



**CHARLES
ARIS™**

2017 Strategy Consulting Compensation Study

January 27, 2017

Compensation Data Key Facts

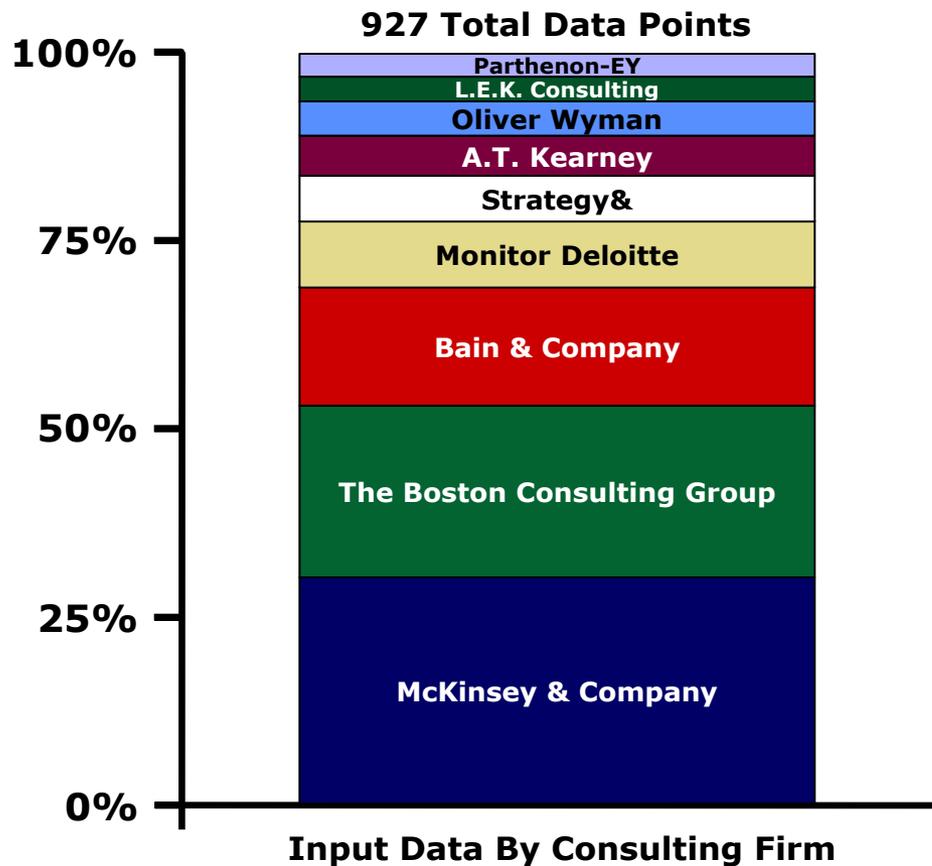


Charles Aris, Inc. is pleased to present our 2017 Strategy Consulting Compensation Study. Key facts about the data compiled for the study are as follows:

- ◆ All compensation data points for this study were collected between January 1 and December 31, 2016. Most consulting firms raise compensation for their consultants on or around January 1 of each year. It's important to note that the most recent set of raises (those that took place on or around January 1, 2017) 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 2016 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 they would no longer be useful for our clients.



Input Data by Consulting Firm



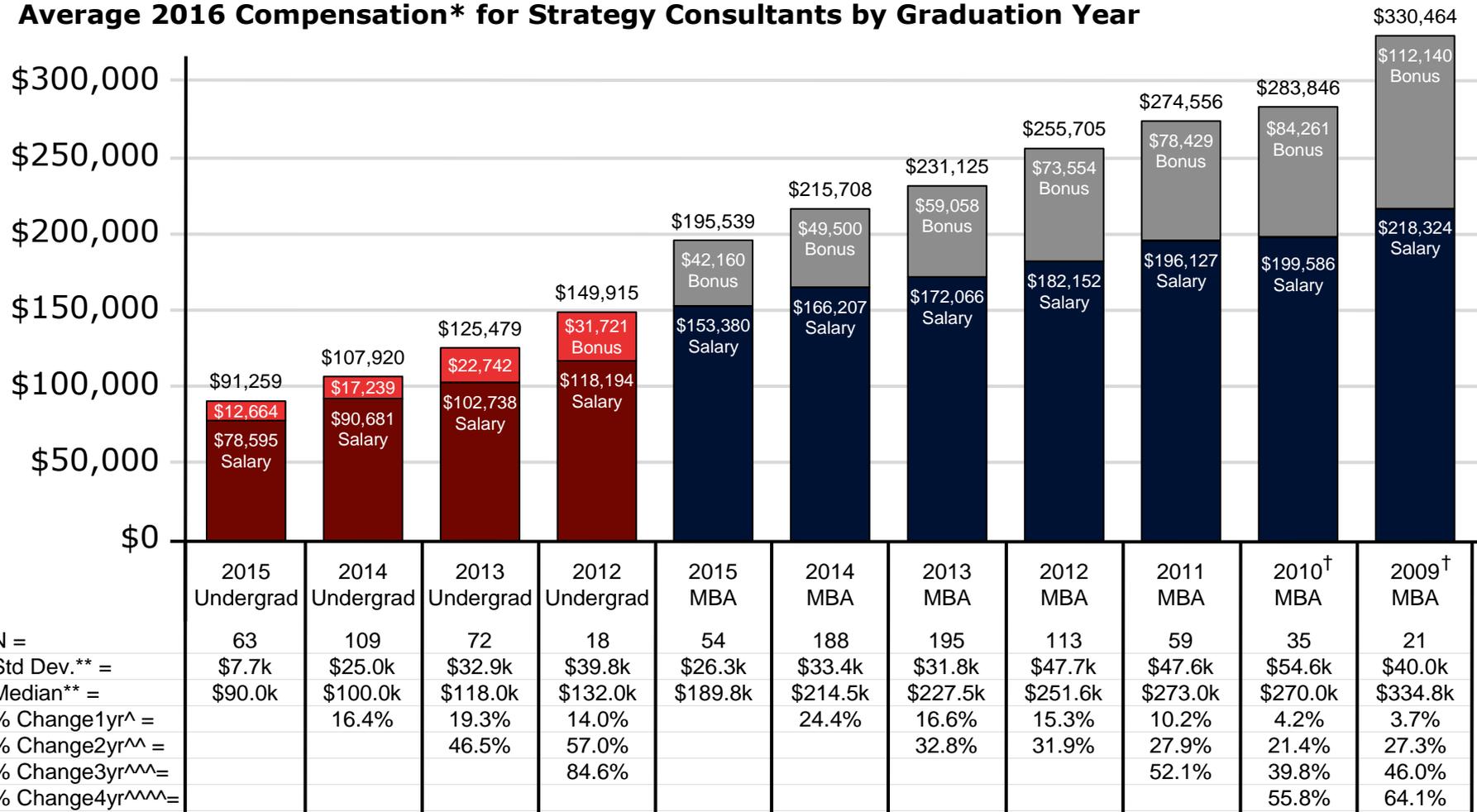
- ◆ During the course of 2016, Charles Aris recruiters spoke with over 3,500 strategy candidates, of which over 95% were actively employed with industry leading consulting firms, corporations and private equity firms.
- ◆ Detailed discussions around compensation happen only on an as needed basis. For 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 **927** data points from consultants across nine firms.
- ◆ 69.3% of the data points come from “The Big Three” firms: McKinsey & Company, The Boston Consulting Group and Bain & Company.
- ◆ Of the 927 total data points, 665 come from post-MBA consultants and 262 come from pre-MBA/undergraduate consultants.



Average Compensation by Graduation Year



Average 2016 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.

[†]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.

[^]% Change1yr equals the percentage change in total annual compensation (base salary plus target annual bonus only), from 2015 to 2016, for that graduation year.

^{^^}% Change2Yr equals the percentage change in total annual compensation (base salary plus target annual bonus only), from 2014 to 2016, for that graduation year.

^{^^^}% Change3Yr equals the percentage change in total annual compensation (base salary plus target annual bonus only), from 2013 to 2016, for that graduation year.

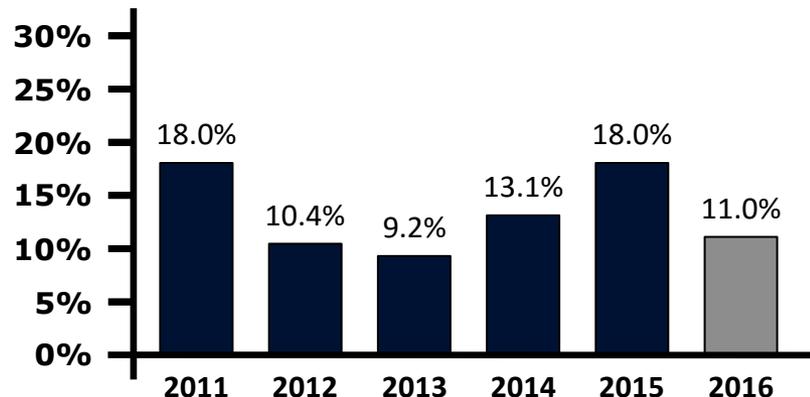
^{^^^^}% Change4Yr equals the percentage change in total annual compensation (base salary plus target annual bonus only), from 2012 to 2016, for that graduation year.



Average Increase in Annual Compensation

Post-MBA

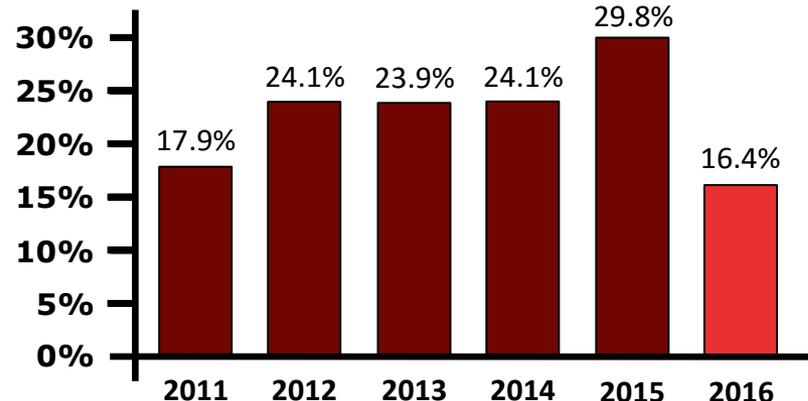
How much did the average post-MBA consultant's compensation increase in 2016 compared to previous years?



- ◆ On average, every post-MBA strategy consultant experienced an 11.0% increase in compensation from 2015 to 2016, a significant drop to what was experienced the year prior and closer to the six year low watermark of 9.2% set in 2013.
- ◆ **What's Driving It?** While many consulting firms continued to enjoy another year of record setting earnings, some firms experienced a slow down, which resulted in smaller annual raises and lower bonuses.

Pre-MBA

How much did the average pre-MBA/Undergraduate consultant's compensation increase in 2016 compared to previous years?



- ◆ On average, every Pre-MBA/Undergraduate consultant experienced a 16.4% increase in compensation from 2015 to 2016, the lowest rate seen over the previous six years.
- ◆ **What's Driving It?** As stated above, some firms experienced a slow down in 2016 which negatively impacted bonuses. In addition, enough is enough already! The last four years saw Pre-MBA consultants enjoy record setting annual raises, and the firms have grown weary of ~25% annual increases.



Trends in Compensation Expectations



During the course of 2016 Charles Aris noticed the continuation of a trend in the marketplace: consultants are expecting more in total compensation from Corporate America than what they are currently earning in consulting.

Consultant compensation expectations when joining Corporate America*							
2009	2010	2011	2012	2013	2014	2015	2016
10-20% LESS than consulting	BREAKEVEN with consulting	10-20% MORE than consulting	5-10% MORE than consulting	5-10% MORE than consulting	10-20% MORE than consulting	5-15% MORE than consulting	5-15% MORE than consulting

Multiple factors continue to drive this trend:

- ◆ Knowing that they are stepping off the steep compensation trajectory 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 in Corporate America.
- ◆ With so many companies competing for this talent, 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 based on over 3,500 conversations with consultants over the course of 2016.



2016 Sample Industry Offers



Below you will find a subset of 2016 offers that were accepted by Charles Aris candidates from Tier 1 Strategy Firms.

Education	Consulting Firm	Prior Compensation			Accepted Offer*				Offer Title	Company Description
		Base	Bonus	Equity	Base	Bonus	Sign-On	Equity		
MBA 1999	x-Big 3	\$275k	64%	\$400kE	\$350k	60%	\$400kE	\$750kE1	SVP	Corporation
MBA 2003	x-Big 3	\$285k	40%	\$100kE	\$302k	50%		\$1.2ME1	VP	Corporation
MBA 2004	x-Top 9	\$260k	35%		\$290k	40%	\$80kS	\$300kE1	VP	Corporation
MBA 2008	x-Big 3	\$200k	35%	\$50kE	\$205k	25%	\$35k	\$30kE	VP	Corporation
MBA 2011	Big 3	\$210k	40%		\$220k	25%	\$25k		Director	Corporation
MBA 2011	Big 3	\$178k	45%		\$180k	35%	\$15k		Director	Corporation
MBA 2012	Top 9	\$175k	45%		\$180k	20%	\$30k	\$36kE	Director	Corporation
MBA 2012	Big 3	\$160k	50%		\$165k	20%	\$40k	\$25kE	Director	Corporation
MBA 2013	Big 3	\$160k	33%		\$165k	20%	\$20k	\$40kE	Director	Corporation
MBA 2013	Big 3	\$160k	25%		\$145k	20%	\$20k	\$15kE	Sr. Manager	Corporation
MBA 2014	Big 3	\$175k	40%		\$175k	70%	\$40k		Manager	Asset Management
MBA 2014	Top 9	\$145k	10%		\$155k	15%		\$10kE	Sr. Manager	Corporation
B.S. 2013	Big 3	\$95k	26%		\$100k	88%			Analyst	Asset Management
B.S. 2014	Big 3	\$85k	24%		\$140k	57%			Associate	Private Equity
B.S. 2014	Big 3	\$96k	15%		\$100k	80%			Associate	Private Equity
B.S. 2015	Big 3	\$75k	15%		\$140k	57%			Associate	Private Equity



*Base=Base Salary. Bonus=Annual Target Bonus. Sign-On=Sign-On Bonus. E=Annual Equity Grant. E1=One-Time Equity Grant.



2016 Offer Ranges by MBA Year



Below you will find 2016 **corporate** offer ranges*, at the 25th, 50th and 75th percentiles, for each **MBA** graduation year.

2014 MBA	25 th	50 th	75 th
Title	Associate	Manager	Sr Manager
Base Salary	\$140,000	\$155,000	\$170,000
Annual Bonus	15%	20%	25%
Annual Equity	\$0	\$0	\$20,000
Total	\$161,000	\$186,000	\$232,500

2011 MBA	25 th	50 th	75 th
Title	Director	Sr Director	VP
Base Salary	\$170,000	\$185,000	\$200,000
Annual Bonus	25%	30%	35%
Annual Equity	\$30,000	\$45,000	\$60,000
Total	\$242,500	\$285,500	\$330,000

2013 MBA	25 th	50 th	75 th
Title	Manager	Sr Manager	Director
Base Salary	\$150,000	\$165,000	\$180,000
Annual Bonus	20%	25%	30%
Annual Equity	\$0	\$20,000	\$40,000
Total	\$180,000	\$226,250	\$274,000

2010 MBA	25 th	50 th	75 th
Title	Sr Director	Sr Director	VP
Base Salary	\$180,000	\$195,000	\$210,000
Annual Bonus	30%	35%	40%
Annual Equity	\$35,000	\$55,000	\$75,000
Total	\$269,000	\$318,250	\$369,000

2012 MBA	25 th	50 th	75 th
Title	Sr Manager	Director	Sr Director
Base Salary	\$160,000	\$175,000	\$185,000
Annual Bonus	20%	25%	30%
Annual Equity	\$20,000	\$35,000	\$50,000
Total	\$212,000	\$253,750	\$290,500

2009 MBA	25 th	50 th	75 th
Title	Sr Director	VP	VP
Base Salary	\$190,000	\$205,000	\$220,000
Annual Bonus	35%	45%	55%
Annual Equity	\$50,000	\$75,000	\$100,000
Total	\$306,500	\$372,250	\$441,000

*Source: Charles Aris, Inc. anecdotal data based on over 3,500 conversations with consultants over the course of 2016.



2016 Offer Ranges by Undergraduate Year



Below you will find 2016 **corporate** offer ranges*, at the 25th, 50th and 75th percentiles, for each **Pre-MBA/Undergraduate** graduation year.

2014 Pre-MBA	25 th	50 th	75 th
Title	Analyst	Analyst	Sr Analyst
Base Salary	\$85,000	\$95,000	\$105,000
Annual Bonus	5%	10%	15%
Annual Equity	\$0	\$0	\$0
Total	\$89,250	\$104,500	\$120,750

2013 Pre-MBA	25 th	50 th	75 th
Title	Analyst	Sr Analyst	Associate
Base Salary	\$95,000	\$105,000	\$115,000
Annual Bonus	10%	15%	20%
Annual Equity	\$0	\$0	\$0
Total	\$104,500	\$120,750	\$138,000

2012 Pre-MBA	25 th	50 th	75 th
Title	Sr Analyst	Associate	Sr Associate
Base Salary	\$110,000	\$120,000	\$130,000
Annual Bonus	15%	20%	20%
Annual Equity	\$0	\$0	\$15,000
Total	\$126,500	\$144,000	\$171,000

*Source: Charles Aris, Inc. anecdotal data based on over 3,500 conversations with consultants over the course of 2016.

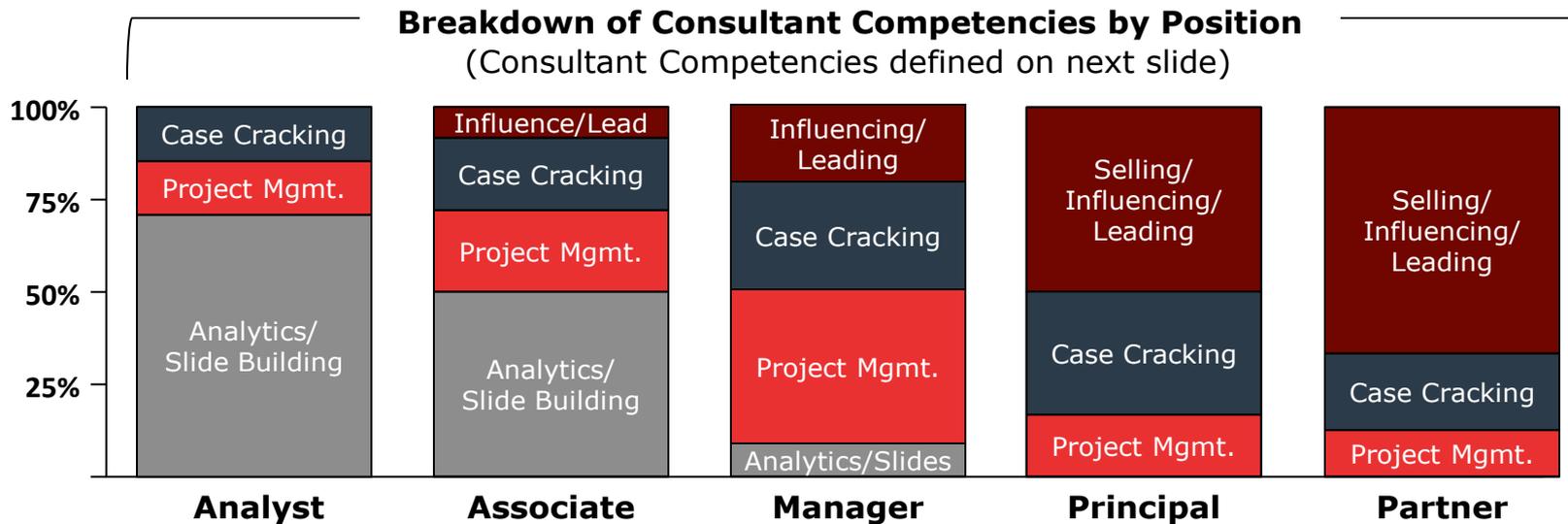


Strategy Consultant Competencies



The matrix below defines the expected competencies for consultants at each level for the **2017** 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	2013-2015 undergraduate degree	2015-2016 MBA	2013-2014 MBA	2010-2012 MBA	2009 and earlier MBA



*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 & Corporate Development practice at Charles Aris is led by Chad Oakley, a former Bain & Company consultant and Wharton MBA.
- ◆ Since its inception in 2003 the Strategy & Corporate Development practice has placed over **400** candidates, at multiple levels, including Chief Strategy Officer, Vice President, Director, Manager and Analyst.
- ◆ Our 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, asset management 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 academic institutions.
- ◆ For more information, please contact any of our team members as shown on this page or visit www.charlesaris.com.



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