

CONSULTANCIES RETURN TO MBA HIRING

Consulting remains a popular career choice for MBA students and there is no shortage of work for them as demand for business school graduates continues to grow.

These days a top MBA is almost a prerequisite in order to reach senior or even mid-management levels at many of the major consulting firms. The leading strategy consultancies in particular have redoubled their recruiting efforts: McKinsey hired over five hundred MBAs in 2005 and this figure was set to rise in 2006; Booz Allen Hamilton, BCG, Bain and IBM Consulting all hired over one hundred MBAs in 2005 and were expecting increases again in 2006. By comparison, the larger banks have been hiring as few as two hundred MBAs a year and the numbers relating to the technology and industry sectors are significantly lower again.

According to the 2005 TopMBA.com Recruitment and Salary Survey, demand for MBAs in the consultancy sector rose by a colossal 35% in just twelve months (June 2004-5), and it's a trend that looks set to continue. The dip in economy and the consulting market at the start of the decade meant that many consultants used the time to study for an MBA; now that the market is on the rise again, consultancies are looking to these MBA graduates with prior consulting experience to meet their needs.

More MBAs hired from non-consulting backgrounds.

There are also an increasing number of MBA graduates who are being hired from a non-consulting background. Cambridge University's Judge Business School, for example, reports that in 2005 only 13% of those entering a consulting career post-MBA had previous experience in the field. Similarly, at INSEAD Business School in France the number of graduates being hired into consulting from different backgrounds, such as industry, rose from 36% to 47% in one year (2003-4). What is behind the change? Consultancies are recognising the diversity and wealth of experience and expertise that candidates from a non-consulting background can bring, particularly as the average age and work history of MBA students rises. There is an increasing need for consultants with specialist skills and knowledge and these attributes can often be acquired outside the consulting profession.

Strong UK market attracts more MBAs than anywhere else in Europe.

Demand for MBA graduates is particularly strong in the UK. The healthy economy and policy to attract highly skilled migrants make it the most popular destination for European MBA graduates. Overall the UK drew 23% of INSEAD students in 2005 and of those choosing to remain within western Europe, it attracted an enormous 37% (the next most popular destination being France with 18% and Germany with 8%).

Consulting remains a highly lucrative option for MBA graduates. According to the 2005 annual report from the London Business School, earnings for consulting jobs outweighed those in both finance and industry, averaging at £65,000 per annum before bonuses. This compares with an average figure of £58,000 for those who found jobs in the finance sector and £55,000 for those in industry. Employees also received an average annual bonus of £25,000 and a sign-on bonus in the region of £10,500. Companies are also attempting to lure in the brightest graduates by offering a range of perks, from company cars to all-expenses-paid days out.

Lifestyle and choice are stronger motivations than salary.

Interestingly, though, the reason that are given by the majority of MBA graduates for making consulting their preferred career choice is not high salaries. According to the students, the real motivation for making the move into consulting is the career and lifestyle options it can bring – the opportunity to find a stimulating and varied role with the chance to progress in different directions.