

MEGA TREND #4: BRAND AND BUSINESS MODELS

*A global perspective on the consulting market,
drawing heavily on extensive client-side research*



For many consulting firms, the bifurcation of the consulting industry into two distinct business models—one low-cost, one high-value—leads to a choice about the part of the market in which they want to operate. But for the world's biggest firms, the challenge is a bit different: It's about how they do both. At the heart of that is a question about brand: Should firms attempt to do everything under one brand, or should they create sub-brands to help communicate the breadth of their services to clients?

This is not a report about what good branding looks like; rather, we're interested in how differences in business models drive decisions about the creation of sub-brands, and what are the implications of those decisions.

EXECUTIVE SUMMARY

Sub-brands have proliferated in recent years as consulting firms have sought to find ways both to convince clients of their capability in new areas, and to accommodate more than one business model in one firm. Our report finds evidence that brands matter to clients: Indeed, for most clients in most places, it's considered one of the most important attributes in a consulting firm. And they seem to go further, revealing not only an awareness of, but also a positive pre-disposition towards, sub-brands. However, we conclude that the rush to create sub-brands could be problematic, and that five important considerations—which we identify as the five Ps of sub-branding—need to be taken into account in making a decision about whether to create a sub-brand: people, proficiency, priority, protection, and price. We discuss each of these in detail in Section 1.

In Section 2, we go on to suggest that for a sub-brand to be meaningful, it needs to be operationalised. There are four critical components to this: management, people, internal support, and client. We discuss each in turn.

Finally, in Section 3, we assess how divisions between main brands and sub-brands need to go, concluding that many new services—like digital transformation—start out being seen by clients as something distinct from the day-to-day but eventually get embedded in everything else they do. With that as a backdrop, we posit that the typical firm is out of tune with the market—with serious implications for sub-brands—and in danger of doing precisely the opposite of what clients want it to do.

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ABOUT THIS REPORT

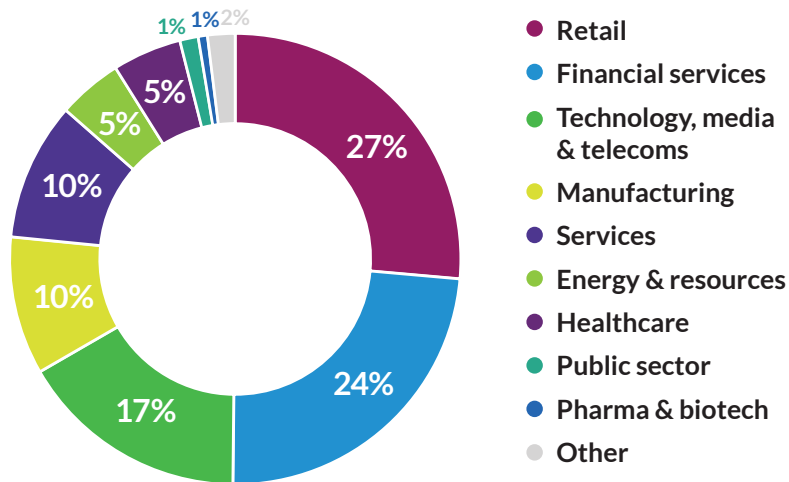
Our report draws on data from two main sources:

- **A survey of 150 clients in the US.**
- **Our annual global client perception survey, the latest version of which had 2,682 responses from senior end-users of consulting firms.**

Unless indicated otherwise, survey data is taken from the first survey of 150 US clients (#1, above).

About our survey

Breakdown by industry



Organisations with
5,000+ employees

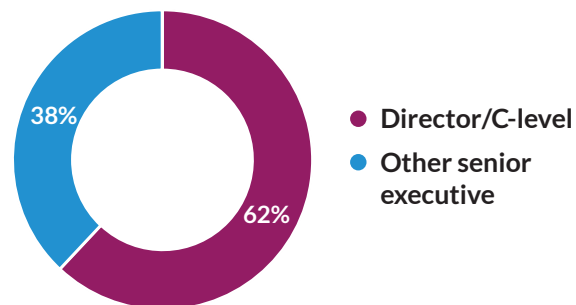
68%



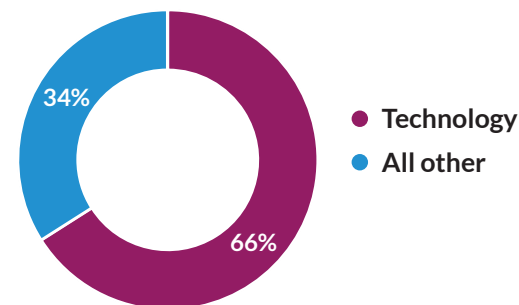
Organisations with
1,000-4,999 employees

32%

Breakdown by seniority



Breakdown by function



Section 01

DO YOU NEED MORE THAN ONE BRAND?

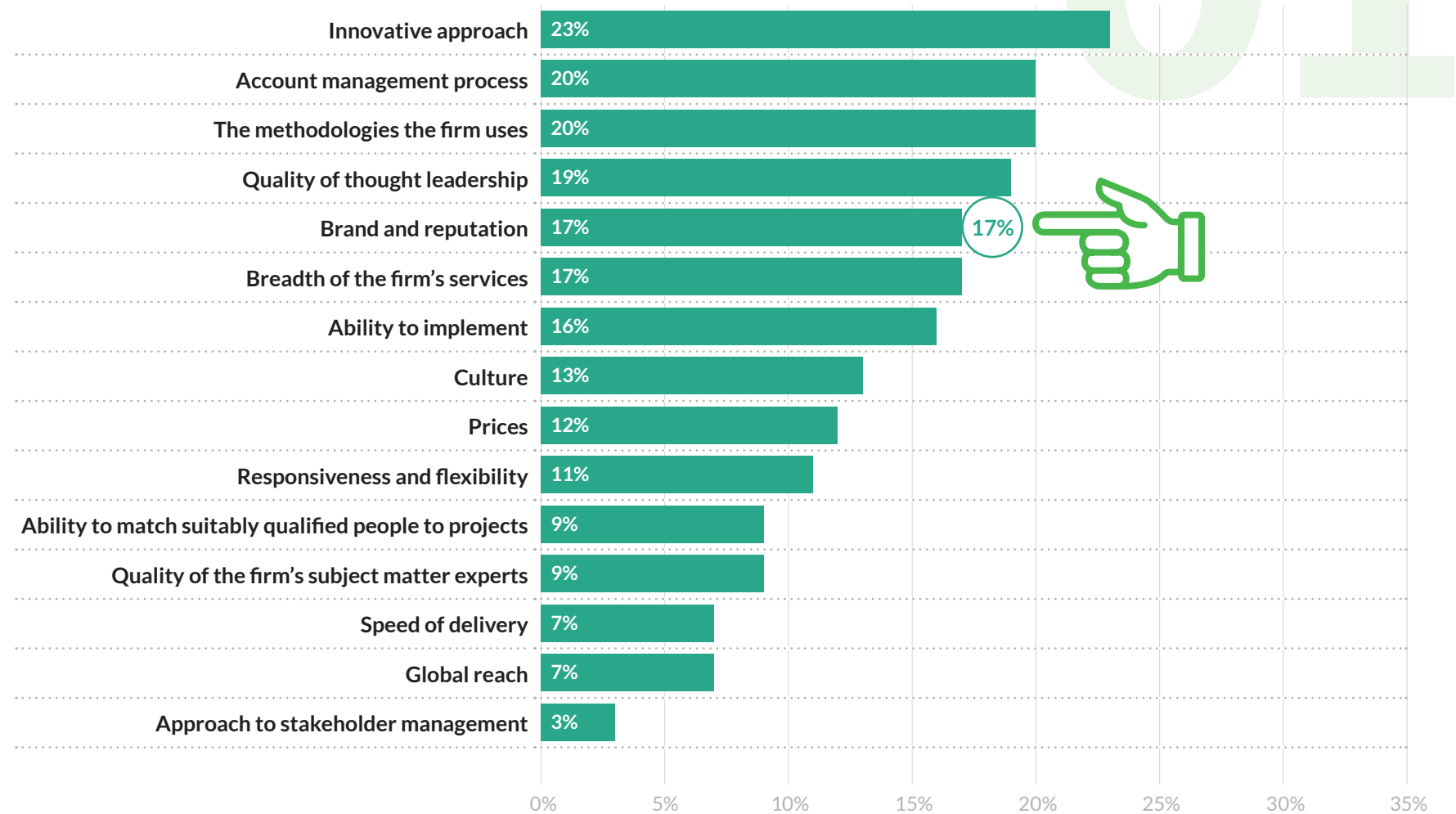
DO CLIENTS CARE ABOUT BRAND?

Yes, they do. In our latest annual survey of clients, we asked them how important they considered a range of consulting firm attributes to be. We provided a list of 15 different attributes and asked them to pick the top two. Brand and reputation came fifth, behind an innovative approach, account management process, the methodologies the firm uses, and the quality of its thought leadership. Brand isn't equally important to everyone—people who work in the operations function of a US retail company are far more likely to consider brand important than are people who work in the IT function of a Nordic public sector organisation—but overall, it clearly matters.

01

Figure 1

The attributes clients consider most important in a consulting firm



Based on our annual global client perception survey of 2,682 clients.

Section 02

HOW DO YOU IMPLEMENT A SUB-BRAND?

02

You need patience and impatience when executing brand strategy: Patience enough to realise that these things take time, but enough impatience to make visible changes quickly.

Geoff Dodds, GeoffDodds.com

We defined brand as having three key components: the look, the story, and the experience. Where those three things intersect, we see the personality traits that emerge from the brand.

Greg Austin, ZS Associates

02

To make a sub-brand meaningful, it has to be operationalised.

“People in consulting organisations tend to be quite sceptical about brand and branding; clients are equally so,” says Geoff Dodds of GeoffDodds.com, a brand consultant and coach to professional services firms. “Sometimes the brands don’t help themselves.” Too often, consulting firms create new brands and sub-brands that are simply a change of colour pallet and name. When it’s that superficial, neither client nor consultant believes in it. Without investment in capability, behavioural change, strong collateral, demonstrable proof points, new talent, and much more, sub-brands risk being drowned out by the parent brand or seen as simply irrelevant.

The digital sub-brand has very limited resonance with us. Even now when they're dealing with technology, I think most of our team just relate that back to the main [strategy firm] brand.

Director, manufacturing industry, US

[Digital sub-brand] is a brand everyone here is aware of, and we know [strategy firm] has made an important acquisition. But, when we've looked at them, they've tended to lose out to the likes of [Big Four firms].

Director, financial services industry, US

I'm not really aware of what the brand stands for—so far it's just been a visual rebranding exercise.

Director, manufacturing industry, Middle East

I've known [Firm X] for a long time: I don't see any difference since it's been rebranded as [Firm Y].

Director, real estate sector, Middle East

As well as a new name and visual identity, a sub-brand needs to be supported by four pillars of activity that differentiate the sub-brand from the rest of the firm, but complement the overarching brand and its values. Within each pillar there are specific operational considerations, and some suggestions about the steps that firms need to take when operationalising their sub-brand.

Figure 12 *Operationalising a sub-brand—the key components*

02



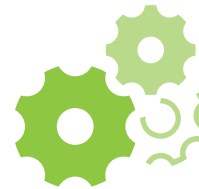
Management

- Strong leadership
- Partner engagement
- Information and data
- Governance and decision making



People

- Education, training, and skills development
- Behaviour and culture
- Performance management
- Visible leadership
- Recruitment



Internal support

- Control of content
- Proof points
- Winning the right work
- Processes and systems



Client

- Brand drivers and client experience frameworks
- Client feedback
- Joined-up go to market
- Incentives for selling in the right way

LIST OF CONTRIBUTORS

Name	Job title	Firm
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A Co-Founder and Director of Source, Fiona is one of the world's leading commentators on the management consulting industry. Since founding Source in 2008, she has been bringing this expertise to bear on our clients' most pressing strategic projects and business issues.

Fiona has published a dozen books on consulting topics, including two for *The Economist*: [Business Consulting: A Guide to How it Works and How to Make it Work](#) and [Buying Professional Services](#). She has more than 20 years' experience as a management consultant, working primarily in the areas of marketing and strategy. She was previously in charge of strategic planning for EY in the UK and has worked in the consulting practice of PwC. Fiona also has a PhD in seventeenth-century French art and lives in hope that it will be of practical use in business someday.



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Ed is a Director of Source, and he is particularly focused on HR, strategic marketing, and new product development. He is a key member of the Source research team and spends much of his time interviewing consultants and their clients around the world in order to identify and explore major market trends.

Ed regularly speaks about the consulting market to leadership teams around the world, has lectured at Columbia University, Imperial College, and Vrije Universiteit, and he is regularly quoted by media including the *Wall Street Journal*, the *Washington Post*, the *Financial Times*, *Bloomberg*, and the trade press. Prior to joining Source in 2008, Ed spent seven years in various marketing roles for Sony Europe.



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Alison is the Head of Client & Brand Insights at Source, responsible for all the reports we write on this subject. She's an experienced writer, analyst, and interviewer, and has worked on bespoke projects around brand benchmarking, helping consulting firms to understand how they are perceived in the market and what they can do to improve perceptions. Alison earned her stripes as a consultant at Deloitte, working on a wide range of projects across many industries.



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SOURCE REPORT PROGRAMMES

● MARKET TRENDS PROGRAMME

A series of detailed reports that contain the most accurate view available about the consulting market in an extensive list of countries and regions. These explore key themes, provide market sizing data, growth forecasts, and deep analysis, all backed up by extensive quantitative and qualitative research amongst consulting firms and clients.

As well as our country reports, we also produce a global view of four different industries. These reports contain industry analysis, market sizing data, and growth forecasts at a global level, as well as breakdowns by sub-sector, service, and geography. Snapshots of content from these reports will be published earlier in the year and made available to subscribers, as tranches becomes available.

● STRATEGIC PLANNING PROGRAMME

A series of reports that take a detailed look at the big trends in the global consulting industry, interpreting them in terms of what they mean for consulting firms and who is best placed to exploit them.

● CLIENT PERCEPTION PROGRAMME

A series of reports based on our huge client survey, that reveal what clients think about the leading consulting firms in a number of regions and industries. We rank the leading consulting firms in terms of clients' perceptions of things like quality and value. Data and analysis for these reports are made available to subscribers throughout the year.

As part of this programme we also publish global brand perceptions. Leveraging all the data we have about each of the world's leading consulting firms, we're able to offer insights that go far beyond traditional brand impact surveys. Choose the firms you want to benchmark yourself against, and we'll analyse how clients see your firm relative to your competitors, writing a custom report that puts you at the heart of it. Available on request.

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A series of reports that analyse the quality and effectiveness of thought leadership. These are included in all White Space subscriptions.

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	2018	MARKET TRENDS PROGRAMME	STRATEGIC PLANNING PROGRAMME	CLIENT PERCEPTION PROGRAMME**	WHITE SPACE
JANUARY					Hot topics in thought leadership
FEBRUARY		Forecasts for 2018 UK		In each report, we will publish the top ranked firms for: Mindshare Quality of work Value added Quality of work by different consulting services	Quality ratings of thought leadership for the second half of 2017
MARCH		GCC DACH Benelux	Mega trend #1: Intelligent analytics	Germany part 1 US part 1 GCC part 1	
APRIL		Spain France Nordics		Germany part 2 UK part 1 US part 2	Analysis of recent thought leadership
MAY		Eastern Europe US Russia	Mega trend #2: Discover	Financial services part 1 Nordics part 1 Energy & resources part 1	Analysis of recent thought leadership
JUNE		Italy Canada	Mega trend #3: Strategy	France part 1 UK part 2 Financial services part 2	
JULY		LATAM Australia	Mega trend #4: Run	Healthcare part 1 France part 2	Analysis of recent thought leadership
AUGUST		Africa		Nordics part 2 TMT part 1 Energy & resources part 2	
SEPTEMBER		Planning for growth in 2019 India Energy & Resources*		Healthcare part 2 TMT part 2 GCC part 2	Quality ratings of thought leadership for the first half of 2018
OCTOBER		South East Asia Financial Services* China			
NOVEMBER		TMT* Healthcare*	Mega trend #5: How technology will shape the consulting business model of the future		
DECEMBER		*Snapshots of content from these reports will be published earlier in the year and made available to subscribers, as tranches becomes available.	Mega trend #6: Digital transformation	**Part 1: What our data tells us about the market. Part 2: Firm-by-firm analysis	

Would you like more information on any of the above? A more detailed view? Or to adjust any of it to suit your requirements?
The adjacent page offers more insights into how we can help you.

OUR CUSTOM RESEARCH SERVICES

Over the course of the last ten years we've worked with leaders in many of the world's biggest professional services firms, to help them find solutions to some of their most important challenges. Here are some typical examples of the kind of work we do.



You need to know how big your market is

We have a global data model of the professional services industry that is the biggest and most sophisticated of its kind ever created. It provides data on market size, growth rates, and forecasts across 29 industrial sectors, 10 service lines, and 84 countries. It also breaks down the market by different types of firm.

We can provide you with a version of the model that's customised to fit your needs, giving you data on all the countries, sectors, and service lines that matter to you, and none that don't. But we won't stop there, unless you want us to: Our analysts will work alongside you to make the model yours, mapping our definitions to yours, so you can look at the market on your terms rather than ours.

You need to understand what the numbers mean for you

For many of the firms we work with, pure data isn't enough, and nor are standard reports able to offer a view that's sufficiently tailored to their needs. In these situations, our analysts start with a blank sheet of paper, put your firm in the middle of it, and draw on all our data and knowledge—including about clients' perceptions—to build a picture of the world around you. You get a story that's laser-focused on your challenges and your opportunities, and that helps you to translate data and insight into action.

You're new in your role and need to understand the market for which you're now responsible

For people who have just moved into a new role, we can create packs of information specific to a particular geography, sector or service line. Our market sizing data can be used to quantify the market's potential, and our analysis of clients' perceptions and the competitive landscape will help you understand how best to seize the opportunities and respond to the threats.

You need to create clear propositions around your services

Our research tells us that having a big brand is no longer enough: Increasingly, clients expect professional firms to have a clearly articulated proposition for each service that differentiates them from their competitors. But the best propositions aren't built in a day: Our analysis, because it's grounded in facts about clients' perceptions and behaviour, helps firms quickly cut through internal disagreement and build a clear sense of direction.

You need help with your inorganic growth plans

We also work with firms that are supplementing their organic growth with acquisitions, helping buyers find and qualify suitable targets for acquisitions. Leveraging our deep knowledge of the professional services sector, we can scan the market, profile companies, and even effect introductions. Firms use our services because we're well-connected in the industry, independent, and fast.

You need to understand how you measure up against your competitors in the minds of clients

Understanding what your clients think about your firm is critical in today's fast-changing and highly competitive market. New circumstances demand new, expert-led strategies to brand benchmarking, and that requires both independence—to get to the real story, not the one your clients think you want to hear—and deep knowledge and data about your market and your competitors.

We usually have a head-start here, because of the data we already have, but we've got all the expertise and experience that's needed to conduct new research among your clients and those of your competitors, in order to understand where your strengths and weaknesses lie, and what you need to do to stand out. The focus might be on your firm alone, but it might also be on how you can create competitive advantage over specific, named competitors.

You need to create better, more effective, thought leadership

Thought leadership has come to dominate the marketing activities of professional service firms, and with good cause: Our research with clients finds consistent evidence that good thought leadership matters to them, too. It helps them to do their job, to identify where world-class capability exists in these firms, and even to shortlist firms for projects.

How well does your thought leadership measure up? We can conduct in-depth reviews to assess quality in a sample of material that's either random or defined by you, from single pieces to entire bodies of work, on an ad-hoc or routine basis. We can also help you shape your approach to topics and understand what your competitors are doing, and can provide guidance about how to approach a specific piece of high-profile thought leadership.

We also recognise that good thought leadership doesn't happen by accident, but because you've put in place the right processes and engaged the interests and enthusiasm of your key subject matter experts. We help professional services firms create the foundations, organisational structure and processes for high-quality content. We can also run workshops that inspire your people and help make them more effective at creating thought leadership.

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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