

2019

Annual Consultant Report

Study reveals consultants' #1 growth blocker, how they spend their time, and the services driving business success



Introduction

In April 2019, The Predictive Index surveyed 152 consulting professionals, from partners to directors, case managers to associates, all coming from a range of firm sizes.

Given the vastness of the industry and the diversity of offerings within it, we focused on a few key areas: how consultants structure their businesses; their priorities and challenges with their clients; how they view themselves; and how they're preparing for the future.

This report is a snapshot of the state of consulting for 2019—the good, the challenging and the journey ahead.

The report is divided into three sections:

1. No two consulting offerings are exactly the same—though there are some striking similarities.
2. Consultants are confident in their abilities, but there's one major challenge that keeps them up at night.
3. Clients are consultants' best source for anticipating industry shifts ahead—and all roads lead to talent.

SECTION 1

No two consulting offerings are exactly the same—though there are some striking similarities.

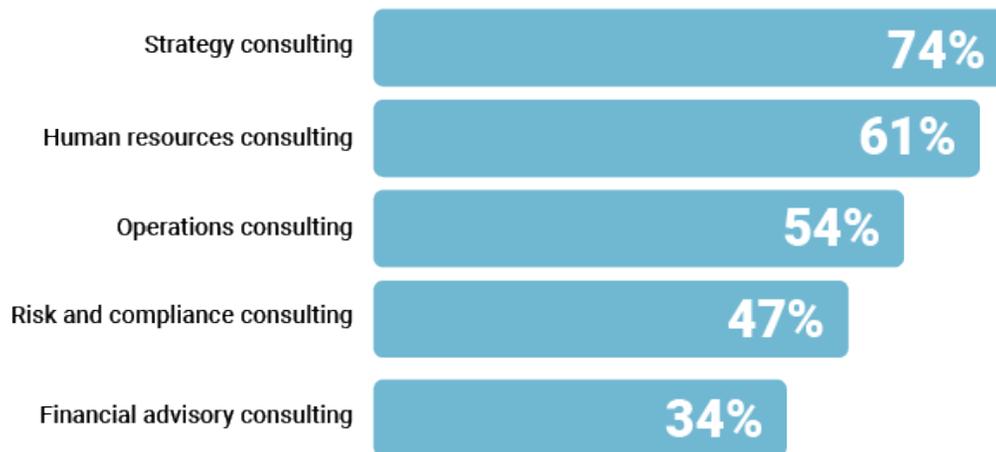
When you think of your own consulting business, do you know where you stand among your peers?



FINDING #1: Consultants come with a wide range of expertise, but the trend is clear: Strategy and people consulting are king.

We asked consultants this simple benchmark question: “What consulting services do you offer your clients?” They selected all that applied. The answer: Nearly 75% offer strategy consulting. Human resources or people consulting services are a close second, coming in at just over 60%.

**What consulting services do you offer your clients?
(select all that apply)**



What does this mean for your consulting firm?

Clients will always have varied needs for consulting services, but strategy and people consulting are essential offerings to drive business success. Consultants who effectively pair their business strategy consulting with people strategy insights have a major competitive advantage.

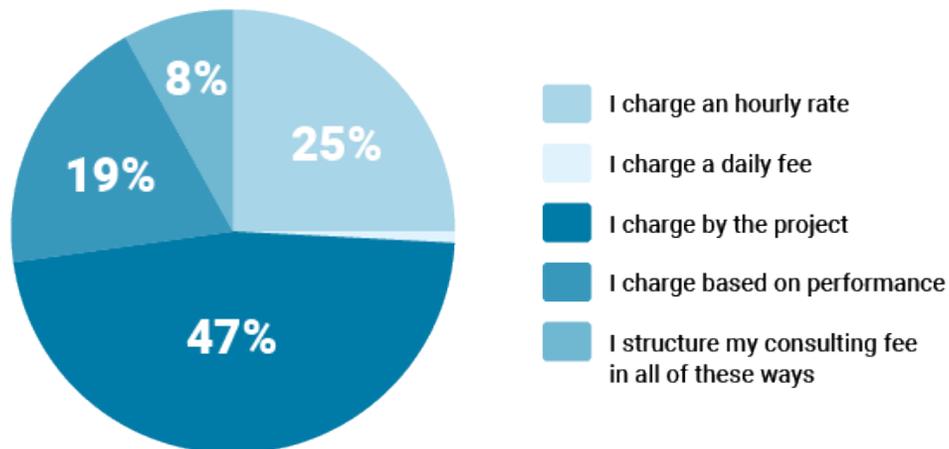


FINDING #2: When it comes to structuring fees, charging on a project-by-project basis at a competitive market rate remains the norm.

Nearly 50% of consultants answered they charged clients by the project confirming that consultants continue to structure their fees as has been tradition.

A surprising, notable insight: The third most popular fee structure is based on performance, indicating clients' increasing focus on having a clear ROI on consulting services, and those consultants committing to delivering results.

How do you typically structure your consulting fee?



What does this mean for your consulting firm?

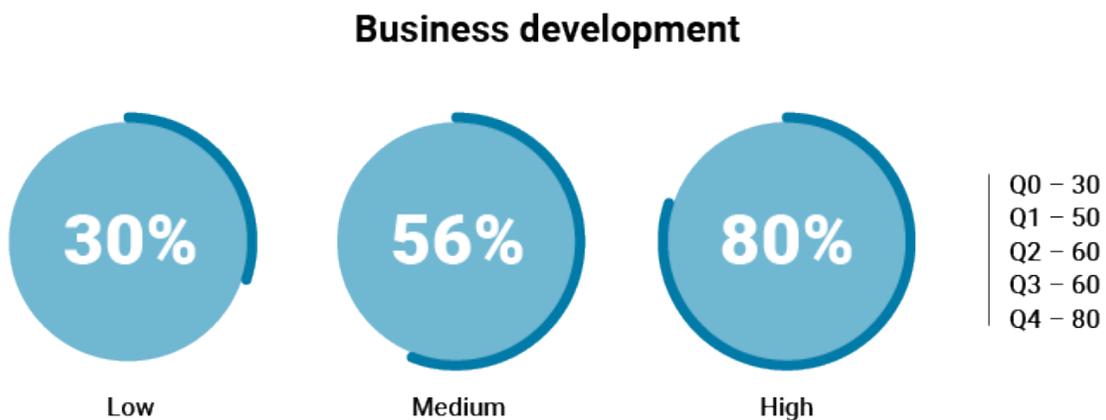
If your consulting fee structure is project-based, assess your client base and the projects you're working on. Project-based work means more time spent on business development to secure that next engagement and less time at the client site.



FINDING #3: Consultants spend over 50% of their time on business development, cutting down on time spent interfacing with clients.

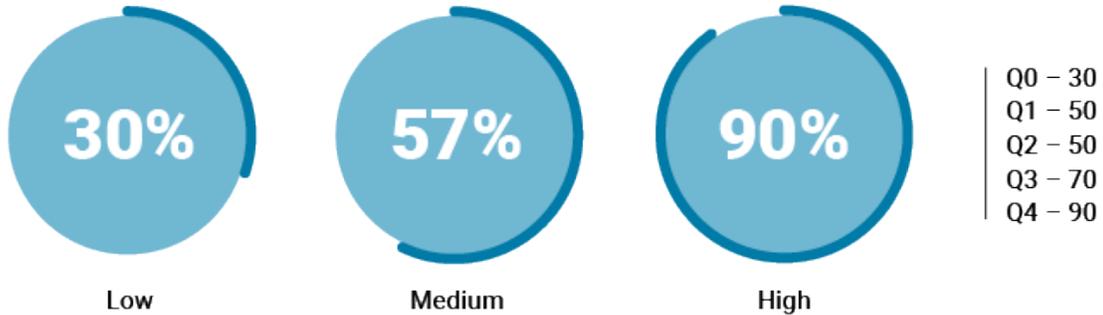
Our consultant respondents confirmed they spend more than half of their working hours pursuing their next engagement, leaving less bandwidth for valuable time spent working with their clients and securing repeat business. On the high end, consultants spend 80% of their time focused on winning new business, with the low end of business development at 30%.

How much of your time is spent on business development vs. interfacing with your client?



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Interfacing with your client



What does this mean for your consulting firm?

Our findings confirm what we know in the market: Not all consultants are created equal. Some are more adept at business development. Others are strong at executing, meaning they spend the majority of their time interfacing with the client.

In your ideal world, how much time would you prefer to spend working directly with clients versus securing new business? Consider how you structure your consulting team, so that each consultant can spend their time doing what they do best. Optimizing your consultant talent strategy can allow you to be best in class.

SECTION 2

Consultants are confident in their abilities, but there's one major challenge that keeps them up at night.

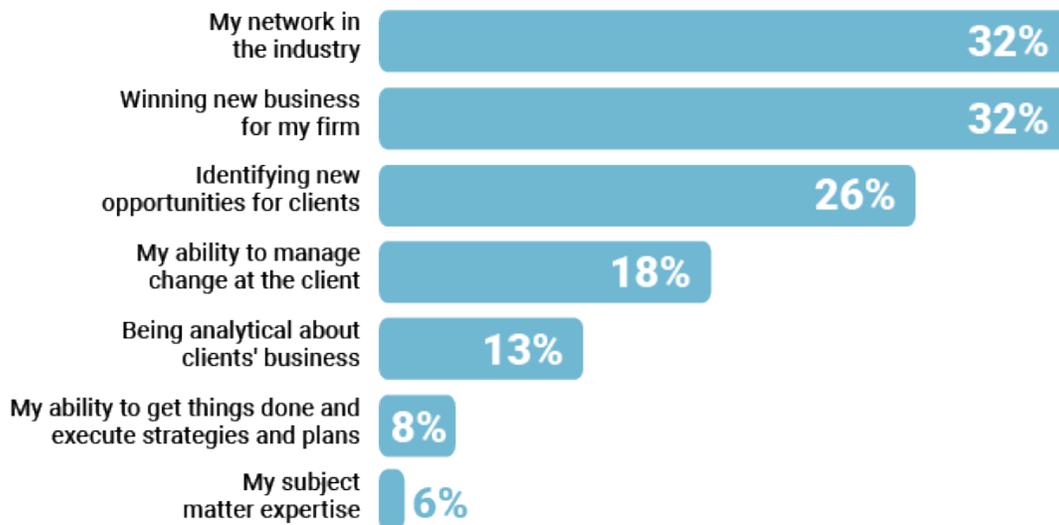
Winning new business comes with its own challenges. When you're up against the competition, how do you stand out and prove ROI to clients?



FINDING #4: Consultants see themselves as having well-rounded strengths, but most agree they can improve upon winning new business and building their networks.

Our respondents are confident in their subject-matter expertise and their abilities to get things done for their clients. But nearly a third still feel challenged to win new business and building their consulting networks.

**What can you improve upon as a consultant?
(select all that apply)**



Continued →

What does this mean for your consulting firm?

Knowing that, on average, more than half of consultants' time is spent on business development, it can be difficult to reconcile the need to pursue new clients when you are confident in your ability to deliver value and get things done. Sales proficiency is not something that clients value, and therefore not a priority for consultants.

Think back to how you structure your organization: Do you have a dedicated business development function, or have you identified talent more adept at sales? Consider leveraging your team's strengths to develop a strategy that works best for your firm.

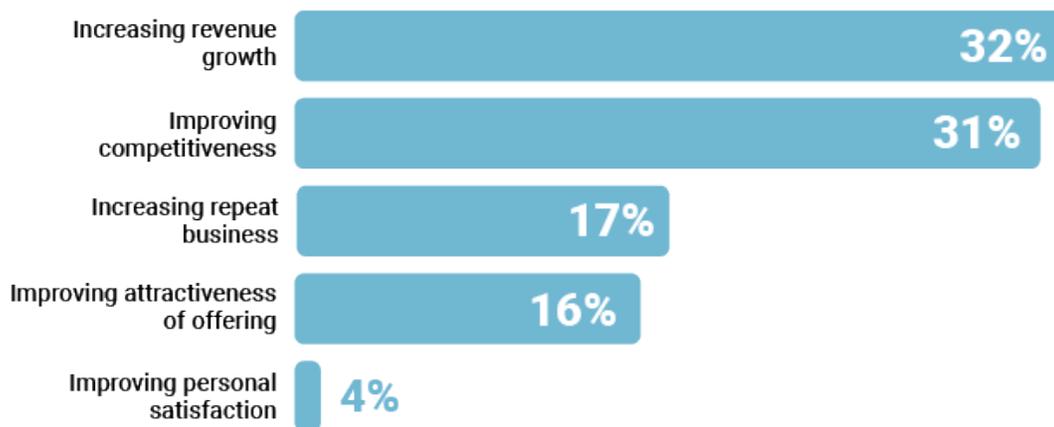
When it comes to networking, building rapport with peers and industry leaders creates opportunities for referral generation. Regardless of whether your organization has a dedicated business development function, a strong referral network can be a game changer. When you make your network work for you, you can spend more time on consulting and less time focused on pursuing and winning new business.



FINDING #5: When it comes to setting their firm goals, edging out the competition and increasing revenue are the primary objectives.

When it comes to business goals, nearly one third of consultants agreed that improving their competitiveness in the market was a priority, with another third focused on increasing revenue growth. What stands out is that increasing repeat business is only the third highest priority in our results—and this is the key to success in both competitiveness and revenue.

Of the following, which is the most important company goal right now?



What does this mean for your consulting firm?

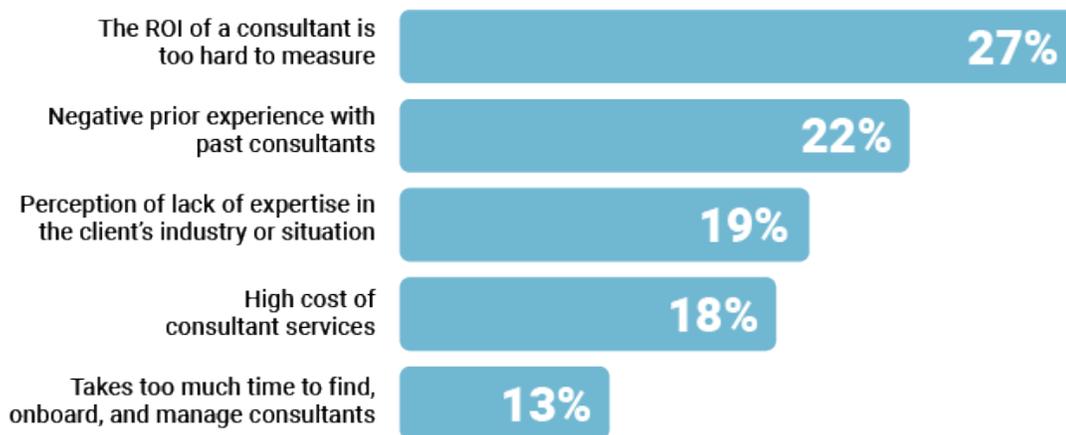
Improving competitiveness and increasing revenue growth are seen as inextricably linked. With everyone vying for new business in a competitive market, focusing instead on building long-term client relationships and securing repeat business will establish your firm as best in class and a trusted partner. This underappreciated lever will increase margins and drive your revenue, securing your path to improved growth.



FINDING #6: Biggest growth blocker for consultants? Proving ROI to clients.

While consulting offerings vary, there's one commonality: a need to prove immediate and downstream ROI for the client. Regardless of services rendered, clients want to know that they spent their time and money well. Without a clear understanding of ROI, they're less likely to hire consulting services or retain them.

In your professional opinion, what is the main reason why some companies choose not to hire consulting services?



What does this mean for your consulting firm?

When selling your services, consider how you prove ROI to your clients. Yes, value can be hard to measure, so building a learning organization within your firm is essential. Consultants have the opportunity to always be gathering data on their projects, which can then be used to measure the impact of the work they are doing and prove demonstrable ROI. This data can be further analyzed and learned from, making it easier to pitch to the next client.

SECTION 3

Clients are consultants’ best source for anticipating industry shifts ahead—and all roads lead to talent.

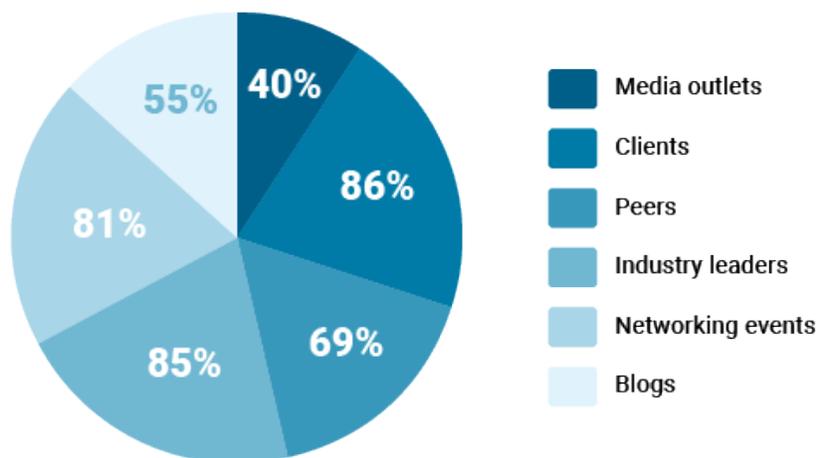
Based on our findings, we know that strategy and people consulting are integral offerings. But the study shows clients are telling consultants a need for strong talent consulting services is on the rise.



FINDING #7: When it comes to keeping up with industry trends, real-world client interaction edges out armchair expertise.

We asked consultants to indicate all the ways in which they learn about future business trends, and a whopping nearly 86% said they learned from their clients, with industry leaders coming in at a close second. This confirms what we know in the market: Clients will always be the number one source of information.

How do you access information that helps you form opinions on future business trends?



What does this mean for your consulting firm?

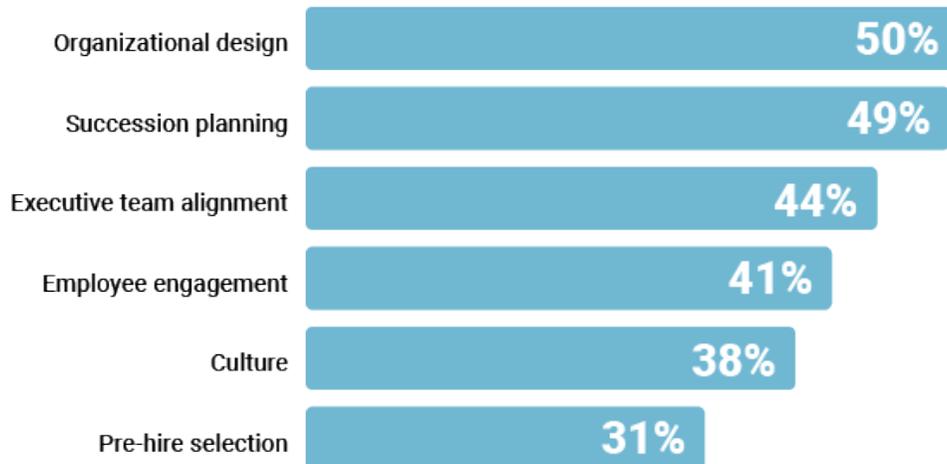
Your clients know what they need, and as a consultant, you're an expert at learning from them. This is why building a learning organization within your firm is essential. Best in class consultants take advantage of every interaction with clients, both onsite and throughout the business development process. There are learning opportunities at every turn, so it is essential for consultants to operate with a learning mindset.



FINDING #8: Consultants know clients' biggest challenges all relate to talent.

Our study found that regardless of consulting services offered, consultants know that their clients could use consulting expertise in areas surrounding talent management and aligning employees with the client business strategy. At the end of the day, all business challenges relate to people considerations. Although clients are pursuing multiple challenges in multiple areas, solving those challenges and executing against the business strategy is impossible without the right talent.

In which of the following areas could your clients use help with their talent strategies? (select all that apply)



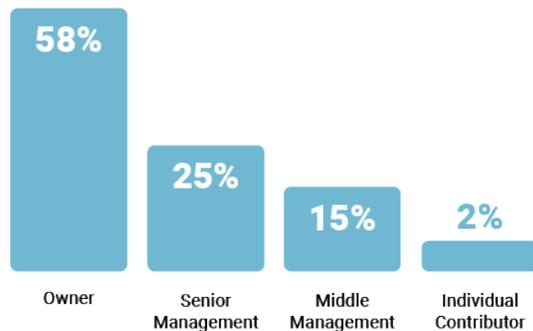
What does this mean for your consulting firm?

Consultants will need to ensure their consultant offering caters to their client's talent strategy, with a major focus on the overall organizational design. The core of a client's business strategy will need to place importance on the people tasked with implementation, as well as setting succession plans to secure future success.

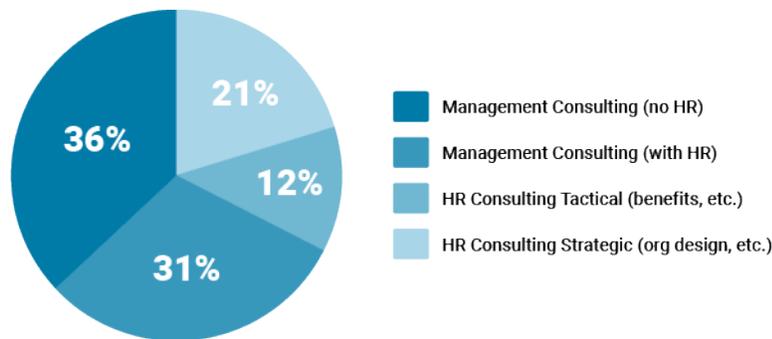
Survey Methodology

In April 2019, The Predictive Index conducted a survey of consulting firm owners, senior managers, middle managers, and individual contributors. We secured respondents via a panel provider called Critical Mix.

Which of the following best describes your role?



What category best describes your consulting firm?



How would you categorize your firm?

