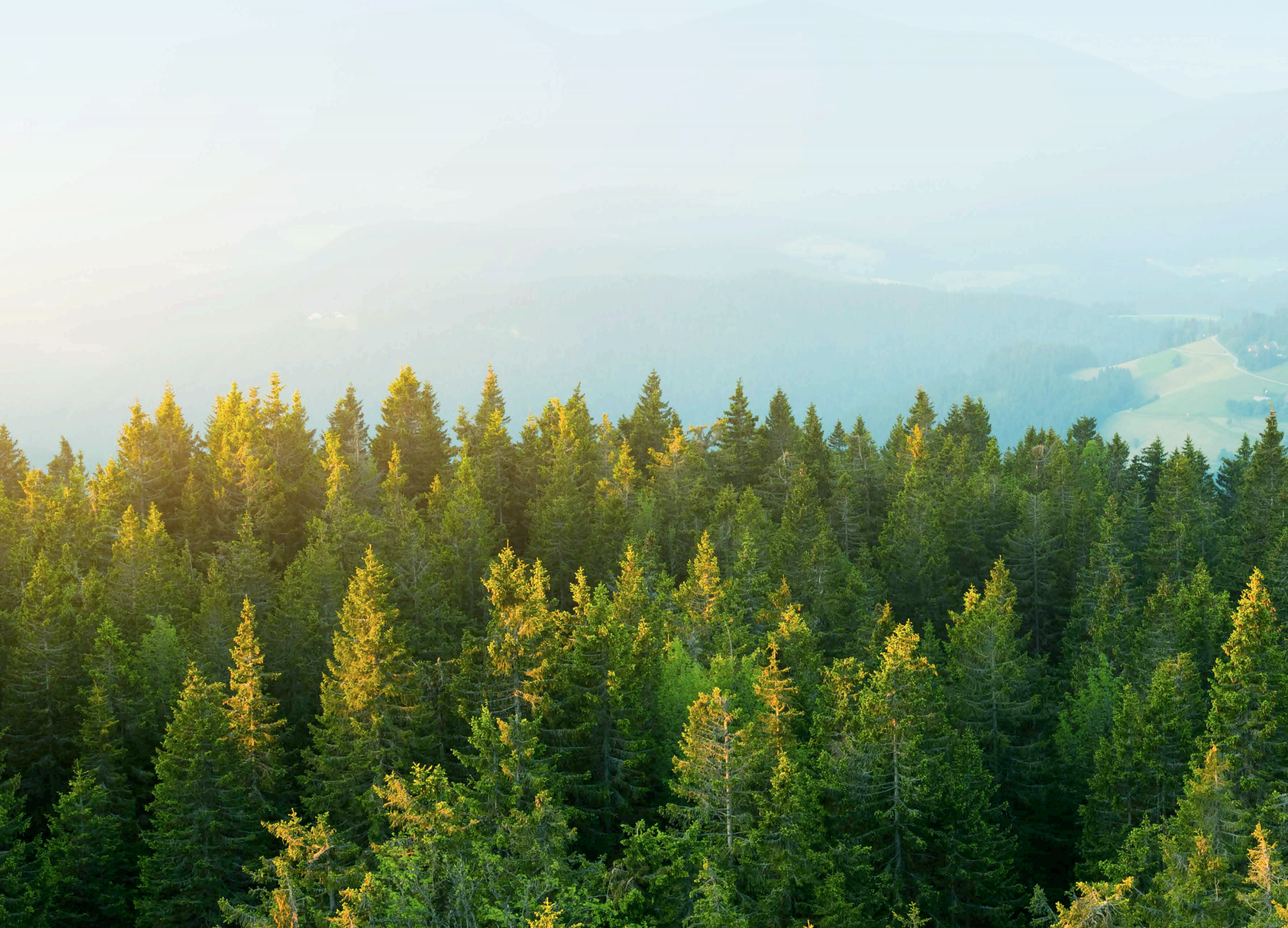
EXTRACT

SOURCE GLOBAL RESEARCH

September 2019

Planning for Growth in 2020

Market Trends Programme



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Introduction

Last year we began our annual market attractiveness index by proposing that consulting had perhaps settled upon a sweet spot, wherein the global market was generating “a high degree of uncertainty without incurring too much collateral damage”. In short, clients were starting to feel anxious about the prospect of slowing GDP and burgeoning trade wars, but they were not pulling back on investment. Instead, they were pursuing growth, digitisation, and—in some cases—advice for future-proofing their businesses against the difficult times they suspected lay ahead.

This year, that sense of watchful waiting has intensified, and the attractiveness scores reflect a global market that has become a bit more nervous even as it continues to soldier on. This year’s average score of 9.56 is only slightly lower than last year’s 9.76, though there are signals that things may be about to take a darker turn.

Take a closer look at our index, and you’ll see that nearly all of this year’s drop can be attributed to growth scores (one of four metrics we look at in assessing attractiveness), which have fallen in nearly every market we cover: Only India has seen its growth score improve, and only Australia has held steady. The trade wars that were simmering last year have begun to boil over, threatening a global recession and with it the possibility of increased political uncertainty. Speaking of trade and political uncertainty, the Brexit saga has now lingered far longer than anyone expected and continues to hang as a spectre over a weary UK and, indeed, over much of western Europe. Meanwhile, a changing political climate is also helping to drive down average talent scores, as a wave of protectionism and anti-immigration sentiment is making an already impossibly tight consulting labour market even more challenging.

Taken together, it all sounds rather bleak—and yet the overall attractiveness of the global consulting market remains relatively high. Average revenue per consultant and client propensity to buy remain virtually unchanged from last year, signalling that clients are mostly getting on with business—the business of growth, of digitisation, and of shoring up against future turbulence. Consulting, it seems, remains in that sweet spot.

But sooner or later, something has to give. Over the next year, an inevitably contentious US presidential election and the ultimate resolution of Brexit will play a major role in either resolving or exacerbating our trade and economic anxieties, setting the scene for what comes next—for better or worse. Consulting could very easily be dislodged from the sweet spot.

Where will it land if it is? It’s difficult to paint a picture in which the consulting market suddenly collapses. During difficult times, the wealthy, mature clients that constitute the backbone of global consulting are very likely to keep investing, simply shifting their attention to solutions aimed at helping them weather the storm. And then there’s digitisation—a true juggernaut that we firmly believe could only be dragged down by a true (and unlikely) global economic meltdown. Even if we were to see a repeat of 2008, when consulting funds were significantly depleted, it’s hard to imagine the digitisation push grinding to a halt.

The future remains uncertain, but we also think it looks pretty sweet even beyond the sweet spot—at least for the world’s management consultants.

About this report

This is the seventh edition of Planning for Growth, and our methodology has remained unchanged for the last few years. It is still important to keep in mind that the scores provided are a mix of art and science: Hard data is used where it exists, but much is informed by our conversations with, and surveys of, senior consultants working in the geographies covered. Like all forecasting, the index isn't perfect, but we think it's pretty darned good, and we are pleased to stand by it as an honest indication of where we'd invest our money (or not) if we were a management consulting firm looking to grow.

We award a score out of five (where five is the most favourable) for each of the following:

Talent

How easy is it to find and retain the people you need?

Growth

What are the market's prospects for growth in 2020? This is converted from the forecasts published in our Market Trends Programme for 2019 (updated, where necessary, to reflect changes in market conditions in individual geographies since our relevant report for that geography was published earlier this year), which take into account the following:

- How clients expect their consulting expenditure to change
- GDP growth forecasts
- Inward investment
- Political stability
- The number of companies headquartered in the market

Average revenue per consultant

Using data from our global data model, balanced to account for differences in the structure of markets.

Clients' propensity to buy consulting

Based on the size of consulting markets relative to GDP of the geographies in which they sit (World Bank figures for 2018).

Why not size?

We don't take the size of the consulting market into account in assessing its attractiveness for a couple of reasons:

- 1. Our ranking would become much more static: The size of markets relative to each other changes very slowly, and the US consulting market is so much bigger than any other that it would probably always top our rankings if size were a consideration. So, our barometer would become less sensitive.
- 2. We're not sure size really matters in itself. Yes, the US is the biggest market by some considerable distance, but it's also got the most people working in it and the highest degree of consulting saturation. What matters is how much opportunity exists, and our view is that size of a market relative to GDP, combined with the other things we measure, provides a much more useful view of that.

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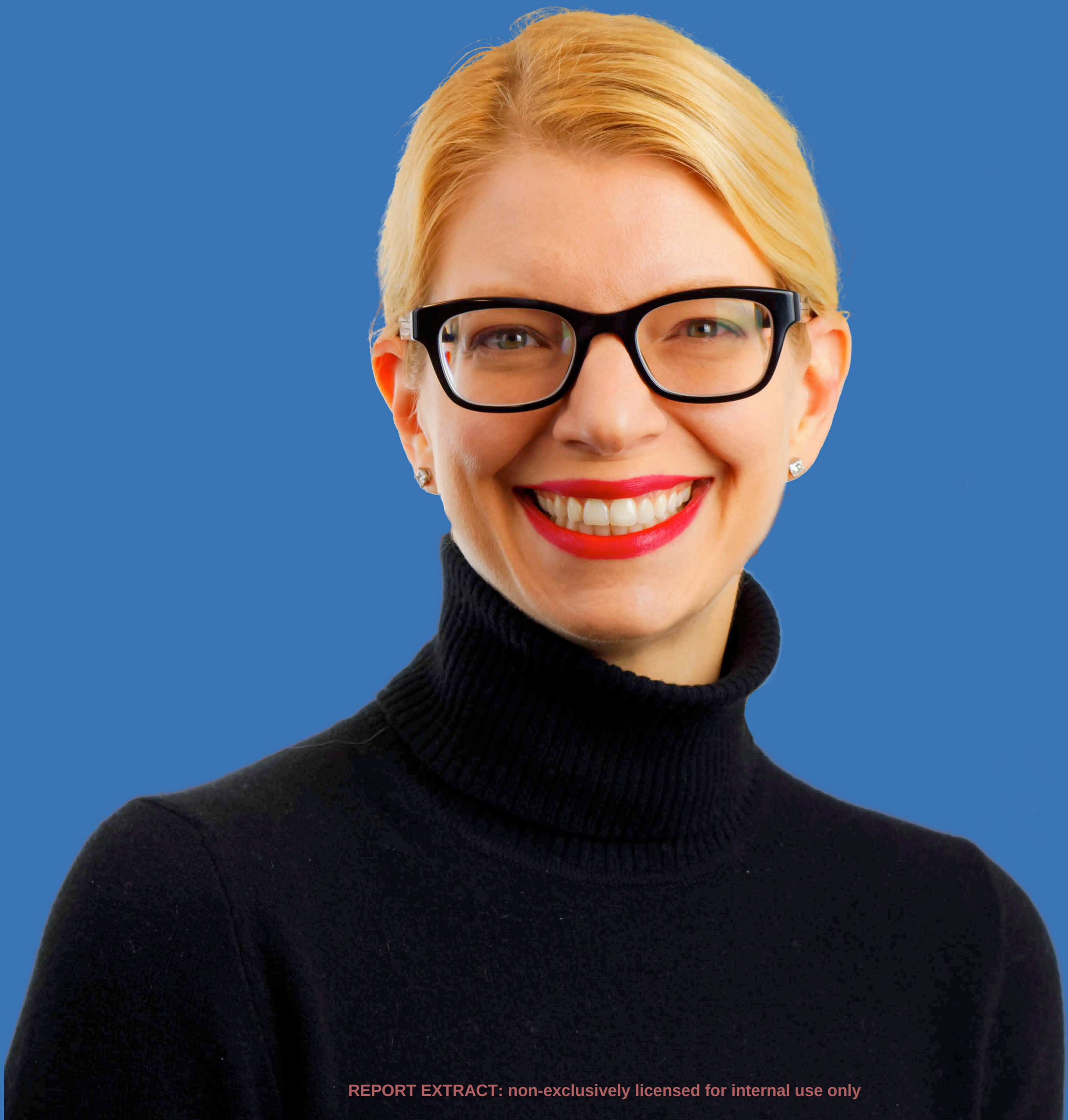
About the author

B.J. Richards

B.J. is the senior editor at Source and is responsible for ensuring consistency in quality, content, and tone across the core programme. She also writes a number of our core reports and participates in Source's market research. An accomplished writer and editor, B.J. has provided strategic communications for senior executives ranging from a US senator to presidents of Harvard University. She earned her juris doctorate from the University of Georgia and is a member of the Georgia bar.

B.J. Richards

bj.richards@sourceglobalresearch.com



Programme schedule for 2019

Reports 2019	Market Data and Analysis	Client and Brand Insights	Emerging Trends
January	Forecasts for 2019		
February	UK	UK Nordics GCC	
March	GCC Benelux Nordics	France Germany US	The Future of Pricing
April	France DACH Southern Europe	Energy & Resources Financial Services Healthcare Technology, Media & Telecoms	
May	US Eastern Europe & Russia		The Value Problem
June	Canada		
July	South America Australia	Perceptions of Audit Firms Perceptions of Risk Firms Perceptions of Tax Firms	
August	Africa Risk		The Make-Buy Decision
September	India Energy & Resources Planning for Growth in 2020	Talent Attractiveness in 2019	
October	Financial Services China South East Asia		
November	Japan Healthcare Technology, Media & Telecoms		The Future of Delivery
December	Tax		

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– Proposition strategy and development
– Brand and client sentiment analysis
– Thought leadership strategy, development, and review

For more information about any of these, please visit our website or get in touch.

About us

Source Global Research is a leading provider of information about the market for professional services.

Set up in 2007, Source serves the professional services industry 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 Information Services Ltd
20 Little Britain | London | EC1A 7DH
UK +44 (0)20 3478 1207
US +1 800 767 8058
info@sourceglobalresearch.com
www.sourceglobalresearch.com