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Management Consultants' News Direct

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PMP's LATEST NEWSWIRE FOR CONSULTANTS

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4. DEMAND FOR CONSULTING SLOWS

Three-quarters of organisations believe they use too many consultants, and 40% suggest that up to half of their consulting work could be handled internally.

These are among the results of a first quarterly market report from Sourceforconsulting.com, an independent provider of information on the consulting industry, carried out in conjunction with MCN Direct publisher NCC. The researchers canvassed the opinions of 75 organisations through September and October.

In terms of the economic slowdown, the report says demand for consultancy will fall over the next six months, with clients shifting spend from large consultancies towards smaller second-tier and niche providers.

The weakness in demand is expected to hit the Big Four, other larger consultants and strategy boutiques the hardest. Systems integrators are expected to do better, while niche firms providing specialist skills may avoid any fall-off in demand.

The drop in consulting demand is reflected in an increased willingness among consultants to discount fees over the past six months - while system integrators have held firm as demand is expected to remain reasonably buoyant over the next few months.

In terms of engagements, spending over the next six months is expected to focus on improving operational performance, ahead of outsourcing, IT consulting and managing projects.
