SYSTEMATIC 3

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THE CONSULTING TALENT THAT THRIVES IN PRIVATE EQUITY

Why S-Tier Consulting Talent is the Next Competitive Edge, and Why It's Hard to Find

The Traditional Pipeline

Private equity firms have traditionally built their junior and midlevel teams almost exclusively from investment banking. This model has worked for decades, delivering technically robust professionals accustomed to high-pressure environments and personal accountability. That profile remains valuable but deal execution has evolved past the expectations of the past. Today, regulatory scrutiny and operational complexity often determine a deal's viability, and negotiatory prowess is not purely a matter of financial figures. Technical modelling is now baseline; the differentiator is commercial judgment and the ability to earn trust with business owners. As one senior professional at a top international PE firm explained:

"Financial analysis can be taught in two months. What matters now is whether you can sit across from a business owner, earn their trust, and push a deal through."

Reflecting this shift, around 7–8% of investment professionals in European private equity now come from strategic consulting firms, representing an estimated 8,000–10,000 professionals. When you consider that McKinsey, BCG, and Bain employ approximately 45 K, 33 K, and 19 K staff respectively, this movement reflects a highly selective migration from the top quartile of consulting into private equity.

However, not every consultant fits the PE mold. As an associate at a major global investment bank noted:

“The pressure in banking is extreme, you are personally responsible for every detail. Many consultants haven’t faced that level of ownership.”

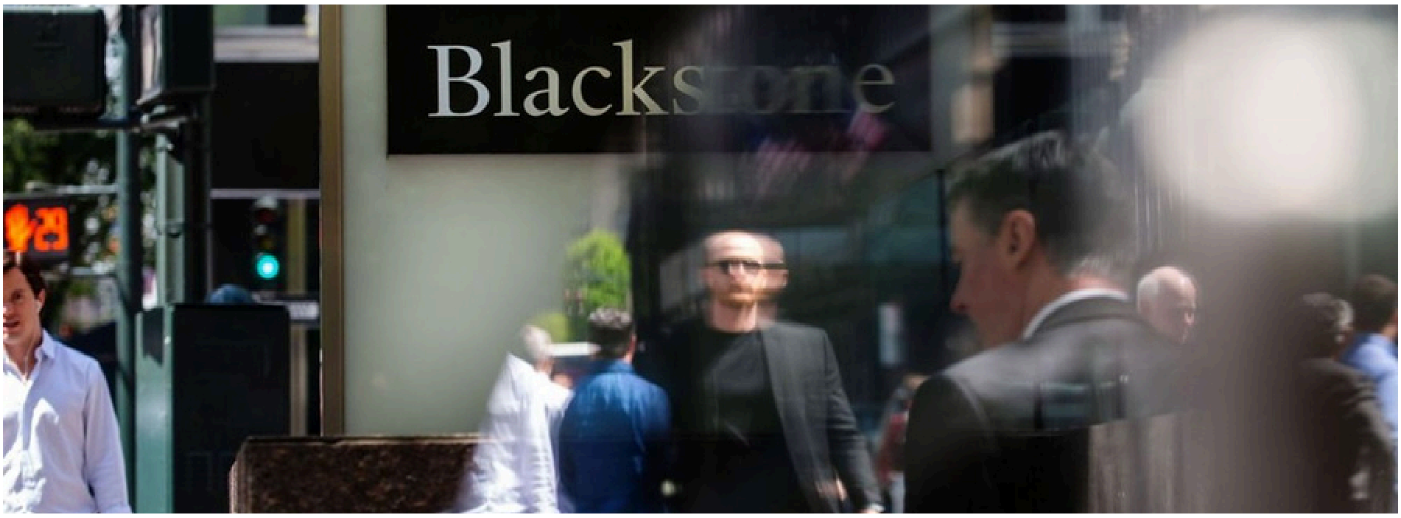
Large consulting teams can dilute accountability; slide decks may be collaborative but results often aren’t owned by individuals. Success in private equity requires a different consulting profile, those operating deeply within client businesses, accountable for outcomes, exposed to senior decision-makers, and confident in commercial execution.

These “S-tier” operators bring measurable impact and are increasingly getting targeted by PE firms.

The Shifting Environment of Investment Banking

While consulting talent is rising, the banking pipeline is showing signs of strain. Major investment banks are bolstering retention through enhanced bonus structures, equity vesting schemes, and restrictive hiring contracts. Young banking professionals are staying in industry longer, often with fewer making the jump to private equity early.

Notably, lateral moves within banking are becoming more common than early exits to PE. For instance, a high-profile senior banker transitioned from Lazard, after more than two decades leading its Houston office, to Rothschild & Co in 2025 as Head of Energy, North America. This example reflects how strong loyalty and internal opportunity are keeping top talent within banking ecosystems, rather than feeding PE's traditional recruitment pool. Recent data indicate that only around 27% of junior bankers who moved in 2023 transitioned into private equity, with the rest staying within banking or shifting to other finance sectors. As such, PE firms can no longer rely on a consistent supply of banking-trained analysts, they must compete earlier and invest in outreach, while simultaneously broadening their sourcing to consulting talent.



The Need for the Right Talent

Systematic3's market analysis shows that if private equity firms want to attract the best consultants, a distinct approach is needed. These professionals are typically passive candidates, deeply engaged in high-impact client roles and not actively seeking new opportunities. For PE firms, these are the necessary steps:

a. Define the exact profile: consultants with embedded operational experience and accountability, not generic advisory roles.

b. Map and engage passive talent: identify operators embedded in target industries such as technology, healthcare, and industrials.

c. Position PE as the natural next step: frame it as operational ownership and investor engagement, not just modelling.

d. Provide structured onboarding: help them move from advisory mindset into deal leadership and stakeholder management.

Private equity's edge is no longer defined by capital access alone—it's defined by judgment. In an environment where operational value creation drives returns, the firms that secure talent capable of both strategic foresight and executional rigor will outperform. Precision in identifying this talent isn't optional; it's the new battleground.

The consulting-to-PE trend is structurally real, but how successfully firms benefit depends entirely on precision. Those that target the S-tier operators, consultants who already think, act, and operate like business partners, will build the decisive competitive advantage in private equity. Firms that do not will rely on technical advisors and wonder why deals stall when critical judgment and relationships matter most.