



**CHARLES**  
**ARIS™**

# 2018 Strategy Consulting Compensation Study

January 26, 2018

# An important note on new pay equity laws



## **New legislation is changing the way compensation data can be gathered. It's also changing the face of our compensation report.**

- ◆ Perhaps you have heard that on October 31, 2017, New York City passed pay equity legislation. Since then California, Delaware and Oregon have passed similar laws. The State of Massachusetts is scheduled to implement the same restriction starting on July 1, 2018, and many other cities and states have proposed similar laws which are currently working their way through their respective legislative systems.
- ◆ The purpose of pay equity legislation is to prohibit employers from discriminating on the basis of gender or ethnicity in the payment of wages. Here's why: Historically, companies have extended offers to candidates at a value that was largely driven by the compensation packages which candidates had at that time. Given the fact that women and people of color have historically been paid less than others in equivalent positions, the practice of extending offers based on current compensation has prevented them from ever "catching up" with their counterparts. By preventing companies from asking about a candidate's current compensation, the hope is that this gap will be closed, as companies will extend offers based on merit as opposed to current wages.
- ◆ All of the compensation data gathered in this report abides strictly by the pay equity laws of each state, territory and municipality.
- ◆ Going forward, our annual compensation study must change dramatically. Instead of focusing on what candidates *currently* earn, we will focus more on what consultants *expect* to earn in their next roles after consulting (which is perfectly legal to ask in all states, territories and municipalities).



# Key facts on compensation data

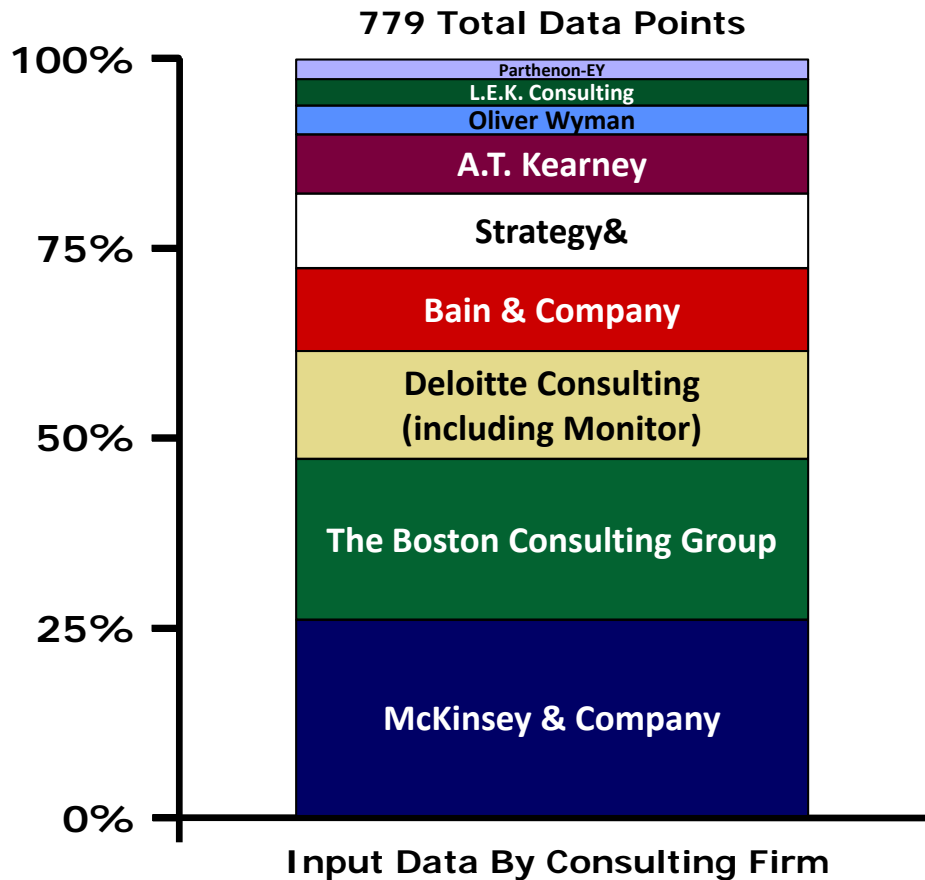


## **Charles Aris Inc. is pleased to present our 2018 Strategy Consulting Compensation Study. Key facts about the data compiled for the study:**

- ◆ All compensation data points for this study were collected between January 1 and December 31, 2017. 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 which took place on or around January 1, 2018) are not reflected in this study.
- ◆ All compensation data points gathered in this report abide strictly by the pay equity laws of each state, territory and municipality.
- ◆ 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 5 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 are extremely confident that the data points are accurate, given the consistency in responses we received across consultants and firms.
- ◆ We eliminated a small percentage (less than 5 percent) of data outliers which would have adversely skewed the overall data. We also excluded Partner compensation data points from this study. During the course of 2017, 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



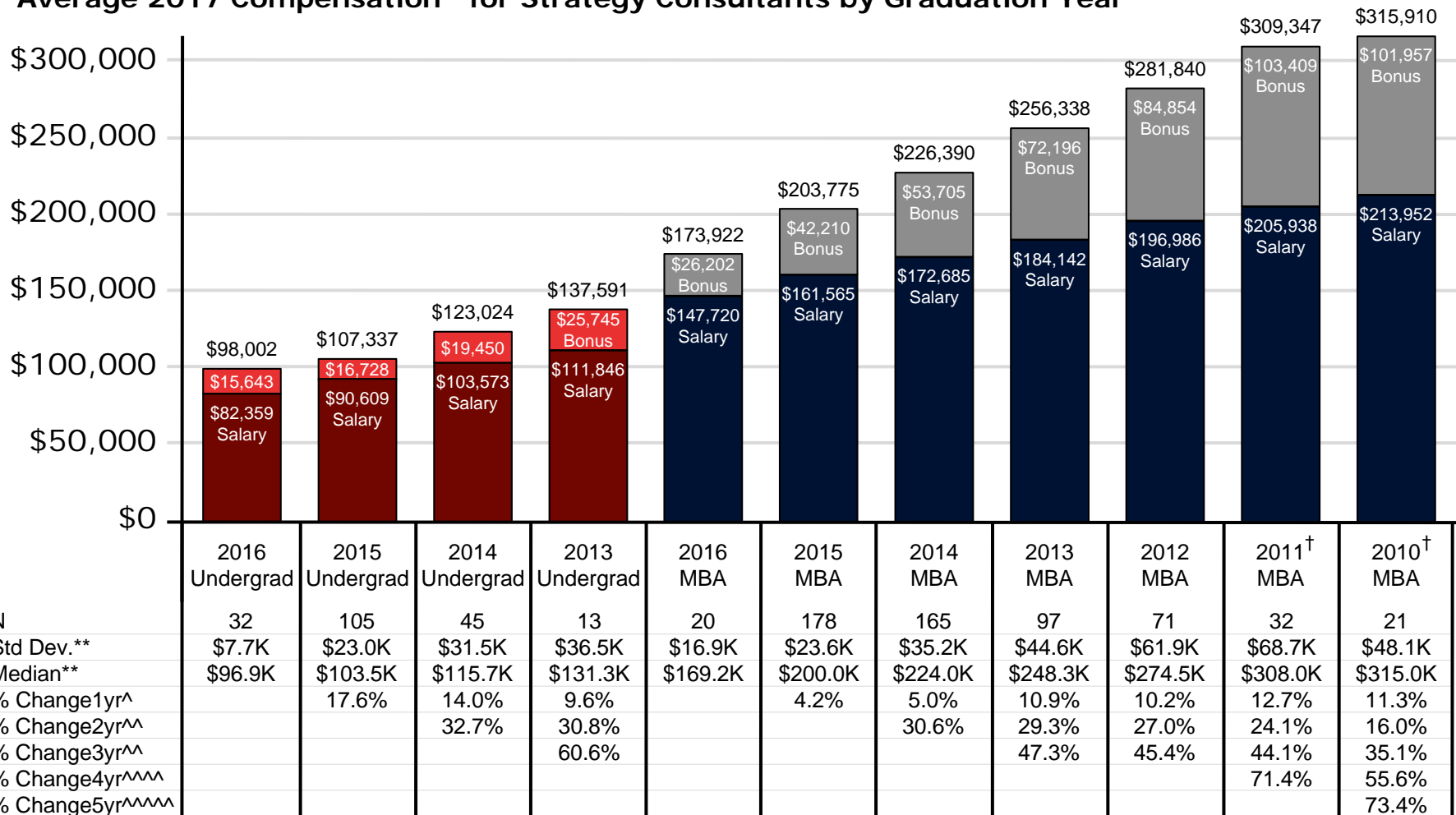
- ◆ During the course of 2017, Charles Aris recruiters spoke with more than 3,000 strategy candidates, of whom more than 95 percent were actively employed with industry-leading consulting firms, corporations or private equity firms.
- ◆ Detailed discussions around compensation happen only on an as-needed basis. For the purpose of this study, we have distilled only those compensation data points from candidates who were actively employed by leading consulting firms.
- ◆ Our 2018 Strategy Consulting Compensation Study is driven by **779** data points from consultants across nine consulting firms.
- ◆ 58.3 percent of the data points come from “The Big Three” firms: McKinsey & Company, The Boston Consulting Group and Bain & Company.
- ◆ Of the 779 total data points, 584 come from post-MBA consultants and 195 come from pre-MBA / undergraduate consultants.



# Average compensation by graduation year



Average 2017 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 2016 to 2017, for that graduation year.

<sup>^^</sup>% Change2Yr equals the percentage change in total annual compensation (base salary plus target annual bonus only), from 2015 to 2017, for that graduation year.

<sup>^^^</sup>% Change3Yr equals the percentage change in total annual compensation (base salary plus target annual bonus only), from 2014 to 2017, for that graduation year.

<sup>^^^^</sup>% Change4Yr equals the percentage change in total annual compensation (base salary plus target annual bonus only), from 2013 to 2017, for that graduation year.

<sup>^^^^^</sup>% Change5Yr equals the percentage change in total annual compensation (base salary plus target annual bonus only), from 2012 to 2017, for that graduation year.

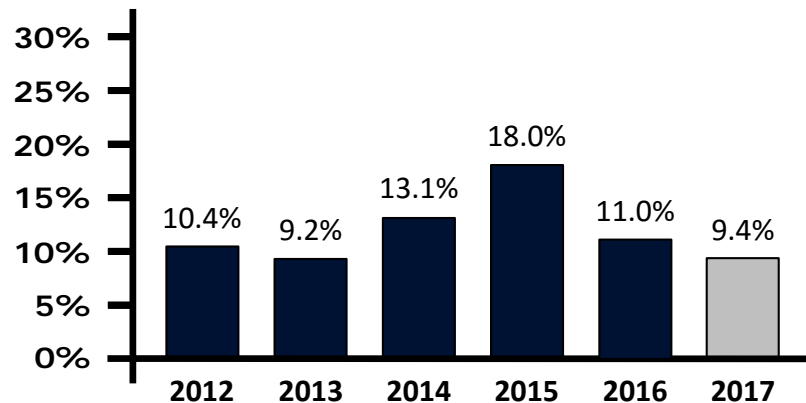


# Average increase in annual compensation



## Post-MBA

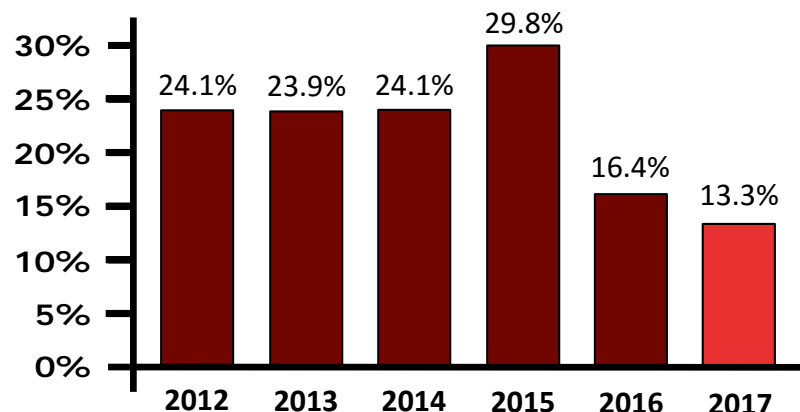
How much did the average post-MBA consultant's compensation increase in 2017 compared to previous years?



- ◆ On average, every post-MBA strategy consultant experienced an 9.4 percent increase in compensation from 2016 to 2017, a number that is on the lower end of previous averages.
- ◆ **What's driving it?** Steady as she goes. Two years of consistent, normal raises seem to indicate that the supply and demand curves are realigning after the imbalance that we saw in 2014 and 2015.

## Pre-MBA

How much did the average Pre-MBA / Undergraduate consultant's compensation increase in 2017 compared to previous years?



- ◆ On average, every Pre-MBA / Undergraduate consultant experienced a 13.3 percent increase in compensation from 2016 to 2017 – the lowest rate seen over the previous six years.
- ◆ **What's driving it?** This one is interesting! After last year's significant decrease, we expected 2017 to rise back to the 20-plus percent range, but it actually fell even further. Our theory is that pre-MBA consultants are being directly promoted to the post-MBA level more frequently than in the past, thus minimizing the annual increase for those who are not directly promoted.



# Trends in compensation expectations



During the course of 2017, 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*							
2010	2011	2012	2013	2014	2015	2016	2017
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	5-15% MORE than consulting

## Multiple factors continue to drive this trend:

- ◆ We're in the midst of the lowest unemployment rate in 10 years, and that means plenty of job opportunities for talented consultants. With so many companies competing for this talent, consultants know 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.
- ◆ 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.

\*Source: Charles Aris Inc. anecdotal data based on more than 3,000 conversations with consultants over the course of 2017.



# 2017 sample industry offers



A subset of 2017 offers 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 2002	x-Big 3	\$300K	67%		\$320K	72%	\$20K	\$250KE1	SVP	Corporation
MBA 2007	x-Big 3	\$280K	43%	\$275KE	\$310K	40%	\$100K	\$150KE1	VP	Corporation
MBA 2007	x-Top 9	\$235K	30%	\$60KE	\$225K	30%	\$50KS	\$70KE1	Director	Corporation
MBA 2010	x-Top 9	\$180K	20%	\$35KE	\$220K	25%	\$50K	\$35KE	Sr. Director	Corporation
MBA 2012	x-Big 3	\$170K	20%	\$35KE	\$211K	25%	\$50K	\$35KE	Sr. Director	Corporation
MBA 2012	Big 3	\$215K	45%		\$225K	36%	\$50K	\$120KE	Sr. Director	Corporation
MBA 2013	Top 9	\$167K	20%		\$190K	20%	\$25K		Director	Corporation
MBA 2013	Top 9	\$180K	20%		\$195K	30%			Director	Corporation
MBA 2014	Big 3	\$180K	30%		\$215K	50%			VP	Private Equity
MBA 2014	Big 3	\$155K	32%		\$170K	20%	\$15K	\$50KE	Sr. Manager	Corporation
MBA 2014	Big 3	\$165K	25%		\$165K	20%	\$5K	\$20KE	Sr. Manager	Corporation
MBA 2015	Big 3	\$170K	20%		\$175K	20%	\$15K	\$30KE	Sr. Manager	Corporation
MBA 2015	Top 9	\$220K	5%		\$163K	20%	\$10K		Sr. Manager	Corporation
B.S. 2015	Big 3	\$85K	15%		\$150K	55%			Analyst	Private Equity
B.S. 2015	Big 3	\$80K	20%		\$105K	50%			Associate	Asset Management
B.S. 2016	Big 3	\$80K	18%		\$150K	55%			Associate	Private Equity
B.S. 2016	Big 3	\$80K	10%		\$115K	100%			Associate	Private Equity

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

Post MBA

Pre MBA





# 2017 offer ranges by MBA year



2017 **corporate** offer ranges\*, at the 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> percentiles, for each **MBA** graduation year:

2015 MBA	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>
<b>Title</b>	Associate	Manager	Sr Manager
<b>Base Salary</b>	\$145,000	\$160,000	\$175,000
<b>Annual Bonus</b>	15%	20%	25%
<b>Annual Equity</b>	\$0	\$0	\$20,000
<b>Total</b>	\$166,750	\$192,000	\$238,750

2012 MBA	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>
<b>Title</b>	Director	Sr Director	VP
<b>Base Salary</b>	\$180,000	\$200,000	\$220,000
<b>Annual Bonus</b>	25%	30%	35%
<b>Annual Equity</b>	\$30,000	\$45,000	\$60,000
<b>Total</b>	\$255,000	\$305,000	\$357,000

2014 MBA	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>
<b>Title</b>	Manager	Sr Manager	Director
<b>Base Salary</b>	\$155,000	\$170,000	\$185,000
<b>Annual Bonus</b>	20%	25%	30%
<b>Annual Equity</b>	\$0	\$20,000	\$40,000
<b>Total</b>	\$186,000	\$232,500	\$280,500

2011 MBA	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>
<b>Title</b>	Sr Director	Sr Director	VP
<b>Base Salary</b>	\$190,000	\$205,000	\$220,000
<b>Annual Bonus</b>	30%	35%	40%
<b>Annual Equity</b>	\$35,000	\$55,000	\$75,000
<b>Total</b>	\$282,000	\$331,750	\$383,000

2013 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>	\$165,000	\$180,000	\$195,000
<b>Annual Bonus</b>	20%	25%	30%
<b>Annual Equity</b>	\$20,000	\$35,000	\$50,000
<b>Total</b>	\$218,000	\$260,000	\$303,500

2010 MBA	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>
<b>Title</b>	Sr Director	VP	VP
<b>Base Salary</b>	\$200,000	\$215,000	\$230,000
<b>Annual Bonus</b>	35%	45%	55%
<b>Annual Equity</b>	\$50,000	\$75,000	\$100,000
<b>Total</b>	\$320,000	\$386,750	\$456,500

\*Source: Charles Aris Inc. anecdotal data based on more than 3,000 conversations with consultants over the course of 2017.



# 2017 offer ranges by undergraduate year



2017 *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:

2015 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>	\$90,000	\$100,000	\$110,000
<b>Annual Bonus</b>	5%	10%	15%
<b>Annual Equity</b>	\$0	\$0	\$0
<b>Total</b>	\$94,500	\$110,000	\$126,500

2014 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>	\$100,000	\$110,000	\$120,000
<b>Annual Bonus</b>	10%	15%	20%
<b>Annual Equity</b>	\$0	\$0	\$0
<b>Total</b>	\$110,000	\$126,500	\$144,000

2013 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>	\$115,000	\$125,000	\$135,000
<b>Annual Bonus</b>	15%	20%	20%
<b>Annual Equity</b>	\$0	\$0	\$15,000
<b>Total</b>	\$132,250	\$150,000	\$177,000

\*Source: Charles Aris Inc. anecdotal data based on more than 3,000 conversations with consultants over the course of 2017.

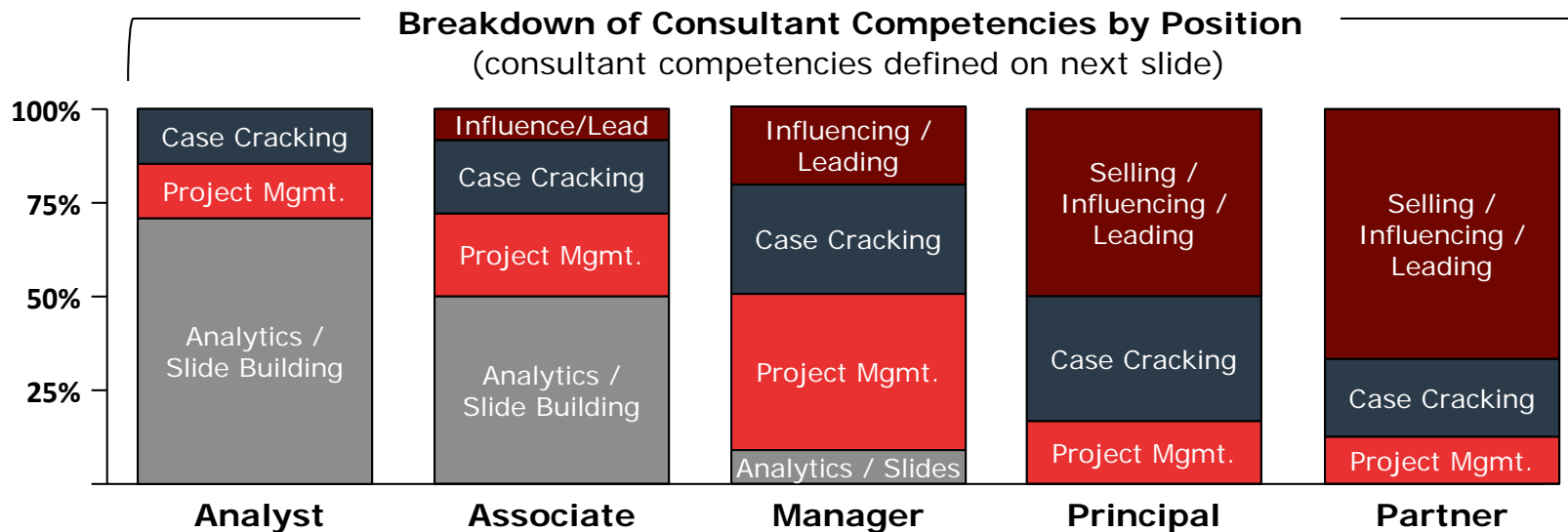


# Strategy consultant competencies



The matrix below defines the expected competencies for consultants at each level for the **2018** recruiting year:

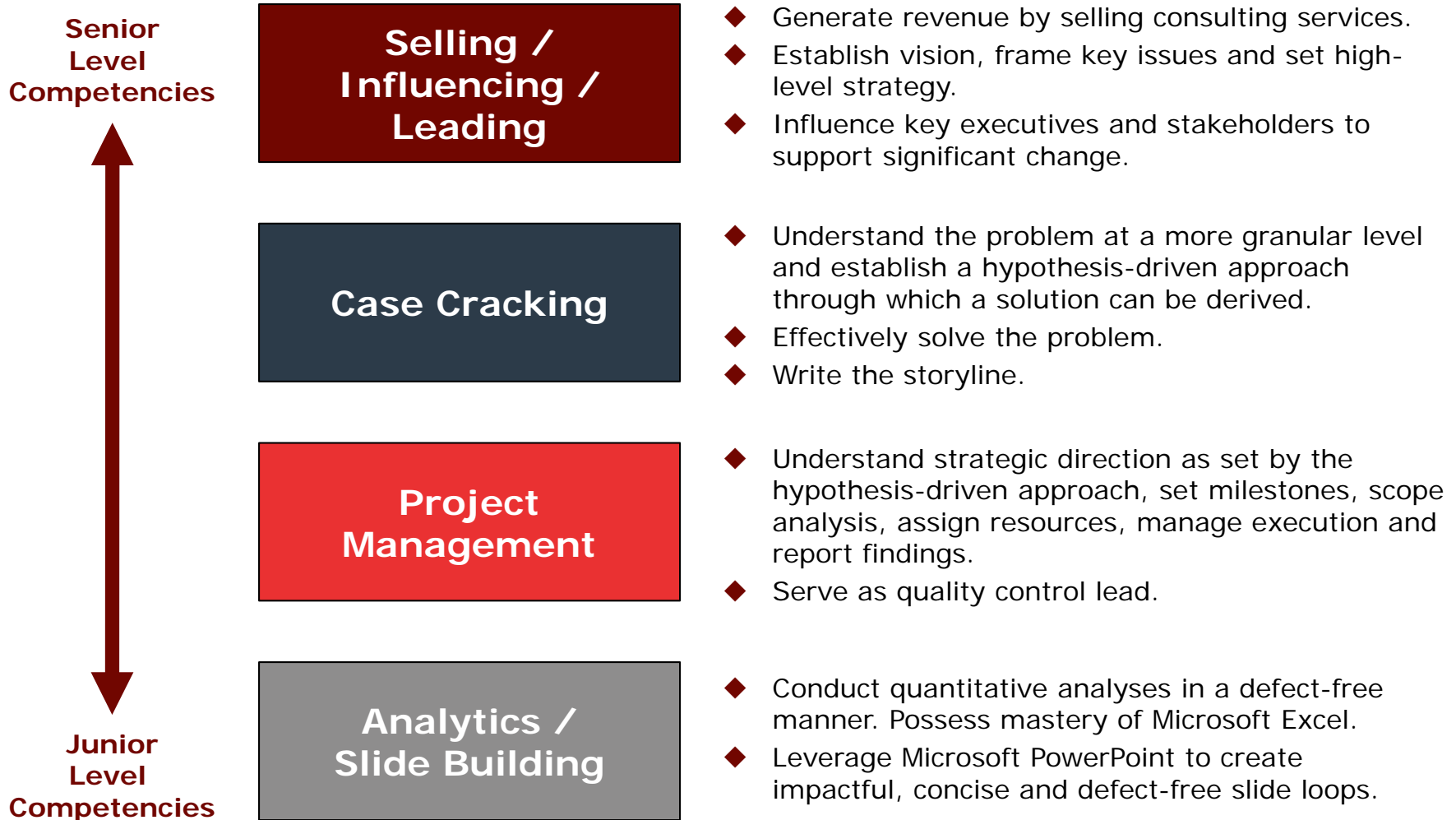
Title at Consulting Firm*	Analyst	Associate	Manager	Principal	Partner
Years of Experience	1-3 years Pre-MBA	1-2 years Post-MBA	3-4 years Post-MBA	5-7 years Post-MBA	8+ years Post-MBA
Graduation Year	2015-17 undergraduate degree	2016-17 MBA	2014-15 MBA	2011-13 MBA	2010 and earlier MBA



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



# Consultant competency definitions



# The Charles Aris Strategy Practice



- ◆ Charles Aris Inc. is an international executive search firm founded in 1969. Its Strategy & Corporate Development practice is led by CEO Chad Oakley, a former Bain & Company consultant and Wharton MBA.
- ◆ Since its inception in 2003, this Strategy & Corporate Development practice has placed more than **550** candidates, at multiple levels, including Chief Strategy Officer, Vice President, Director, Manager and Analyst.
- ◆ The Charles Aris 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 and asset management firms; and professional services firms including consultancies and the like.
- ◆ The candidates whom we place typically work or have worked 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 [CharlesAris.com](http://CharlesAris.com).



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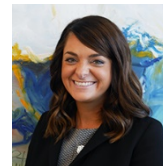
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# We do more than just Strategy & Corp Dev



## STRATEGY & CORPORATE DEVELOPMENT

Title	Salary + Bonus*
SVP, Head of Strategy & M&A	\$528,000
Chief Strategy Officer	\$481,000
Vice President, International Strategy	\$385,000
Chief of Staff to CEO	\$378,685
Vice President, Strategy	\$350,000
Vice President & Chief of Staff	\$294,000
Director, Strategy	\$250,000
Director, Strategic Analytics	\$227,500
Private Equity Associate	\$224,000
Director, Strategy & Corporate Dev.	\$221,000
Portfolio Operations Associate	\$215,000
Director, Transformation	\$214,500
Director, M&A	\$210,000
Director, Store of the Future	\$193,750
Global Pricing & Business Dev. Manager	\$187,200

## ENGINEERING & MANUFACTURING OPERATIONS

Title	Salary + Bonus*
Senior Engineering Manager	\$264,500
Operations Manager	\$260,000
Chief Operating Officer	\$260,000
Senior Director, R&D	\$256,500
Corporate VP, Engineering, R&D, Innov.	\$240,000
Director, Plant Operations	\$218,750
Operations Manager	\$216,000
Director, Project Engineering	\$210,000
Lead Temp Engineer	\$201,250
Vice President, Engineering	\$190,000
Director, Innovation	\$180,000
Plant Manager	\$168,750
Maintenance Supervisor	\$152,100
Senior Scientist	\$140,000
Reliability Leader	\$130,000

\*Does not include equity or other forms of compensation



# We do more than just Strategy & Corp Dev



## FINANCE & ACCOUNTING

Title	Salary + Bonus*
CFO – Consumer Goods	\$500,000
CFO – Real Estate / Construction	\$357,500
CFO – Insurance	\$300,000
CFO – Automotive Products	\$273,000
Director of Solar Finance	\$270,000
CFO – Apparel & Fashion	\$259,000
CFO – Pet Food Manufacturer	\$252,000
Director, Financial Planning & Analysis	\$247,000
CFO, Injection Molding	\$240,500
CFO – Industrial Products	\$206,250
CFO – Industrial Products	\$187,200
CFO – Industrial Automation	\$175,000
Finance Manager	\$156,000
Planning & Perf. Analytics Manager	\$147,600
Director, Global FP&A	\$140,000

## SALES & MARKETING

Title	Salary + Bonus*
Chief Product Officer	\$468,000
Chief Marketing Officer	\$362,500
EVP, Sales & Marketing	\$317,300
Vice President, Sales	\$281,250
Vice President, Sales / Marketing	\$280,000
Territory Vice President	\$224,000
Director, Global Product Stewardship	\$215,000
Territory Vice President	\$208,000
Vice President, Business Development	\$200,000
Vice President, Sales	\$180,000
Category Manager	\$175,000
Director, Marketing	\$174,000
Vice President, Sales	\$150,000
Product Manager	\$143,850
Product Manager	\$142,500

\*Does not include equity or other forms of compensation



# We do more than just Strategy & Corp Dev



## EXECUTIVE LEADERSHIP

Title	Salary + Bonus*
CEO – Hospitality	\$1,000,000
SVP, Feed Division	\$735,000
CEO – Food Manufacturing	\$600,000
CEO – Retail	\$525,000
President, Education Solutions	\$465,000
President, Health Care Services	\$450,000
CEO – Building Materials	\$375,000
CEO – Injection Molding	\$375,000
General Mgr – Consumer Electronics	\$350,000
CEO – Oil & Energy	\$310,500
General Manager – Consumer Goods	\$299,000
President – Process & Controls	\$294,000
EVP/GM – Consumer Electronics	\$240,000
CEO – Education	\$237,500
CEO – Investment Management	\$231,250

## MISCELLANEOUS

Title	Salary + Bonus*
Head of Performance Acceleration	\$472,500
Vice President, Customer Analytics	\$368,450
SVP, Risk Management	\$280,000
IT Expert Manager	\$276,000
Director, Communication Improvement	\$258,000
HR Site Manager / Director	\$218,750
Director of Human Resources	\$212,500
VP, Clinic Operations	\$190,000
Global Distribution Manager	\$187,500
Vice President, Construction	\$179,400
Senior Designer	\$155,250
Investment Engineer	\$155,000
Vice President of People	\$154,000
VP, CIO	\$150,000
Technology Innovation Leader	\$140,000

\*Does not include equity or other forms of compensation

