

March 2021

EXTRACT

# Buying and Selling

Emerging Trends Programme





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## Executive summary



*Inside every senior executive is a 19 year old walking along the beach, trying to figure out how the world works—because they think, ‘If I can just figure all of this out, then I know I’ll be able to make the right decisions.’ And when they buy consulting services, what they’re really looking for is someone to walk along that beach with them, and help them come to terms with the complexities of the world at large.*

Art Kleiner, Wise Advocate Enterprises



*For the most part, the skills required to be a successful salesperson haven’t changed as a result of the pandemic. It’s still about being a good listener, having a breadth of experience to draw on, and having the gravitas necessary to put ideas on the table in the right way. What has changed is how you get to that table in the first place. You don’t have access to the same sort of casual interactions and chance encounters with clients that you once did—and that means that you have to make a really solid first impression if you want to build a new client relationship. The aim for anyone selling consulting services should be to leave every client interaction having delivered value in some way. If you’ve got an hour with a potential new client on Zoom, you can’t afford to just sit there while they outline a problem statement and then go back to them later with a proposal; you have to use that time to raise questions they hadn’t thought of themselves, or help them see the problem in a new and interesting way.*

Bob Pethick, PwC

Last year, we published a report on “[The Future of Account Management](#)”. The timing proved to be fortuitous; although we had been planning that report since late 2019, we ended up finishing the research right at the point where consulting firms were first starting to really understand the enormous impact that the pandemic was going to have on their ability to manage their client relationships. As a result, we were able to use that report to explore some of the worries firms had about the shift to a much more virtual model of relationship management, and the resultant changes they were planning to make to their account management processes and behaviours.

This report is, in many ways, a follow-up to that one. Now, a year into the pandemic, the way we all buy goods and services looks very different from how it did prior to 2020. That’s true regardless of whether we’re talking about groceries and clothing or audit and consulting. When it comes to making buying decisions, clients have a very different set of priorities than they used to—and that means that your firm needs a new approach to selling that recognises the realities of the new environment we find ourselves in.



## Methodology

Unless otherwise noted, the data in this report comes from two studies conducted in February 2021. The first consisted of a survey of 100 US-based senior executives, all of whom had personal experience buying consulting services within the last two years; 59% of them had worked with consultants in the last three months. All respondents in this study worked in organisations with 500 or more employees, and all currently occupied a Head of Department role or higher within their current organisations. Further details about their employers and their roles within their organisations are shown in Fig. 0.2, Fig. 0.3 and Fig. 0.4.

For the second study, we surveyed 52 procurement managers during the same time period. Similarly, all of these respondents worked for organisations with at least 500 employees, and all had personal experience of supporting the purchasing of consulting services. By speaking to procurement managers, we were able to develop a more granular understanding of changes to the buying process within client organisations—and we were able to benefit from their cross-functional perspective.

Where necessary, we have also drawn on data from our global data model, a bottom-up model of the professional services industry that we use to size the industry. This model covers over 80 countries, and includes detailed data on almost 1,600 firms, as well as higher-level estimates for a further 400,000. Additionally, we have at certain points calibrated data against our annual Client Perception Study, in which we ask thousands of clients around the world about their views on firms that they have worked with or have considered working with. Except where noted, the data that we have used in this report refers specifically to the US market.

To better understand the experiences of consulting firms over the past year, we conducted a series of interviews with leaders in the professional services industry. All of these individuals had substantial sales experience, and many of them held positions within their current firms in which they were tasked with overseeing sales and relationship management activities across multiple different accounts. A full list of contributors is available at the back of this report.

A selection of these conversations have been made available to subscribers of our Emerging Trends programme as an accompanying interview series. You can read transcripts of these interviews—and access interactive data visualisations and other additional pieces of content—by going to 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 0.2

Respondents by sector

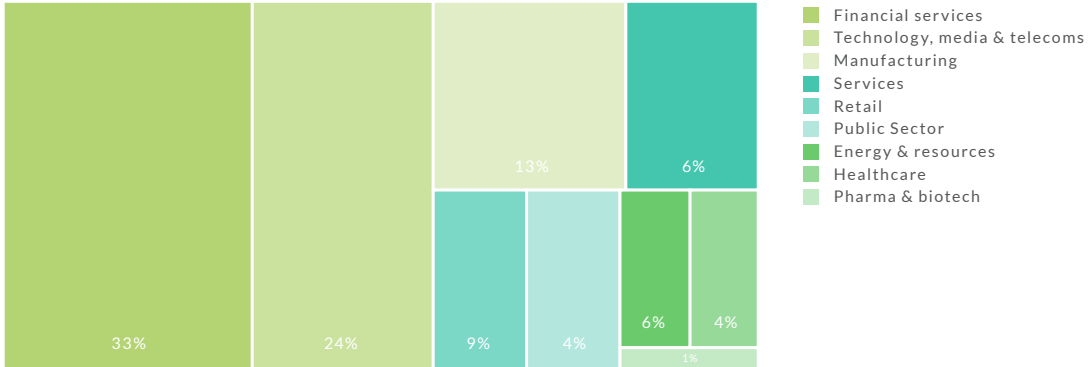


Figure 0.3

Size of clients' organisations in our sample by revenue

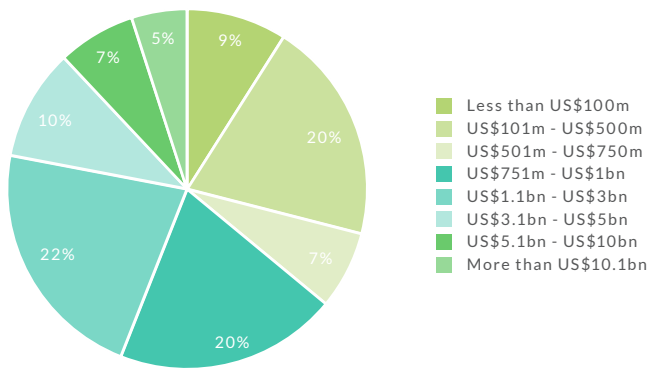
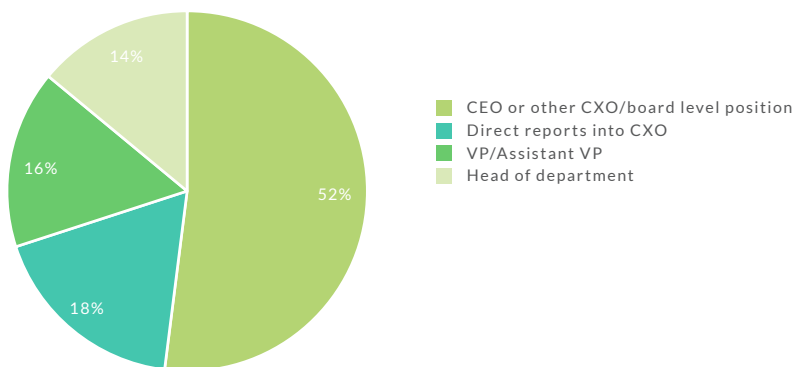


Figure 0.4

Sample distribution by job role





# Section 1: How has the pandemic reshaped the buying process for consulting services?

## In this section...

- The “virtualisation” of the consulting sales process may have made it harder for firms to build new client relationships, but in many cases it’s led to a deepening and a flourishing of established ones. As a result of this, most firms have found that, since the start of the pandemic, a greater percentage of their revenue has come from their existing accounts.
- Clients are more conscious than ever of the need to maximise the value of their consulting spend; they’re applying a heightened level of scrutiny to potential consulting partners, and they’re investing more time scoping projects in the early stages of the buying cycle, often through informal conversations with consultants they know and trust.
- This has had the effect of introducing some additional lag into the buying process, and of accentuating the differences between the capability-driven and capacity-driven parts of the consulting market.
- As clients have become more cost and value conscious, they have started introducing a greater variety of stakeholders into the buying process. At the same time, final decision-making authority has consolidated and moved upwards within client organisations.



*One of the most notable changes over the past year has been the fact that we now get to spend much less facetime with clients than we used to. That presents an obvious challenge: How do you continue to provide a differentiated experience through the sales process in this more virtual environment? My experience has been that, in that kind of environment, sales become a bit less personality-driven and a bit more content-driven. When you're interacting through a video conference, it can be harder to convey your personality and command the room the way you could if you were presenting in a boardroom—so instead, you have to lean more heavily on the content, the ideas, and the thought leadership you're bringing to the table.*

Bob Pethick, PwC



*When I talk to our partners around the world, they tell me that they've found that the informality of the video call has stripped back several layers off the veneer of the consulting procurement process. It's a very different kind of relationship you can build with someone when you're speaking to them in their living room instead of in a boardroom. In some ways, I think this new way of interacting with clients creates space for more honest and frank conversation than you'd be able to have had otherwise.*

Craig Glindemann, EY



*A good proportion of our work always has been virtual, and so we expect that a greater proportion will remain virtual, even once the pandemic is over. That said, I do think that every month that lockdowns go on for, the more chance there is that things will eventually bounce back a percentage point or two more the other way; the more that people are deprived of human contact, the more appetite they'll have to return to it. From a consulting perspective, we'll have to take many of our cues from our clients. Of course not all organisations will have the option to make vast numbers of people work from home for a majority of the time. The change is more acute in some sectors than others.*

Simon Geale, Proxima



# 2

## Section 2: What impact have changes to the sales process had on projects?

### In this section...

- As clients have adopted a more cautious buying stance in the wake of COVID, there has been a “flight to incumbency”; clients are more likely than ever to limit their selection of vendors to firms they already know and trust.
- In many sectors, clients are becoming more adept at using their own resources to deliver projects. Firms aren’t just competing against other firms; they’re implicitly competing against their own clients as well.
- Looking for ways to minimise risk and maximise flexibility, clients have become increasingly likely to break up longer projects into multiple, shorter consulting contracts, broken up by stage-gates.
- The pandemic does not seem to have had the kind of lasting negative impact on day rates that many in the consulting sector feared it would. It does, however, seem to have made more clients interested in exploring alternative pricing models. Even so, there are significant barriers still in place when it comes to making those models effective in a real-world context.



*COVID has had a dramatic impact on people's expectations of what their organisations are able to achieve. A lot of our clients saw their employees come together in the first few weeks of the crisis and move mountains. Changes took place in a single month that ordinarily would have taken years. That's led to a mindset shift. Suddenly, people are asking themselves what other impossible things might actually be possible. So, when clients come to us, they're often willing to discuss problems in a much broader way and with more of a blank-slate mentality than before.*

Giles Colborne, cpartners



*One trend I've noticed recently is that clients are thinking more deeply about what capabilities they want access to in-house versus what they need to buy from consulting firms. I don't see that as a threat; rather, it creates a new opportunity for a firm like ours to reposition its services. Instead of coming in and helping a client come up with new innovations, for example, we might be helping them build their own innovation capabilities. Again, this isn't a new trend, but it's something that's definitely been accelerated by the pandemic.*

Murat Demiral, Ipsos Strategy3



*Over the last year, clients have had to operate at two speeds simultaneously; they've had to deal with the urgent pressures of the pandemic, while also creating space to think about the medium-term and long-term future of their industry and their organisation. To aid with that, a lot of businesses have created 'SWAT teams' made up of senior stakeholders from across the organisation.*

Carol Lemmens, Arup



# 3

## Section 3: What can firms do to set themselves up for success in this new selling environment?

### In this section...

- Creating new client relationships from scratch has become significantly harder for consultants since the start of the pandemic. However, this is somewhat offset by the fact that it's often easier to nurture your existing relationships and get value out of them.
- To address this challenge of how to effectively build relationships in a post-COVID world, firms should focus on developing "gateway services"; services which are, by their intrinsic nature, easier to sell to new clients.
- Now is a great time for firms to expand their footprint within existing accounts. Clients are willing for firms to cross-sell to them—provided that there's a strong enough connection between the services where they've already established credibility and the ones they're trying to sell.
- Given the restrictions on the ability of consultants to spend in-person time with clients during a bid, proposal documents have become more important than ever.
- However, what it means to produce a compelling proposal has changed significantly. Firms are using this opportunity to experiment with new ways of structuring and producing proposal documentation, and new forms for presenting this information to clients.



*Everyone wants to find out how other businesses have responded to this crisis. So, we've found that sharing our own experiences with clients—the steps we've taken around repatriating services, the measures we've taken to improve business continuity and resilience, and so on—can be a powerful way to start discussions, and can help open up new relationships or entrench existing ones.*

Stuart Hinkley, Sopra Steria



*A lot of selling is really just kabuki theatre; going through motions and following rules. It's only very rarely that someone comes along who's willing to shake things up, and start not from a position of following rules but from a genuine understanding of what their clients need. But that's how you find new, underserved markets. And that's how you can start to strip away some of the gatekeeping that gets in the way of information flows between you and your clients.*

Art Kleiner, Wise Advocate Enterprises



*A colleague of mine was speaking to a CEO recently who said that he was fatigued by the way that other firms had tried to sell him services in response to the pandemic. 'How do they know the solutions to all of these issues,' he said, 'when no-one at the firm has ever lived through an event like this?'*

Gary Reader, KPMG





## Contributors

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

| Name             | Job title   | Organisation                       |
|------------------|---|------------------------------------|
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| Giles Colborne   | Founding Partner and CEO  | cxpartners, a Sopra Steria company |
| Murat Demiral    | Managing Partner  | Ipsos Strategy3                    |
| Simon Geale      | SVP Client Solutions  | Proxima                            |
| Craig Glindemann | Partner, Advisory Markets & BD Leader                                   | EY                                 |
| Stuart Hinkley   | Executive Director and Head of UK Private Sector Consulting             | Sopra Steria                       |
| Dave Kever       | Principal   | Crowe                              |
| Art Kleiner      | Partner   | Wise Advocate Enterprises          |
| Carol Lemmens    | Director, Global Advisory Services Leader                               | Arup                               |
| Chiaki Nishino   | Executive Committee, North American Region & Global Women in Leadership | Prophet                            |
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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 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 17th century French art and lives in hope that it will be of practical use in business someday.

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Fergus is the Producer of our thought leadership at Source. In this capacity, he oversees our Emerging Trends research programme, hosts our fortnightly podcast, and creates content for our blog and social channels. He has contributed to a number of leading management and professional services publications, and regularly speaks at our own events and those of our clients.

Prior to joining Source, Fergus was a management consultant at Capgemini Invent, where he helped develop customer loyalty strategies for leading 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 2021

| Reports 2021 |           | Market Trends Programme   | Client Perception Studies                                     | Emerging Trends Programme |
|--------------|-----------|---|---|---------------------------|
| Q1           | January   | Forecasts for 2021<br>US  | UK<br>US  |                           |
|              | February  | GCC<br>UK<br>Nordics  | Germany<br>Financial Services                                 |                           |
|              | March     | DACH<br>Canada<br>France  | Healthcare & Pharma<br>GCC<br>France                          | Buying and Selling        |
| Q2           | April     | South America<br>Australia<br>China<br>Japan                                      | Nordics<br>Energy & Resources<br>Technology, Media & Telecoms |                           |
|              | May       | South East Asia<br>Benelux<br>India   | China<br>Japan  | Beyond Digital            |
|              | June      | Southern Europe<br>Eastern Europe & Russia  |   |                           |
| Q3           | July      |   |   |                           |
|              | August    | Africa<br>Energy & Resources<br>Financial Services                                | Perceptions of Risk Firms<br>Perceptions of Tax Firms         | Investing for Growth      |
|              | September |   | Perceptions of Audit Firms                                    |                           |
| Q4           | October   | The Global Tax Advisory Market<br>The Global Risk & Cybersecurity Services Market |   | Building a Trusted Brand  |
|              | November  | Healthcare & Pharma<br>Technology, Media & Telecoms<br>Consumer Products & Retail |   |                           |
|              | December  | Planning for Growth in 2022   |   |                           |

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Among other things, our work includes:

- Deep market and competitor analysis
- Acquisition strategy
- Proposition strategy and development
- Brand and client sentiment analysis
- Thought leadership and content strategy, development, and review

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## About us

Source analyses the way in which economic, business, behavioural, and technology change drives how organisations use professional services, and the implications that has for professional services firms.

Since its inception in 2007, Source has invested in sophisticated, proprietary research techniques that not only provide unique insights on current and future trends in the market, but also provide a better and faster solution than you would be able to reach yourself.

Our analysis and recommendations are derived from data and experience, and we use our team's extensive knowledge of the industry to provide actionable and clear conclusions on the best course of action for you and your firm. Our insights have underpinned some of the biggest strategic investment decisions made by professional services firms around the world.

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