

PERCEPTIONS OF CONSULTING— PROCUREMENT VIEW



Assesses the reputation of consulting firms,
as seen by clients

EXECUTIVE SUMMARY

Every year we interview hundreds of senior consultants around the world. A question we always ask is, “What are the challenges you face running a consulting business in market X?” A response we often get is: procurement departments.

For their part, consultants often complain that procurement teams are often too focused on price, are unpersuaded when it comes to arguments about value, and are often an obstacle standing between them and their customer. Now, procurement departments aren’t exactly new, and you would have thought consultants, with their can-do attitudes and problem-solving skills (not to mention their training in stakeholder management), might have got better at articulating the benefits of their projects to help procurement professionals make decisions about the type of firm their company needs.

But that doesn’t seem to be happening. For almost every firm we asked about, procurement professionals say it’s getting harder to work with consulting firms, so the feeling that the other party is being awkward is mutual.

Why is there such a disconnect? One reason might be that procurement professionals see the world differently from the end-users that consulting firms tend to focus on pleasing. This report—along with outlining which firms are highly-rated and top of mind in the world of procurement—highlights where some of those differences are, laying down a challenge to consulting firms to find a new way of engaging with procurement departments that could be beneficial to everyone.

CONTENTS

Executive summary	2	Firm-by-firm	29
Methodology	4	How to use this section	29
Definitions of industries and services	8	Accenture	30
Mindshare: Who are procurement professionals talking about?	10	A.T. Kearney	31
Top-rated firms for quality	11	Bain & Company	32
Top-rated firms overall	11	Capgemini Consulting	33
Top-rated firms among direct clients	14	Deloitte	34
<i>The halo effect—how perceptions of different consulting services change after a client has used them</i>	15	EY	35
Top-rated firms among indirect clients	16	Hay Group	36
What do procurement professionals' perceptions of quality tell us about their views on consulting?	17	IBM GBS	37
They're more traditional in their views than end users....	17	KPMG	38
They're more trusting of big brands	17	McKinsey & Company	39
They're more impressed with the Big Four than end users	17	PwC	40
Full quality rankings by service	19	Roland Berger	41
Data & analytics	19	Appendix: Fees	42
Business strategy	19	How clients are paying for consulting services	42
Business transformation	20	Daily fee rate comparison	43
Digital technology & transformation	20	About the author	44
Existing technology	21	Index	45
Financial management	21	Client Perception Programme	46
Operational improvement	22	About Source	47
Risk & regulatory	22		
HR & change management	23		
Sales & marketing	23		
Top-rated firms for value	24		
Top-rated firms overall	24		
Top-rated firms by direct clients	25		
Top-rated firms by indirect clients	26		
<i>How relationships affect perceptions of quality and value</i>	26		
Perceptions of how easy firms are to work with	27		
The swing-o-meter of views	27		

METHODOLOGY

Who did we talk to?

We have 501 responses from our survey of procurement professionals in December 2015, and a supplementary survey in April and May 2016, all of whom have been responsible for buying substantial volumes of consulting services in the previous year.

Figure 1

Respondents' level of responsibility

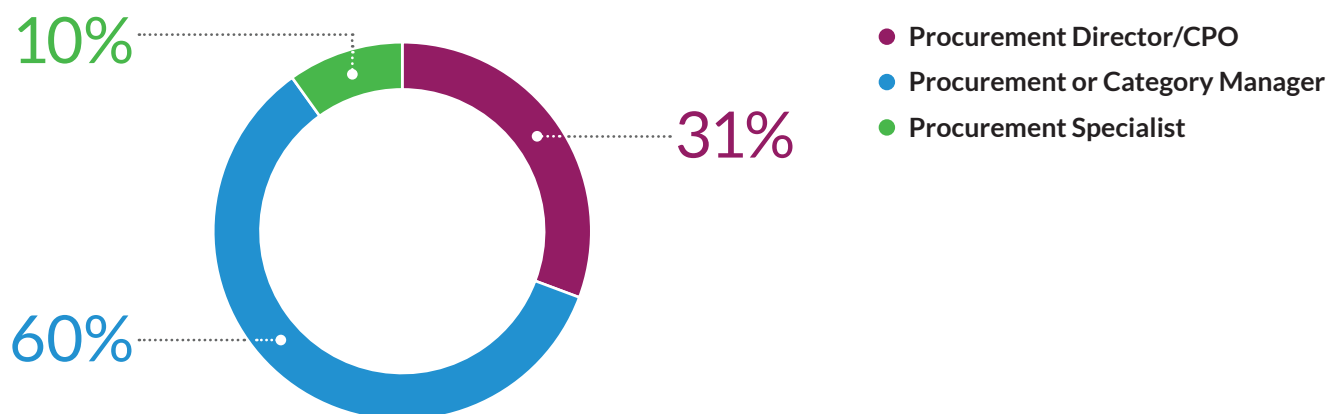


Figure 2

Respondents by industry

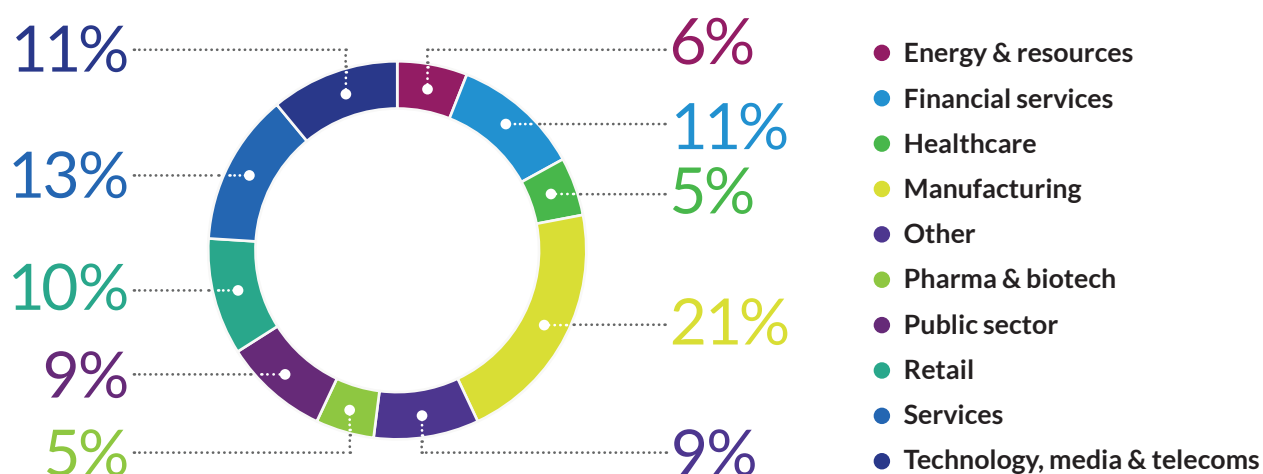
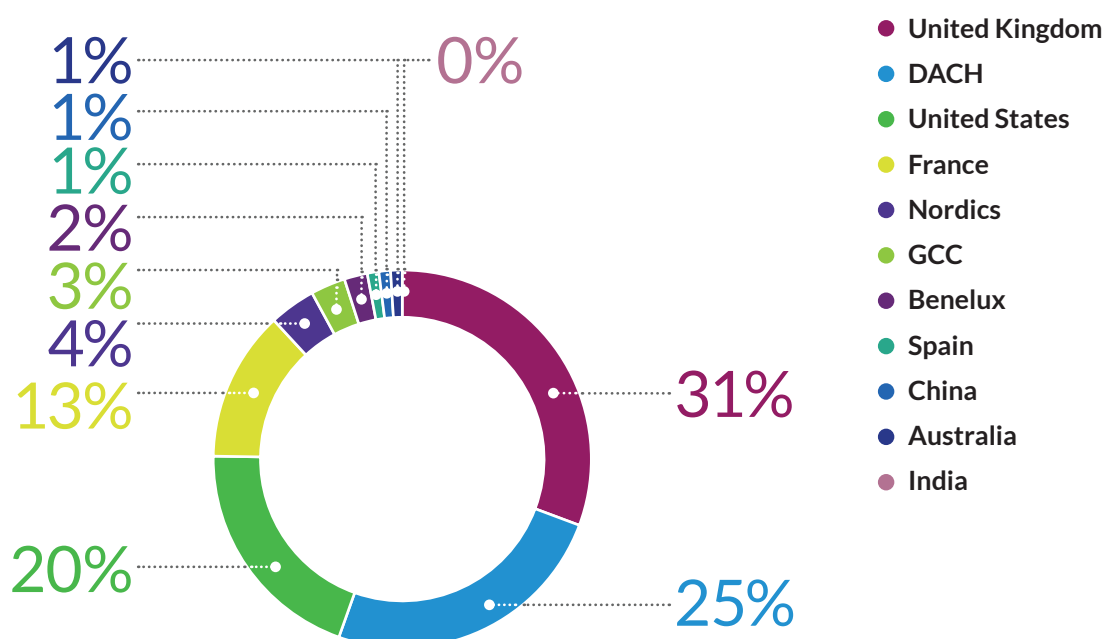


Figure 3

Respondents by geography



What did we ask them?

Each respondent was asked to tell us about three consulting firms and was presented with a list of 14 leading consulting firms. Clients did have the opportunity to tell us about consulting firms that weren't on the list, but this report focuses on the firms for which the number of responses was sufficient for us to carry out detailed analysis.

We asked each respondent to share their views on each of the three firms selected, focusing on the following areas:

- **Quality:** Their perception of the quality of service provided by each firm in ten different consulting services
- **Value:** Their view of how much value each firm added in relation to the fees paid for its services
- **How easy the firm is to work with:** Whether the firm has become easier or harder to work with in the last 12 months
- **Attributes:** How they rate each firm and the individuals from it across a range of attributes

Which firms are included in this report?

Clients were asked to select three firms from a list of up to 21 leading consulting firms. Where we have sufficient data, we've provided a detailed profile of each at the end of this report. Unfortunately, we are unable to provide a profile of Strategy& and The Boston Consulting Group, as sample sizes become too small to draw robust conclusions from.

Firm	Did we ask about this firm in this market?	Included in general analysis?	Detailed profile available?
Accenture	✓	✓	✓
Aon Hewitt	✗	✗	✗
A.T. Kearney	✓	✓	✓
Bain & Company	✓	✓	✓
BearingPoint	✗	✗	✗
The Boston Consulting Group	✓	✓	✗
Capgemini Consulting	✓	✓	✓
Deloitte	✓	✓	✓
EY	✓	✓	✓
Hay Group ¹	✓	✓	✓
IBM Global Business Services	✓	✓	✓
KPMG	✓	✓	✓
L.E.K.	✗	✗	✗
McKinsey & Company	✓	✓	✓
Mercer	✗	✗	✗
Oliver Wyman	✗	✗	✗
PA Consulting	✗	✗	✗
PwC	✓	✓	✓
Roland Berger	✓	✓	✓
Strategy&	✓	✓	✗
Towers Watson	✗	✗	✗

How we rank firms in this report

In this report, we reveal the top-ranked firms in three areas: mindshare, quality, and value. We look at the top-ranked firms overall, but also split the data to look at the differences between what direct and indirect clients think. We rank firms based on the following criteria:

Mindshare: We base our rankings on the numbers of respondents talking about each firm, relative to each other. To calculate that, we awarded a score of 100 to the most-mentioned firm, and work out how many times each other firm was mentioned in relation to it.

Quality: We base our rating on the sum of the proportion of people who describe quality as either “high” or “very high”. Where that produces an equal result between two firms, we take into account the share who have described quality as “very high” to determine the order in which they are ranked.

¹ Our survey was launched before Korn Ferry's acquisition of Hay Group completed in December 2015.

Value: We base our rating on the sum of the proportion of people who say that the value a firm delivers is greater (to any extent) than the fees it charges. Where that produces an equal result between two firms, we take into account the extent to which value is seen to be greater than fees (respondents had the choice of saying it was twice, five times, or ten times greater than fees) to determine the order in which they are ranked.

New for 2016:



The Source badge—an award given to those firms that have been rated number one by clients in a given region/industry for mindshare, quality, and value. If your firm has a badge next to its name and you'd like to find out more about how to use it externally, please contact [Ella-Sian Jolley](#).

The difference between direct and indirect clients

We talk about two types of clients in this report: direct and indirect.

Direct clients are clients who either have very recent experience of working with the firm they chose to tell us about or are working with it now.

Indirect clients are clients who feel qualified to share an opinion about a firm but aren't among their direct clients. They may have had exposure to the work the firm has done elsewhere in their organisation or have simply formed an impression based on reading a firm's thought leadership or being exposed to its marketing in some other form. In simple terms, indirect clients are prospects.

The differences between the opinions of these two types of clients tell us a lot about the differences between expectation (indirect clients) and reality (direct clients). But it also tells us something about the differences between a firm's marketing and what it actually delivers.

Discover more online

The data contained and referred to within this report is also available online, where it can be sorted and filtered according to your preferences. In fact, some of the charts contained in the report link directly through to the online database. Note that wherever you see a quickcode next to the title of a chart, that code can be entered into the search function of the database to reproduce exactly the same chart.

When you log on, you'll notice that in some areas there's data that's in a faded grey colour. This is where we have data, but it's not a big enough sample to include in a ranking in this report. Nonetheless, we share it online in case you do want to see what, for example, indirect operations clients in the public sector (or a similarly complex split) think of a particular firm. If you have any questions about any of the data, please contact [Sarah Burgess](#).

To find out how you can get access to the online database, please contact the person in your organisation who bought the report or email ella-sian.jolley@sourceglobalresearch.com

Definitions of industries and services

Industries



Energy & resources

Energy

Includes the exploration and production of energy, including oil, gas, coal, and renewables.

Utilities

Includes the delivery of electricity, gas, water, sanitation, and other related services.

Primary resources

Includes agriculture, chemicals and chemical products, commodities, forestry, fishing, metals, mining, and plastics.



Financial services

Banking

Includes retail banking, commercial banking, and lending.

Insurance

Includes general insurance (e.g., motor, home, pets, health—anything on an annual contract), life insurance, pension products, retirement planning.

Private equity

Includes both consulting work for private equity firms and consulting work with private equity portfolio businesses.

Capital markets

Includes investment banking, trading of stocks and financial products, corporate finance, and broking.

Investment and wealth management

Includes private banking, high net-worth banking, investment management, trust funds, the management of pension funds, and asset management.



Manufacturing

Aerospace

Includes space research and technology, the manufacture of aircraft, aircraft parts, rockets and other space equipment, and tanks and ammunition.

Automotive

Includes the manufacture of motor vehicles, industrial vehicles, and vehicle supplies and parts.

Construction

Includes surveying, architectural, and engineering services, heavy construction, house building, and the building of infrastructure.

Consumer packaged goods

Includes the manufacture of clothes, foods, alcohol, tobacco, furniture, home furnishings, cleaning products, small arms, children's toys, and sports equipment.

Consumer and industrial electronics

Includes electrical components, household and industrial appliances, commercial and professional equipment.

Industrial products

Includes industrial machinery, steel and metal products, and plastic products.



Pharma & biotech

Includes research into and the production of drugs, biological products, medicinal chemicals, and life sciences.



Healthcare

Includes private- and publicly-funded healthcare, hospitals, laboratories, and medical equipment.



Public sector

Government

Includes federal/national, state/regional, local government, emergency services, justice, social services, public transport, and conservation.

Education

Includes public and private schools, universities, and libraries.

Defense

Includes national security and consulting around defense issues.



Retail

Includes the selling of clothes, food, consumer goods, and automobiles.



Services

Logistics

Includes warehousing, storage, packing and crating, and distribution including cargo, freight, and haulage.

Business services

Includes services relating to law, accountancy, IT maintenance, security systems, advertising, employment agencies, and vehicle leasing.

Leisure

Includes museums, art galleries, theatre, golf courses, hotels, hospitality, travel agencies, restaurants, and bars.

Real estate

Includes estate agencies and operators of residential and commercial buildings.

Transportation

Includes private and people-related transportation, including airlines, airport management, train operators, rail infrastructure management, water transportation, courier services, and private bus services.



Technology, media & telecoms

Telecoms

Includes telephone, mobile, digital, and other communication services.

High-tech

Includes IT related devices, computer and computer related devices, audio and video equipment, broadcasting and communication equipment.

Media

Includes radio, television and digital broadcasting stations and services as well as printing and the publishing of newspapers, periodicals, and books.

Services



Financial management

Includes finance function and budgeting/financial planning process.



Risk & regulatory

Includes responding to regulation, technology and security risk services, operational risk, financial risk, programme risk.



HR & change management

Includes HR strategy and effectiveness, benefits, compensation and pensions, change management, internal communications, organisational design and culture, stakeholder management, team effectiveness and collaboration, leadership and governance, performance management, talent management/training and development.



Operational improvement

Includes business continuity and recovery, knowledge management, Lean and Six Sigma, property and estate management, quality and performance management, supply chain management, cost-cutting, innovation, M&A integration, managing quality, post-M&A integration, process design and re-engineering, procurement/purchasing, research and development, benchmarking, distribution strategy, environmental, sustainability and CSR, and operational review.



Strategy

Includes business and financial modelling, corporate re-structuring, corporate recovery and turnaround, corporate strategy, market analysis and strategy, market research, policy formulation, strategic sourcing/offshoring strategy, due diligence and valuation, infrastructure/asset financing and management, PFI, mergers and acquisitions, customer service, new product development, branding, marketing and channel management, customer relationship management, pricing, sales force effectiveness, category management, sales and distribution planning.



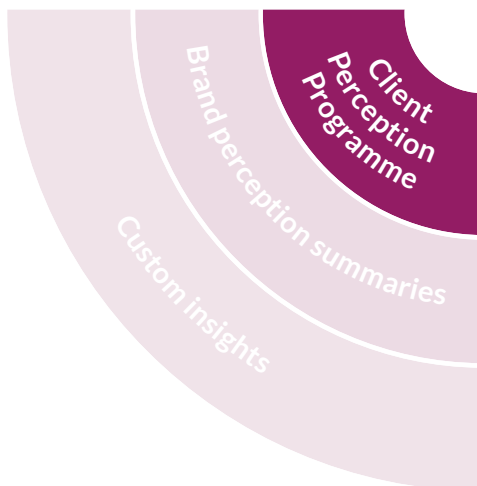
Technology

Includes ERP consulting, IT training, application of new technology, hardware/software selection, IT design and build, IT strategy, planning and review, IT testing and integration, management information and business intelligence, requirements definition, mobile and internet consulting, project and programme management (e.g., where consulting firm has been engaged to run a specific project that it is otherwise not involved in).

INDEX

A	
Accenture	6, 10, 11, 12, 13, 14, 16, 17, 19, 20, 21, 22, 23, 26, 28, 30
Aon Hewitt	6
A.T. Kearney	6, 13, 17, 21, 28, 31, 39
B	
Bain & Company	6, 13, 28, 32
The Boston Consulting Group	6, 13, 17
C	
Capgemini Consulting	6, 13, 24, 25, 26, 28, 33
D	
Deloitte	6, 10, 11, 12, 13, 16, 17, 19, 22, 23, 26, 28, 34, 44
E	
EY	6, 13, 28, 35
H	
Hay Group	6, 13, 25, 27, 28, 36
I	
IBM Global Business Services	6, 10, 11, 12, 13, 16, 17, 19, 20, 21, 22, 23, 24, 25, 28, 29, 37
K	
KPMG	6, 10, 12, 13, 17, 21, 22, 23, 28, 38
L	
L.E.K.	6
M	
McKinsey & Company	6, 11, 12, 13, 14, 17, 19, 20, 22, 23, 28, 39
Mercer	6
O	
Oliver Wyman	6
P	
PA Consulting	6
PwC	6, 13, 14, 20, 24, 25, 28, 39, 40
R	
Roland Berger	6, 12, 13, 19, 20, 21, 28, 41
S	
Strategy&	6, 13, 17
T	
Towers Watson	6

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The newest of our major research programmes, our *Client Perception Programme* is a suite of eleven reports which assess the reputation of consulting firms, as seen by clients.

At the heart of the programme are two important questions:

- What is the reputation of a consulting firm?
- What do clients think about the quality of service and the value added by consulting firms?












The first section of each report looks at the perceptions of clients in the market as a whole (either by geography or industry) and ranks the top three firms in each of the following areas: mindshare (how likely clients are to be thinking about a consulting firm), quality, value added, and likelihood to be recommended. The report then looks at perceptions by consulting service (and where relevant, by industry), ranking the top three firms for each. In our analysis we draw on our extensive knowledge of the consulting market to explain why particular firms are perceived as they are, and highlight interesting stories within the data along the way.

Finally, the report looks at clients' perceptions of individual firms in the relevant market. It compares each firm's mindshare, quality, and value perceptions with those of the leading firms, as well as comparing the views of direct and indirect clients to highlight the challenges that need to be addressed either during a project, or by marketing. The report also highlights which services clients are recommending each firm for, and what they perceive to be each firm's strongest attributes.

The *Client Perception Programme* can help you to:

- Understand how your consulting firm compares with competitors in the market
- Understand what clients and prospects see as your core strengths
- Where your clients think you can improve, and where they want you to make improvements

Geographies and industries covered in this Programme:

 GCC	 Energy & resources
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About Source

Source Global Research is a leading provider of information about the market for management consulting. Set up in 2007 with offices in London and Dubai, Source serves both consulting firms and their clients with expert analysis, research, and reporting. We draw not only on our extensive in-house experience but also on the breadth of our relationships with both suppliers and buyers. All of our work is underpinned by our core values of intelligence, integrity, efficiency, and transparency.

Source was founded by Fiona Czerniawska and Joy Burnford. Fiona is one of the world's leading experts on the consulting industry. She has written [numerous books](#) on the industry including: [The Intelligent Client](#) and *The Economist* books, [Business Consulting: A Guide to How it Works and How to Make it Work](#) and [Buying Professional Services](#).

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