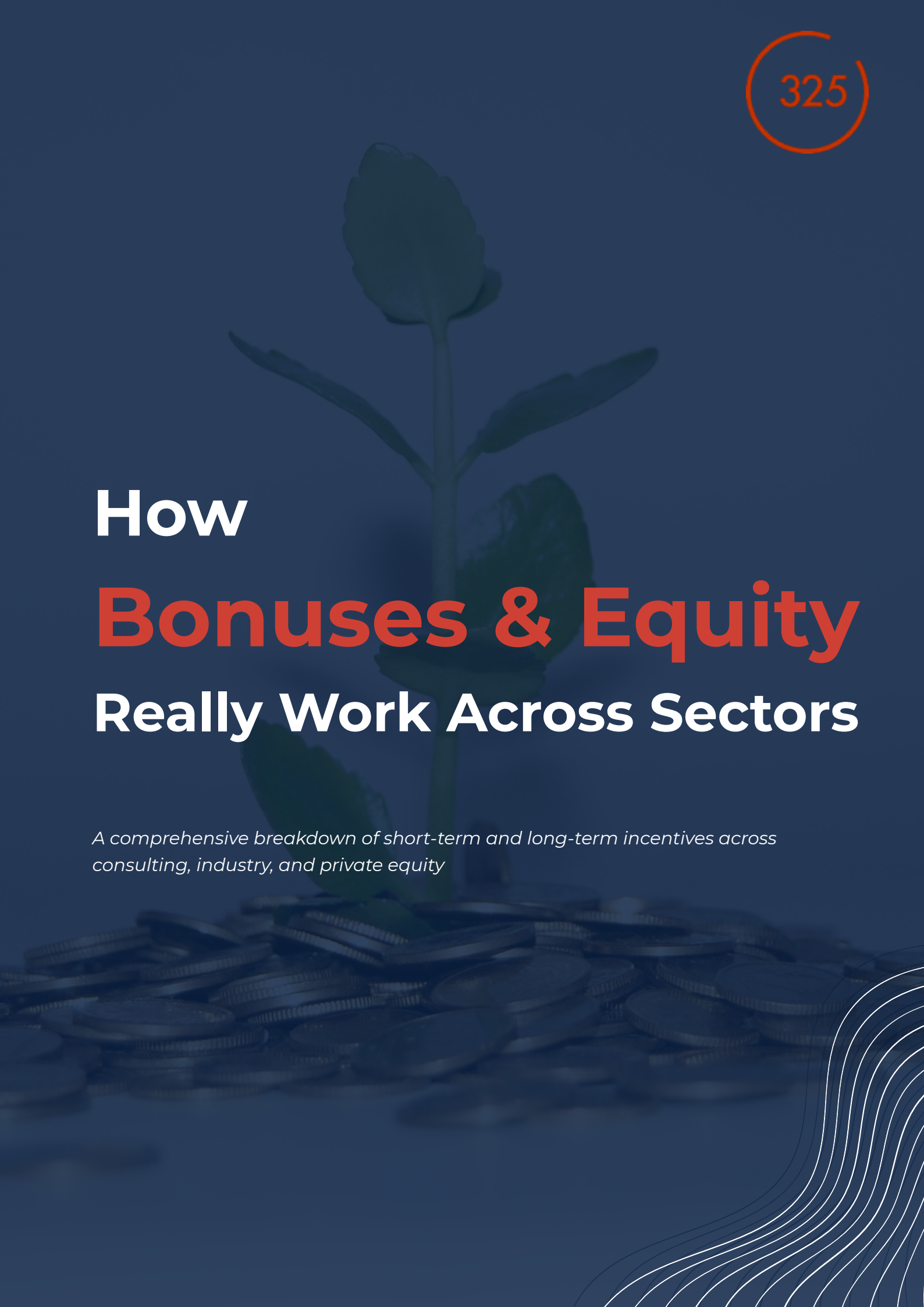




How Bonuses & Equity Really Work Across Sectors

A comprehensive breakdown of short-term and long-term incentives across consulting, industry, and private equity



The Compensation Question Everyone's Asking: "How do compensation structures really differ between consulting and industry?"

While our [salary benchmarking tool](#) provides the numbers, this guide breaks down how short-term incentives and long-term incentives work across different sectors.

Quick Definitions:

- **Short-Term Incentives (STI):** Bonuses tied to annual individual and/or company performance and paid annually, in cash mostly, but sometimes in equity
 - **Long-Term Incentives (LTI):** Compensation tied to annual individual and/or company performance but paid over an extended time period, in equity mostly, but sometimes in cash
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Tier 1 Consulting - Includes McKinsey, BCG, Bain, LEK, and similar

The Numbers:

- **STI:** Up to **80% of base salary** below Partner level, and **100% or more of base salary** at Partner level and above
- **Structure:** Formulaic, tied to utilisation and performance ratings

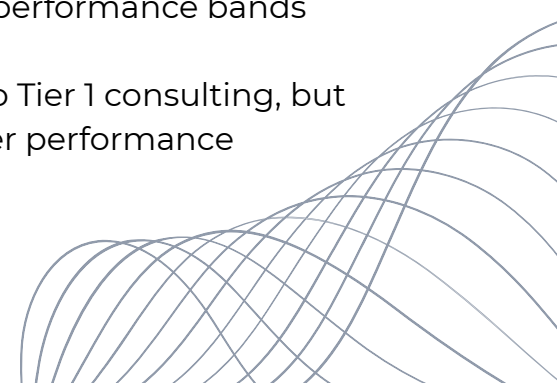
What This Means: Tier 1 firms offer some of the most competitive total compensation packages in consulting, especially when factoring in accelerated career progression.

Tier 2 Consulting - Includes EY, KPMG, Accenture, and similar

The Numbers:

- **STI:** **5-30% of base salary** below Partner level, and **100% or more of base salary** at Partner level and above
- **Structure:** More structured metrics with narrower performance bands

What This Means: Lower bonus potential compared to Tier 1 consulting, but often more predictable advancement paths and clearer performance expectations.



Corporate (Industry)

The Numbers:

Junior to Mid-Level Roles -

- **STI:** Between 10-30% of base salary
- **Focus:** Building foundational experience and proving capability

Senior Leadership (Director, VP, GM, C-Suite) -

- **STI:** Between 50-100% of base salary
- **LTI:** Between 50-100% of base salary
- **Focus:** Long-term value creation and retention

Key Factors Affecting Corporate Compensation:

- Company Size: Large listed corporations typically offer higher cash incentives than smaller businesses or non-profits.
- Sector Variations: The Banking and Finance sectors consistently pay higher STIs and LTIs than others.

What this means: Consultants moving to corporate roles may see initial bonus reductions, but gain:

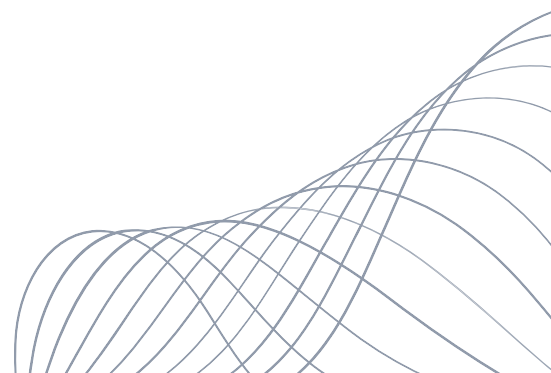
- Better work-life balance
- Equity/LTI upside potential
- More sustainable career pathways

Startup & Scale-Up Compensation

The Model:

- Both lower cash bonuses (and base salaries) than corporates, but higher equity components
- Equity Variations can be stock options, performance rights, and/or phantom/shadow equity

What this means: This setting appeals to those motivated by potential upside over immediate cash, and the actual value received depends on future liquidity events, making this high-risk, high-reward territory.



Private Equity Compensation - Operating Partner roles

The Numbers:

- STI: 50-100% cash bonus
- LTI: Carry (carried interest) tied to fund performance, with significant potential upside worth multiples of base salary

Private Equity Compensation - Portfolio Company Executives

The Numbers:

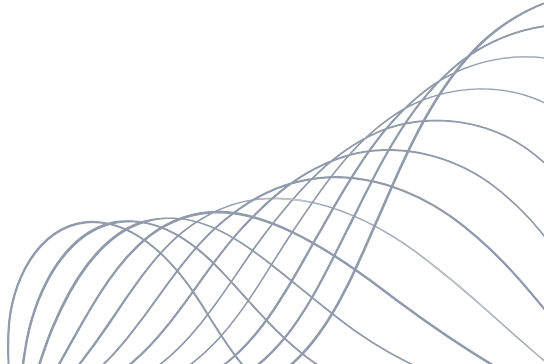
- STI: 30-50% cash bonus
- LTI: Management Equity Plan (MEP) tied to company exit, with significant potential upside worth multiples of base salary, but some firms require personal investment ("skin in the game") to gain entry into an MEP

Key Distinctions between Consulting and Industry:

Consulting: The Formula Approach

- Structure: Formulaic calculations
- Based on: Utilisation rates and performance ratings
- Predictability: High (within performance bands)

Industry & Private Equity: The Discretionary Model

- Structure: Manager/Board discretion
 - Based on: Business/Fund results and personal performance
 - Predictability: Variable (actuals can differ significantly from targets)
- 

What This Means for Your Career

Questions to Ask Yourself:

- Risk Tolerance: Are you comfortable with variable compensation?
- Timeline: Do you prefer immediate rewards or long-term wealth building?
- Lifecycle Stage: How important is work-life balance vs. maximum earnings?
- Industry Preference: Which sector aligns with your interests and values?

Before Making a Move:

- Benchmark your current base salary using our website tool
- Consider total compensation, not just base salary
- Evaluate the realistic potential of equity components
- Factor in lifestyle and career development opportunities

Conclusion: It's About More Than the Money

While compensation structures vary significantly across sectors, the "best" option depends on your personal priorities, risk tolerance, and career stage. Understanding these differences empowers you to negotiate effectively and make informed decisions.

To discuss compensation packages in more detail, get in touch with us here - <https://www.325consulting.com/contact-us>

