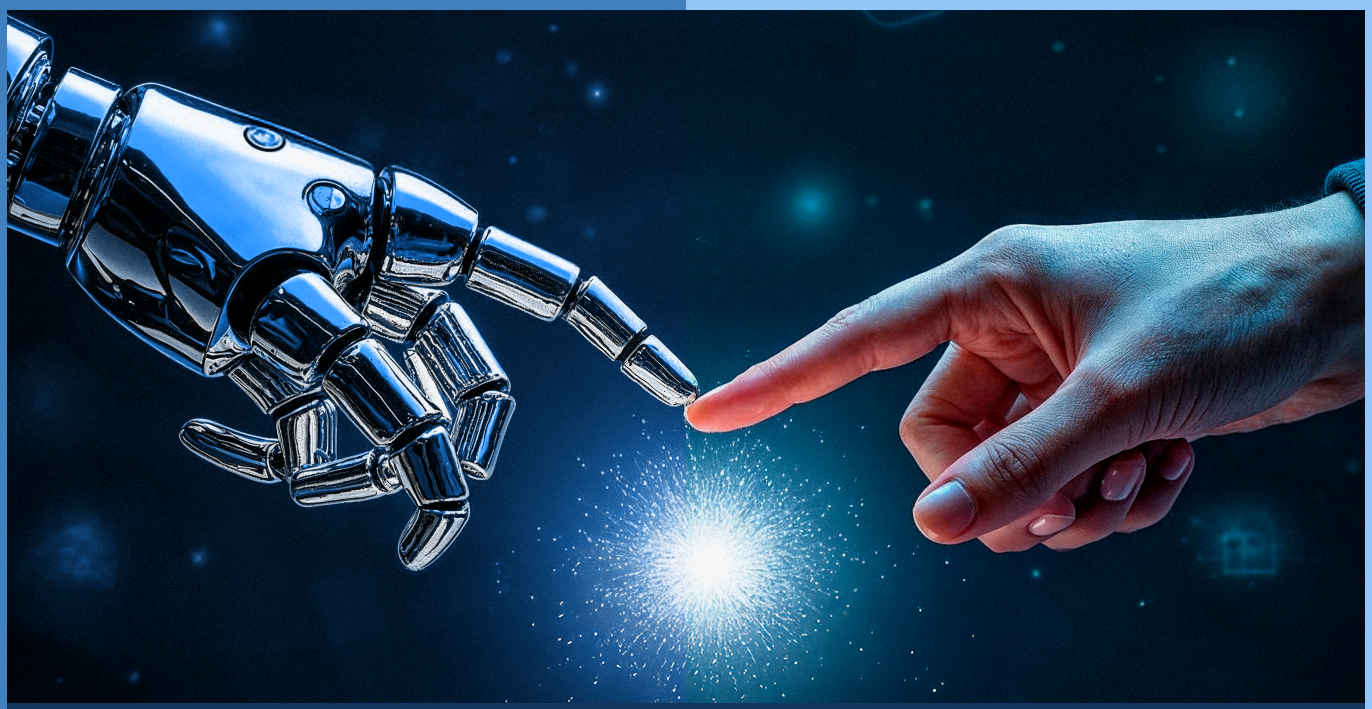
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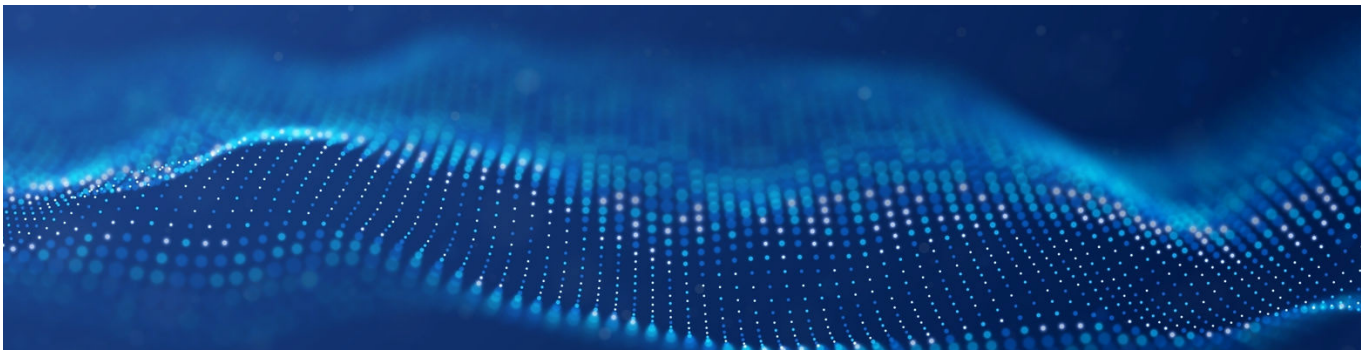


THE FUTURE OF CONSULTING

Back to Consulting's Future –
The Return of the Management Engineer

www.k2consultingresearch.com

2026



In 2013, Clayton Christensen anticipated the global consulting industry would enter an extended period of disruption as knowledge became codified (Consulting on the Cusp of Disruption, HBR, Oct 2013). The global consulting brands that had defined the industry would be replaced by newer, nimbler firms over the next 20-30 years. By 2050, McKinsey – the original "management engineer" – would cease to exist, along with the other global powerhouses.

Just over a decade later in early 2026, OpenAI announced its Frontier Alliances with BCG, McKinsey, Accenture, and Capgemini. The objective was not to implement software but to transform the client organization – redesign workflows, encode them into a decisioning system, and perform change management. Many commentators believe Artificial Intelligence (AI) hastens the demise Christensen predicted. For others, the OpenAI venture fuels confidence that this new technology will do what earlier ones did – make consulting's powerhouse firms bigger and more dominant.

Both views are wrong: AI will neither kill nor revive the industry. Knowledge commoditization, as Christensen thought, isn't the category killer. Instead, AI dramatically alters the economic foundation of the modern integrated consulting firm and who we define as consultants. (See Exhibit A.)

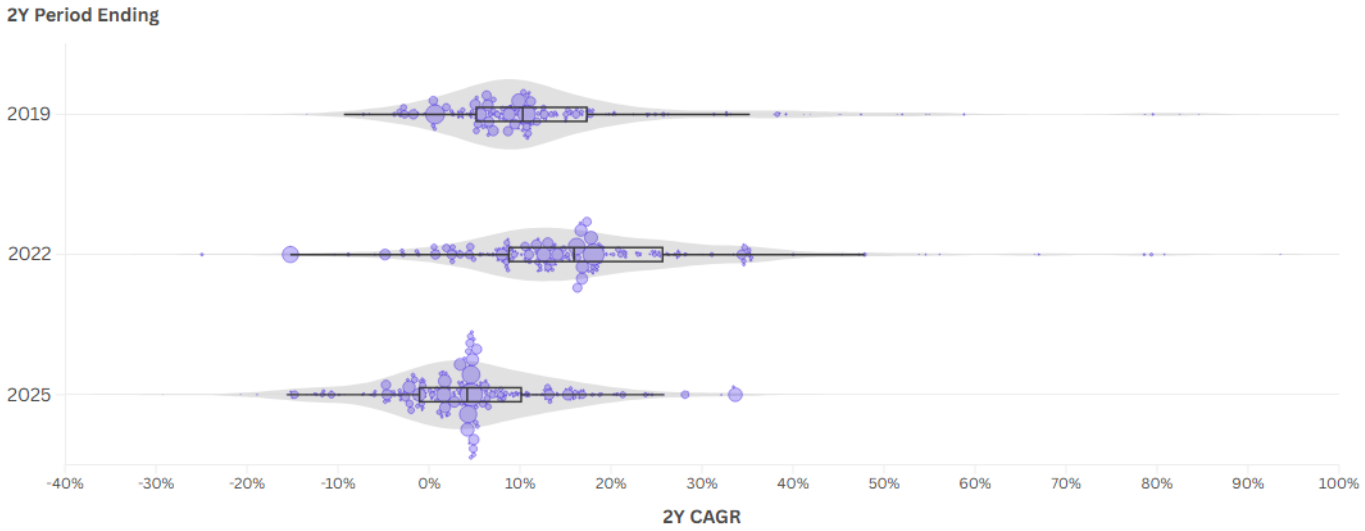
Exhibit A: Consulting's New Economics

What People Are Saying	End of Digital Cycle	AI Drives Next Cycle	Consulting Extends
	ROLE	**CONTROL**	**STRUCTURE**
What Actually Happened	Tech. Drives Cycles	Consulting Defines Specifications	Investments Build Integrated Firm
Why the Model Breaks	Value Chain Defines Role	Platforms Encode Specifications	Investments Decouple from Cycle
What is Changing	Role → Engineering	Control → Platforms	Structure → Fragments
What Comes Next	Engineer System	Engineer Change	Strategy Exits

Current consulting market growth dynamics confirm the industry is entering a transitional phase. The digitization wave that began in the mid-2000s drove a decade of above-market growth for early movers and new entrants. By the mid-2010s, that advantage dissipated as the rest of the market followed the same playbook and demand saturated, causing growth rates to converge in a late-stage industry cycle.

Now growth is ticking up – and becoming more variable: precisely the combination that historically signaled the early stages of a new growth cycle, as emerging business models broke away from the pack. This might appear to confirm the view that AI will power consulting's next growth cycle. But that interpretation assumes AI follows the same economic logic that shaped the industry over the past 40 years. It does not.
(See Exhibit B.)

Exhibit B: Consulting Growth Distribution



Two-year CAGRs calculated based on total revenue growth for 231 consulting providers. Box plots indicate median and first and third quartiles of the growth distribution. Bubble size indicates individual provider revenue size. Created with flourish.studio. Source: K2 Consulting Research.

AI does not simply change the economics of knowledge; it transforms consulting from a knowledge industry into an execution business. AI encodes knowledge into a decision-making system that is executable not advisory. This shifts where value is created – and who controls it – undermining the economics of the integrated consulting business.

If incumbents attempt to carry on as they have, they likely will falter. But if they reinvent their business and accept their new role as true management engineers, they can sustain their relevance for decades to come.

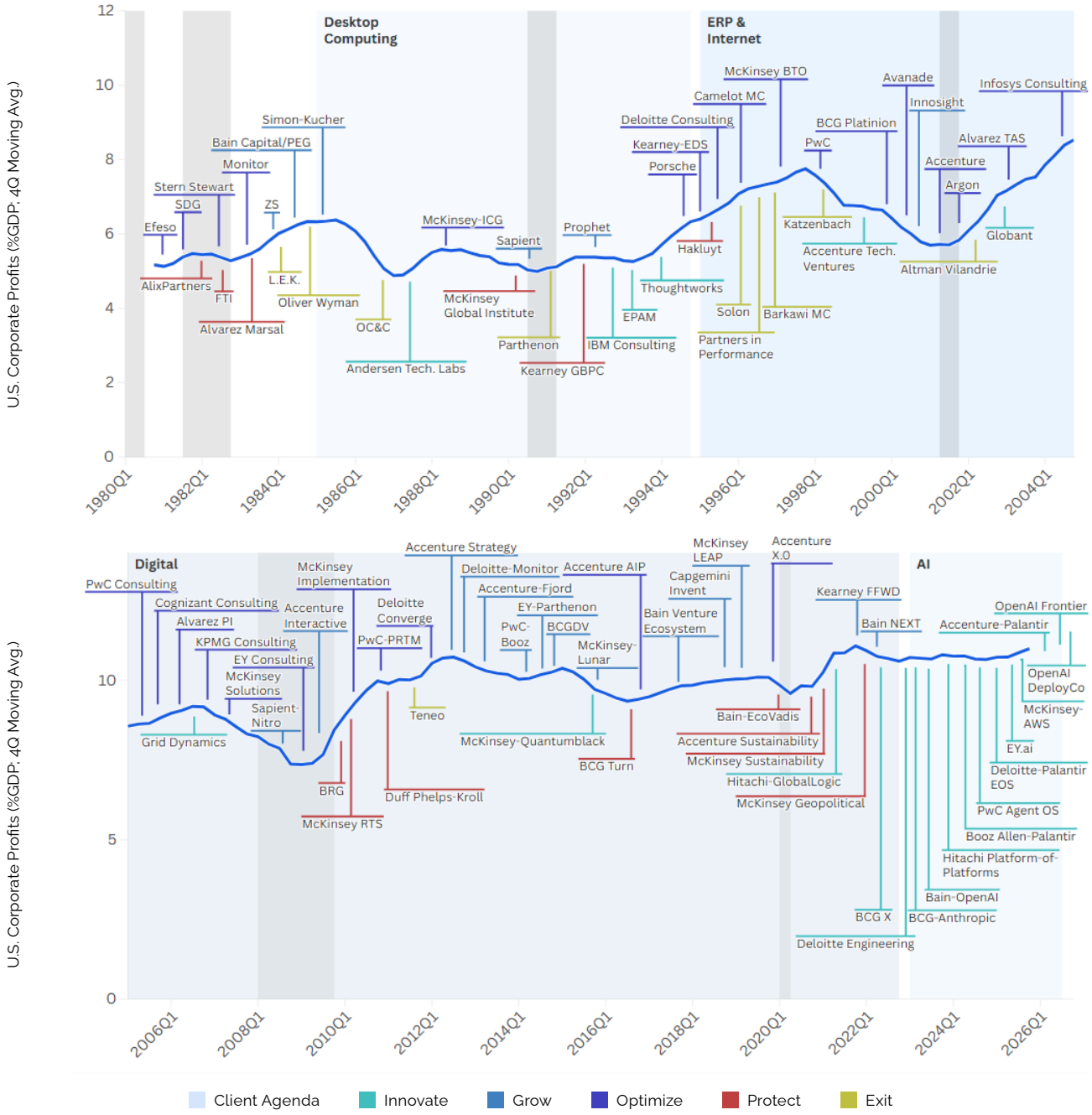


Rise of the Integrated Consulting Firm

Consulting presents itself today as a "solutions" business. But it has always been, and fundamentally remains, a knowledge business – creating and transferring expertise to support clients in acquiring and deploying new technologies that are mostly specialized and pre-configured.

The integrated consulting business grew out of four decades of coordinated investment in knowledge assets synchronized to clients' evolving strategic priorities as they navigated successive waves of enterprise software adoption. (See Exhibit C.)

Exhibit C: Consulting Investment Cycles Follow Client Agenda



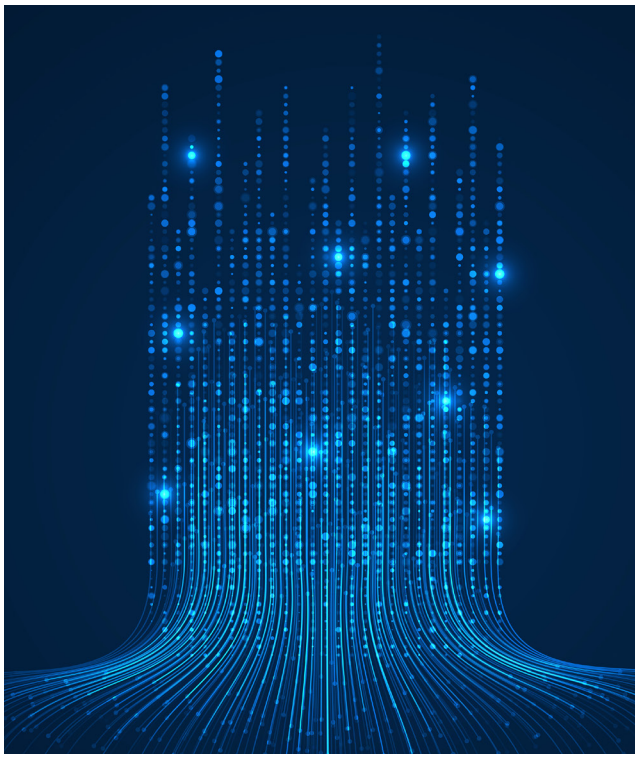
Note: Corporate Profits After Tax with Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj). Grey shaded areas denote U.S. recessions. Source: U.S. Bureau of Economic Analysis. Created with Flourish.studio.

Those waves of technology adoption amplified each other over a connected long-cycle that created a foundation for coordinated management decision-making. These initially improved decision accuracy in isolated pockets, then standardized decision-making across the organization, and finally integrated decision-making and made it more adaptive.

Consulting investments followed a predictable pattern. Technology waves reshaped the broader economy, creating temporary profit expansion as early-adopters captured advantages. As those advantages diffused, margins normalized and client priorities shifted – from growth to optimization and protection. Consulting demand followed that cycle, and consultants invested in new resources and capabilities to meet that demand.

Accenture's investments during the digitization wave are illustrative. Early growth and design investments were followed by operations, sustainability and resilience. The integrated consulting business was the organizational expression of this synchronized investment pattern.

Yet even at its peak the model was structurally incomplete. Consulting dominated optimization work



– implementing technologies for productivity gains – and participated in growth and protection. Crucially, true innovation – developing new technology and intellectual property – largely occurred outside the consulting system. As George Shaheen (Andersen's CEO in the 1990s) observed to one of the authors: consultants are not inventors.

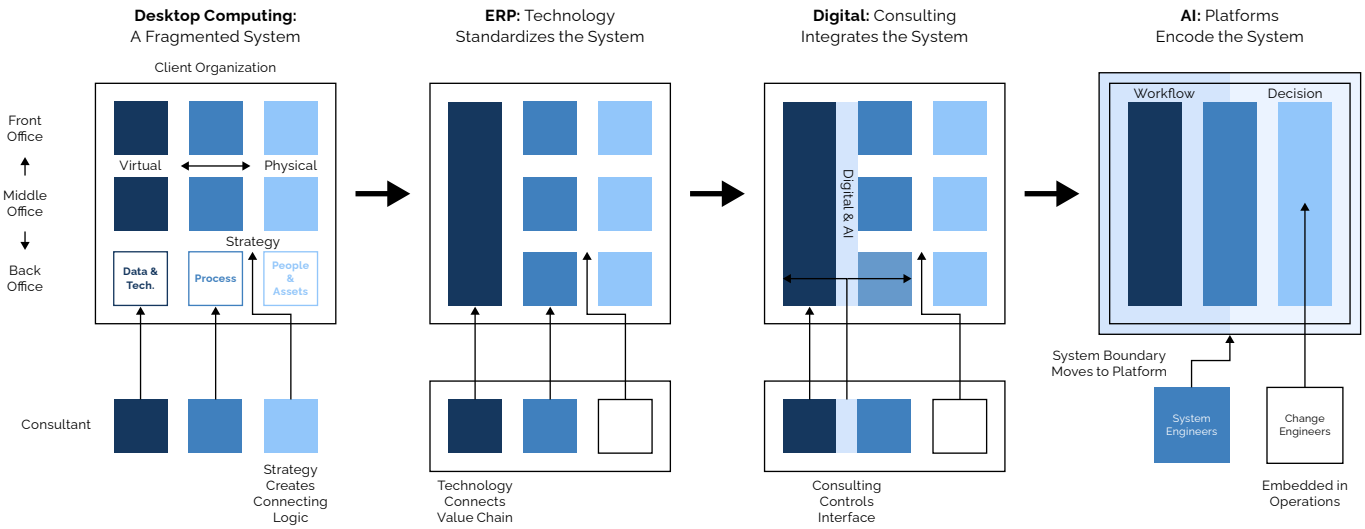
Enterprise Software Transformed Consulting into Integration-as-a-Service

Consulting operates in a larger market for organizational improvement. That work follows a simple value chain:

- Design the decision logic;
- Build the system for making decisions;
- Assemble those decisions into real-world workflows.

In 1995, at the outset of the enterprise software long-cycle, consulting specialized in design and build. Over time, technology innovation created increasing interdependence between those activities that changed consulting's strategy – and its structure along with it. (See Exhibit D.)

Exhibit D: Consulting Market Structure



- Initially consultants specialized in design or build, not both. For example, Stern Stewart and Marakon aligned strategies through value-based management. Meanwhile, Kurt Salmon and Arthur D. Little designed process improvements. And IBM built and implemented technology.

- During the ERP-wave, the Big Four led the development of the diversified consulting business by bringing design and build activities under a single roof (but putting them in separate rooms).

- Digitization pioneered by Accenture transformed the diversified business into an integrated platform that connected design and build with automation and analytics.

As consulting's value proposition shifted from optimizing design or build to optimizing the design-build interface most major firms became structurally integrated - mirroring the fragmented decision-making in the client organization it is built to solve. This evolution allowed for increased resource sharing (both human and technology) and created – particularly for private companies – an internal capital market to fund the investments that built the integrated firm. But consulting never extended into assembly – the work of embedding decisions into real-world operations. Consulting remained an output, not an outcome business. (That is where private equity parted ways from consulting.)

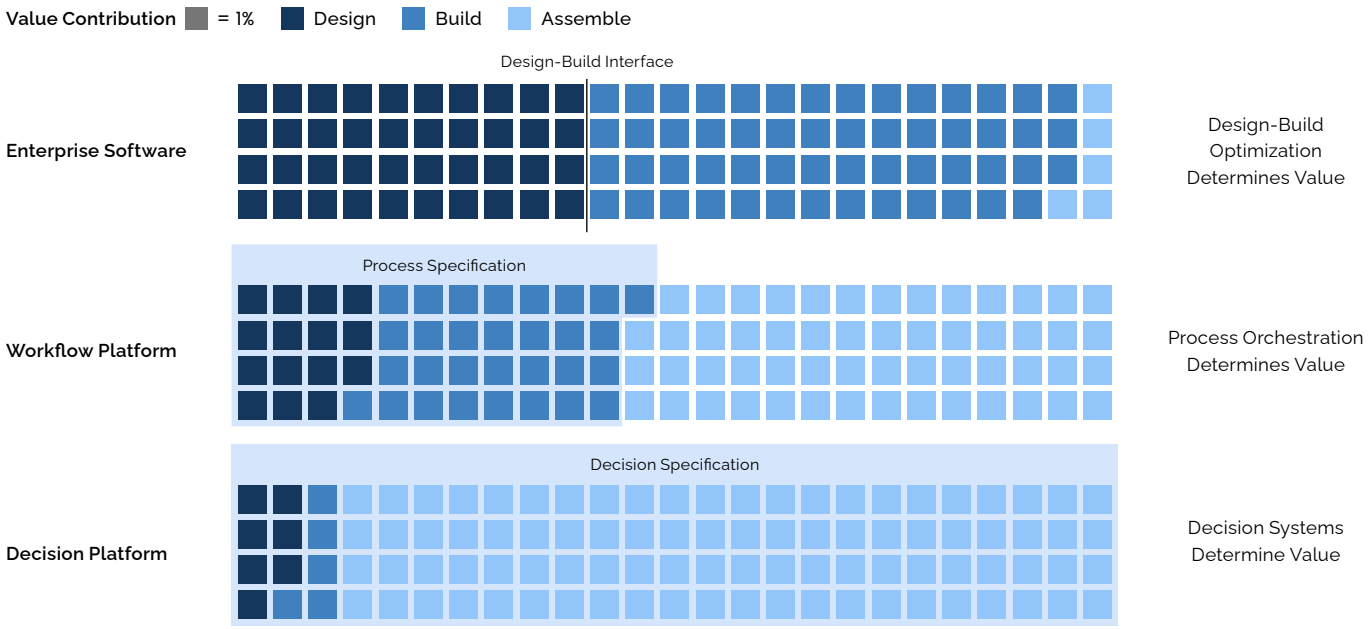


AI Reconfigures Consulting's Value Chain

AI platforms do not sell tools to support decisions. They sell systems to execute decisions. They connect the real world of assets, people, and workflows with the virtual ones of code and data. AI platforms neither eliminate nor replace design and build, and they do not simply codify them.

Instead, AI encodes them into a decisioning system, which requires standardizing design and build by setting the specifications for how those activities are performed and how they are embedded in a broader decisioning system. (See Exhibit E.)

Exhibit E: Consulting Value Chain

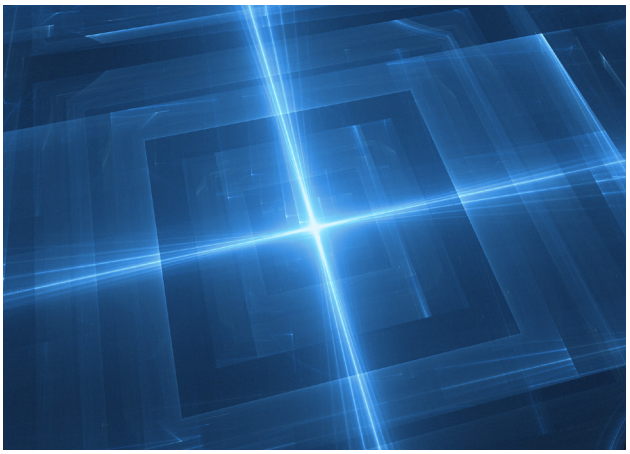


By setting specifications for workflows, AI accelerates consulting's migration downstream in the value chain. Consultants had already been productizing their best practice domain expertise for over a decade. As workflow platforms like ServiceNow embed best practices into software and incorporate agentic execution, they standardize the design-build interface (the source of consultants' core digitization value proposition), forcing consultants into configuration and orchestration roles.

This leads consulting firms to invest in proprietary agentic AI orchestration platforms to manage the workflow interfaces across software platforms, while simultaneously extending productization to traditionally human-led strategy work (e.g. EY Growth Platforms). This follows Christensen's description of codifying knowledge.

Now AI platforms are taking this further – not by standardizing workflows but instead by standardizing the decisioning systems that generate and adapt them. Because consultants will lose control over the specification layer – whether embedded in decisioning systems or standardized workflows – their orchestration platforms will become increasingly interchangeable.

This is by design. To function across multiple workflow and decisioning platforms, consulting orchestration platforms must conform to system specifications. But because consultants do not control the specifications, they lose control over the system and must adapt to it. This leads to consulting's conundrum – anything that can be adapted can be replaced.



As design-build becomes commoditized, value creation shifts downstream to assembly. This is where applications and agents are connected to real-world workflows, assets, and people. Unlike pre-built use-specific enterprise software, AI is general purpose. Those differences are economic, not just technical. AI changes where value is created and who controls it. Shifting value creation from decision design to execution breaks the economic logic that favored and sustained the integrated consulting firm.

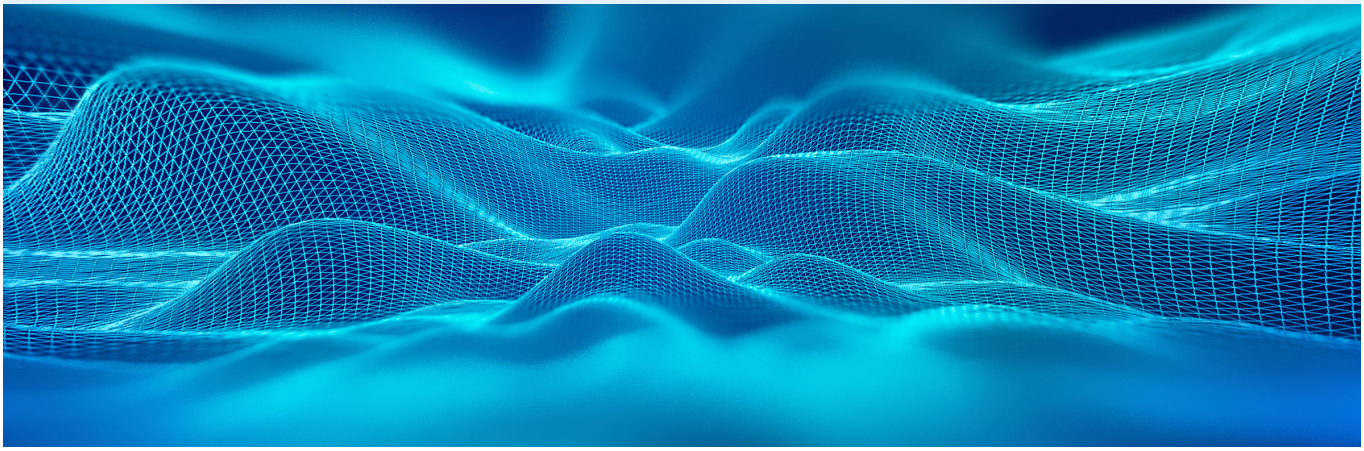
AI Changes Consulting's "Job-to-be-Done" to Execution

Consulting historically helped clients determine what they should do. The industry is not, nor ever has been, governed by formal standards and codes. AI changes consulting from knowledge creation and transfer to real solution building. This type of assembly work mirrors engineering, not consulting as we know it.

Engineering's standards are unyielding. Engineers build things that are outcomes not outputs. In this new AI era, value is created where the virtual and physical meet:

- Designing ontologies and governance layers;
- Building agentic workflows;
- Embedding decision logic into workflows; and
- Redefining how work gets done at the frontline.

For the past 40 years, strategy and domain expertise governed the consulting value chain. With AI, the rate-limiting factor becomes an organization's capacity to change.



Control Shifts Away from Consulting

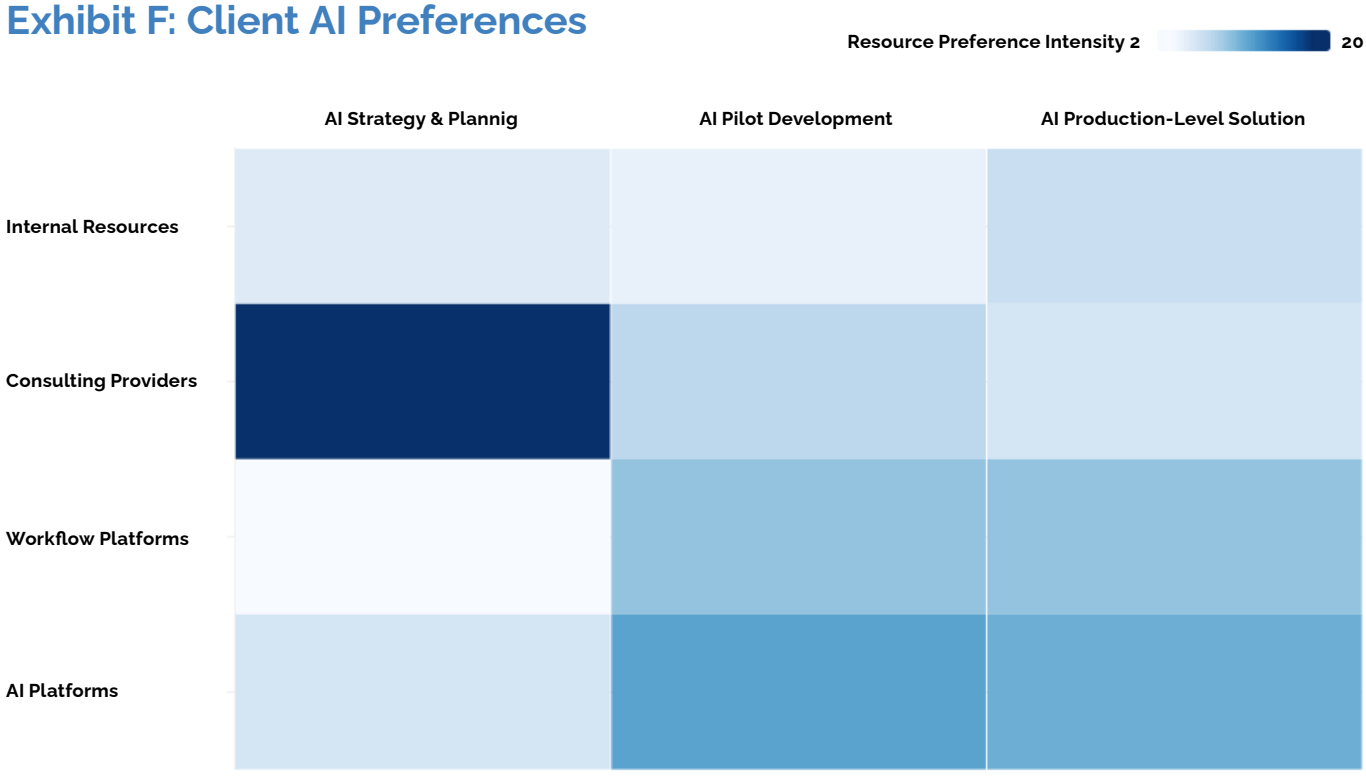
Control follows specification. AI platforms define the specifications for design and build and therefore control how value is created. In the ERP and Digital eras, consultants controlled the design-build interface and, by extension, the client relationship. That advantage disappears with AI platforms.

Over the last 40 years, consultants presented themselves as the key to unlock the value from the technology platforms they implement. AI platforms now control system architecture, effectively disintermediating consulting. OpenAI demonstrates how rapidly this is occurring. In February 2026, the company introduced its Frontier agentic execution platform, creating the foundation for a unified decisioning system. Later that month, OpenAI announced Frontier Alliances, establishing a new platform ecosystem. BCG and McKinsey took on operating model design and organizational change roles, Accenture and Capgemini workflow orchestration and enterprise integration roles.

Then in May, OpenAI launched its Deployment Company backed by investments from private equity and consulting firms. This internalized deployment, orchestration, and architecture into the platform, transferring elements of workflow and change engineering into reusable system logic. This transforms consulting's "integration-as-a-service" into a scalable system.

Client preferences will reinforce these economics as they learn how general-purpose AI technologies generate value. This makes consultants interchangeable. Already in our research we are observing a dramatic shift in client preferences away from consultants towards working with AI platforms for piloting and production-level deployments (See Exhibit F).

Exhibit F: Client AI Preferences



Q: For each of the following AI development activities, please indicate which type of service provider is your primary partner. n=92 clients with average annual consulting spending of $60m.

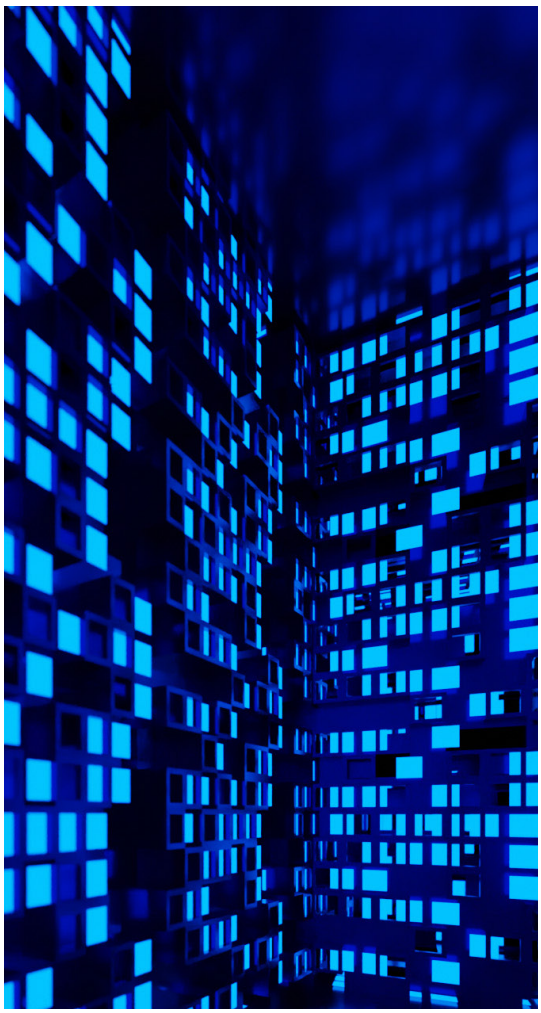
Consulting Will Break Up to Break Out

Once consultants lose control over the design-build interface, the economic advantage of integration disappears. With it goes the rationale for the multi-service consulting firm. The industry will not, however, deconstruct back into its original design and build specialties. Instead, consultants will need to re-specialize into one of two distinct roles:

- Engineering the system: building ontologies, workflows, and decisioning logic and infrastructure; and
- Engineering the change: enabling organizations to operate within those systems.

These roles are complementary but structurally difficult to combine. The former prioritizes scale and standardization, the latter variation and context. Each role not only requires different types of resources and skills but are also inherently in tension with each other. Some consultants will try to combine them. A recent example is Teneo's joint venture with Thoughtworks. But over time economic pressures and client maturity will favor specialization.

The Choice Between Engineering the System and the Change Is Already Made



Engineering the system – designing the ontology and governance infrastructure and building agentic workflow orchestration platforms – requires productizing domain expertise, interfacing with enterprise software and AI platforms, and managed services for delivery. This is exactly what the large multi-service firms with hefty digital and system integration businesses already have.

Engineering the change is a more greenfield opportunity. The legacy client relationships of the traditional management consultants, while a door-opener for this work, will not on their own be sufficient. Engineering change will require consultants to work "in" not "on" client workflows. Earlier investments in procurement implementation specialists by Bain, BCG, and Kearney were a test case for this kind of work, but scaling and disconnecting it from the kind of knowledge work for which these consultants are famous will be difficult.

There will be a tug of war over who controls the knowledge design work that has defined the industry since its inception. But the system engineers will win this war because the decisioning systems they are building encode AI decision logic. The more and better the embedded logic, the more valuable the system. Competition will revolve around scale, which will favor first-movers.

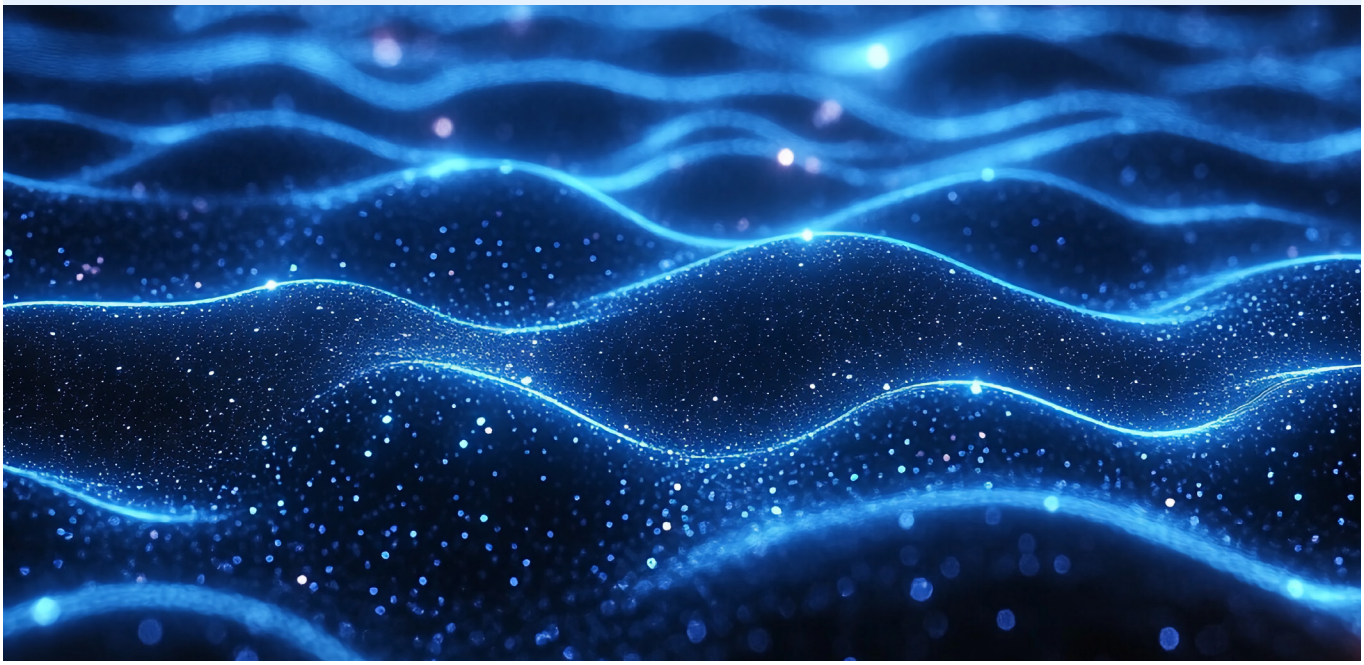
This will lead some consultants to exit. During consulting's last long-cycle, some consultants chose to split off to focus and preserve the legacy. Think L.E.K. Consulting and OC&C Strategy Consultants in the 1980s, the Parthenon Group in the 1990s, and Altman Solon in the 2000s. More will do so now. But this choice is an exit – and likely a pivot from transformation to transaction- focused work – not a strategy for capitalizing on the AI cycle. These consultants like their forebears will trade scale for focus.

Consulting's Investment Cycle Will Decouple from Clients' Strategic Agenda

Historically, consulting investments followed the client strategic cycle – from innovation to growth, optimization, and protection. That linkage grew out of the economics that drove the integrated consulting model. AI breaks that linkage by breaking the economics of the integrated business.

The client economic cycle will persist, but consulting's ability – and incentives – to follow it will not. Investment behavior will shift from tracking client strategic priorities to deepening capabilities within their chosen role: engineering systems or engineering change.

Today's investments in AI-led innovation look like an extension of the old cyclical logic. Tomorrow's economics will reveal they are not.



Two Contests Will Determine Consulting's Future

In the short-term, some consultants will attempt to compete with AI platforms through the orchestration layer. And some clients will prefer them as a lighter, less disruptive alternative to an AI decisioning system. But over time, clients will gravitate towards scalable, governed, executable systems.

This will result in consolidation as system engineer consultants seek to acquire a broad portfolio of workflow solutions across industry and functional domains and scale their managed services teams. But the commodity nature of those services will prevent extreme levels of concentration; price and scale will be the primary competitive levers.

Engineering change will be a longer and harder fought battle.

The primary driver of technology value has always been adoption. Yet consultants never developed a scalable economic model for delivering change. It remained an add-on, most often left to clients.

AI changes change management, because it requires redesigning how work is performed at the frontline across traditional vertical lines of control. Neither classic organization design nor training and development will suffice. BCG's new OrgVantage tool and McKinsey's Organize to Value framework are steps towards guiding this AI organizational transformation, but on their own will be insufficient. Going forward, engineering change will more closely resemble front-end loaded engineering where the task is to design the system for the change. The consultant who develops that playbook could turn the tables on the AI platforms by inserting themselves into the role of specification-setter.

Some management consultants are making early moves in this direction. Several have acquired procurement implementation specialists – Kearney and Prokura, Bain and ARCBlue and Proxima, and BCG and Inverto – departing from the traditional staffing pyramid to bring lower-cost, execution-focused capabilities closer to the frontline. While these were domain-specific experiments, they reveal a broader requirement: operating inside client workflows and delivering measurable outcomes.

But scaling this capability will be difficult. It requires a fundamentally different cost structure, talent pool, and engagement model. For management consultants, this transition will be uneven and incomplete. Their historical position in the knowledge work of designing decision logic will be eroded by system-level capabilities faster than they can build a coherent alternative in engineering change.



AI Sends Consulting Back to Its Management Engineers Roots

Consulting's prospects as an industry may appear to be without precedent. But the outlines of the industry's future are visible in its origins. When management consulting emerged a century ago, its roots were in three distinct lineages:



Over time, those roots converged into strategy-led advisory – McKinsey's "management engineers" formulation for professionalizing management. Today's integrated consulting firm was built on that original convergence.

AI reverses the conditions that led to and sustained that convergence. But rather than propagating a new lineage, as Christensen predicted, AI disentangles those roots, returning the industry to its original fork. Strategy has long been the bottleneck to execution. Consultants designed strategies but never executed them. That was a feature not a bug. AI removes that bottleneck by embedding strategy into systems.

Consulting's role consequently must shift from defining what should be done to ensuring it gets done. Some firms will engineer the systems that execute decisions. Some will engineer the organizations that live with them. Some will exit.

Different disciplines. Different capabilities. Different economics. Different industry.

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Nathan is a recognized industry analyst focused on the global transformation consulting market. Nathan worked as a consultant at AIG, where he led a number of business improvement, new product development initiatives in East Asia and Eastern Europe. Nathan earned degrees from Georgetown University and the Johns Hopkins University, and worked as a research associate at Harvard Business School, where he partnered with a professor on research related to the relationship between organizational design and innovation performance.



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Tom Rodenhauser is one of the most recognized global consulting industry analysts, with his perspectives referenced by leading media like The Economist, New York Times, Wall Street Journal, Bloomberg, and CNN. Tom has spent over 30 years analyzing the management consulting and IT services industry, working with some of the most recognized global consulting firms to navigate the future of the consulting industry. Tom's perspectives utilize latest proprietary intelligence and data that provide his cutting-edge pulse on the future of the consulting sector.



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