
August 2021

The value of consultants

Why leaders in the consulting industry should care about “the value problem”, and what they can do to solve it





Solving “the value problem” ought to be one of the top priorities for any consulting firm looking to deepen its client relationships

In today’s consulting market, clients are more discriminating than they’ve ever been. If you want your firm to stand out in an increasingly crowded competitive landscape, it’s imperative that you do more than just dazzle with impressive charts and PowerPoint decks. Instead, you need to be able to create tangible, measurable value for your clients—value that persists long after your team closes down the project.

But that’s easier said than done. Our historical client perceptions data suggests that the consulting industry has long been plagued by “the value problem”; even clients with generally positive opinions about consultants are often highly sceptical about whether their spend on consulting projects is actually generating value for money.

Back in 2019, we published a report looking at this exact challenge. Of course, the world has changed a great deal since then. For many clients, the pandemic has had a transformative effect on the way they use consulting services—and how they assess the value generated by those services. That’s why we felt that this was an opportune moment to revisit the themes of that report, and re-examine the question of how consultants can best create value for their clients.

Contents

Section 1: What clients mean when they talk about the value of consultants

Section 2: Clients’ current views on the ability of consultants to create value, and how the pandemic has impacted those views

Section 3: The actions that firms can take if they want to maximise their actual and perceived value-add

In this report, you’ll find...

- A framework for defining value in the specific context of the consulting industry
- A guide for having more intelligent and more impactful conversations with your clients about value
- Analysis of how clients think about the value-add of consultants—and how those perceptions have changed as a result of the pandemic
- Practical recommendations for maximising the value created by individual client engagements
- Advice for creating a compelling and differentiated value proposition

Methodology

The majority of the data in this report comes from our annual Client Perception Study, a yearly study in which we ask buyers of consulting services around the world to tell us their views on the firms they have worked with or have considered working with. The latest iteration of this study was conducted in December 2020, and involved surveying 3,449 people across a wide variety of sectors and markets.

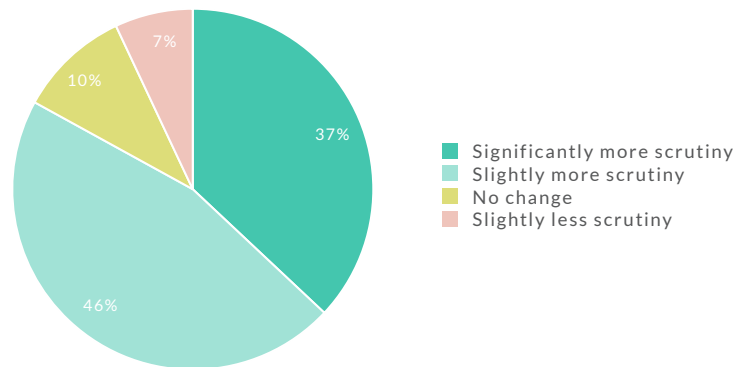
For pre-pandemic comparisons, we have additionally drawn on data from a study conducted for our 2019 report on “The Value Problem”—a survey of 150 recent consulting clients, Head of Department level or higher, in large US-based organisations.

Throughout this report, we have also relied on qualitative findings collected from interviews with consultants and their clients between January 2019 and August 2021.

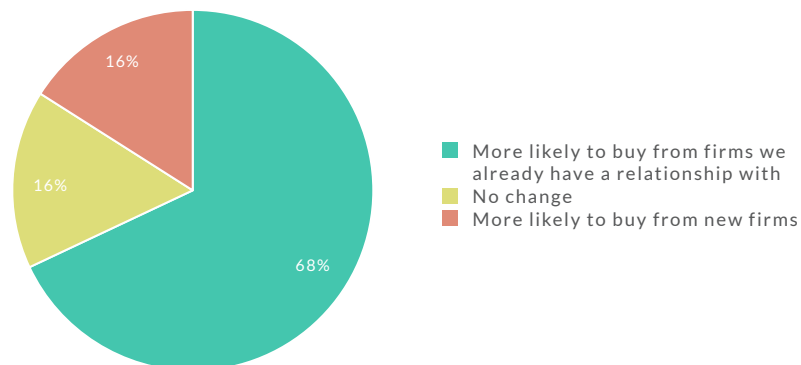


Having a clear narrative about your firm's ability to create value is more important now than ever before

How the pandemic has affected the amount clients scrutinise consulting firms during the buying process



How the pandemic has affected clients' preferences for buying from new vs. existing service providers



Since the start of the pandemic, clients have—understandably—become a lot more risk-averse than they used to be. In many industries, COVID has squeezed margins and depleted cash reserves. As a result, it's become harder to justify spending money on services that aren't likely to generate a tangible return on investment.

Consequently, clients are putting more effort into scrutinising the claims made by consultants during the buying process, to make sure that they genuinely understand how to create value. It has become more common, for example, for clients to reach out to a firm's former clients to validate the claims made in their case studies—and clients are now sharing the proposals they receive with a much broader range of internal stakeholders for verification and review.

There has also been a significant “flight to incumbency” over the past year and a half, with many clients choosing to buy services only from firms who have a strong track record of delivering value for stakeholders within their organisation. This means that it's now much more difficult for consultants to break into new accounts than it used to be.

Any firm that wants to fight against this trend and continue expanding its client—and revenue—base will therefore need to ensure it has a strong story to tell about the ability of its consultants to create stakeholder value. And that story will need to be robust enough to stand up under intense scrutiny.



Part 1: Defining value



To bring value, consultants need to make my life easier. Everything about the project needs to be well-structured and crystal clear.

Head of strategy, retail business



We define value as quality outcomes that lead to evolution. If we have a consultant who can provide feedback, reduce costs, and increase quality scores, we are very happy.

Finance director, healthcare provider





Part 2: Clients' perceptions of value

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One of the difficulties in measuring value is that sometimes you bring in a consultant and you expect them to just jump in with the same level of expertise and dedication as an employee. The problem is that consultants aren't employees and even if they do the job well, the process can be disappointing.

Cybersecurity director, services sector

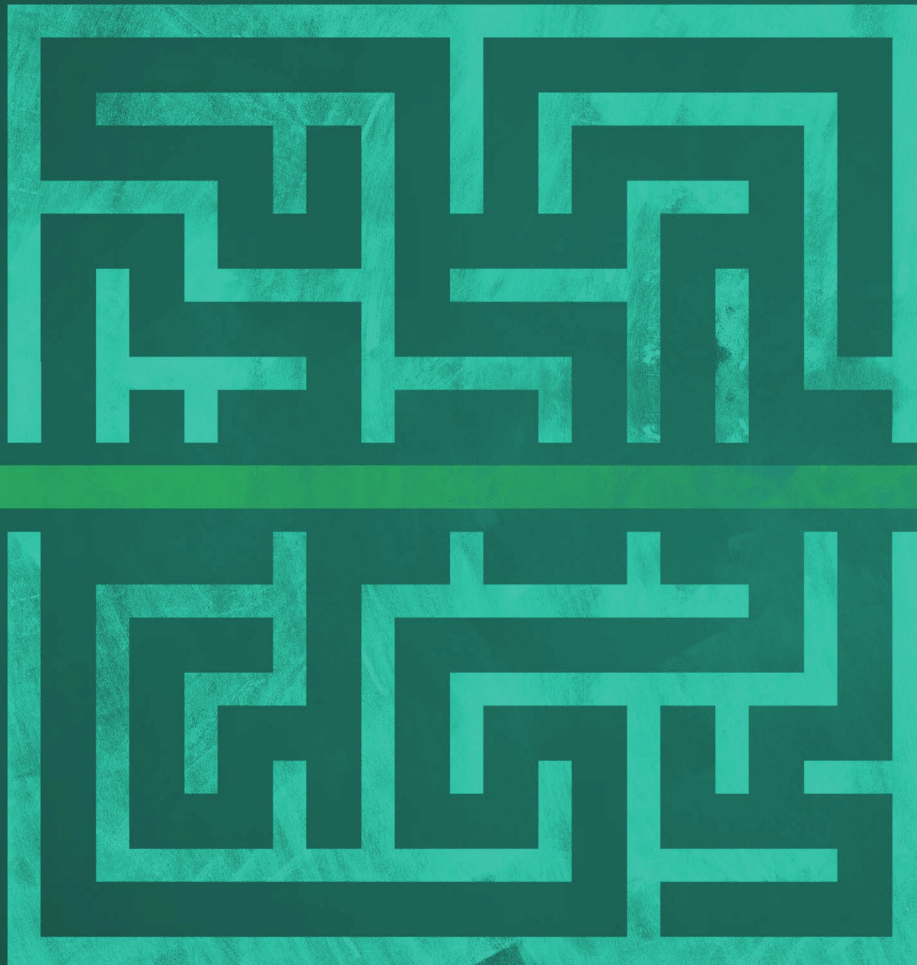
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To deliver value, firms need to blend in and really try to understand us. That may be where the smaller firms have the advantage over the bigger firms. They also need to tell you something that you haven't thought of before—that's what value really is.

Chief digital officer, manufacturing sector



Part 3: Maximising your value-add



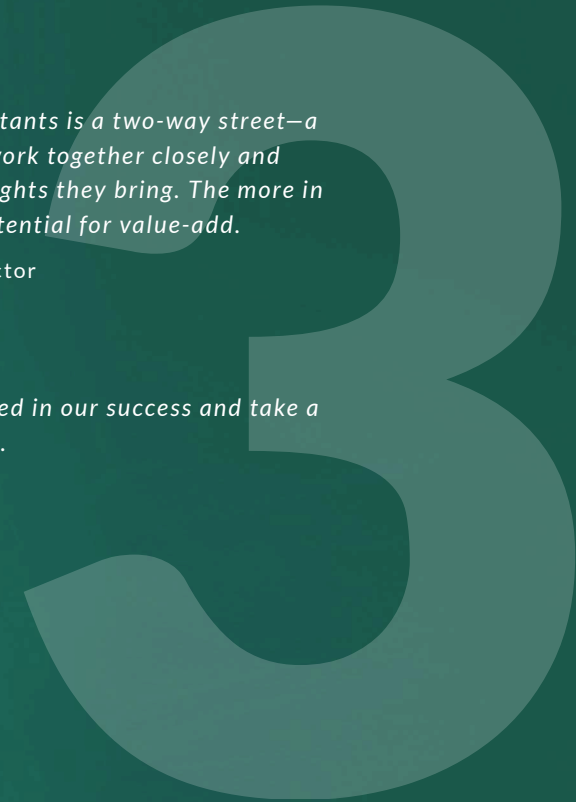
Getting real value from consultants is a two-way street—a lot depends on our ability to work together closely and absorb the knowledge and insights they bring. The more in sync we are, the higher the potential for value-add.

Marketing director, services sector



We value firms that are invested in our success and take a 'my success is yours' approach.

CIO, healthcare provider





About the author

Fergus Blair

Fergus is the Producer of our thought leadership at Source, and manages our Emerging Trends research programme. In this capacity, he has authored reports on many of the most pressing issues facing today's consulting firms—including our 2019 report on "The Value Problem", as well as reports on sustainability, digital transformation, and the future of project delivery. He also hosts our fortnightly podcast, "The Future of the Firm", and has written opinion pieces for a wide variety of leading management and professional services publications.

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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Programme schedule for 2021

Reports 2021		Market Trends Programme	Client Perception Studies	Emerging Trends Programme	White Space
Q1	January	Forecasts for 2021	UK US		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.
	February	US GCC UK	Germany Financial Services		
	March	Nordics Canada	Healthcare & Pharma GCC France	Buying and Selling	
Q2	April	France DACH	Nordics Energy & Resources Technology, Media & Telecoms		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.
	May	Australia Southern Europe	China Japan	Digital, Transformed?	
	June				
Q3	July	China Benelux South America South East Asia			
	August	India Japan Eastern Europe & Russia	Perceptions of Risk Firms Perceptions of Tax Firms	Consulting's New Talent Crisis	
	September	Africa Energy & Resources Financial Services	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			
	December	Consumer Products & Retail Planning for Growth in 2022			

 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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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.

When it comes to the value problem, we can help by:

- Undertaking client research on your behalf to gain an objective and independent view on the type of value your firm creates;
- Conducting message testing to ensure that your value proposition is resonating with prospective buyers;
- Reviewing your marketing collateral and providing recommendations to maximise its effectiveness;
- Carrying out competitor research to help you better understand the value propositions of your competition;
- Creating a standardised set of parameters to facilitate the consistent tracking and measuring of value across your engagements.

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