

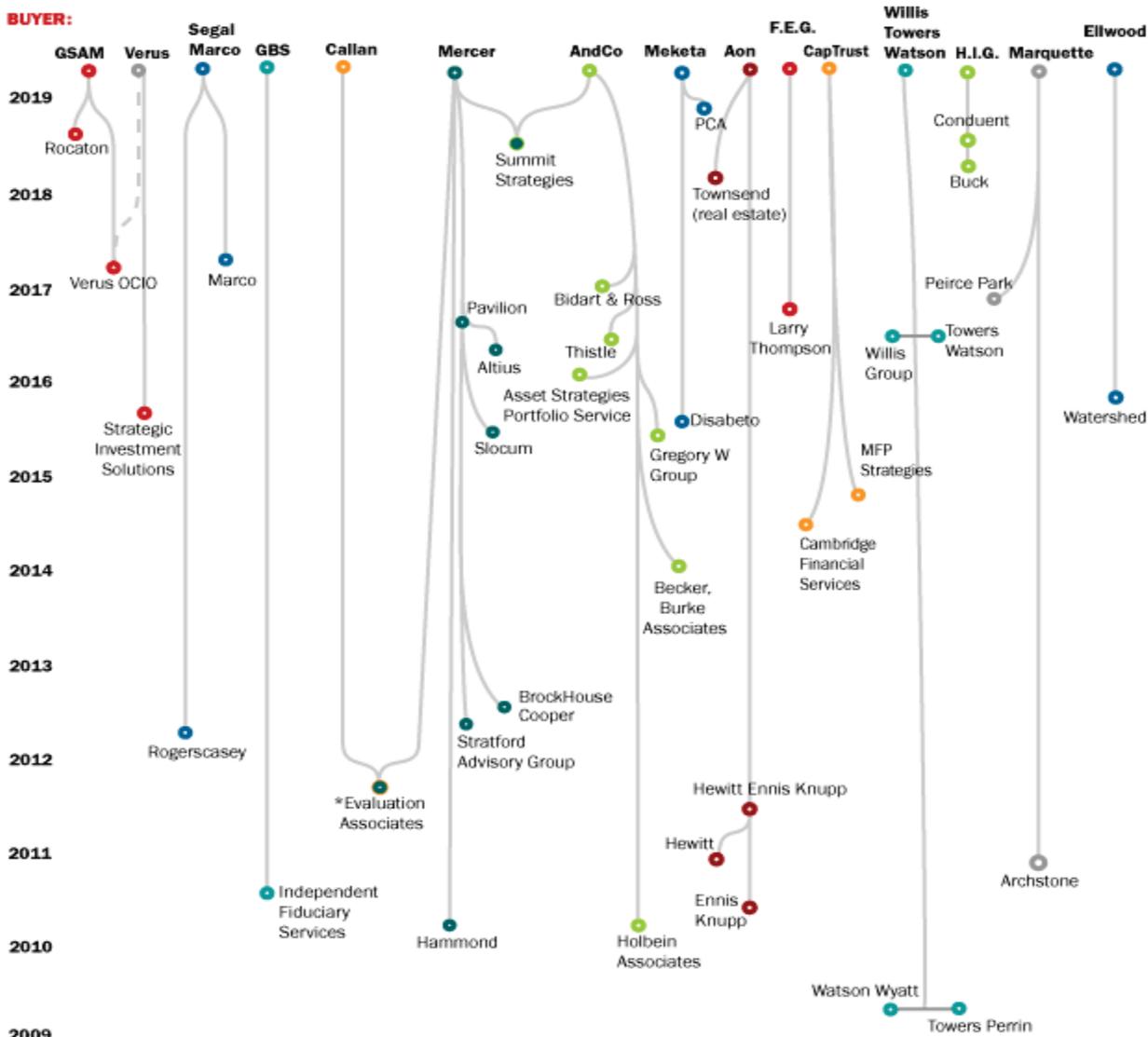
How a Decade of Consolidation has Changed the Consultant Industry

By Alana Pipe February 11, 2019

The number of mergers and acquisitions in the consulting industry is enough make one's head spin. As fee revenue started dropping over the past decade, dozens of firms sold out or joined forces in the quest for scale and profitability. After combing the FundFire archives and conferring with industry observers, the infographic below is our best shot at putting it all on one page.

A Decade of Activity

Consultant mergers and acquisitions between Jan. 1, 2009 and February 1, 2019.



Source: FundFire archives, Attacca International.

*Evaluation Associates was bought by Mercer while Callan acquired its public funds business.

**Summit was acquired by Mercer while its public funds business was acquired by AndCo.

Last year was particularly hot for M&A with **Meketa** joining forces with Pension Consulting Alliance, and Goldman Sachs Asset Management acquiring Rocaton Investment Advisors, a firm with \$600B in assets under advisement. On top of that, Mercer bought Pavilion **Investment Corporation**, adding \$685 billion in AUA to its umbrella, and also acquired most of **Summit Strategies**, which had \$160B in AUA.

But the decade-long trend of M&A may not be permanent, says **Anna Dunn Tabke** of Alpha Capital Management. “It’s more like a pendulum. Ten years from now clients might decide they would rather be at a smaller firm where they’re a bigger fish in a smaller pond.”

It’s not unusual for M&A activity to accelerate at the end of a market cycle, according to **Amanda Tepper** of **Chestnut Advisory Group**.

“If the market has been good for a while that makes sellers more likely to sell, and it makes buyers more likely to buy because their outlook is good,” says Tepper.

These changes affect consultants and asset managers alike. For consultants, Tepper gives the example of Rocaton, a previously independent consulting firm, until it was bought by Goldman Sachs in November.

“If you go from being a privately-held company to publicly-held your compliance is going to change, your HR will change, but you still have to deliver the same service to the client. The conflicts can be inherent,” Tepper says.

Mergers and acquisitions don’t necessarily mean bad news for clients though.

The transitions involved with mergers and acquisitions have the potential to bolster clients’ leverage. “You’ll want to understand the business. Can you get a cheaper price? Will it disrupt you in any way? [As a consultant] your competitors will immediately start calling all your clients, which means that you have to be sharp and on your game,” Tepper says.