

CONSULTING MARKET REPORT

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HR consulting

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What is the future of HR consulting?

The first priority of HR people was to ensure the organisations they worked for could survive, by cutting people-related costs.

We all know that, in theory, expenditure in areas such as talent management and training shouldn't be cut back during a recession, but in practice these are easy costs to identify

– Mark Williamson, at KPMG

HR consulting has been one of the chief casualties of the recession within the consulting industry. In the 2002-03 downturn, strategy and IT consulting suffered most. This time around, people-related consulting, irrespective of the exact hue, has been hardest hit.

“Everyone is trying to save money,” says Sue Grist at Egremont. Almost all consulting firms agree that there has been both a drop in volume and a change in the type of work being bought. “The first sign that things were about to change appeared last autumn,” says Mike Notman at the Bourton Group. “There was a sense that people were starting to hunker down and position themselves for what they could see was coming. They stopped development activity and focused instead on their core processes, flexible working and – unsurprisingly – redundancy programmes.”

However, growth in using consultants to facilitate restructuring was not enough to offset falling demand elsewhere. Our survey of HR directors¹ showed that spending on HR consulting has fallen by more than 20% in around half the organisations questioned and by around 10% in a further third of organisations. Only 16% of organisations said that their expenditure had stayed the same.

This reinforces the findings of Source's latest survey of quarterly buying trends, which found that only 1% of consulting expenditure was now going on people-related consulting.

¹20 major buyers of HR consulting were questioned between September and October 2009.