in which they have been involved in the last year. Their responses indicate that a mechanism based on time worked is still used a great deal more often than any of the alternatives.

Payment mechanisms that have been used on consulting projects in the past year	
Payment based on Time Worked	63%
Payment based on Project Outcomes	19%
Payment based on Business Value	6%
Other	13%

4   Online Marketplaces

The report highlights the increased use of online marketplaces to publicise consultancy requirements and to source consultancies and consultants, driven by the use of AI to better match consultants to projects and roles. They are being used by clients, consultancies and consultants: clients to find short-term expertise; established consultancies to enhance capacity; start up consultancies and independent consultants to find opportunities. One of the leading platform providers, Catalant, has raised over $100m in investment funding since its launch in 2013.

An attendee from Germany commented that although online marketplaces provide a great opportunity for independent consultants to find projects, the number of consultants using the platforms has surged dramatically, doubling in the last three years. Unless they have very specific expertise consultants using the platforms are competing on price.

A third of the attendees indicated that they have used an online marketplace either to publicise a requirement for a consultant or to obtain a consulting engagement in the lst year.

In the last year have you used an online marketplace either to publicise a requirement for a consultant or to obtain a consulting engagement?	
Yes	33%
No	67%

5 Competition

The report provides examples of the significant investments in Artificial Intelligence being made by the largest consultancies and examples of AI technology providers undertaking projects that would previously have been performed by consultants. There is also competition from:

- Embedded Agents which provide recommendations based on data held in operational systems (Gartner estimates that the number of enterprise applications with embedded agents will increase from 5% now to 40% by end of 2026
- Providers of Creativity Tools, for example Aucctus AI and Insights, which generate creative ideas by analysing documents provided by a user
- AI Solution Developers such as WeBuild-AI and Addepto
- AI-enabled Consultancies, for example Nile and SIB Solutions, which use a range of AI technologies to collect and analyse information
- AI-native Consultancies such as Unity Advisory, Monevate; Disruptive Edge, which are building their organisations and providing their consultancy services based on extensive use of AI technologies

The report also highlights that traditional consultancies should still be needed to solve complex problems, validate solutions to complicated problems and lead the successful adoption of solutions.

We asked attendees for their feedback on the impact of these developments on the demand for consulting services from traditional small to medium sized consultancies and from independent consultants. The responses demonstrated a great deal of uncertainty.

Will the demand for consulting services from traditional small to medium sized consultancies and from independent consultants:	
Increase	36%
Decrease	32%
Stay the same	8%
Don't know	24%

One attendee commented that clients will continue to place value on management consultants who can exercise judgement and whom they can trust. Another commented that AI is unlikely to "think out of the box" although another attendee commented that AI can be a useful "thinking partner".

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6   Next Steps

We concluded the event by emphasising that publishing the Future of Management Consultancy report is a first step in monitoring and reporting on the evolution of management consultancy.

Our intention is to arrange regular events which consider the trends and impacts on specific areas of interest.

Our final question to attendees was aimed at understanding which areas would be of most interest. The responses were:

Area of Interest	Response
Online Marketplaces	41%
Services	32%
Competition	18%
Accreditation	5%
Payment Methods	5%

On this basis, we are planning for our next event on the future of management consultancy will look in more detail at Online Marketplaces.

If you have any comments or feedback about Online Marketplaces or any other areas covered in the report, please let us know by emailing info@cmce.org,uk.