

Emerging Trends in Consulting: A Snapshot View for 2021

Emerging Trends Programme





Executive summary

Each year, Source Global Research publishes our “Emerging Trends” programme—a series of quarterly reports in which we explore the most important trends shaping the consulting industry and how leading firms are responding to those trends. And ordinarily, we have a pretty good idea at the onset of the year of what topics this series will focus on.

But 2020 was different. In January of last year, no one could have predicted the level of disruption that society and the world economy would go through—how the lives of billions of people around the world would be fundamentally altered by forces completely outside their control. The professional services industry was, of course, not immune to these pressures. In fact, consultants faced a two-pronged challenge: They were tasked with providing clients the support they desperately needed while also having to ensure their own organisations navigated the storm as effectively as possible.

With 2020 (finally) in the rear-view mirror, it is now possible to look back at events of the last twelve months with the benefit of hindsight—and to ask what they might tell us about the future of this industry. This report draws on the key findings of the reports we published over the past year, with a focus on what they can tell us about the year to come. We may no longer be living in the constant state of panic of the early days of the pandemic, but the period of change we are living through is far from over. There are still many unanswered questions about what the future of consulting will look like, and firms are still in the process of figuring out how best to engage with their clients, run projects, and manage their workforces in this new world. Our hope is that this report will equip you and your firm to engage with those challenges as intelligently and as effectively as possible.

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Section 1:

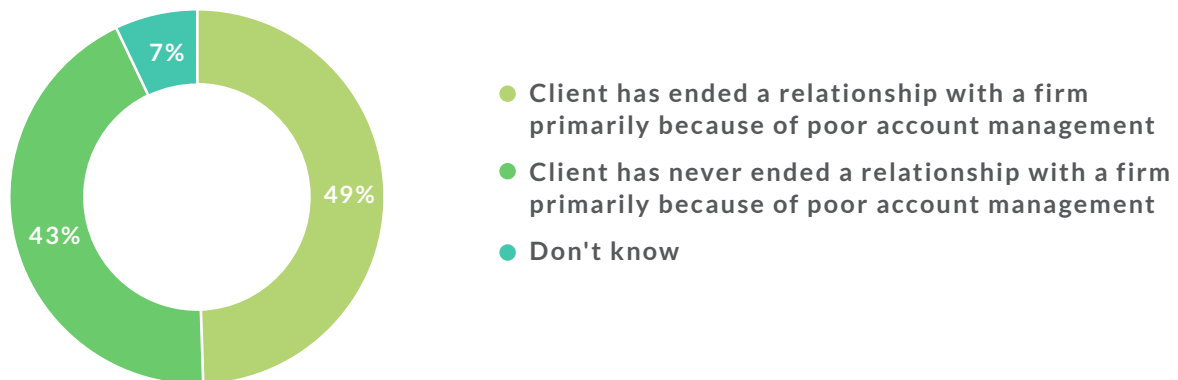
The Future of Account Management

Account management—sitting as it does in the awkward middle ground between sales and delivery, conceptually speaking—is not always accorded the respect it deserves by consulting firms. But while it might not be the most glamorous of functions, it is a vital one.

In our annual Client Perception Study, we ask buyers of consulting services to tell us which consulting firm attributes they care about most when making purchasing decisions. And over the years, we have consistently found that a robust approach to account management has a considerable effect on a client's willingness to buy services from a firm. Conversely, poor account management can be disastrous: 49% of clients tell us that they have, on at least one occasion, stopped working with a firm due to a perceived failure of its account management practices

Figure 1.1

The percentage of clients who have ended a relationship with a consulting firm due to poor account management



Moreover, there is strong reason to think that this topic will only become more salient with the passage of time. The modern professional services firm is a complex beast—perhaps more complex than ever before. As large firms have diversified their capability sets and launched sub-brand upon sub-brand, it has become harder and harder for clients to successfully navigate all of that complexity. The account manager, therefore, has a vital role to play in acting as the interface between the firm and its customers—the librarian tasked with helping clients find the services and capabilities that are going to address their needs.

But it isn't just firms that have changed substantially over the past decade; clients' needs have evolved as well. The client of today places a premium on multi-disciplinary solutions. When she works with a consulting firm, she does not want to feel as if she is purchasing a readymade, off-the-shelf solution. Rather, she hopes that the firm will be able to piece together various capabilities from across its organisation to

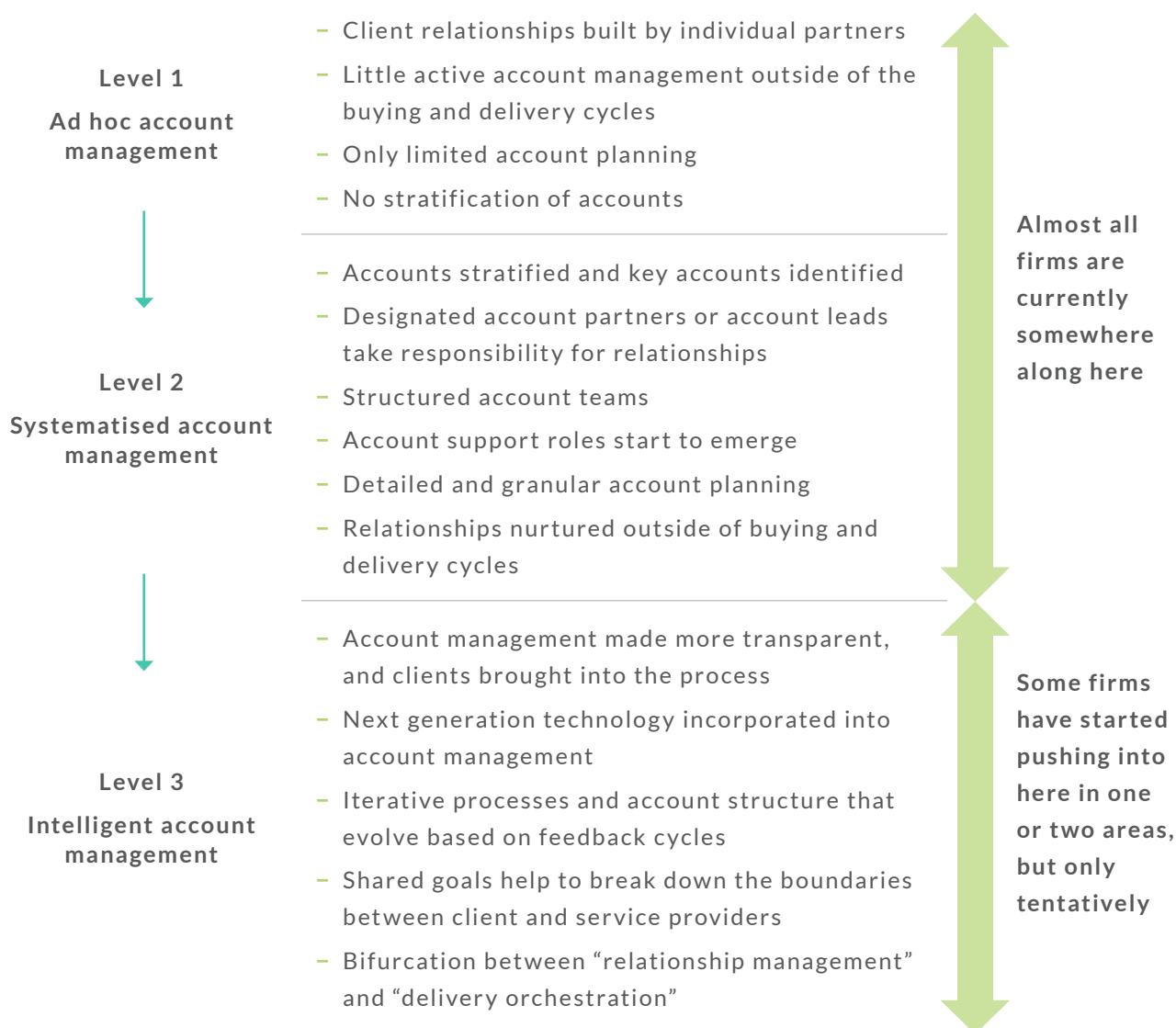


create something that feels bespoke and carefully tailored to her specific business context. Consequently, account managers need to know both how to find the relevant capabilities within their organisation and how to slot them together in a way that creates something greater than the sum of its individual parts.

For all of these reasons, it was clear heading into 2020 that this would be a year in which firms invested a significant amount of time and energy into thinking about their account management practices and how those practices contributed to delivering a winning experience for clients. What no one could have predicted, however, was the extent to which COVID would add a new level of urgency to those questions. Deprived of being able to meet clients in-person, firms found that many of the traditional relationship-building tools their account managers relied on were no longer available to them. Consequently, firms have been forced to find innovative new ways of connecting with and building relationships with clients over these past twelve months.

Figure 1.2

The account management maturity model for consulting firms





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Section 2: A Climate Transformed

2020 was supposed to be the year of climate. In September of 2019, over six million people took to the streets demanding robust action on climate change—some of the largest protests ever recorded up to that point. Many of us justifiably expected that this would be a year in which climate-related issues dominated the business press and the agendas of organisations across the public and private sector alike.

Of course, things didn't exactly pan out like that. In the early stages of the pandemic, many businesses had to pour all of their energy into just surviving the next few weeks—leaving little room for long-term questions of environmental sustainability. Consequently, most buyers of professional services found that they ended up spending considerably less on climate-driven initiatives than they had planned before the onset of COVID.

However, as 2020 progressed, it became clear that the pandemic had done little to alter the longer-term march of climate consciousness. Indeed, there was some evidence to suggest that it may actually have accelerated it. Multiple clients we spoke to in 2020 told us that they saw COVID as something of a “dry-run” for the inevitable pressures of climate change—that it had shown them the true vulnerabilities of their supply chains and made clear just how easily those supply chains could be disrupted by future ecological collapse or environmental disasters. And throughout the year, there was considerable chatter about the need for a “green recovery” from the pandemic. The EU's €750 billion COVID recovery fund, for example, contained significant earmarks for sustainable infrastructure projects—making it, by some accounts, the largest green investment package in history.



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Section 3:

Building Resilient Businesses

Climate, however, is just one component—albeit an important one—of the broader sustainability conversation between professional services firms and their clients. At its core, sustainability is about building for the future, creating organisations that make responsible use of the planet’s resources and are therefore able to stand the test of time. For most of us, 2020 was a year in which that future felt more precarious than ever—one in which many organisations became cognisant of their vulnerabilities and dependencies in a way they never had been before.

The concept of resilience quickly emerged as one of the defining themes of the year. Once the initial COVID panic subsided, attention soon turned to the question of what steps organisations could take to ensure their survival through subsequent waves of disruption—pandemic-related or otherwise. “If we didn’t see this coming,” the thinking went, “then what other social and environmental risks might we have underestimated?”

One way of looking at 2020 would be to see it as the tipping point in an ongoing evolution in clients’ thinking about sustainability (as illustrated by Fig. 3.1). When the concept of sustainability first started gaining real traction in the 80s and 90s, it was seen primarily through the lens of moral responsibility: Organisations should think about their sustainability because they had an ethical obligation to do so. Eventually, as governments and regulatory bodies started to take action, that moral obligation morphed into a compliance issue. But what was still lacking was any sense of material urgency.

That is very much not the case today. Now, there is a clear sense among clients that to fail to think seriously about their organisation’s exposure to social and environmental risk is to put the long-term survival of that organisation at risk. Consequently, the focus of the sustainability agenda has shifted somewhat; conversations between consultants and clients around this topic now tend to be dominated much more by talk about “resilience” than of “responsibility”.



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Section 4:

The Consultant of Tomorrow

2020 was undoubtedly a year of immense change in terms of client priorities. But it was also one in which the nature of consulting, as a profession, changed a huge amount—more than any other year in living memory. Now in fairness, it's true that consulting had already evolved a great deal in the years leading up to 2020; if you looked at how projects were delivered, or the type of skill profile required to succeed as a consultant, it was clear that this was not the same industry it once was. 2020 had the effect of kicking some of these longer-term trends into overdrive—forcing firms to embrace an unprecedented rate of change.

Most obviously, of course, firms had to adapt to a world in which the vast majority of their client engagements were being delivered remotely. While it's true that people in many industries had to make a similar transition, for consulting firms, the change to remote working was especially jarring. Once the archetypal jetsetters, consultants suddenly had to manage geographically distributed project teams from a distance and figure out how to build and maintain client relationships that were almost wholly intermediated by computer screens. When we spoke to leaders at large firms in those early days of the pandemic, we would often sense a degree of trepidation about whether or not their workforces would be up to the challenge.

But as time went on, trepidation gave way to relief. Most firms told us that they found the transition to remote consulting to be far less disruptive than they had feared. Indeed, many started actively singing the praises of this new way of working. “Looking back, it seems absurd that we used to waste so much time in taxis and on planes,” one senior partner told us. “It's a shame that it took a global pandemic to make us realise how inefficient we were being.”

Clients, however, found the transition a little rockier. While there were some clear advantages for them in this new model, there were also some significant drawbacks (as summarised in Fig. 4.1 and Fig. 4.2). Most notably, many clients felt that projects in which the majority of work was being delivered remotely lacked a sense of cohesive team culture. Yes, clients might still have had access to talented individual consultants, but those consultants weren't necessarily coming together to form something greater than the sum of its parts.



Methodology

The data in this report comes from three primary sources:

- Our global data model: a bottom-up model of the professional services industry that covers over 80 countries and includes detailed data on almost 1,600 firms as well as higher-level estimates for a further 400,000 firms.
- 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.
- Smaller single-issue surveys exploring client attitudes about the four topics discussed here. These surveys are conducted in the US with a sample size of between 100 and 150 buyers of consulting services.

Additionally, this report draws on findings from over 75 in-depth interviews with senior leaders in the consulting sector. Transcripts from a selection of these conversations have been made available to subscribers of our Emerging Trends programme through our online portal, [available here](#).

About the authors

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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.

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

Please note that with the purchase of all Market Trends reports in 2021, you will also gain access to a monthly video summary on the global market, presented by Fiona Czerniawska.

White Space

A powerful research tool that allows subscribers to keep up to date with the latest content being produced and maximise their return on investment. A series of reports that analyse the quality and effectiveness of thought leadership are published throughout the year.

Our custom work

In addition to our report programmes, we also provide custom advice and research-led consulting services to the world's biggest and most successful professional services firms, helping them identify the best areas for investment and plan their strategic responses.

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

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

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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