SOURCE GLOBAL RESEARCH

November 2019

The Future of Delivery

Emerging Trends

Contents

Executive summary

> *Consultants still cling to their analogue tools because they think it creates a sense of mystique. But that's gradually changing. At the end of the day, clients don't care about mystique; they want transparency, they want results and they want partners who are easy to work with. We live in an economy that is all about reducing friction—so consultants need to thoroughly examine their processes and ask themselves whether their existing ways of doing things actually do that.*
>
> Dr. Jan van de Poll, Transparency Lab

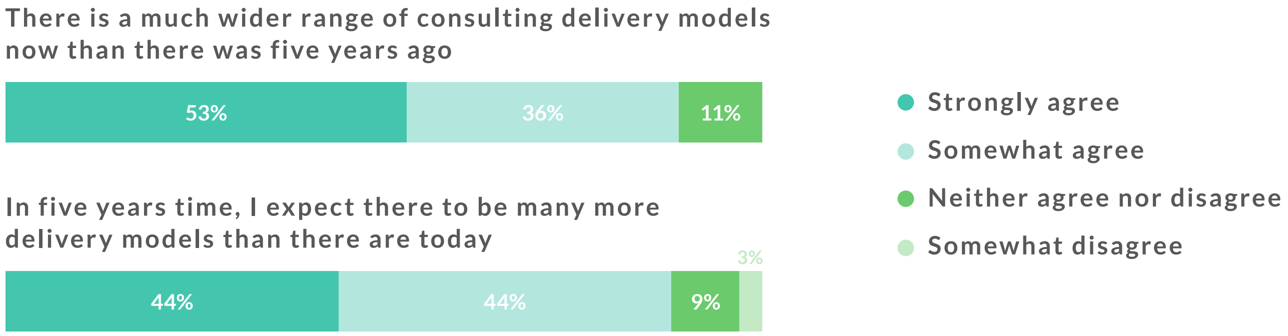
The consulting industry has never been a monolith. In a certain sense, there are as many approaches to project delivery as there are project managers. Nonetheless, there have always been certain bedrock assumptions about how work should be delivered that are common to all leading firms.

We all have an image in our heads of the archetypal consultant—a slickly groomed suit with a degree from a top school—and how they operate. Over the last five years, however, some of those assumptions have been gradually chipped away: What if you didn't leave once the project objectives were completed? What if you didn't need a full-time bench of resources to draw on? Could a project ever be delivered by an AI?

The net effect of consultants grappling with these questions has been a proliferation of delivery models, as more and more firms have opened up to the idea of providing their services to clients in new ways. The vast majority of clients agree that they have more choice now—in terms of how work will be delivered—when buying consulting services, and most similarly believe that the range of options in front of them will continue to expand in the coming years.

Figure 0.1

Client views on the proliferation of delivery models

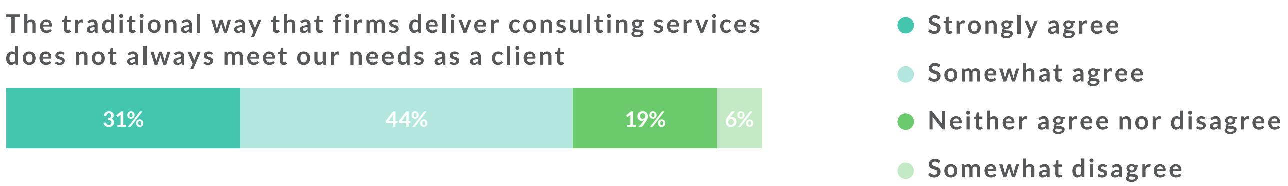


We are not trying to suggest that the established way of "doing consulting" is going to become irrelevant overnight. The story of this report will be one of diversification, not revolution; not so much Blockbuster being obsoleted by

Netflix, but the monopoly of Internet Explorer giving way to today's much wider array of web browsers. The old approach to delivery is not broken, per se; but, as Fig. 0.2 shows, most clients have come across at least one or two scenarios where they felt there was probably a better model out there.

Figure 0.2

Client frustration with the "traditional" model of project delivery



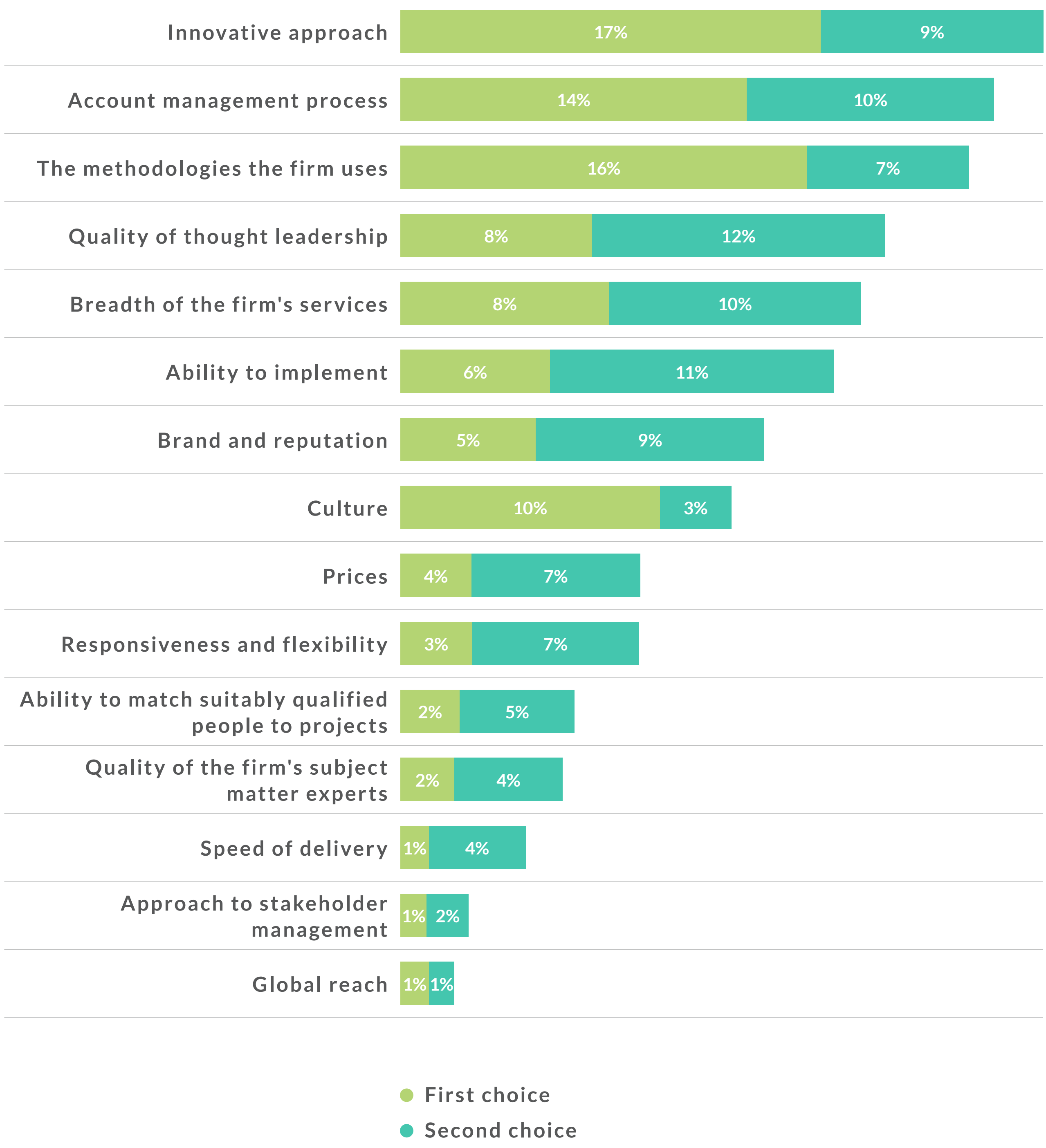
Additionally, clients look more positively on firms that have demonstrated a willingness to at least experiment with some of these new models. In our annual study of global client attitudes, we ask clients to tell us which factors are most important to them when selecting a partner to work with. And this year, as Fig. 0.3 shows, the thing that clients told us was the most important out of all of these factors was evidence of a firm's willingness to innovate in its approach to delivery. Clients want their consulting partners to recognise that one size most certainly does not fit all.

> *The whole consultant selection process is being called into question. Clients have always known that the people selling a project to them won't necessarily be the same people actually delivering it, but now they're pushing back against that. I think we're heading towards a world where clients see their role at the onset of a project as not just deciding on the approach, but also deciding what the CVs need to look like of the people who will deliver it.*
>
> Dr. Christoph Hardt, COMATCH GmbH

> *Increasingly, customers want to see tangible results and solutions rather than PowerPoint slides. For example, we recently did some work with a public sector client to help them improve the relationship between the advisors in their offices and the people using their services. They didn't ask us for a study or a set of slides: They wanted a practical proof of concept to demonstrate that we could solve this problem. So we very quickly identified one of the key problems—that advisors were spending too much time watching computer screens and not enough time face to face with service users—developed a solution, and then ran a small scale pilot.*
>
> Philippe Clapin, Sopra Steria Next

Figure 0.3

Percentage of clients selecting each firm attribute as most important to them



We expect the seeds that are being sown through this experimentation will blossom in the future, resulting in a delivery landscape that is more rich and textured than it is today. "Consulting 1.0" will still be around, but it will only be one of many different options available to the buyer of advisory services.

Figure 0.4

The services where clients have the most appetite for new delivery models

> *I've been in the procurement space for 20 years; there's a playbook for almost everything these days. But the one place where that playbook is basically just a couple of blank pages is complex services. The buying of consulting services, for example, is still driven primarily by relationships—clients aren't basing their buying decisions on data, or on an informed sense of how well they'll be able to work with a potential provider.*
>
> Diego Barillà, Globality

The first three sections of this report will explore in detail the specific drivers that have led consultants to broaden their thinking about how projects should be delivered—and along the way, we will see some examples of how different firms have responded to those drivers.

Firstly, we will explore how clients, aware of today's rapid pace of technological change, are increasingly turning to consultants for help to create innovative solutions to their business challenges. And we will see how this has forced consultants to think about how they can better involve third party suppliers in the delivery process, to create dedicated physical locations to facilitate innovation, and to incorporate the principles of agile project management into more and more of their work.

Then, in section 2, we will examine how the growing pool of freelance consulting talent has opened up new possibilities for project delivery. Clients in need of a project team but unwilling to pay the fees of a strategy house or a Big Four firm can now choose to instead go to one of the many firms offering access to these talent pools; or if they are particularly adventurous, can tap into those pools directly through a platform-based solution.

And in section 3, we will look at the impact that new technology tools have had on the delivery process. Consultants have long talked a big game about helping their clients to become more digital, but they have not always applied that same approach to their own ways of working. That is gradually starting to change, and we will examine the different degrees to which different types of projects have been impacted by digitisation, and where there could be opportunities for firms to go further.

But that is not where the story ends. In the fourth and final section of this report, we will hover above all of these different themes, and attempt to paint a picture of the current universe of project delivery. Our intention here is to provide the reader with a set of practical tools that they can use to think about their own conceptions of project delivery and to identify opportunities where they can incorporate some of the new approaches currently being developed. And at the heart of these tools will be a taxonomy of delivery—a structured way of thinking about different delivery models and how they relate to one another.

Our intention with this report is not just to catalogue the changes that we can see taking place in the market: It is to present you the reader with new ways of thinking about delivery, with the aim of helping you to maximise the value created by projects you manage.

> *When we wrote our paper in 2015 on the business model mixer for consulting,[1] we received a lot of criticism from consultants who said that they didn't believe the industry was going to change so drastically. But now we're five years down the line and we don't hear that criticism any more: The ideas that we discussed back then have become mainstream, and most consultants now recognise that the industry is already in the process of going through fundamental changes. At the end of the day, the speed at which those changes take place will depend on market conditions. If the market goes through a downturn, consultants will be forced to look for new ways to package their services; if it remains strong, then the pace of change will be slower.*
>
> Professor Ard-Pieter de Man, Vrije Universiteit Amsterdam

> *Economic forces are working towards commodifying services in both operational and business change contexts. The problem is that we're part-way on this journey and haven't yet got all the pieces in place—there's a serious structural gap which means that, until the end-point of this trend is reached, both clients and consultants will suffer.*
>
> Duncan Hare, XMCS

1 Professor Ard-Pieter de Man, *The business model mixer for consulting*, Sioo, Sep. 2015 (accessed Nov. 28 2019). Available at: https://www.slideshare.net/ardpieter/business-model-mixer-for-consulting.

Methodology

Unless otherwise specified, the data in this report comes from a study conducted in October 2019 of 150 US-based senior executives, all of whom had personal experience using consulting services within the last two years. Eighty percent of respondents had personally made the decision to bring in consultants; 77.3% had sat on project steering groups; and 64.0% had been part of project delivery teams working alongside consultants on a day-to-day basis. None of our respondents were working in the consulting industry themselves at the time of the study, but 6.7% had previous consulting experience prior to taking up their current role in industry.

All of the clients in our study worked in private sector organisations with at least 1,000 employees; 28.7% worked in organisations with over 5,000 employees. Further details about their employers and their roles within their organisations are show in the diagrams on the next page.

Where necessary, we have also drawn on data from our global data model, a bottom-up model of the professional services industry covering 84 countries, 29 industries, and six major service lines and containing about 9.7 million data points, and our annual global Client Perception Study, the latest version of which had 9,567 responses. All data in this report refers specifically to the US market except where noted.

To provide case studies and examples of firms deploying the delivery models discussed in this report, we conducted a series of interviews with consultants and other individuals working in the professional services industry. To ensure a full representation of the industry, we made sure to speak both to established firms thinking about new approaches to delivery, and to smaller providers offering unique solutions. For example, we spoke to a number of organisations offering platform-based resource-on-demand tools, in order to understand how that technology is likely to impact project delivery in the future.

A selection of these conversations have been made available to subscribers of our Emerging Trends programme as an accompanying interview series. Throughout this report, we have linked to individual interviews that provide useful case studies for the models under discussion. These interviews—along with interactive data visualisations and other types of additional content—can be accessed through the Emerging Trends platform on the Source Global Research website. If you do not have access to this platform, please contact your account manager.

Figure 0.5

Sectors represented in our sample

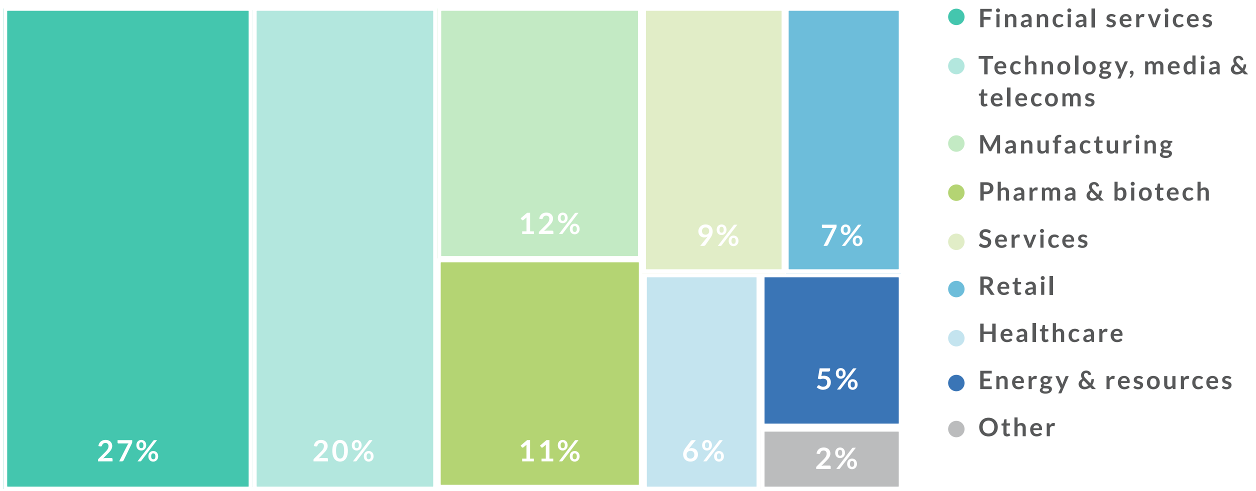


Figure 0.6

Size of clients' organisations in our sample by revenue

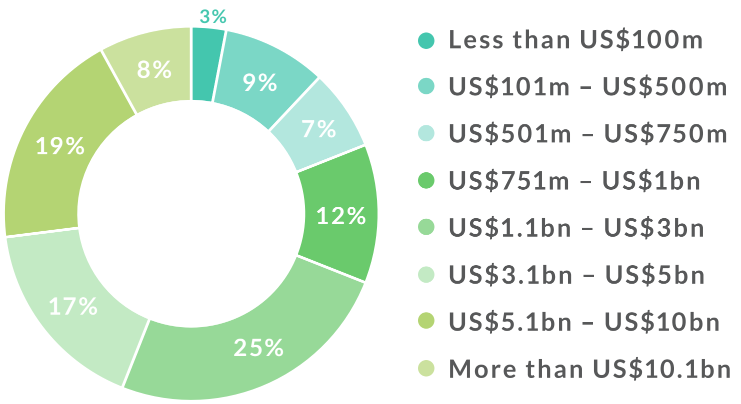
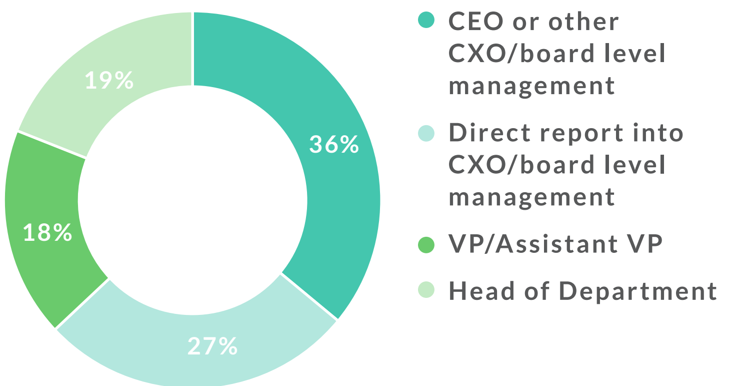


Figure 0.7

Seniority of respondents in our sample



Contributors

We are extremely grateful to all the people we spoke to for making this report possible. Below is a list of individuals who have contributed (excluding those consultants and clients who wished to remain anonymous).

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About the authors

Fiona Czerniawska

A Co-founder and Managing Director of Source, Fiona is one of the world's leading commentators on the management consulting industry. Since founding Source in 2007, 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 17th century French art and lives in hope that it will be of practical use in business someday.

Fergus Blair

Fergus is a Senior Analyst at Source, who works primarily on our Emerging Trends programme of reports. As well as interviewing consulting leaders on the pressing topics of the day, he also produces the supplementary content that accompanies those reports.

Prior to joining Source, Fergus was a management consultant specialising in customer loyalty strategies. He has spent time in both the UK and German offices of Capgemini Invent, and has worked for some of the world's highest-profile retailers and consumer products companies. He holds a degree in philosophy from Gonville & Caius College, Cambridge.

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Ed is a Managing 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 (New York), Imperial College (London), and Vrije Universiteit (Amsterdam), 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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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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