Consulting's Survival Crisis

AI, People, and the Path Forward

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The consulting industry, worth over $300 billion globally, stands at a critical inflection point. Two converging crises, one technological, one human, are simultaneously threatening the survival of traditional consulting models.

While much attention has focused on AI's disruptive potential, a deeper, more insidious problem has been festering: consulting firms are systematically destroying their most valuable asset; their people.

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Part I: The AI Transformation

Artificial intelligence isn't just another tool in the consultant's toolkit; it's fundamentally reshaping the value proposition, competitive dynamics, and survival prospects of firms across the industry. To understand this transformation, we must first recognize that not all consulting firms are created equal.

The Three Archetypes of Consulting

The Artists: Problem Solvers and Strategists

Firms like McKinsey, BCG, and Bain fall into this category. They tackle ambiguous, complex problems where the path forward is unclear. These firms bring intellectual horsepower, proprietary frameworks, and pattern recognition from working across industries.

Consider a traditional retailer facing declining margins and the rise of e-commerce. Should they double down on physical stores, pivot to omnichannel, sell to private equity, or reinvent their business model entirely? The Artists frame the problem, gather data from multiple sources, run scenario analyses, and synthesize recommendations that balance risk, opportunity, and organizational capability.

Their domain: Corporate strategy, market entry, M&A strategy, organizational transformation, and any problem requiring creative thinking and cross-industry insight.

The Plumbers: Validators and Socializers

These firms (typically the Big Four; Deloitte, PwC, EY, KPMG, but not only) serve clients who already know their answers but need institutional credibility to validate decisions and build internal consensus. When a Fortune 500 CEO wants to restructure operations but faces board resistance, they don't hire a Big Four firm for novel insights. They hire them for the brand name on the cover slide.

Think of a major bank implementing new compliance frameworks after regulatory changes. The answer is often straightforward (comply with the new rules), but the real challenge is getting thousands of employees across dozens of countries aligned.

The Plumbers excel at this orchestration, leveraging their reputation and delivery networks.

Their domain: regulation, compliance, audit, risk management, and large-scale transformation programs where credibility matters more than creativity.

The Doers: Builders and Implementers

Accenture, Infosys, Capgemini, and the consulting arms of tech giants like Microsoft occupy this space. Unlike their counterparts who mainly deliver PowerPoint decks, the

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Doers deliver functioning systems, platforms, and solutions. They turn vision into code, strategy into software, and concepts into deployed technology.

When a healthcare provider wants to modernize its patient records system or a manufacturer needs an IoT-enabled supply chain, they call the Doers. These firms combine consulting acumen with engineering capability, delivering tangible assets clients can use daily.

Their domain: systems integration, custom software development, cloud migration, enterprise platform implementation, and digital transformation.

AI's Differential Impact: Winners and Losers

The Artists: Facing Their Own Obsolescence

Management consultants have always been modern-day oracles; connecting disparate dots, thinking laterally across industries, and inventing new paradigms. But AI presents The Artists with a paradox. In the short term, it's their greatest productivity enhancer. In the long term, it may be their greatest competitor.

The talent crisis intensifies. Management consulting already burns through people at alarming rates. The average tenure at McKinsey is just 2-3 years, with consultants regularly working 70-80 hour weeks. Now add AI anxiety: "Will I be replaced?" This isn't paranoia; it's rational. When AI can analyze datasets in seconds that would take analysts days, perform competitor benchmarking instantly, and draft strategy frameworks based on thousands of case studies, what's the human value proposition?

The medium-term threat is profound. Imagine an AI trained on millions of strategy case studies, competitive analyses, and industry reports. It could potentially identify strategic options in minutes rather than weeks, run thousands of scenario analyses simultaneously, provide insights based on pattern matching across every industry, and generate executive-ready presentations complete with frameworks and recommendations.

This isn't science fiction. Today's large language models can already perform rudimentary strategy work. GPT-4 can conduct Porter's Five Forces analysis, suggest growth strategies, and identify competitive threats. As these systems improve, and they're improving exponentially, we could see the "Uberization" of strategy consulting: democratized, on-demand, and a fraction of the cost.

The Artists who survive will be those who reposition from "analysts who think" to "facilitators who inspire and align." Strategy execution matters more than strategy formulation, and humans excel at navigating politics, building coalitions, and driving change. AI can't yet walk into a boardroom and read the power dynamics, influence the CFO who's resisting change, or inspire middle management to embrace transformation.

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The Plumbers: Under Pressure

The Plumbers face mounting challenges that AI will accelerate rather than alleviate.

Cost and pricing pressure from three converging forces: First, perceived value erosion is inevitable. As AI democratizes access to analytical insights and regulatory intelligence, clients will increasingly question why they're paying $300 per hour for work that could be automated. A recent survey by Source Global Research found that 68% of buyers plan to reduce spending on traditional advisory services over the next three years.

Second, nimbler competitors are emerging. Boutique firms are leveraging AI to operate with 40-60% lower cost structures while delivering comparable quality. Consider a mid-sized advisory firm that uses AI to automate document review, financial analysis, and even portions of report writing. They can undercut Big Four pricing by 35% while maintaining healthy margins.

Third, talent acquisition costs are rising as the best graduates increasingly prefer tech companies, startups, or the Artists over the Plumbers. The Big Four now compete with Google, OpenAI, and McKinsey for the same talent pool, but often lose on both compensation and mission.

The existential question: Can the Plumbers transform their internal operations fast enough? Those who successfully embed AI into their knowledge management, quality control, and delivery processes will create a sustainable moat.

Those who don't will face margin compression and market share loss. The challenge isn't technological; it's cultural, emotional, and organizational. As Peter Drucker observed, "Culture eats strategy for breakfast," and changing the culture of 100,000+ person organizations is extraordinarily difficult.

The Doers: Acceleration Ahead

The Doers face the most favorable AI scenario. Their core challenge: high cost, long timelines, and scope misalignment is precisely what AI addresses.

The traditional problem: A mid-sized enterprise wants a custom CRM system. Traditional approach: 6-12 months, $2-5 million, teams of developers, and a 40% chance it doesn't meet user expectations.

The AI-enabled future: AI coding assistants like GitHub Copilot, Claude, and GPT-4 can already generate substantial portions of codebases. Developers using these tools report 30-50% productivity gains. A project that took 12 months might now take 6-8 months.

A custom application that cost $3 million might cost $1.8 million. These aren't theoretical savings; companies like Accenture and Cognizant are already seeing these impacts.

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The remaining human imperative: Understanding what to build. AI can generate code brilliantly, but it can't yet conduct deep stakeholder interviews, navigate complex organizational politics, or translate ambiguous business requirements into clear technical specifications.

The Doers who combine AI-accelerated development with strong business analysis and change management capabilities will capture disproportionate market share.

Part II: The Hidden Crisis: People

While AI dominates headlines, a more fundamental crisis has been quietly destroying consulting from within.

Despite people being their main assets, consulting firms have done a very poor job of managing them. The consequences have emerged dramatically over the last three to five years.

The Failed Promise of Leverage

Traditional consulting businesses rely heavily on people. Some have tried, more or less successfully, to create greater leverage in their model by better packaging their knowledge and intellectual property, and by using tools to automate internal processes and improve delivery margins.

But let's be honest: despite tremendous efforts and investment, most have failed. There are multiple reasons for this.

First, it has never been taken seriously enough. Why change a model that generates good margins for partners and shareholders? As a result, very limited investment and focus have been dedicated to these initiatives.

Second, those who did take it seriously faced difficulty extracting and collecting knowledge and data from their own staff and partners. The latter saw this as a real threat to their jobs and personal advantage. Why should I share my experience and knowledge with others who don't do the same, knowing that ultimately they won't need me as a consequence?

Third, it's an extremely complex undertaking. Transforming unstructured information and data into structured data models and frameworks is exceptionally difficult—at least in a non-GenAI world.

As a consequence, consulting models have had to rely mainly on their people to create value. And they've been systematically failing those people.

Rising Burnout and Dissatisfaction

The numbers are devastating:

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- **52%** of finance professionals report high levels of burnout and poor work-life balance. Consultants represent a big part of this population.
- **75%** would not recommend their profession to younger generations, citing burnout-related stressors
- **83%** have considered changing jobs due to work-related mental health concerns—and nearly half actually followed through

This typically affects mid-grades (senior consultants to director levels) but not only them anymore. Junior grades and partners are also impacted. Juniors face anxiety related to the emergence of AI and the possibility that it will replace them, while consulting firms provide them with limited apprenticeship opportunities.

The Exodus of Experts

Strangely enough, the people who should be most carefully nurtured (the gurus, the real experts) have been gradually pushed out of these firms. This is counterintuitive, as clients pay significant fees to get expert and senior perspectives and insights.

The explanation is that experts and gurus typically have lower commercial acumen. And if they do possess it, they don't have much time to dedicate to it, given the need to stay expert in a constantly changing environment. They deserve compensation comparable to partners, as clients often value them more than partners.

But because their margin and sales impact is limited, they struggle to survive and eventually leave these firms; if they're not pushed out first.

The Forced Exit of Senior Partners

The older population (those with significant experience and networks) have suffered from the mismanagement of people. Because of the pyramid structure, their high cost, their perceived lack of energy, and possibly other reasons, they're being asked to retire between 55 and 60 years old.

But aren't these people, like the experts, key to opening doors, providing more trusted advice, and providing the gray hairs necessary to give confidence to clients' boards?

How Different Consulting Types Handle the Crisis

The Artists are much more mature and concerned about this issue and have adopted more sophisticated methods to tackle the problem. Most monitor the mental and morale state of their teams on a monthly or weekly basis. When issues are identified, they deploy remediation measures that include team coaching and personal coaching—not basic coaching, but approaches that can involve organizational dynamics solutions and similar interventions.

The Plumbers are typically bad at managing people, far too obsessed with reaching their numbers. For some, people are just a number in a spreadsheet. That's an extreme

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case, but a real one. Most of the time they try, but badly. They overcomplicate things, providing complex metrics, changing those metrics too often, and using people "pulse" surveys as a proxy for managing people.

Burnout and dissatisfaction stem primarily from the fact that people are not really treated as critical assets of the company. I call this **the dehumanization of consulting**.

Unfortunately, they're facing two big problems: the new generation of consultants is not willing to work long hours, especially without a strong purpose. They want a life that balances their personal and professional lives well. And they need to believe in what they're doing. That explains the high level of burnout even in this category.

Part III: The Root Causes of Burnout

The roots of burnout in consulting run deep, embedded in both culture and structure.

Matrix Management Creates Impossible Tensions

Perhaps most insidiously, modern consulting organizations have embraced matrix structures that trap employees in contradictory demands. Professionals report to multiple managers simultaneously; each with different priorities, different deadlines, and different definitions of success.

One employee describes the reality: "I have three managers, each expecting me to prioritize their projects. When I focus on one, the other two are disappointed."

The Collaboration-Competition Paradox

Firms demand extensive collaboration across teams and departments. Yet the same colleagues you're expected to partner with are also your direct competitors for promotions, bonuses, and visibility. You're told to share knowledge freely while knowing that your performance is being constantly compared to those same teammates.

The cognitive dissonance is profound: collaborate deeply with people you must outperform to advance. This creates a toxic dynamic where trust becomes nearly impossible. Do you share your best ideas in the team meeting, knowing they might be claimed by a colleague? Do you help a peer with their project when your own deadlines are slipping? Every collaborative moment carries the weight of competitive calculation.

Cultural Factors Amplify the Damage

- **The hours are punishing.** Many professionals still work 70-80 hours weekly, a pace that's simply unsustainable for human beings operating at peak cognitive performance.

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- **The "always-on" culture persists.** Rather than liberating employees, technology has eliminated the boundaries between work and life. Emails arrive at midnight. Weekend availability is expected, not appreciated.
- **Post-pandemic pressures intensified the problem.** Staff reductions left skeleton crews managing the same workload. Remote work, initially promising flexibility, instead extended the working day indefinitely.
- **Digital tools raised the bar instead of lowering it.** Automation should have reduced workload; instead, it raised expectations for output and responsiveness.

Why Current Solutions Aren't Working

Many firms have introduced wellness initiatives; mental health apps, bonuses for taking vacation, protected rest days. These gestures are well-intentioned but fundamentally insufficient.

Employees see through them. As a colleague put it to me recently: "Wellness initiatives are offered, but they fail to address the real issue; the workload itself is unsustainable."

You can't meditate your way out of a 75-hour workweek. You can't yoga-pose away a toxic manager. Free fruit in the break room doesn't compensate for a culture that treats people as disposable. These programs treat symptoms, not causes.

They're the organizational equivalent of offering painkillers to someone with a broken leg; marginally helpful but missing the fundamental problem.

So if the key assets of consulting firms are people, and some are being asked to leave (the older partners, the experts and gurus), others are leaving to maintain their health intact (the mid-range levels), and still others are not being provided with the right tools to fight the GenAI battle; what is left for the consulting business?

Part IV: The Path Forward

The consulting industry stands at an inflection point. The old model—where success meant surviving the grind—is collapsing under its own weight.

Tactical Moves Are Necessary but Insufficient

Many firms focus on tactical interventions, and while these matter, they rarely address root causes:

- Redefining success metrics beyond billable hours
- Leadership modelling healthy boundaries and work-life balance, not just preaching it
- Creating psychological safety where employees can raise concerns without career consequences
- Right-sizing workloads through proper staffing and realistic expectations

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- Structural redesign of how work flows, not just how it's supported

These steps are essential starting points. But they won't deliver lasting change without something deeper.

Putting Humans at the Center of Consulting

Addressing the People and Talent challenges demands a fundamentally different approach—one that integrates four dimensions:

Emotional: Recognizing that people bring their whole selves to work, not just their productivity. This means acknowledging stress, validating struggles, and creating space for human vulnerability without penalty.

Psychological: Building environments where psychological safety isn't just a buzzword but a lived reality. Where speaking up about unsustainable demands is seen as professionalism, not weakness. Where mental health is treated with the same urgency as physical safety.

Rational: Making the business case impossible to ignore through data, metrics, and clear ROI on wellbeing investments. Demonstrating that human sustainability and business performance are not competing priorities—they're inseparable.

Structural: Redesigning the fundamental architecture of work itself. This means examining reporting structures, decision-making processes, reward systems, and workflow designs to eliminate the organizational factors that systematically generate burnout.

At the core of this transformation is a simple but radical recognition: humans are at the center of everything; even more in any consulting business and when current systems and incentives suggest otherwise.

The Emerging Reality: A Restructured Industry

AI isn't just optimizing the consulting industry; it's restructuring it. We're witnessing several parallel shifts:

- **Margin compression at the high end:** The $500/hour partner rate justified by "deep expertise" becomes harder to defend when AI provides comparable insights
- **Rise of AI-native boutiques:** Nimble firms built around AI from day one will operate with 50% of the overhead while delivering 80-90% of the value
- **Consolidation among laggards:** Firms that don't adapt will merge, be acquired, or quietly decline
- **Specialization as defense:** Deep domain expertise in complex, regulated industries will command premium pricing

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- **Human skills premium:** Capabilities that AI can't replicate (executive presence, political navigation, inspiring leadership, building trust) will become increasingly valuable

The Broader Societal Impact

This crisis impacts not only consulting firms but society as a whole. Critical questions emerge:

- How do we protect Gen Z in the face of GenAI?
- How do we incentivize people to develop and maintain high levels of expertise and knowledge?
- How do we ensure that the older population stays at work longer as they live longer?

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Conclusion: Disruption Creates Opportunity

The consulting industry's transformation mirrors what's happening across professional services, creative industries, and knowledge work broadly. Some firms will decline, unable to adapt their business models and cultures. Others will thrive, leveraging AI to deliver better outcomes at lower cost while genuinely valuing their people.

But the most exciting prospect isn't about incumbent adaptation;it's also about new entrants. Just as Stripe reimagined payments, Figma reimagined design software, and Notion reimagined productivity tools, we'll see entrepreneurs reimagine consulting itself.

These AI-native firms will build entirely new service delivery models, pricing structures, and value propositions; all while treating humans as the irreplaceable assets they truly are.

The firms that succeed won't be those that add meditation apps to unsustainable workloads or deploy AI while maintaining extractive cultures. They'll be those that fundamentally reimagine what high performance looks like when built on a foundation of human sustainability rather than human extraction.

This isn't about going soft. It's about recognizing that sustainable high performance requires sustainable working conditions. The firms that figure this out will attract and retain the best talent. Those that don't will continue hemorrhaging people and profits.

The traditional consulting model is facing a crisis with its main asset: its people. Without dramatic change, it may not survive, with or without the AI revolution that's already begun.

The question isn't whether AI will transform consulting. It's already happening.

The real question is: will firms destroy themselves through human neglect before they can adapt to the technological transformation? And who will build the future that values both innovation and humanity?

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