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From this week's In Other News

Defying labor market trends, consulting firms are hiring like it's 2007

By: [Steven R. Strahler](#) November 28, 2011

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Stacy Schmitz, 22, a DePaul finance major who got three job offers, will start in April as a health care analyst at Huron.

Photo by: [Stephen J. Serio](#)

The jobs recession is over for at least one profession: business consultants.

While the Illinois unemployment rate stands at 10.1% as many employers sit tight, demand for consulting services is abounding. This is spurring double-digit job gains in an industry eyed by Mayor Rahm Emanuel and others for its economic development potential. It also is forcing consulting firms to pay up for employees, which threatens to squeeze margins.

Accenture, for one, recently announced plans to add 500 jobs at its Loop offices over the next 12 months, an increase of 10%. With less fanfare, Chicago-based boutiques Huron Consulting Group Inc. and Navigant Consulting Inc. are hiring, too.

"Clients continue to invest," says Jorge Benitez, the Miami-based chief executive of Accenture's U.S. operations, who was joined by Mr. Emanuel in trumpeting the company's expansion last month. "We're seeing growth in all of our practice areas: management consulting, technology services and business process management."

This year, 28% of newly graduating MBAs at the University of Chicago's Booth School of Business joined consulting firms, a four-percentage-point increase over 2010. Northwestern University's Kellogg School of Management says it sent 30 MBA grads to Boston Consulting Group, up from 23 last year.

Postings for consulting jobs at DePaul University have climbed past 600—more than three times the 2009 number and well ahead of the pre-crash figure in 2007. Stacy Schmitz, 22, a DePaul finance major, got three job offers and will start in April as a health care analyst at Huron at \$60,000 a year. “I was pretty surprised,” the native of Fond du Lac, Wis., says.



As an industry, management and technical consulting now employs more people than it did before its previous peak, in 2008.

Slow-to-hire corporations are bringing in more consultants to help them expand staffs, upgrade technology, contend with new regulations and create health care exchanges mandated under the next phase of federal health care reform.

“They are also worried about their ability to keep high-performing employees as the economy improves,” notes Baljit Dail, co-CEO of Aon Corp.'s Aon Hewitt Inc. benefits consultancy.

'AGGRESSIVE' RECRUITING

Higher commodity prices, mean-while, and a narrowing wage gap between the U.S. and China are requiring “more thoughtful strategies than just straight outsourcing to China,” says Marin Gjaja, who heads Boston-based BCG's 400-member Chicago office, which is growing 10% annually.

Chicago-based William Blair & Co. analyst Tim McHugh says job openings in human resources consulting—a core practice for Lincolnshire-based Aon Hewitt—jumped 15% during the 12 months

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ended Sept. 30, more than they have in a decade. Help-wanted ads on websites of specialty consulting firms are up about 9% in the last six months, he adds.

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At Huron, the number of full-time consultants rose 20%, to more than 1,000, in the year ended Sept. 30. CEO James Roth predicts demand for strategy consulting “to grow pretty significantly in the future.” Fees and “utilization rates” have increased as well, while Huron's share price has climbed 20% since August, goosed by third-quarter adjusted earnings that exceeded estimates by some 50%.

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“We certainly are going to be aggressive in continuing to recruit,” Mr. Roth says.

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Navigant says it hired nearly 200 consultants, boosting headcount by more than 10%, during the year ended Oct. 31.

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Among the Big Four accounting firms, KPMG International expects its \$6.5-billion advisory business to double by 2015, says Dan Doherty, KPMG LLP's managing partner for advisory services in Chicago. Advisory revenue, which accounts for about a third of total billings among KPMG's member firms worldwide, grew 8.3% in fiscal 2010. Audit fees were flat.

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Michael Parks, CEO of Chicago-based Revere Group, says clients want to automate functions such as order-tracing and help desks, and shift IT infrastructure to cloud computing. Revenue for the \$100-million-a-year IT consultancy rose almost 30% in the 12 months ended March 31 and continues to grow at a double-digit pace, he says.

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But boom times are coming at a cost: Mr. Parks says salaries are rising faster than fees, cutting into profit. For now, he adds, consultants have little choice but to be more generous to employees. “If you're not competitive with your compensation, you're going to lose people,” he says.

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