



*2016 Strategy Consulting Compensation Study*  
*January 29, 2016*



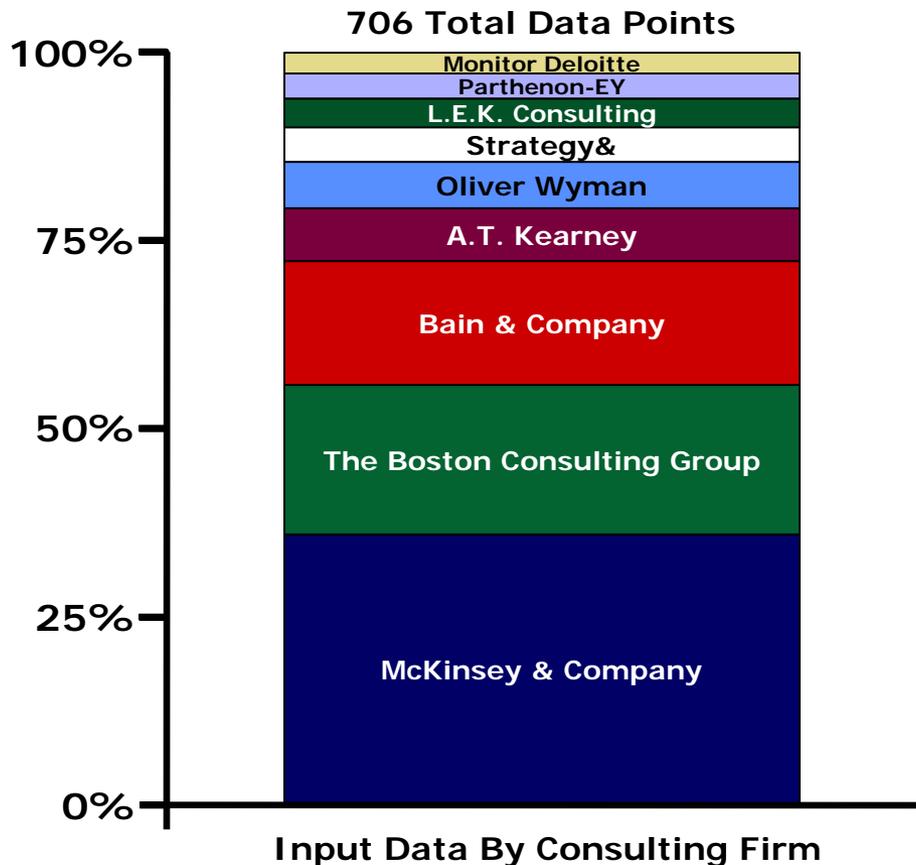
# Compensation Data Key Facts

**Charles Aris, Inc. is pleased to present our 2016 Strategy Consulting Compensation Study. Key facts about the data compiled for the study are as follows:**

- ◆ All compensation data points for this study were collected between January 1 and December 31, 2015. Most consulting firms raise base salaries for their consultants on or around January 1 of each year. It's important to note that the most recent set of base salary raises (those that took place on or around January 1, 2016) will not be reflected in this study.
- ◆ Most firms pay year-end bonuses in the December-January timeframe as well. The target bonus percentages indicated at the top of each bar in slide four reflect what consultants *expected* to receive at year-end and are not verified after the fact.
- ◆ Compensation data points are self-reported by consultants and are not verified through any other means. While this implies that consultants have the opportunity to be less than honest about their compensation, we feel extremely confident that the data are accurate given the consistency in responses we received across consultants and firms.
- ◆ We eliminated a small percentage (less than 5%) of outlier data points that would have adversely skewed the data. We also excluded Partner compensation data points from this study. During the course of 2015 we spoke with many Partners with MBA graduation dates in the range of our study, but their higher compensation dramatically skewed the data to a point where it would no longer be useful for our clients.



# Input Data by Consulting Firm

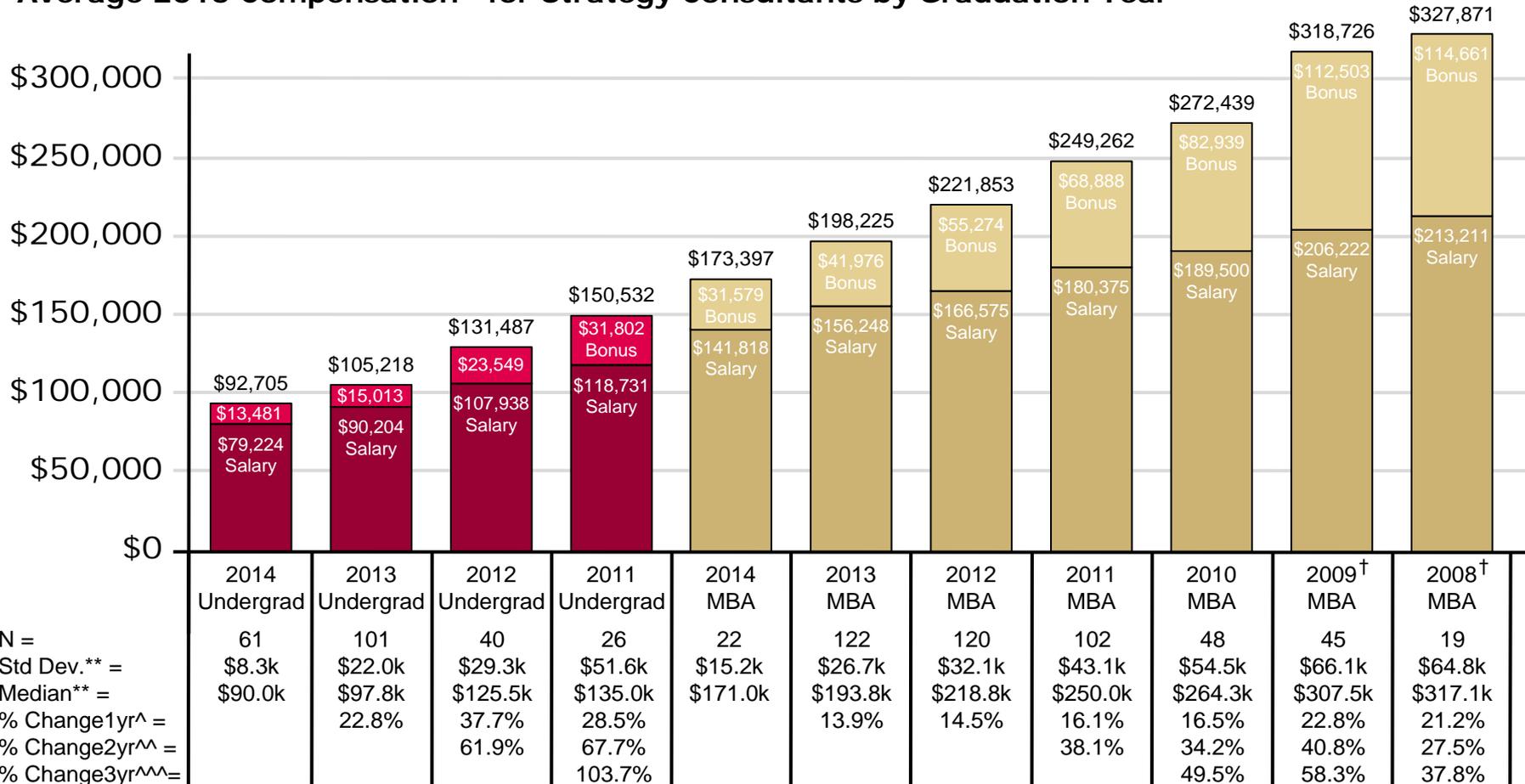


- ◆ During the course of 2015, Charles Aris recruiters spoke with over 3,500 strategy candidates, of which over 99% were actively employed with industry leading consulting firms, corporations and private equity firms.
- ◆ Detailed discussions around compensation happen only on an as needed basis (once a candidate expresses interest in moving forward with an opportunity). For the purpose of this study we have distilled only those compensation data points from candidates that were actively employed by leading consulting firms.
- ◆ Our 2016 Strategy Consulting Compensation Study is driven by 706 data points from consultants across nine firms.
- ◆ 73.5% of the data points come from “The Big Three” firms: McKinsey & Company, The Boston Consulting Group and Bain & Company.
- ◆ Of the 706 total data points, 478 come from post-MBA consultants and 228 come from pre-MBA/undergraduate consultants.



# Average Compensation by Graduation Year

Average 2015 Compensation\* for Strategy Consultants by Graduation Year



\*Base salary plus target annual bonus only. Does not include retirement contribution, profit sharing, sign-on, car allowance or other such cash equivalents.

\*\*Standard Deviation and Median numbers are calculated for base salary plus target annual bonus, i.e. the number at the top of each column

<sup>†</sup>Pre-Partner data points only, i.e. we excluded compensation data points from anyone at Partner level or equivalent as it skewed the data significantly.

<sup>^</sup>% Change1yr equals the percentage change in total annual compensation (base salary plus target annual bonus only), from 2014 to 2015, for that graduation year.

<sup>^^</sup>% Change2Yr equals the percentage change in total annual compensation (base salary plus target annual bonus only), from 2013 to 2015, for that graduation year.

<sup>^^^</sup>% Change3Yr equals the percentage change in total annual compensation (base salary plus target annual bonus only), from 2012 to 2015, for that graduation year.

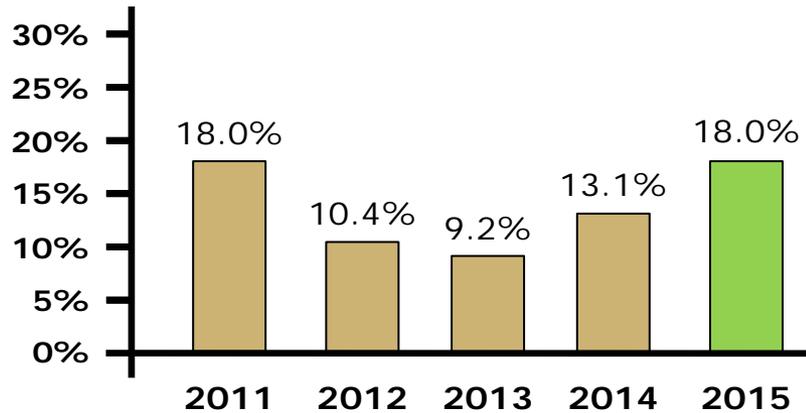




# Average Increase in Annual Compensation

## Post-MBA

How much did the average post-MBA consultant's compensation increase in 2015 compared to previous years?



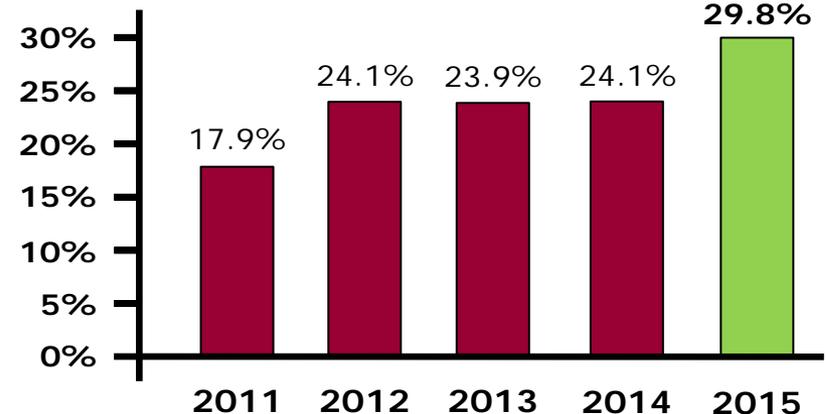
- ◆ The average post-MBA strategy consultant experienced an 18.0% increase in compensation from 2014 to 2015, a noticeable increase over the previous three years and equal to the five year high water mark set in 2011.
- ◆ **What's Driving It?** Most consulting firms enjoyed record revenues in 2015 and spent most of the year in a "sold out" state. Therefore consulting firms are actively doing everything they can to retain their consultants and the easiest lever for them to pull is an increase in compensation.

- ◆ Pre-MBA/Undergraduate consultant compensation grew by almost 30% from 2014 to 2015, a marked increase over the previous four years.

- ◆ **What's Driving It?** For starters, Pre-MBAs are paid less than their Post-MBA counterparts, so we're working off of a lower base. However, that's not all: dollar for dollar, pre-MBAs offer a better ROI (they are incredibly productive and less expensive), so the consulting firms can provide a larger raise and still wind up paying significantly less than they do for Post-MBAs. Also, ditto to the record revenue bullet point from the top half of the page.

## Pre-MBA

How much did the average pre-MBA/Undergraduate consultant's compensation increase in 2015 compared to previous years?





# Trends in Compensation Expectations

During the course of 2015 Charles Aris, Inc. noticed the continuation of a trend in the marketplace: consultants are expecting more in total compensation from Corporate America than what they are currently making in consulting, although their expectations are slightly less than what we saw in 2014.

Consultant compensation expectations when joining Corporate America*						
2009	2010	2011	2012	2013	2014	2015
10-20% <b>LESS</b> than consulting	<b>BREAKEVEN</b> with consulting	10-20% <b>MORE</b> than consulting	5-10% <b>MORE</b> than consulting	5-10% <b>MORE</b> than consulting	10-20% <b>MORE</b> than consulting	5-15% <b>MORE</b> than consulting

## The continuation of multiple factors are behind this trend:

- ◆ Most consulting firms enjoyed record revenues in 2015 and remain effectively “at capacity.” Firms are therefore paying strong salaries and bonuses to retain talent (see the previous slide for details on the average annual increase in compensation that firms paid in 2015).
- ◆ Knowing that they are stepping off the steep compensation curve that consulting provides, consultants strive to “get out ahead of the curve” so as not to lose their strong compensation position after only one year of service in Corporate America.
- ◆ With so many Corporate America opportunities competing for their services, consultants believe that they have the luxury of saying “no” to any one opportunity with the expectation that another, higher paying opportunity is right around the corner.

\*Source: Charles Aris, Inc. anecdotal data.



# 2015 Sample Industry Offers

Below you will find a subset of 2015 offers that were accepted by Charles Aris candidates from Tier 1 Strategy Firms.

Education	Consulting Firm	Consulting \$\$ (Base + Bonus%)	Industry Offer*	Offer Title	Company Description
B.S. 2012	Big 3	\$135k + 26%	\$90k+110%	Associate	Private Equity
B.S. 2012	Big 3	\$85k + 18%	\$125k+20%+\$40kS	Manager	Corporation
B.S. 2013	Big 3	\$90k + 15%	\$105k+100%+\$10kS	Associate	Private Equity
B.S. 2013	Top 9	\$92k + 25%	\$95k+10%	Sr. Strategy Analyst	Corporation
B.S. 2014	Big 3	\$75k + 5%	\$115k+100%	Associate	Private Equity
<b>Pre MBA</b>					
MBA 2013	Big 3	\$140k + 30%	\$180k+25%+\$400kE1	Director	Private Equity
MBA 2013	Top 9	\$150k + 30%	\$165k+20%+\$10kS	Manager	Corporation
MBA 2013	Big 3	\$145k + 25%	\$135k+15%+\$30kS	Manager	Corporation
MBA 2012	Big 3	\$155k + 35%	\$170k+28%+\$50kS+\$25kE	Director	Corporation
MBA 2012	Big 3	\$145k + 34%	\$155k+20%+\$10kS+\$40kE	Director	Corporation
MBA 2011	Top 9	\$187k + 50%	\$225k+30%+\$19kS+\$300kE1	Vice President	Corporation
MBA 2011	Big 3	\$160k + 25%	\$175k+15%+\$20kS	Director	Corporation
MBA 2009	Top 9	\$180k + 30%	\$190k+15%+\$20kS	Director	Corporation
MBA 2009	Big 3	\$205k + 45%	\$205k+25%+\$30kS+\$75kE	Sr. Director	Corporation
MBA 2006	Big 3	\$250k + 100%	\$280k+26%+\$50kS+\$47kE	Vice President	Corporation
MBA 2000	Big 3	\$220k + 90%	\$325k+48%+\$25kS+\$400kE1	Sr. Vice Pres.	Corporation
<b>Post MBA</b>					

\*First two numbers equal base salary plus target annual bonus (%). S=Sign-On bonus. E=Annual Equity Grant. E1=One Time Equity Grant.  
 EXAMPLE: "\$160k+25%+\$15kS+\$40kE" = Base Salary of \$160k, Target Annual Bonus of 25%, Sign-On of \$15k, Annual Equity Grant of \$40k





# 2015 Offer Ranges by MBA Year

Below you will find 2015 **corporate** offer ranges\*, at the 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> percentiles, for each **Post-MBA** graduation year.

2013 MBA	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>
<b>Title</b>	Associate	Manager	Sr Manager
<b>Base Salary</b>	\$135,000	\$150,000	\$165,000
<b>Annual Bonus</b>	10%	20%	30%
<b>Annual Equity</b>	\$0	\$0	\$20,000
<b>Total Package</b>	\$148,500	\$180,000	\$234,500

2010 MBA	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>
<b>Title</b>	Director	Sr Director	V.P.
<b>Base Salary</b>	\$175,000	\$185,000	\$195,000
<b>Annual Bonus</b>	25%	30%	35%
<b>Annual Equity</b>	\$30,000	\$45,000	\$60,000
<b>Total Package</b>	\$248,750	\$285,500	\$323,250

2012 MBA	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>
<b>Title</b>	Manager	Sr Manager	Director
<b>Base Salary</b>	\$150,000	\$165,000	\$180,000
<b>Annual Bonus</b>	15%	25%	35%
<b>Annual Equity</b>	\$0	\$20,000	\$40,000
<b>Total Package</b>	\$172,500	\$226,250	\$283,000

2009 MBA	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>
<b>Title</b>	Director	Sr Director	V.P.
<b>Base Salary</b>	\$180,000	\$195,000	\$210,000
<b>Annual Bonus</b>	30%	35%	40%
<b>Annual Equity</b>	\$35,000	\$55,000	\$75,000
<b>Total Package</b>	\$269,000	\$311,500	\$355,000

2011 MBA	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>
<b>Title</b>	Sr Manager	Director	Sr Director
<b>Base Salary</b>	\$160,000	\$175,000	\$190,000
<b>Annual Bonus</b>	20%	30%	35%
<b>Annual Equity</b>	\$20,000	\$35,000	\$50,000
<b>Total Package</b>	\$212,000	\$262,500	\$306,500

2008 MBA	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>
<b>Title</b>	Sr Director	V.P.	V.P.
<b>Base Salary</b>	\$190,000	\$205,000	\$220,000
<b>Annual Bonus</b>	35%	45%	55%
<b>Annual Equity</b>	\$50,000	\$75,000	\$100,000
<b>Total Package</b>	\$306,500	\$372,250	\$441,000

\*Source: Charles Aris, Inc. anecdotal data.





# 2015 Offer Ranges by Undergraduate Year

Below you will find 2015 **corporate** offer ranges\*, at the 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> percentiles, for each **Pre-MBA/Undergraduate** graduation year.

2013 Pre-MBA	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>
<b>Title</b>	Analyst	Analyst	Sr Analyst
<b>Base Salary</b>	\$80,000	\$90,000	\$100,000
<b>Annual Bonus</b>	5%	10%	15%
<b>Annual Equity</b>	\$0	\$0	\$0
<b>Total Package</b>	\$84,000	\$99,000	\$115,000

2012 Pre-MBA	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>
<b>Title</b>	Analyst	Sr Analyst	Associate
<b>Base Salary</b>	\$90,000	\$100,000	\$110,000
<b>Annual Bonus</b>	10%	15%	20%
<b>Annual Equity</b>	\$0	\$0	\$0
<b>Total Package</b>	\$99,000	\$115,000	\$132,000

2011 Pre-MBA	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>
<b>Title</b>	Sr Analyst	Associate	Sr Associate
<b>Base Salary</b>	\$100,000	\$110,000	\$120,000
<b>Annual Bonus</b>	15%	20%	25%
<b>Annual Equity</b>	\$0	\$0	\$15,000
<b>Total Package</b>	\$115,000	\$132,000	\$165,000

\*Source: Charles Aris, Inc. anecdotal data.



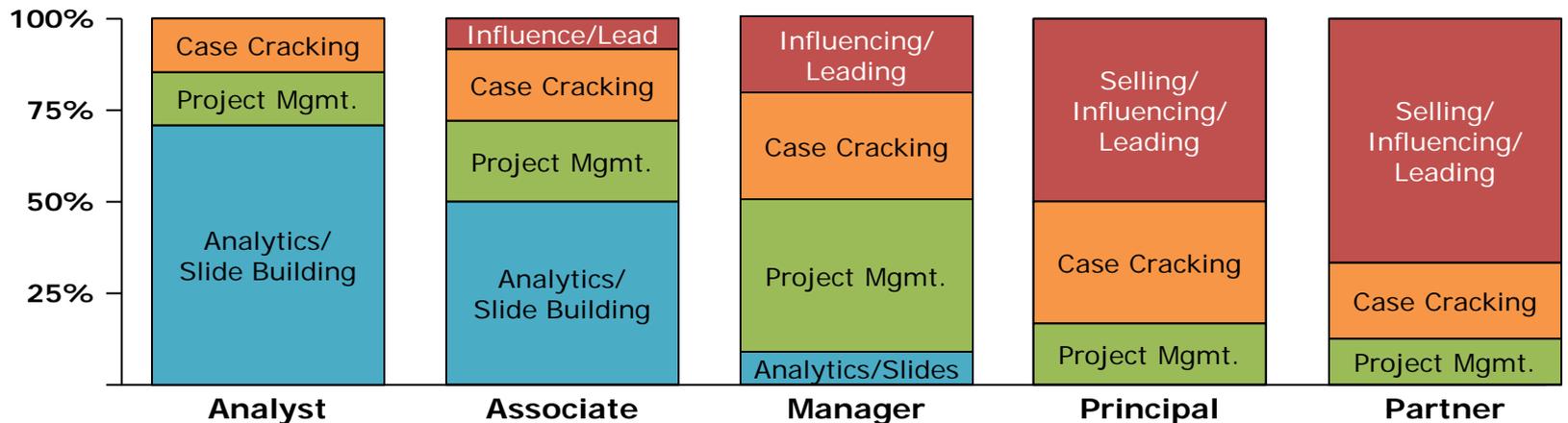


# Strategy Consultant Competencies

The matrix below defines the expected competencies for consultants at each level for the **2015** recruiting year.

Title at Consulting Firm*	Analyst	Associate	Manager	Principal	Partner
Years of Experience	1-3 yrs Pre-MBA	1-2 yrs Post-MBA	3-4 yrs Post-MBA	5-7 yrs Post-MBA	8+ yrs Post-MBA
Graduation Year	2012-2014 undergraduate degree	2014-2015 MBA	2012-2013 MBA	2009-2011 MBA	2008 and earlier MBA

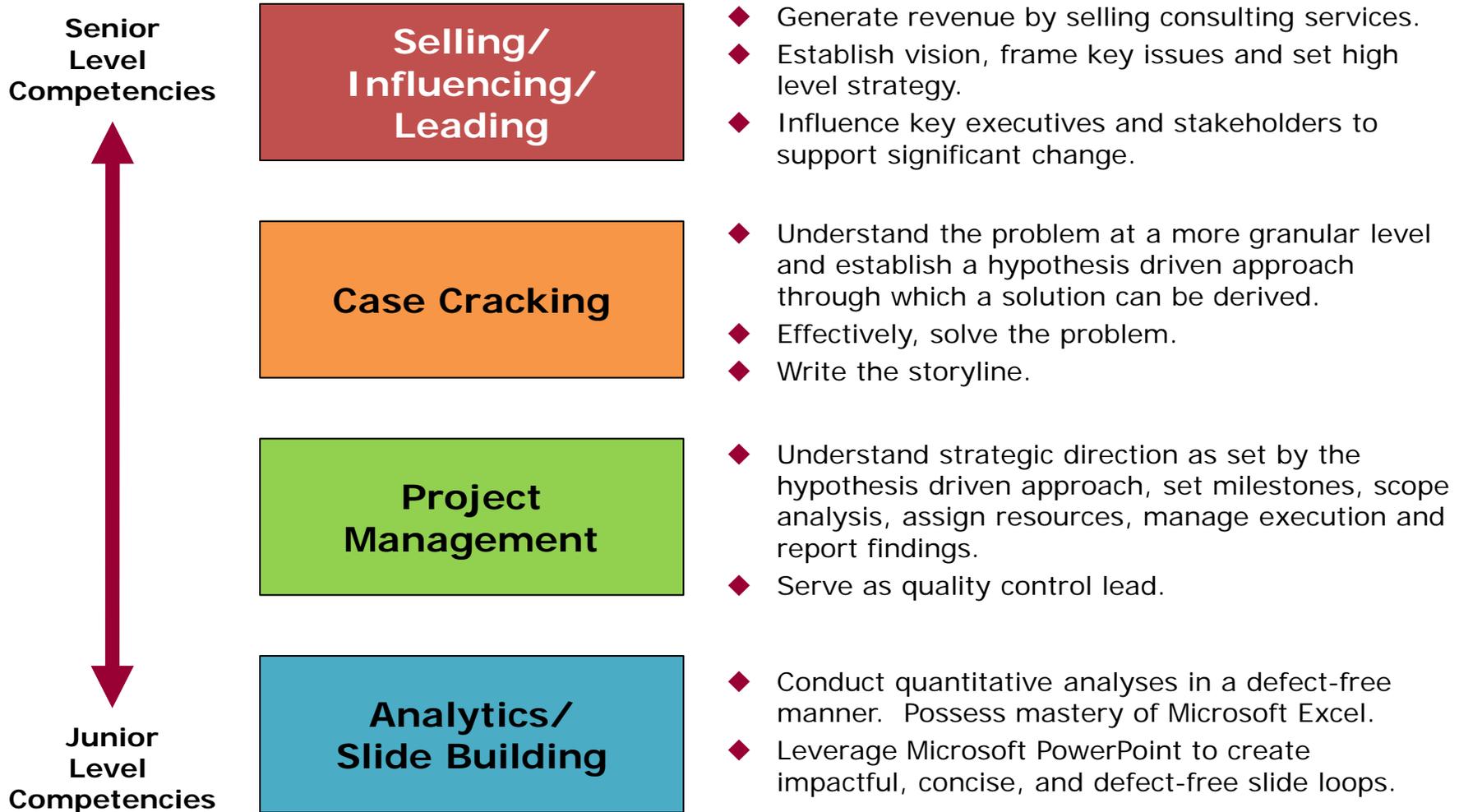
**Breakdown of Consultant Competencies by Position**  
(Consultant Competencies defined on next slide)



\*Note that titles differ significantly by firm. These are meant to serve as generic titles that work across all firms.



# Consultant Competency Definitions





# Charles Aris, Inc. Strategy Practice

- ◆ Charles Aris, Inc. is a national executive search firm that was founded in 1969. The Strategy & Business Development division at Charles Aris is led by Chad Oakley, a former Bain & Company consultant and Wharton MBA.
- ◆ Since its inception in 2003 the Strategy & Business Development division has placed over 400 candidates, at multiple levels, including Vice President, Director, Manager and Analyst.
- ◆ The division's client base falls into three categories: the Corporate Strategy teams of industry leading Fortune 500 companies, the investment and portfolio management teams of leading Private Equity firms, and professional services firms, including consultancies and the like.
- ◆ The candidates that we place typically work for top tier strategy consulting firms and possess undergraduate and graduate degrees from the world's leading educational institutions.
- ◆ For more information, please contact any of our team members as shown on this page or visit [www.charlesaris.com](http://www.charlesaris.com).



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