

Report
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EXTRACT



MARKET

Planning for Growth in 2024



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Introduction

The consulting market in 2023 has been soured by the unpleasant taste of a polycrisis, which has forced clients onto a reactive backfoot. The combination of rising inflation and high interest rates has prompted overheads to soar; geopolitical tensions have compromised global supply chains; and bouts of extreme weather have underlined the need to embed ESG into risk and resilience modelling. The result is an atmosphere that feels uncomfortably reminiscent of the pandemic, one where clients feel torn between competing priorities and limited by constrained budgets.

Nonetheless, a market that is defined by risk is one where forward planning is critical—and in their search for resilience, clients are proving willing to embark on ambitious and transformative change.

As we look ahead to 2024, then, the outlook is far from doom and gloom. In many ways, crisis fatigue is disrupting market growth and reducing client spending. But investment is also being diverted as clients seek to reinvigorate and repurpose their existing assets themselves, rather than undertaking more speculative projects. As a result, the four opportunities we have identified in this year's Planning for Growth report are united by a search for streamlined efficiency and proactive growth. Here, investigating emerging technologies takes on a renewed sense of significance as clients look to implement innovative solutions to reinvigorate old systems.

For our 2024 *Planning for Growth* report, we are using the same format as last year. We are weaving together the qualitative insights gathered from hundreds of interviews with senior leaders from both client organisations and consulting firms, alongside Source's own views on the industry. This allows us to identify the key issues* the business world has experienced in 2023 and will have to deal with in 2024, as well as the provider offerings* they are encountering. We have asked our

expert analysts to score the issues/offerings based on four criteria to ultimately answer the question: How big is each consulting opportunity? The offerings, displayed in order of global revenue (highest to lowest), are as follows:

- AI
- Productivity
- Operating model transformation
- ESG

We've polled our analyst community to crowdsource our assessment and no opinion has carried more or less weight: This report is, in the truest sense, Source's opinion.

We have also put an estimated dollar value to these four offerings. This is one of the benefits of the granular nature of our data model; we can reconfigure and recombine its constituent parts to build new offerings. It's something that we do for clients on bespoke projects all the time, but we have extended a snippet of this data to this portion of our Market Trends programme. It's important to note that our analysts didn't know the size of the market when they scored each offering—we didn't want them to be swayed by the current dollar-value when there are so many other factors at play, and because this is a forward-looking report.

For context, it's worth knowing that even the smallest offering of the four in this report is still larger than the entire DACH consulting market—sized at \$18.19bn in 2022—as defined in our Market Trends reports.

*We're using the terms "issues" and "offerings" throughout this report in recognition of the multidisciplinary nature of what we're describing, and to distinguish them from the more traditional "services" that professional services firms tend to think of themselves as providing.

Sizing methodology

The quantitative market data in this report comes from our unique model of the global professional services market. Rather than making high-level assumptions, this model has been built from the bottom up, sizing the market capability by capability—assessing how much work a firm earns delivering each professional capability within each sector and country. This results in a robust view of the size of the supply-side market, which can then be broken down to view the size of the market by country, sector, line of business, capability, and market segment.

For the purposes of this report, we've focused on types of firm and market segments that broadly equate to traditional definitions of consulting. Alongside this market segmentation, we also limit our market sizing and analysis to what we at Source call “big consulting”—work done by mid and large-sized firms (those with more than 50 people). Please note that we don't track the long, thin tail of work done by contractors and very small firms, as most readers of this report would not seek or be able to compete in this part of the market.

All of the data in the model is calibrated through extensive interviews with, and surveys of, professional services firms and their clients, allowing us to discuss broader trends in the market alongside detailed dimensions such as headcount. These interviews and surveys are supplemented with desk research, which allows us to assess the impact of wider macroeconomic trends on professional services. This, combined with our detailed modelling, results in a long-term view of the market that is able to support both historic and forecast data.

All figures given in this report are in US dollars.

To size the offerings, we have taken relevant parts from each capability in the model and aggregated them to form multidisciplinary markets.

Offerings in our taxonomy

Our scoring methodology in a nutshell: (For a full breakdown, see the complete methodology below)

Client issues | Demand side

These metrics are designed to measure what shape clients are in to address each issue. We score each attribute on a scale of one to five: one suggests a lack of relevant opportunity, five that a significant market opportunity exists.

Resonance	Who cares about this issue? A high score signals strong engagement from multiple sources, a low score indicates this topic is not on many people's radars.
Intervention	Is there pressure to act, and how does this vary between groups? A high score suggests significant pressure from multiple sources, and a low score indicates there is little interest in this issue.
Impact	What evidence exists to demonstrate the importance of acting on this issue, and is this evidence robust? A high score signals a wealth of high-quality evidence, but a low score suggests this evidence is lacking in its existence and/or weight.
Scarcity	Do the resources needed to tackle this issue currently exist? A high score suggests resources are lacking, signalling a need for external support. A low score indicates these resources can easily be found internally.

[Link to scoring methodology for demand side](#)

Provider offerings | Supply side

These metrics measure the market size and conditions of the offerings related to our four issues. They consider the investment that will have to be made by providers of relevant offerings and predict the possible return from each market opportunity.

Foundation	Do offerings need to be created from scratch, or can they be built upon existing structures? A high score indicates the relevant foundations already exist, whereas a low score suggests providers must start from the beginning.
Size	How big are relevant offerings likely to be in terms of scale, demand, and price? A high score indicates clients are willing to invest heavily, while a low score suggests propensity to spend is small.
Execution	What investment will providers need to make to deliver relevant offerings? A high score indicates an offering that is standardised and cheap to deliver, whereas a low score suggests significant investment will be needed to create more bespoke offerings.
Predictability	How repeatable is client demand for relevant offerings likely to be? A high score suggests demand will be continuous, allowing for longer-term client relationships; a low score indicates a market dominated by one-time purchases.

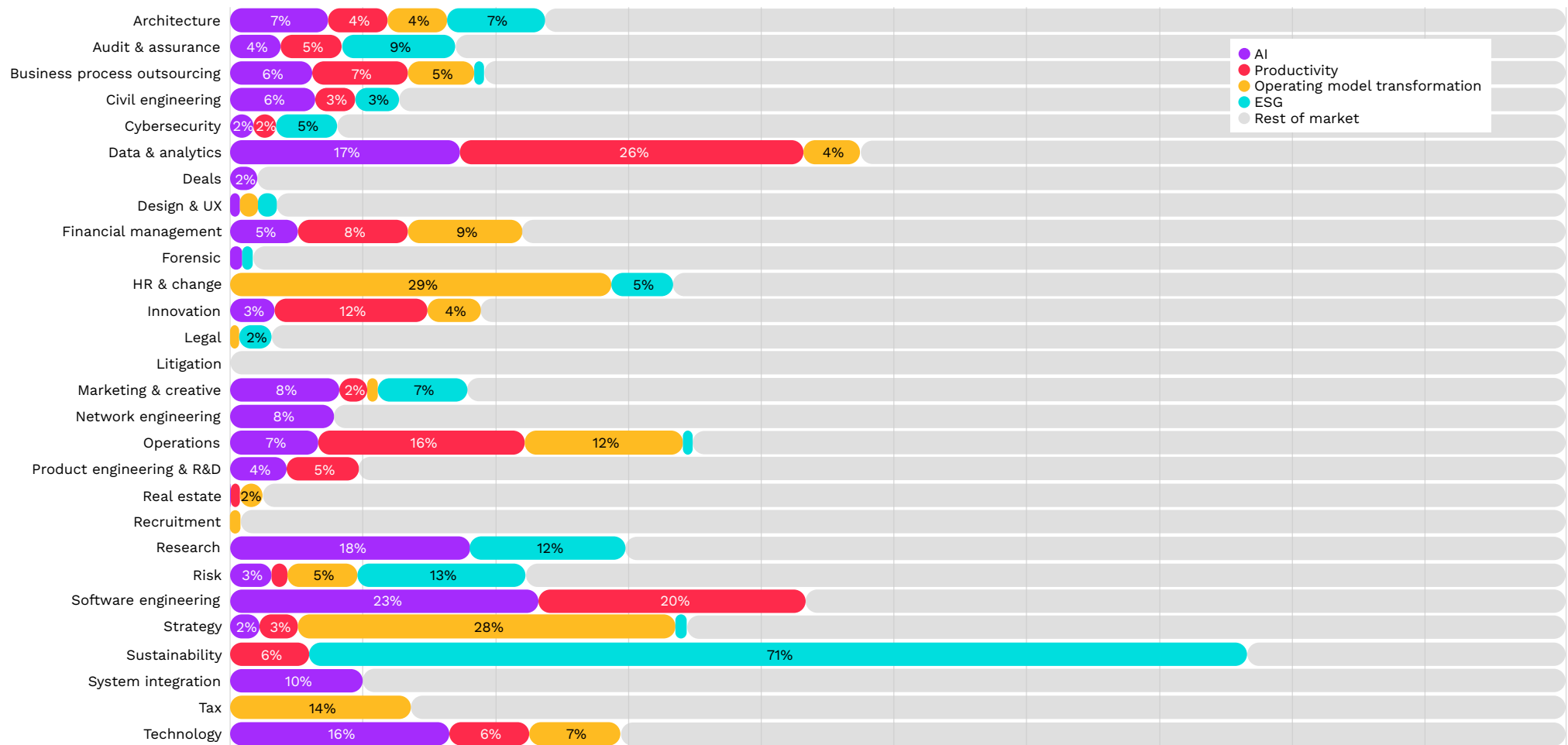
[Link to scoring methodology for supply side](#)

For a more detailed breakdown of the offerings attached to each issue, please refer to our [capability mapping](#).

Complete methodology

Offerings as a proportion of global consulting revenues

The following chart displays the estimated market breakdown for the service lines included within our market sizing data. For each service line, we have estimated the proportion of global revenue that will be generated from work related to the four offerings explored in this report (displayed as a percentage). For example, if 100% represents the entire data & analytics consulting market, we estimate that 26% of work in this space is concerned with productivity-related offerings.



What **really** **matters**

Three things for firms to act on



1 Be **proactive**, not reactive.

2023 has been another year of unexpected challenges and economic uncertainty. This prolonged sense of a polycrisis has forced clients to adopt a strategy of firefighting, creating a great deal of uncertainty and fatigue. As a result, clients are casting around for evidence of leadership and expertise, and those who are perceived to be at the forefront of industry developments can expect to pull ahead of their competitors.

Firms should showcase their knowledge in targeted and digestible thought leadership pieces and should pay particular attention to embedding emerging technologies into their offerings and client-facing delivery mechanisms. By remaining on the front foot of industry developments, firms can position themselves as trendsetters and accelerate away from the reams of reactionary followers. And where expertise leads, trust will follow.

Meet the expert

Emily Whittingham

Emily is a Senior Research Analyst at Source. She works across all areas of the business to provide insights into global market trends and write analytical commentary for our client projects. She combines desk research with the data generated by Source's own surveys to analyse and map out the competitive landscape of different industries and sectors. Emily contributes to internal and bespoke client projects by conducting interviews that span a wide range of countries, industries, and sectors, and uses her findings to identify upcoming areas of challenge and opportunity.

Emily Whittingham

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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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