

Report
Q4

EXTRACT



EMERGING

Delivering Value
Through Innovation



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Emerging Trends: Delivering Value Through Innovation

Introduction

Over the last few years, we have found one of the most positive outcomes of the pandemic to be an acceleration of innovation, with bolder adoption of new ways of working and doing business. This drive looks set to continue, with clients seeking to differentiate themselves from their competitors through innovation, but also using innovation to reduce costs and improve productivity to achieve their ever more ambitious corporate goals.

But what does this actually mean to clients? This report aims to bring clarity to this question and explore:

- What clients really mean when they talk about innovation
- How clients seek to engage in an innovative way
- What obstacles exist to making this work in practice
- How consulting firms can make the most of this drive for innovation and respond to the challenges.

What **really** matters

1

Innovation and value



Innovation

Even top-rated consulting firms do not get innovation right

There are many reasons why clients seek external support, and the variety of challenges faced and the potential partners available to help, mean that no two consulting projects are the same. However, when we consider the attributes that clients seek in consulting firms, there are similarities; our client perceptions research indicates that a trusted brand, proven expertise, the ability to execute quickly, and new ideas are top of clients' shopping lists.

Depth of expertise is the single area where the importance attached to an attribute by clients matches what they perceive to be consulting firms' strength. In every other respect, there is a gap between what clients want, and where they think consulting firms are strong.

The chart below represents this: the further out the green line is, the more important that attribute is to clients, and similarly, the further out the blue line is, the stronger they perceive consulting firms to be. Clearly the gap between importance and strength is widest when it comes to innovative approach—clients consider this to be very important, but do not see it as a strength. When we consider that even those rated by clients as the best consulting partners still exhibit a significant distance between the importance and strength of their innovative approach, this is something that warrants further exploration.

When it comes to innovation what is it that clients seek, and what do they consider consultants lack?



How do clients want firms to be innovative?

3

What is an innovative approach?

It is still linked to technology, but the approach is much more about performance

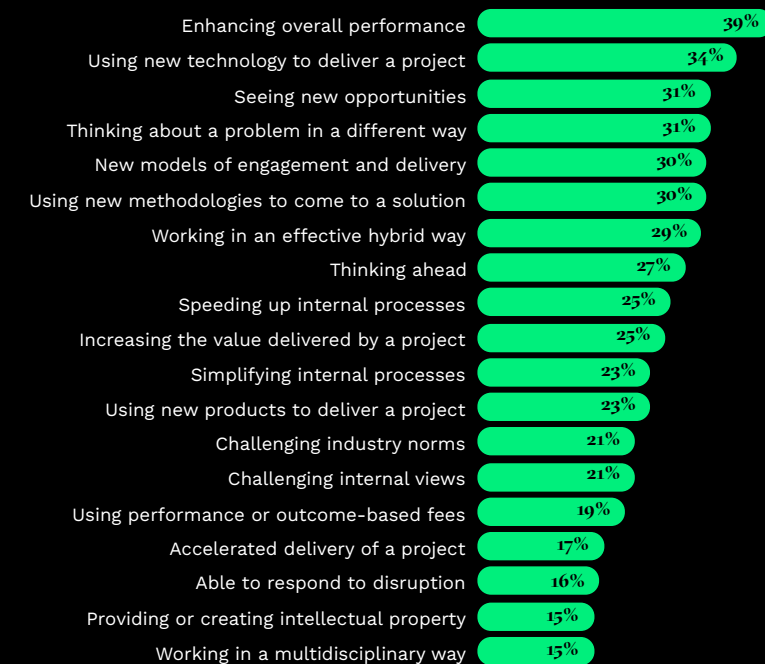
If innovation means new technology and looking forward, how does an innovative approach translate? This time there is less clarity, with popular interpretations covering a range of definitions, from products to methodologies to problem-solving. The most popular interpretation, for 39% of clients engaging a professional services firm, identifies an innovative approach as one which enhances overall performance, potentially either that of the client or the consultant. The former seems the most likely when we consider that productivity and efficiency are at the top of the board-level agenda.

Beyond this, an innovative approach often lends itself to a “new” description, but refers less to a creative aspect and more to simply doing things differently. If innovation is the idea, then an innovative approach is very much the action—thinking and delivering in a different way, supported by technology.

Unlike the broader concept of innovation, there are differences between sectors when it comes to this practical application; manufacturing clients—perhaps frustrated at encountering yet more supply chain challenges—consider it to be new methodologies first and foremost, while those in the TMT sector believe an innovative approach is founded upon thinking about a problem in a different way, reflecting the need to adjust to rapid changes in their market.

Figure 7

Professional services firms often talk about having an innovative approach. Which phrases most closely align with what you believe that means when used to describe how they would work with you?



Is it getting lost in translation?



How do firms deliver value through innovation?

5

Summary



Meet the **experts**

Catherine Anderson

Catherine is a Principal Consultant at Source in our consulting practice area. Focused on bespoke project work, she turns qualitative and quantitative data into meaningful, strategic insights for professional services firms. Recent projects include identifying opportunities in new markets and analysing client sentiment and how to harness it effectively. She also oversees the Emerging Trends programme, and is often found presenting reports and research on a wide variety of topics. Prior to joining Source, Catherine managed large transformation programmes in the financial services sector.

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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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About us

We help professional services firms **understand what really matters** when facing decisions of vital importance.

The best decisions are based on evidence, objectivity, and a willingness to change. That's why, at Source, we tell you what you need to hear, rather than what you want to hear.

We draw upon our deep roots within the professional services sector to provide firms with a clear picture of their clients' worlds. Through comprehensive research and meticulous analysis, we pinpoint what truly matters and deliver actionable insights that help firms map out the right way forward.

We believe in thriving individually and succeeding together. And we would love to help your firm crack its latest conundrum.

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Publication schedule for 2023

Reports 2023	Market Trends Reports	Market Trends Presentations	Client Perception Studies	Emerging Trends Programme
Q1 January February March	Forecasts for 2023 UK GCC France	India	UK US Germany GCC France	Offshoring Consulting Services
Q2 April May June	Nordics US DACH Sustainability Australia East Asia South East Asia		Australia China Japan Energy & Resources Technology, Media & Telecoms	Crisis Fatigue: How Much More Can Clients Take?
Q3 July August September	Africa Energy & Resources Financial Services Technology, Media & Telecoms	South America Healthcare & Pharma	Risk Tax Audit Technology	Staff Augmentation: Focusing on the Opportunity The Rise of the Technology Challenger
Q4 October November December	Tax Risk Planning for Growth in 2024			Outcomes-Based Consulting

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Please note that with the purchase of all Market Trends reports in 2023, you will also gain access to a monthly video summary on the global market.