



HIGH GROWTH STUDY 2021



Deltek

CONSULTING SERVICES

High Growth Study 2021 | Consulting Services Edition

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Acknowledgments

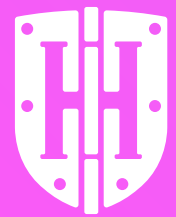
We would like to thank the following organizations. Without the support of their staff and members, this study would not have been possible.



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Introduction



Introduction

2020 may be remembered as the year that changed everything.

From a global pandemic to waves of social change, it has been a year that has challenged long-held assumptions and caused many firms to reexamine every aspect of their business. It is truly an Age of Uncertainty.

Some firms have thrived beyond their wildest expectations, while others have struggled to survive. This year's study provides an in-depth look at the major trends impacting firms in the Consulting industry. It also explores how these trends have played out in each of five other industry segments.

In this research report we will first look across Consulting firms to identify major trends and then highlight some of the most important industry differences. We'll also identify how the COVID-19 pandemic has impacted Consulting firms.

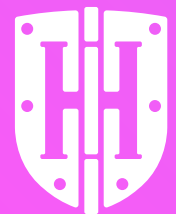
But perhaps most insightful of all is our in-depth look at the firms that grew the fastest and were the most profitable. This High Growth analysis explores the specific strategies and techniques that have worked for the most successful Consulting firms and contrasts them with their No Growth peers. We'll also see how these firms fared during the pandemic.

Finally, we are including a Performance Benchmarking section to allow you to easily benchmark your firm on a range of key metrics. And for those who want to dig deeper, we provide supplemental data in the Appendix.

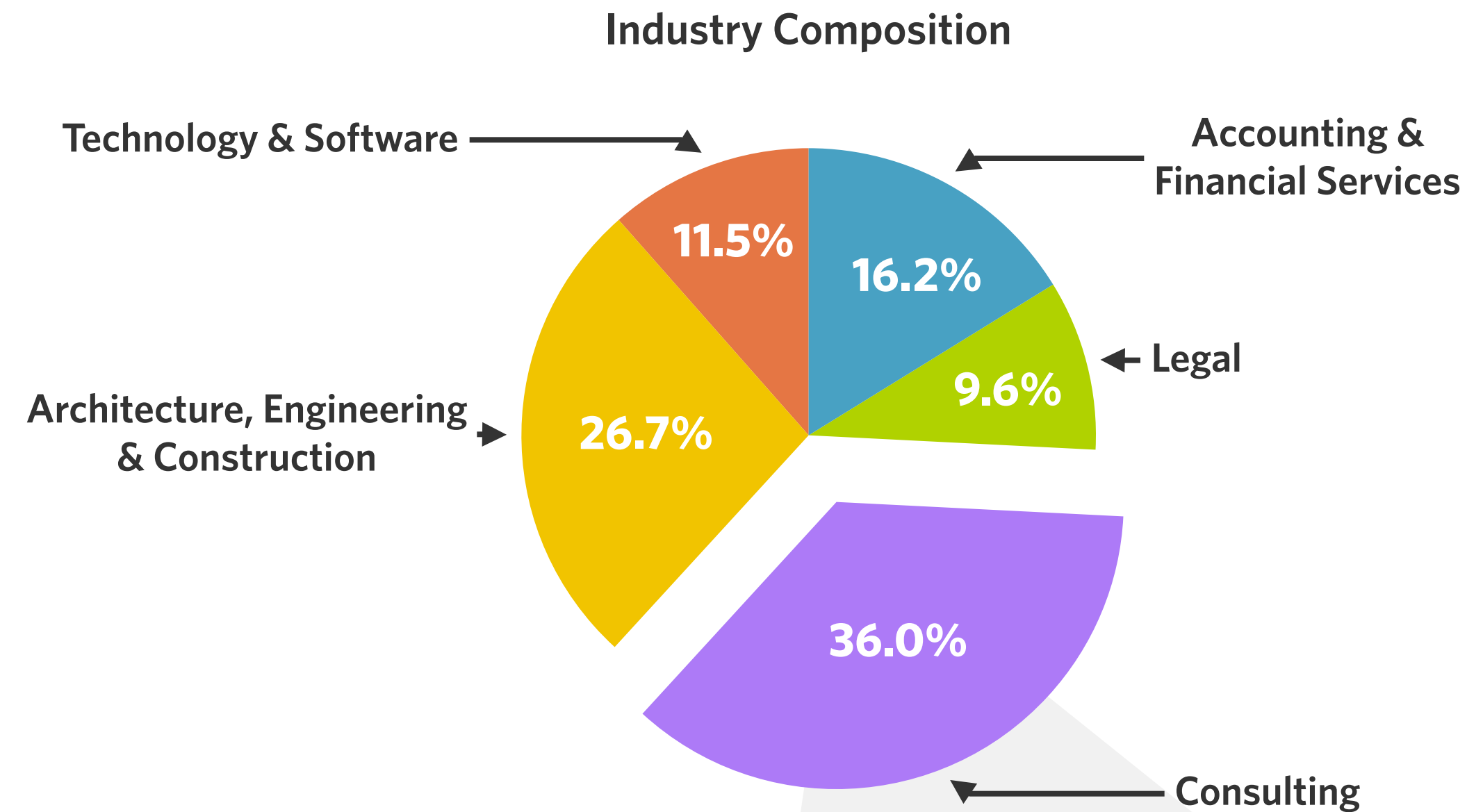
Let's start by reviewing the background on the most in-depth and authoritative study of its kind.

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About the Sample



The sample was large and diverse.

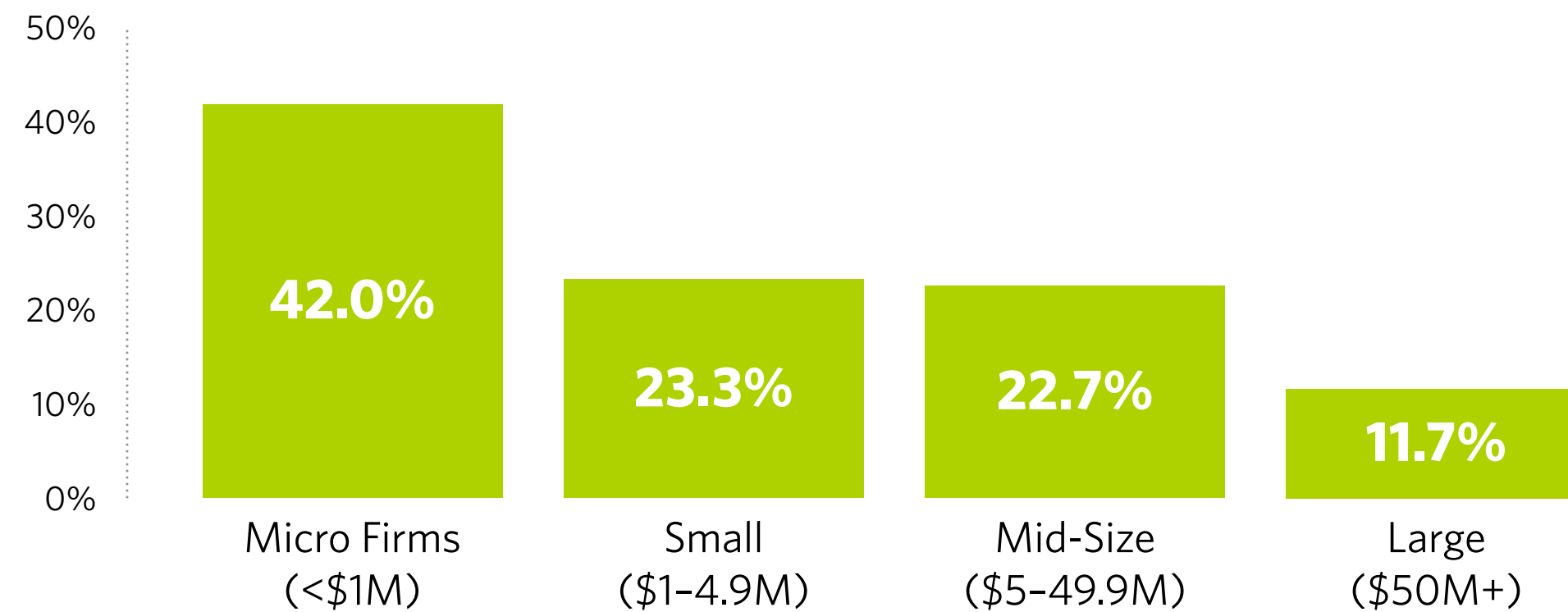


More than a decade ago, Hinge set out on a mission to understand what drives extraordinary growth in professional services. With almost 1,300 participating firms, this year's study is the most comprehensive to date.

- > **379** Consulting firms participated
- > **\$20 billion** combined revenue
- > More than **60 thousand** employees

We sampled Consulting firms of all sizes.

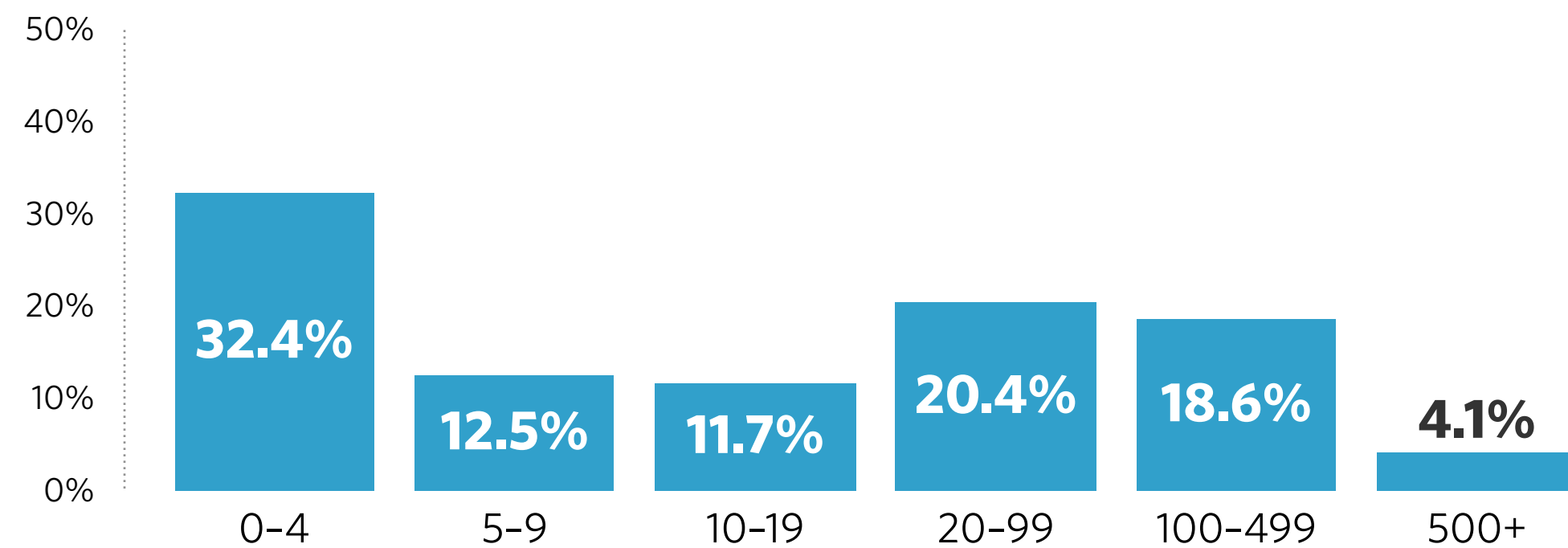
Consulting Firm Size Based on 2020 Revenue



Firms in the sample represent large, medium, and small businesses—although the majority in the sample reported revenues of less than \$1 million.

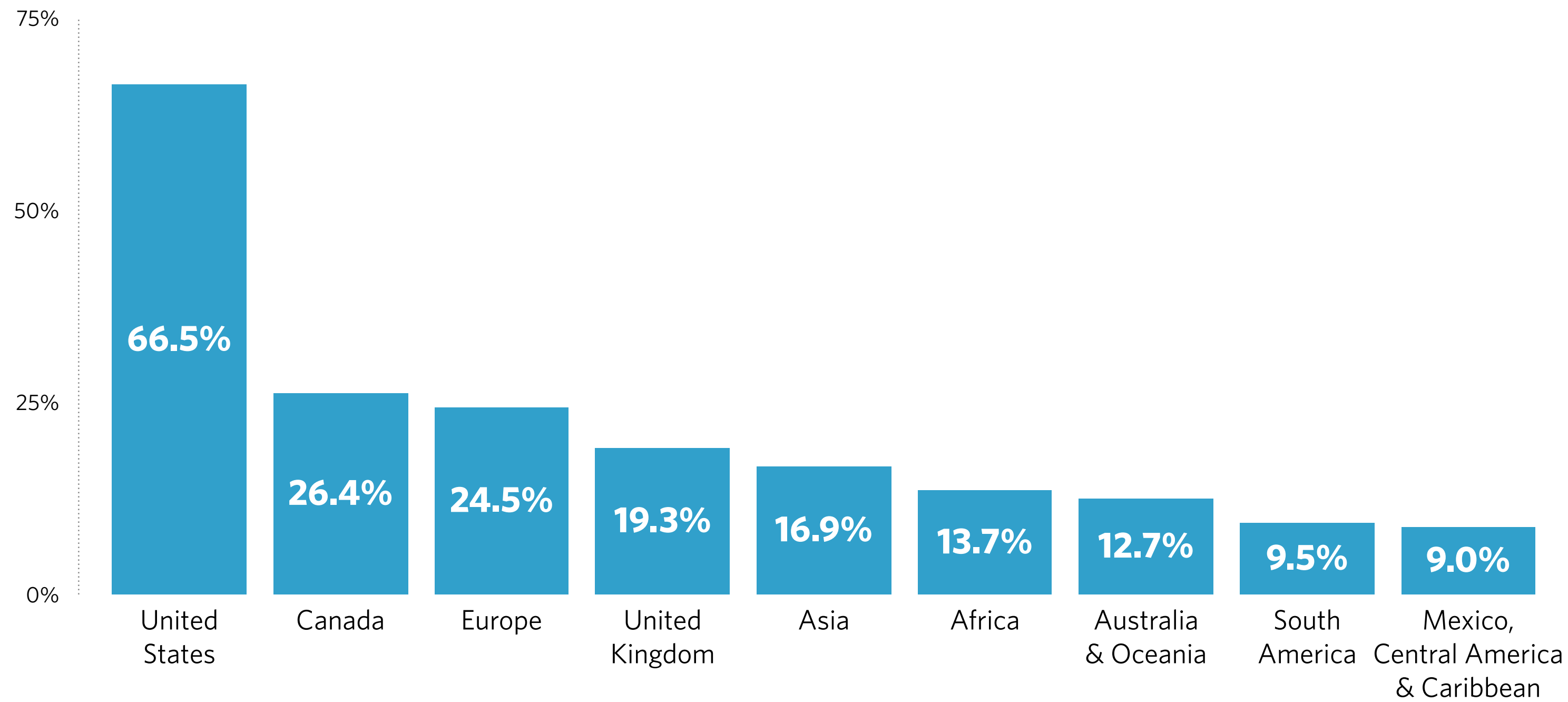
Most firms in the sample reported four or fewer employees.

Firm Size (Number of FTEs)



Consulting firms from around the world were sampled.

Where Consulting Firm Participants Conduct Business

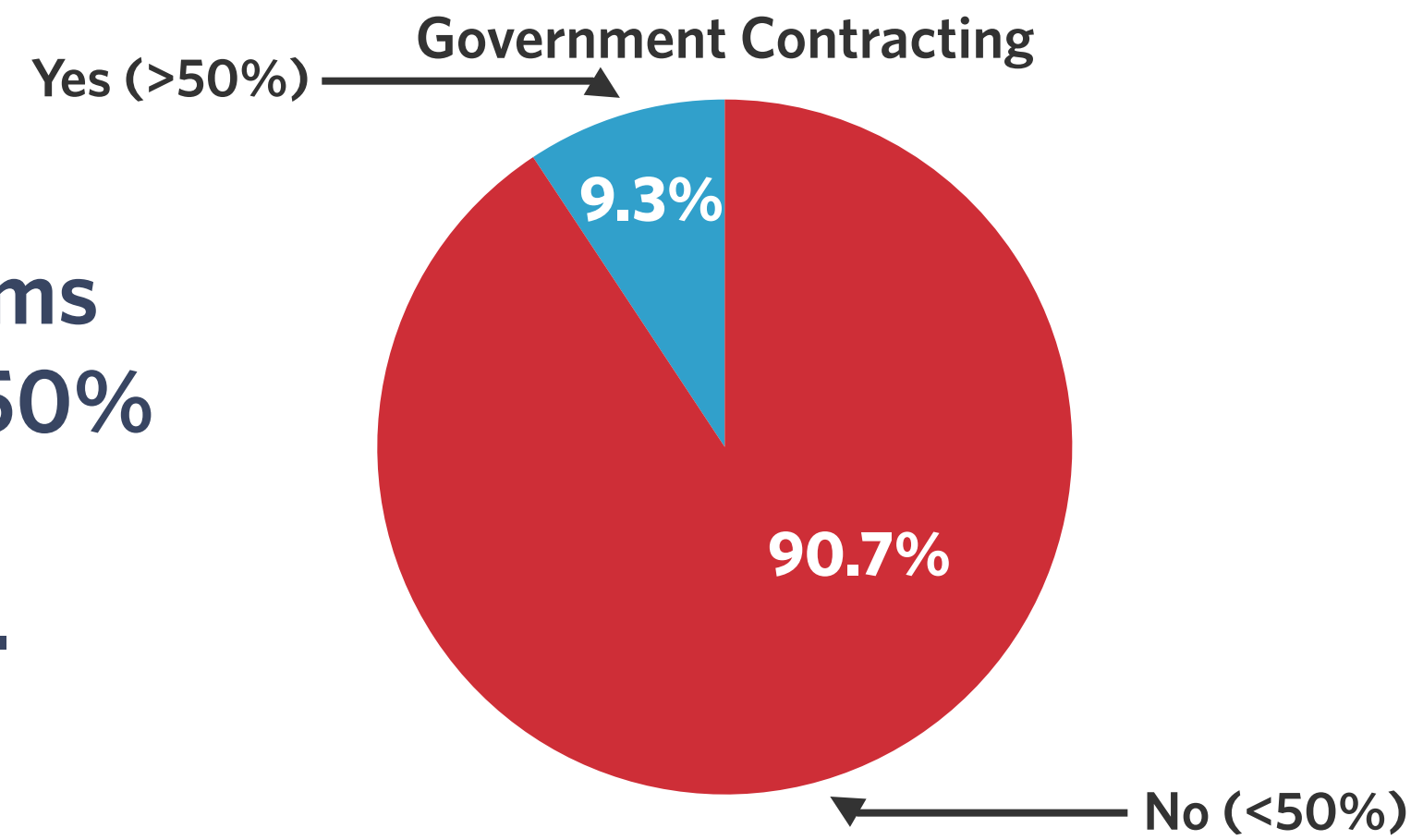


Nearly three-fifths of Consulting firms in the sample do business in the United States.

All regions of the globe were well represented.

Less than 10% of Consulting firms are primarily government contractors.

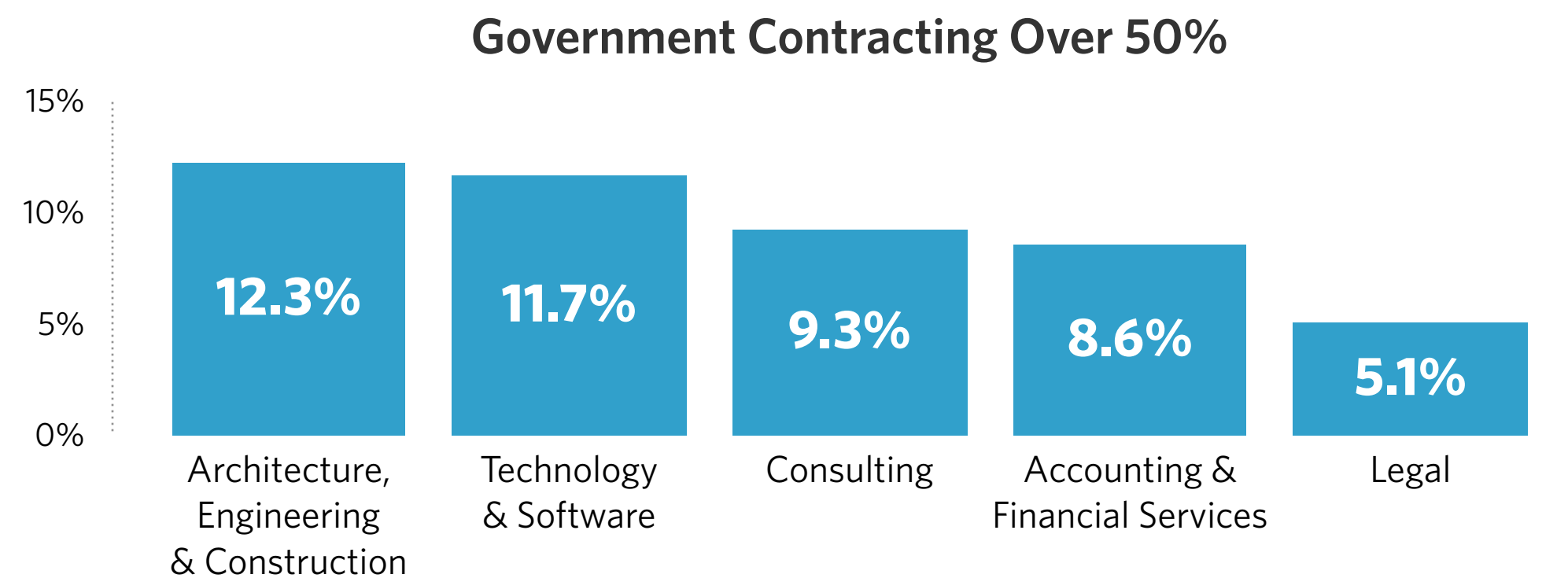
9.3% of Consulting firms attributed more than 50% of 2020 revenue to government contracts.



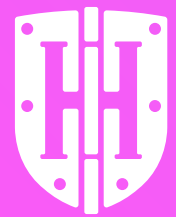
Many professional services firms provide services to government entities at the local, state, or federal levels and adjust their marketing to reflect the government procurement process. For Consulting firms participating in this study, about one in ten (9.3%) reported earning 50% or more of their revenue from government sources.

The proportion of firms specializing in government contracting (50% or more) varies by industry. It is most prevalent in the AEC and Technology & Software segments and least prevalent in Legal.

Additional data about the sample are available in the Appendix.



Major Trend Analysis



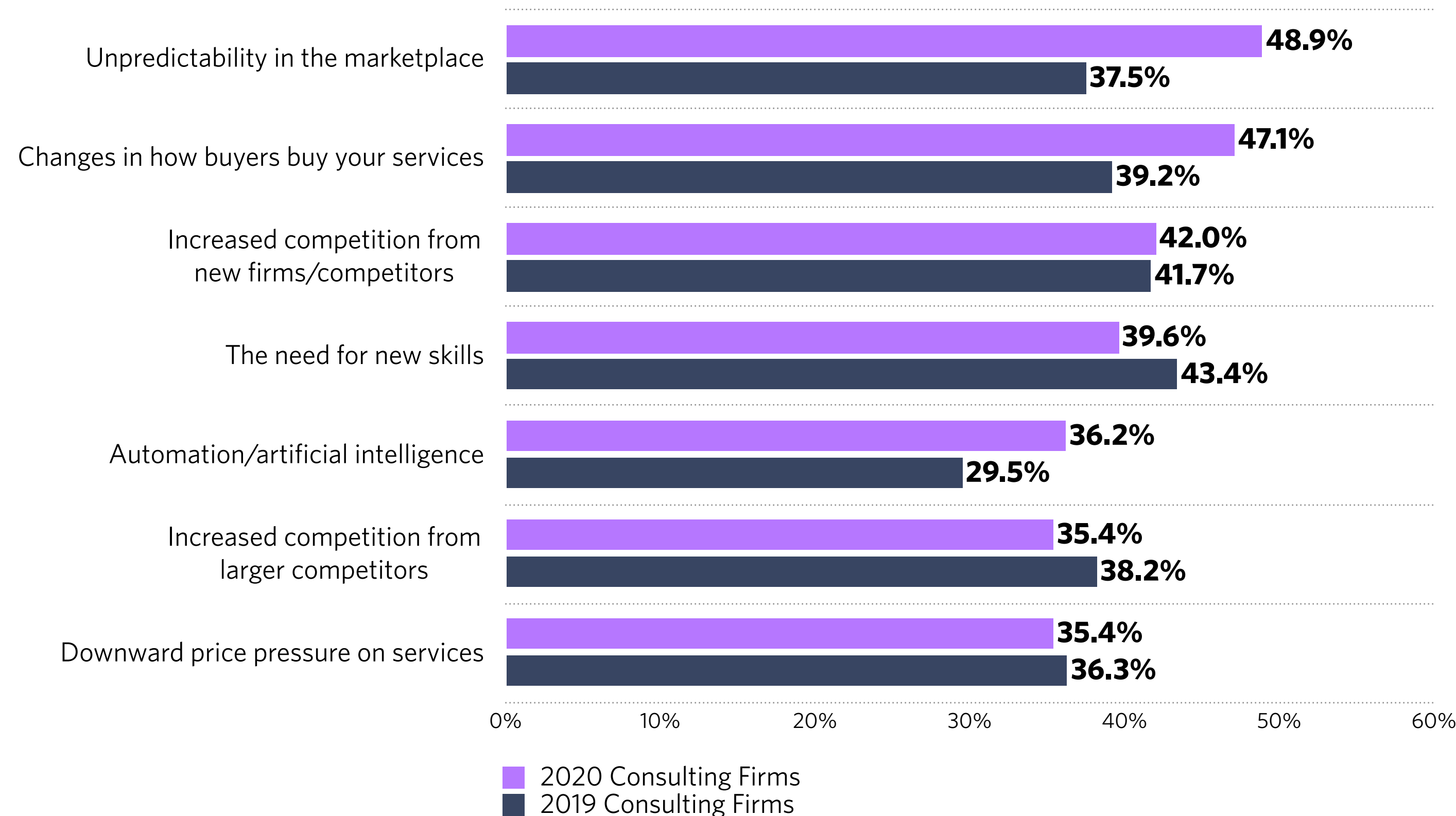
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Year-Over-Year Trends



Unpredictability in the marketplace overtakes the need for new skills as the top anticipated business challenge.

Anticipated Business Challenges Over the Next 3-5 Years



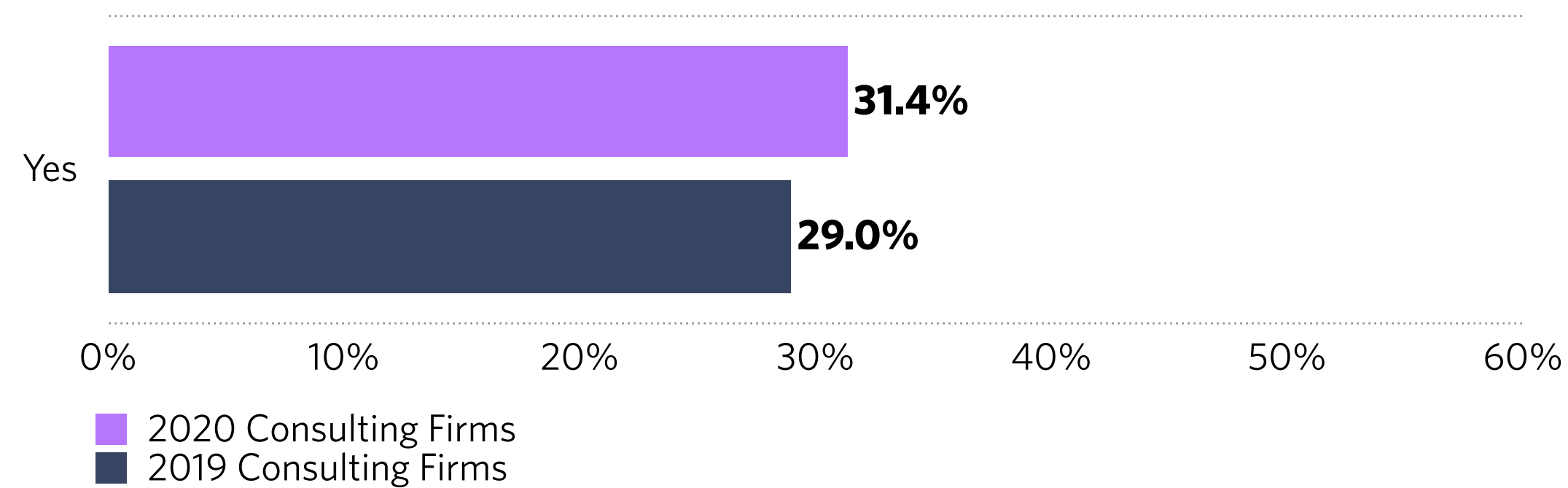
Not surprisingly, Consulting firms in the sample cite marketplace unpredictability as the top anticipated business challenge, marking a 30% increase from last year's sample.

Meanwhile, the need for new skills, which was the top anticipated challenge in the 2019 study, drops to number 4, while concerns around changes in how buyers buy consulting services and increased competitive pressure from new firms entering the marketplace are more top of mind.

Note that not all competitive pressures are of equal concern. Consulting firms reported a declining concern around competition from larger competitors.

Research on target audiences is a priority. More Consulting firms are conducting research—and they are doing it more frequently.

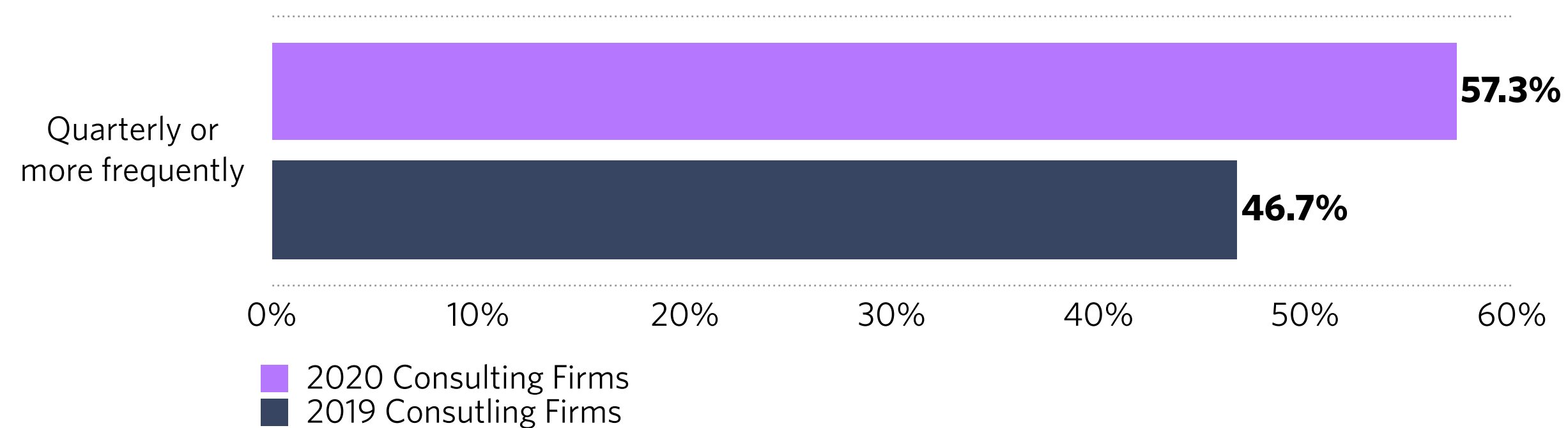
Does Your Organization Conduct Research on Its Target Audience?



How do you plan for the unexpected? For a large number of Consulting firms, conducting primary research seems to be the answer.

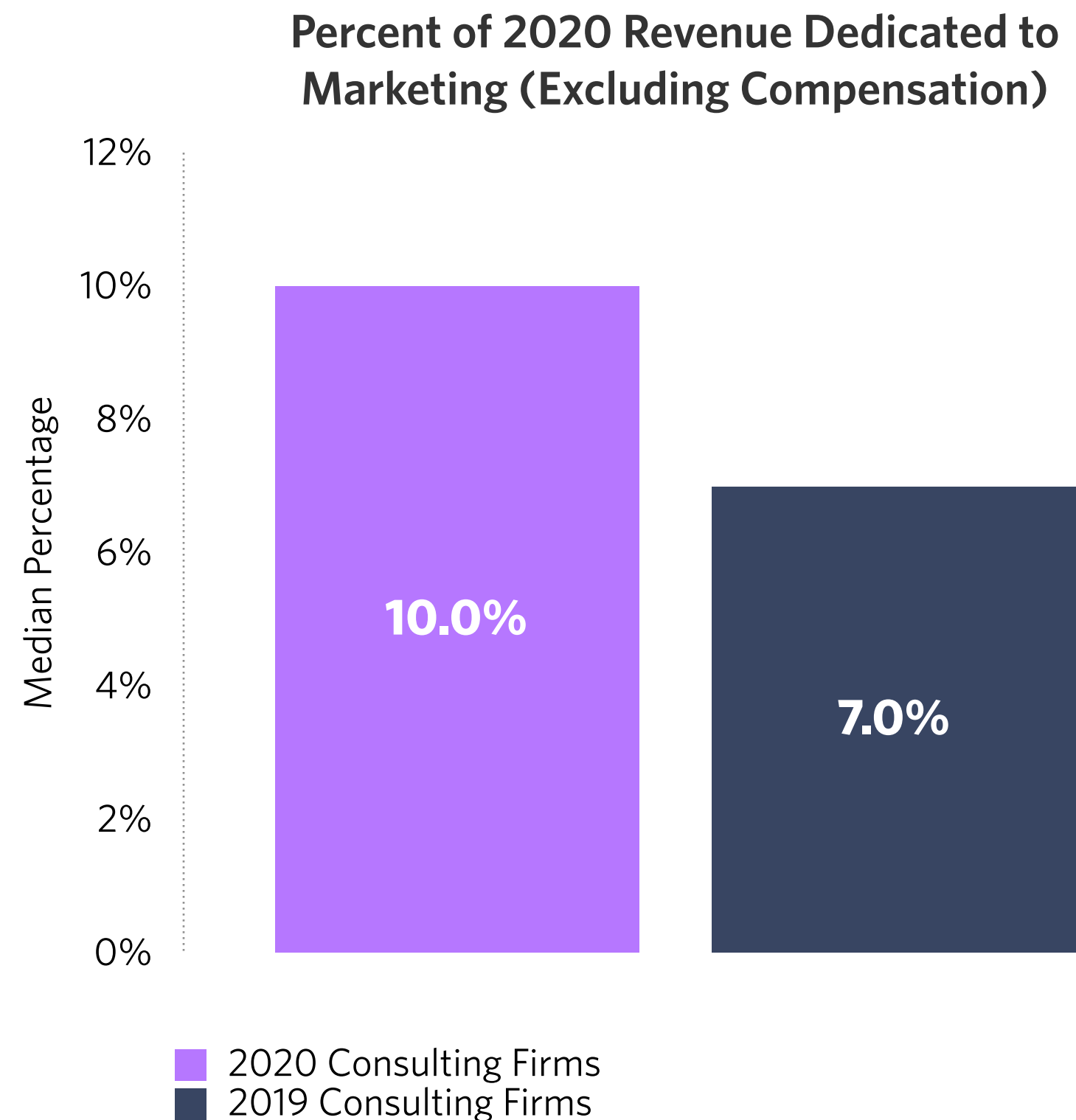
When we surveyed this group, we learned that relative to 2019 the amount of firms that conduct research grew by 8%.

Of Firms That Conduct Research, Proportion That Do It at Least Quarterly



Of note is the surging frequency with which these firms conduct research—an increase of 23% over last year's sample. This signals a strong backing for data-driven strategies that mitigate general marketplace uncertainty and take the guesswork out of predicting target audiences' buying behavior.

Marketing budgets jump as Consulting firms learn to pivot in unpredictable market conditions.



Consulting firms are allocating a larger percentage of their budgets to marketing. On average, median reported budgets jumped 43% from the previous year. Firms believe marketing is one of the surest ways to address their top concerns.

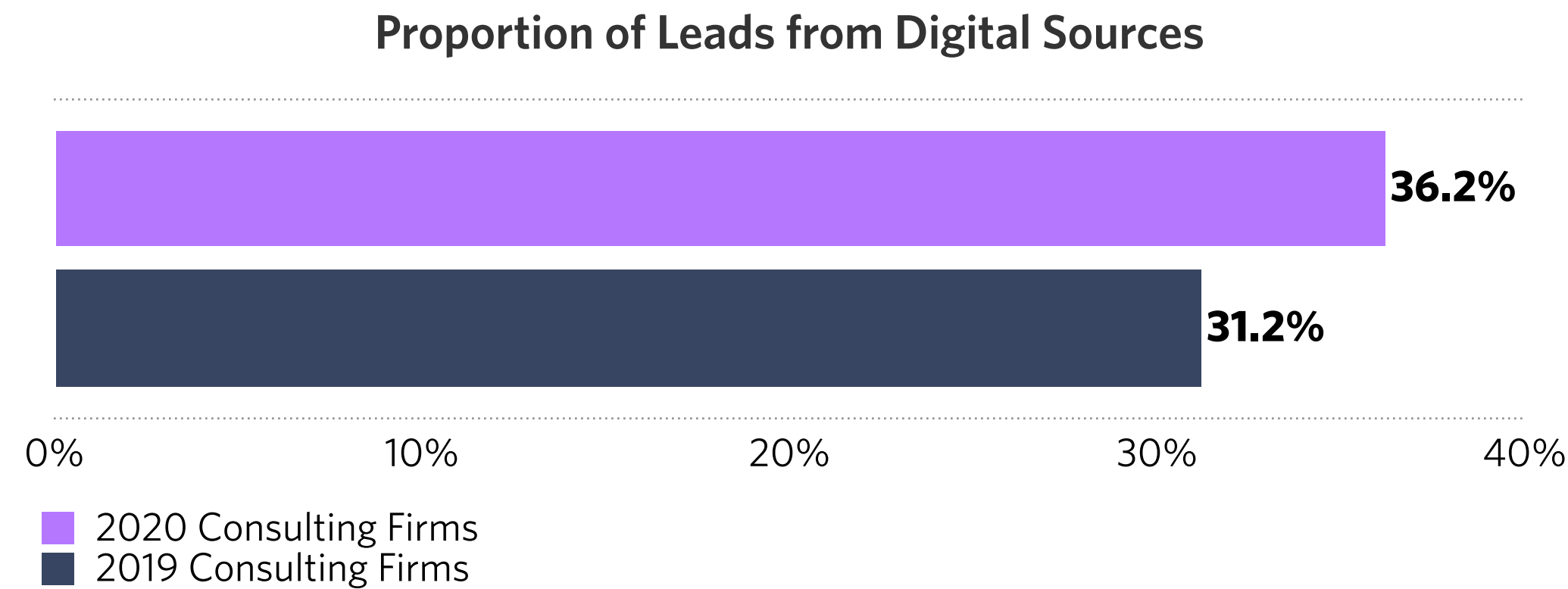
While there has been some evidence in recent studies that marketing budgets were moving up, this year's jump is notable. For many firms, their go-to marketing plays have been heavily centered on face-to-face networking and conferences. That model has been disrupted, causing many firms to rethink their entire strategy.

Additionally, firm size is important—smaller organizations tend to spend a higher proportion of their revenue on marketing and business development.

PUT THE DATA TO WORK

When benchmarking your marketing spend against other firms it is important to take into account known differences in spending patterns. Firm size is one of the most powerful. Smaller firms tend to spend a higher proportion of revenue on marketing. Use the data from the Performance Benchmarking section of this report to better understand your firm's situation.

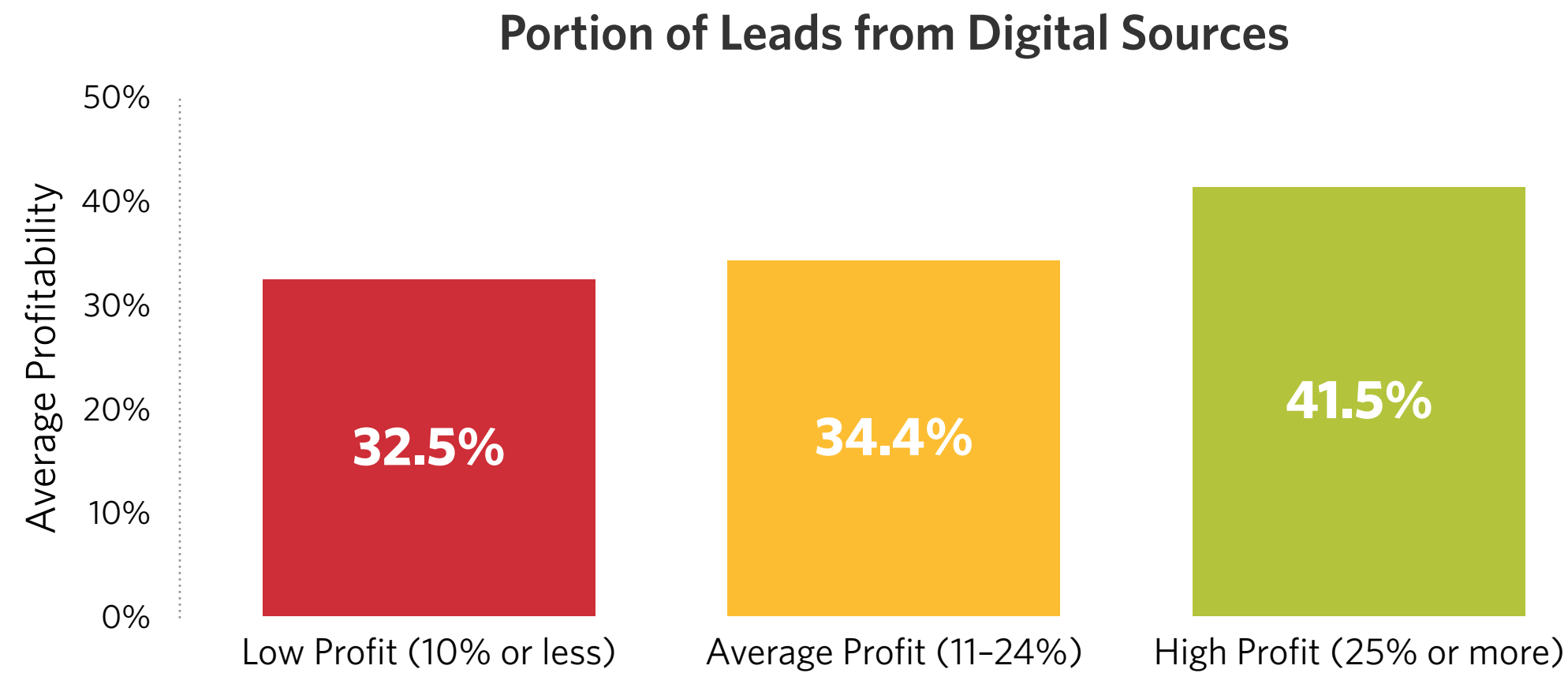
Digital leads continue to accelerate among Consulting firms.



Consulting firms continue to leverage their website, email, social media, and digital advertising to attract new leads. The percent of new leads obtained from these sources climbed to over 36%.

Firms have been thinking about their digital footprints for years. However, the pandemic has accelerated the move to digital as face-to-face marketing has become less viable.

The chart on the left illustrates that increased digital leads are associated with higher levels of profitability. The High Growth Analysis section of this report shows how marketing that prioritizes digital lead generation is also associated with higher growth.

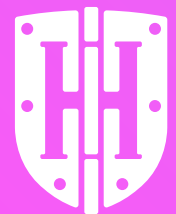


PUT THE DATA TO WORK

Your digital footprint matters more than you think. Firms that have a strong digital lead generation capability have a distinct competitive advantage over those that are face-to-face only. See the High Growth Analysis to learn how the most successful firms do it.

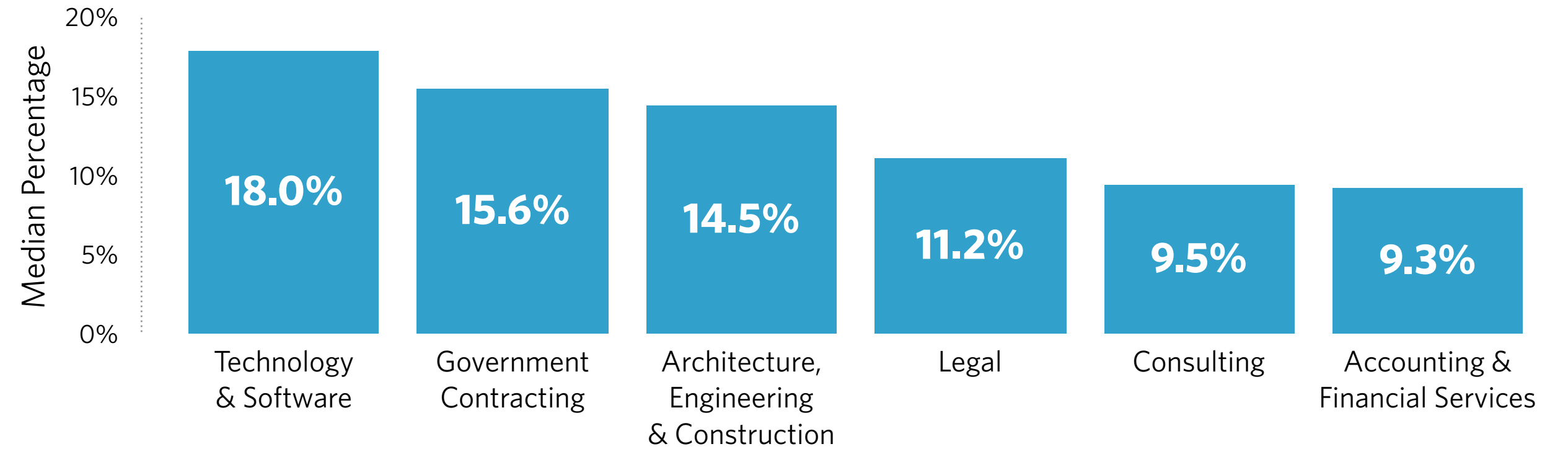
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Industry Comparisons



Consulting had the highest proportion of No-Growth firms.

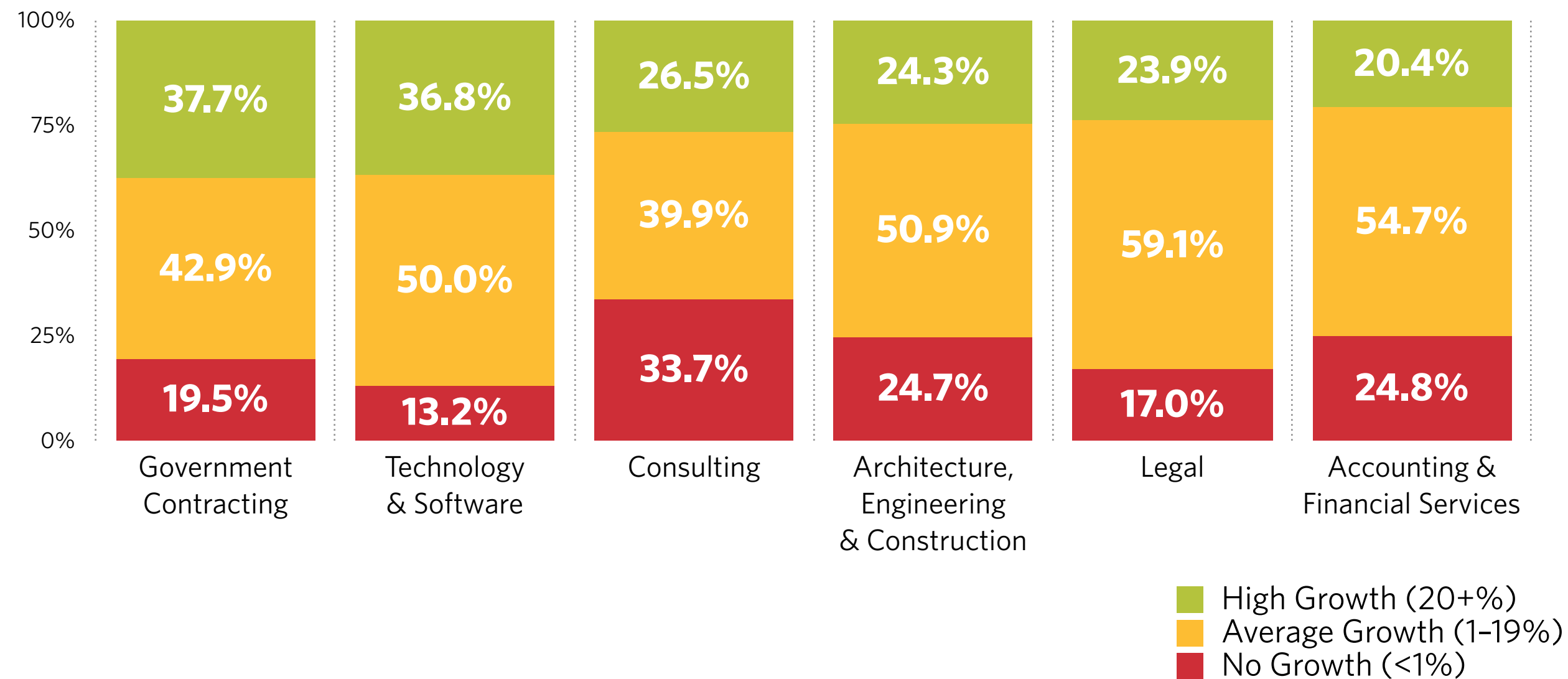
Median Growth Rate by Industry



Unfortunately, Consulting firms are in second to last place when it comes to median revenue growth.

We also see that Consulting firms in the sample report the highest incidence of No Growth firms.

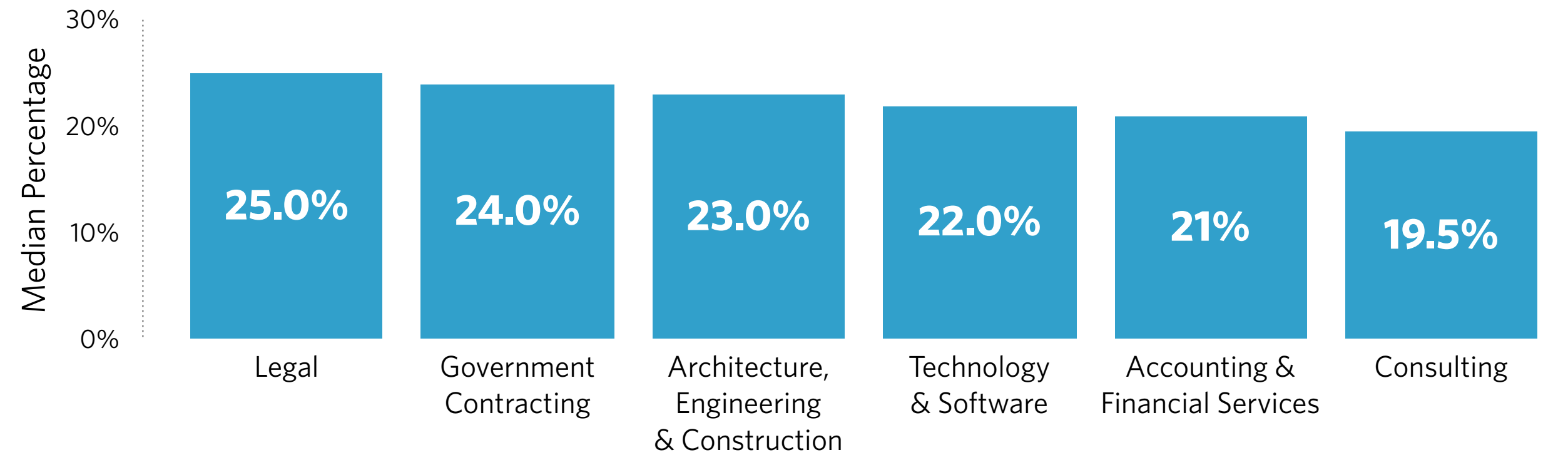
Growth Categories by Industry



■ High Growth (20+%)
■ Average Growth (1-19%)
■ No Growth (<1%)

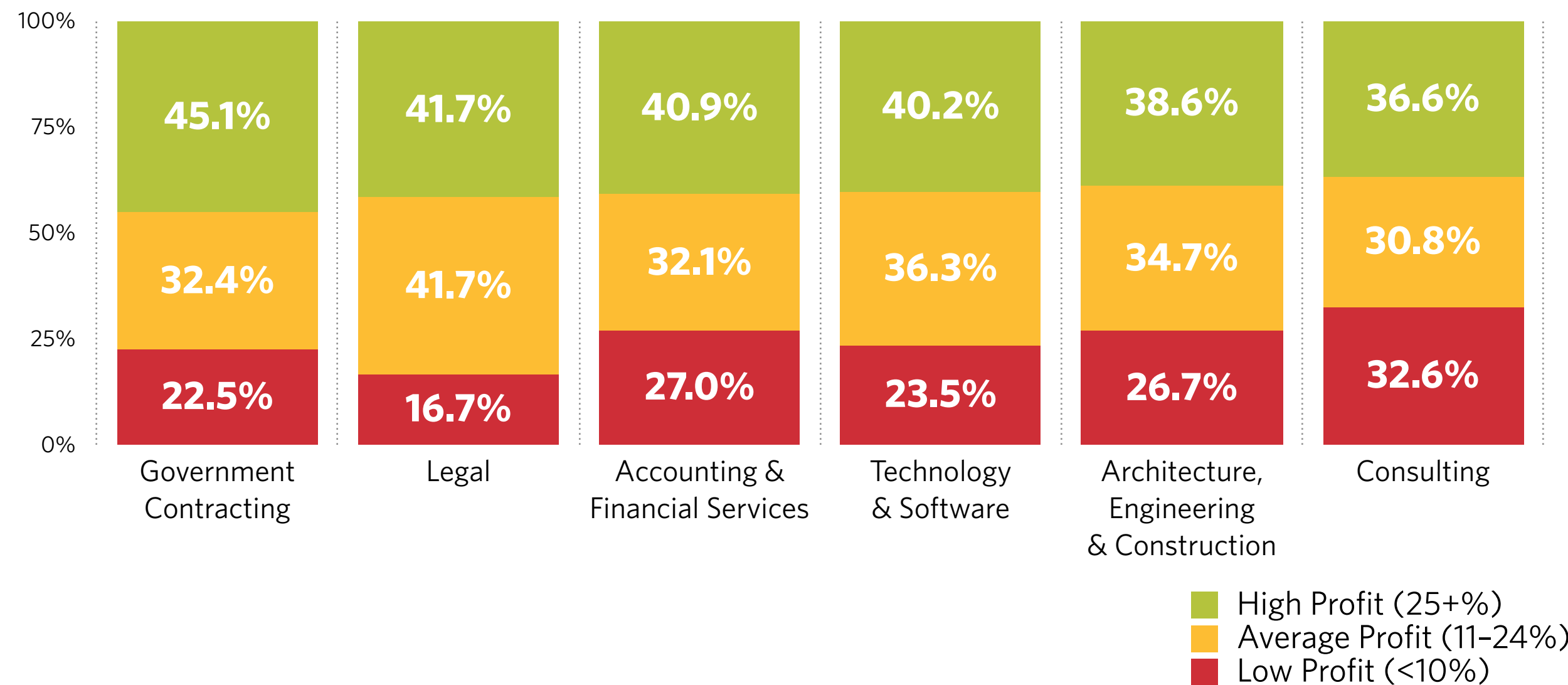
Consulting trails the pack when it comes to profitability.

Median Profitability by Industry



Compared to other professional services sectors, Consulting firms are solidly in last place when it comes to profitability. It seems that most firms across the board either had a very good year or were severely impacted by the events of this year.

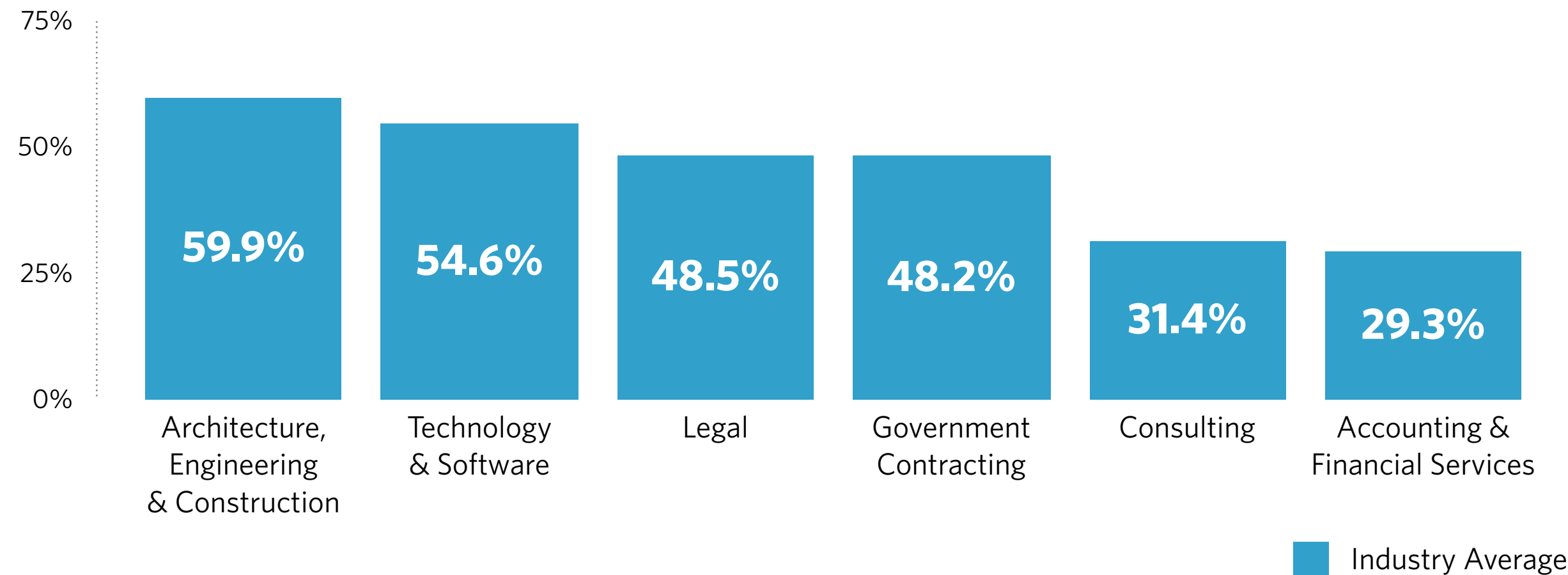
Profitability Categories by Industry



One way to see this is by looking at the profit categories. In each industry a varying proportion of firms did very well where others suffered (likely due to the pandemic).

Consulting firms are missing major opportunities to conduct their own research.

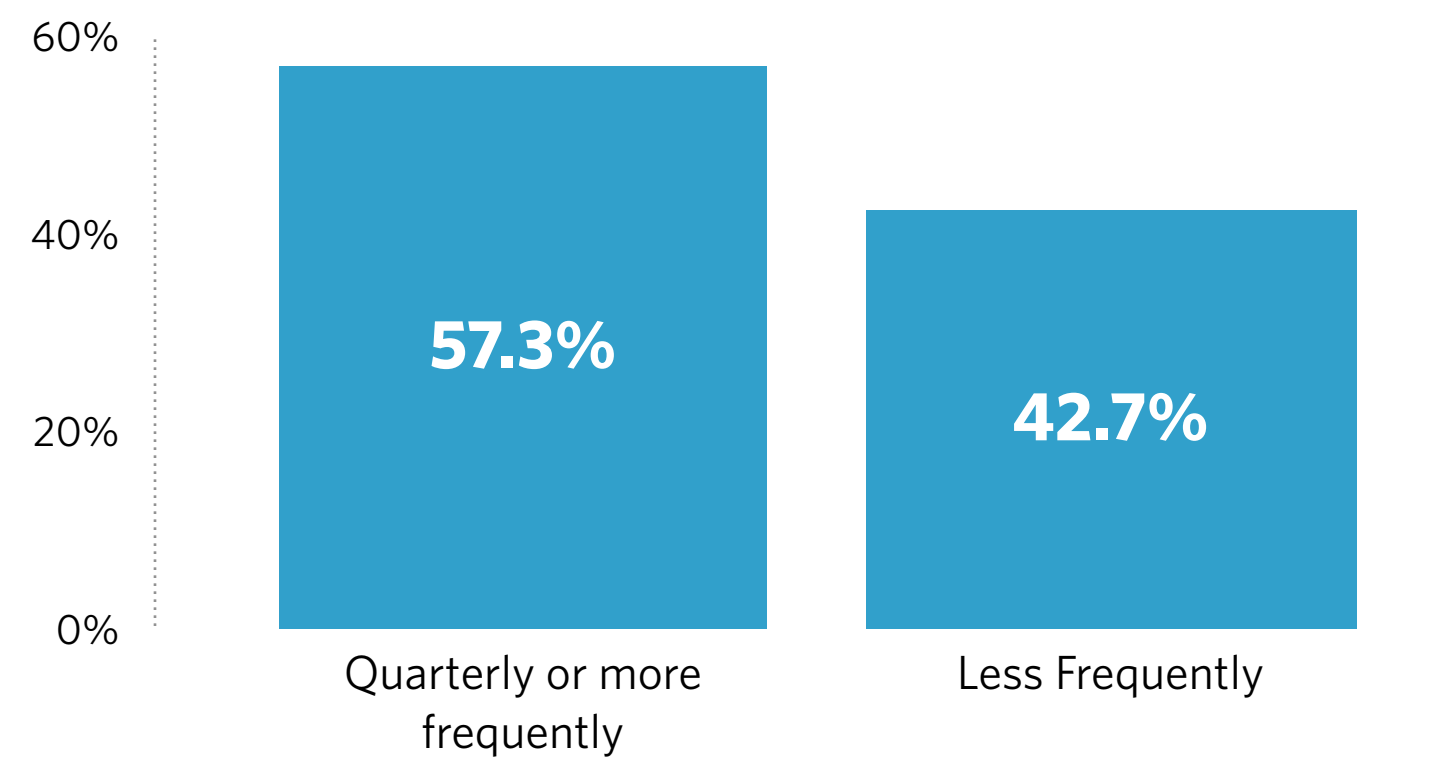
Firms That Conduct Formal, Structured Research on Their Target Audience



While the previous slide showed an increase in the number of firms that conduct target audience research, Consulting firms still trail the pack, along with A&FS firms, when it comes to investing in research.

Firms that do not conduct research on their target audiences are missing an opportunity to see the market strategically. Often, the competitor with the most timely and relevant intelligence has the advantage.

Of Firms That Conduct Research, Proportion That Do It at Least Quarterly

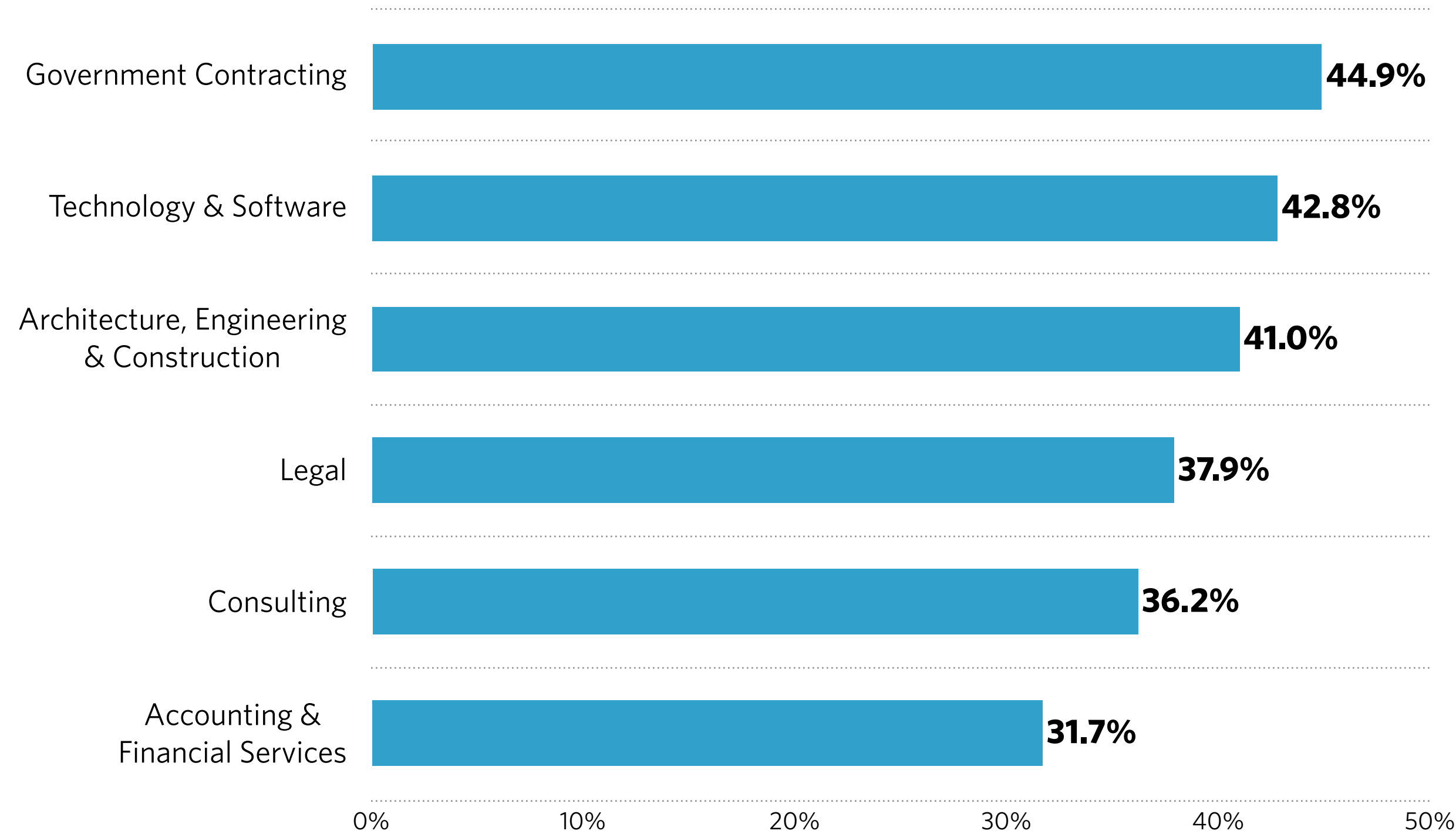


PUT THE DATA TO WORK

Firms that do research on their target audiences grow faster and are more profitable because they have greater insight into their prospects' challenges and industry. Research can also help you plan what content to produce—content that can make your expertise visible to prospects and referral sources.

Consulting lags when it comes to generating leads from digital sources.

Portion of Leads Generated from Digital Sources



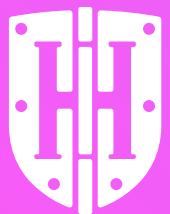
Consulting firms lag when it comes to digital lead generation. Though not as far behind as A&FS firms, Consulting firms are at a competitive disadvantage when chasing new business opportunities in an increasingly virtual environment.

PUT THE DATA TO WORK

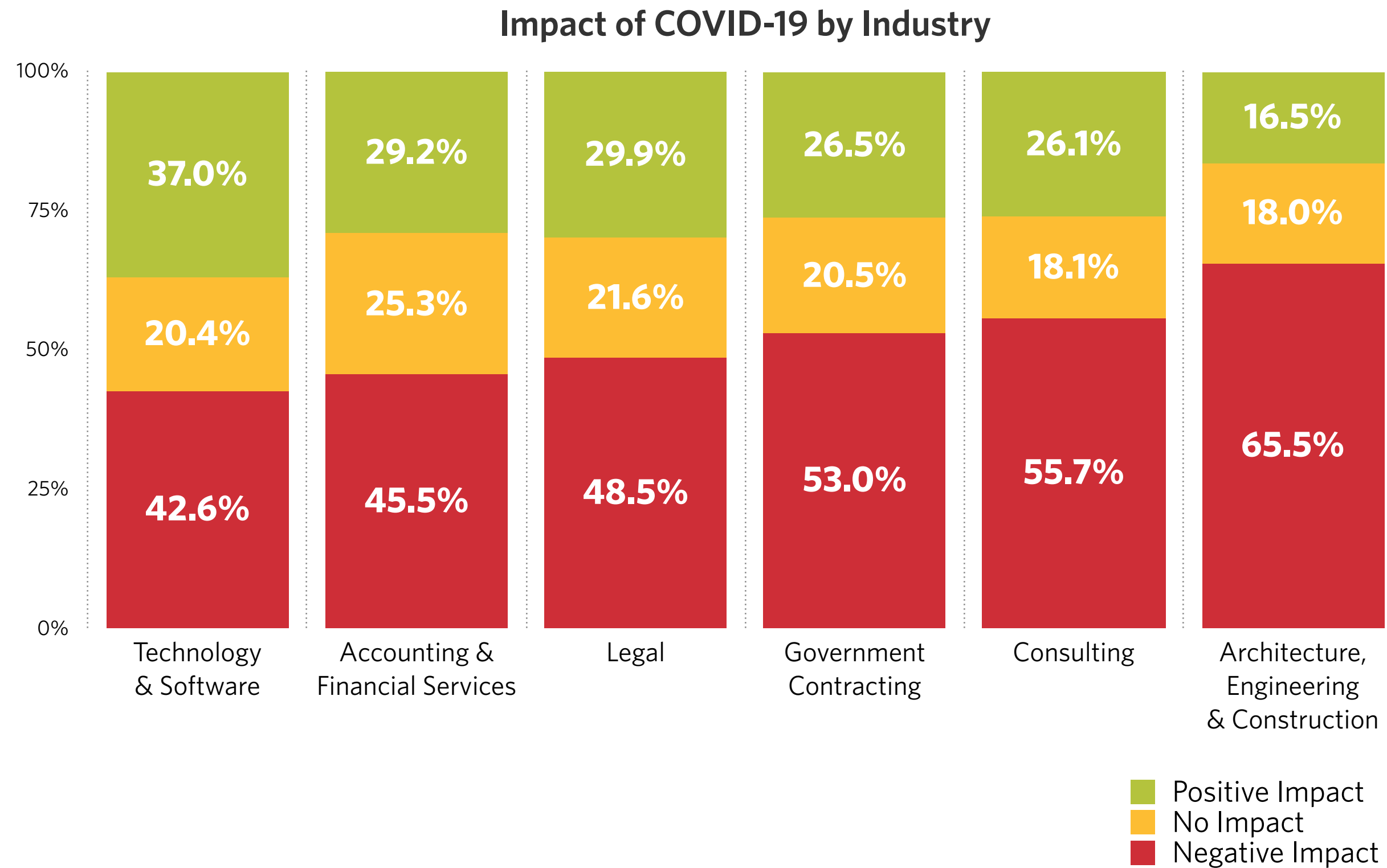
The time to focus on digital lead generation is now —or risk other professional services firms eating away at the advisory, technology, or other consulting services many of your client's need.

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The Impact of COVID-19

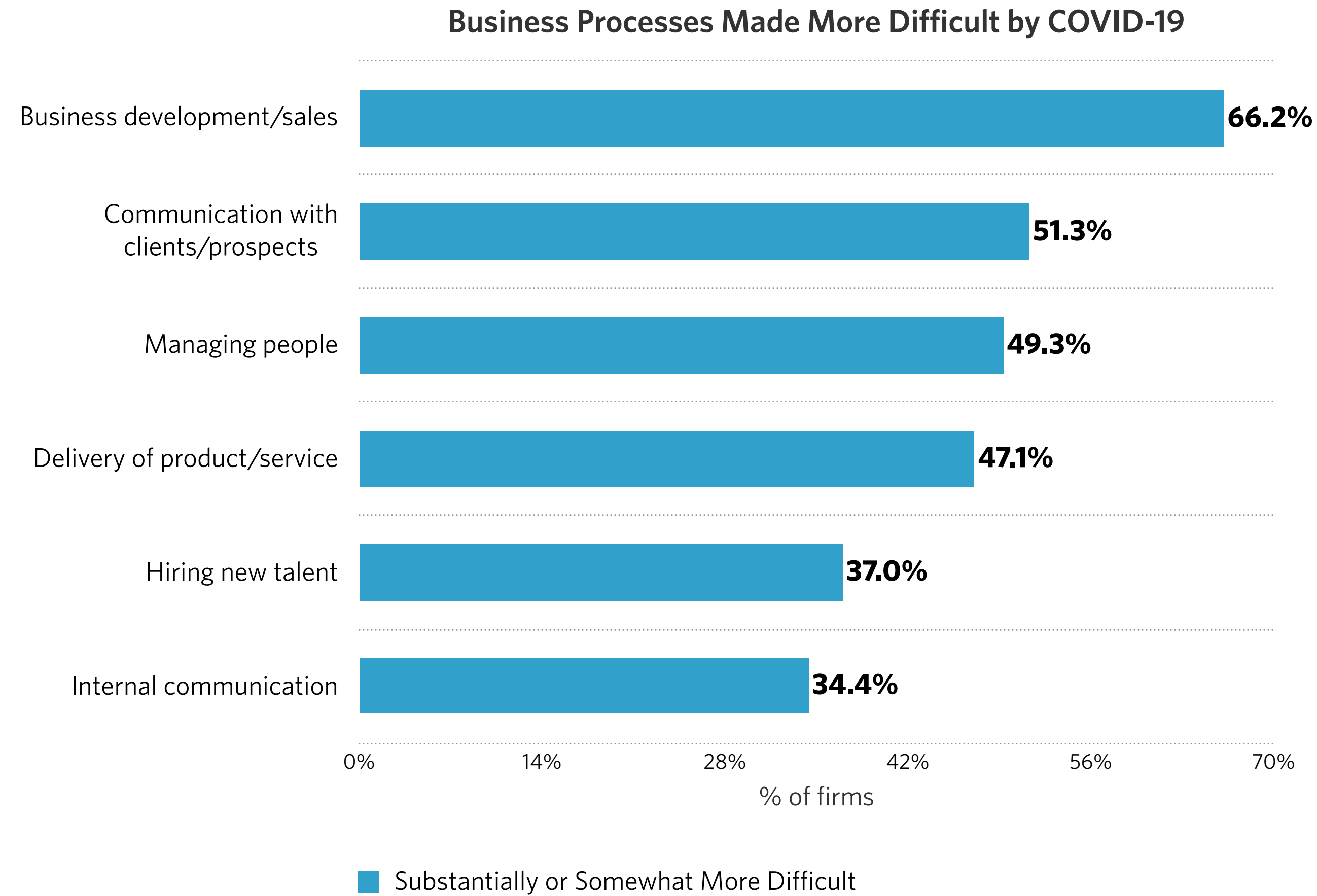


The impact of COVID-19 was felt across all professional services. Consulting firms were heavily impacted.



Consulting firms were hit hard by COVID-19. Pandemic-related government programs such as CARES Act loans helped companies stay afloat, but they did not provide new business opportunities.

Which business processes are most affected by COVID-19? Business development and sales.



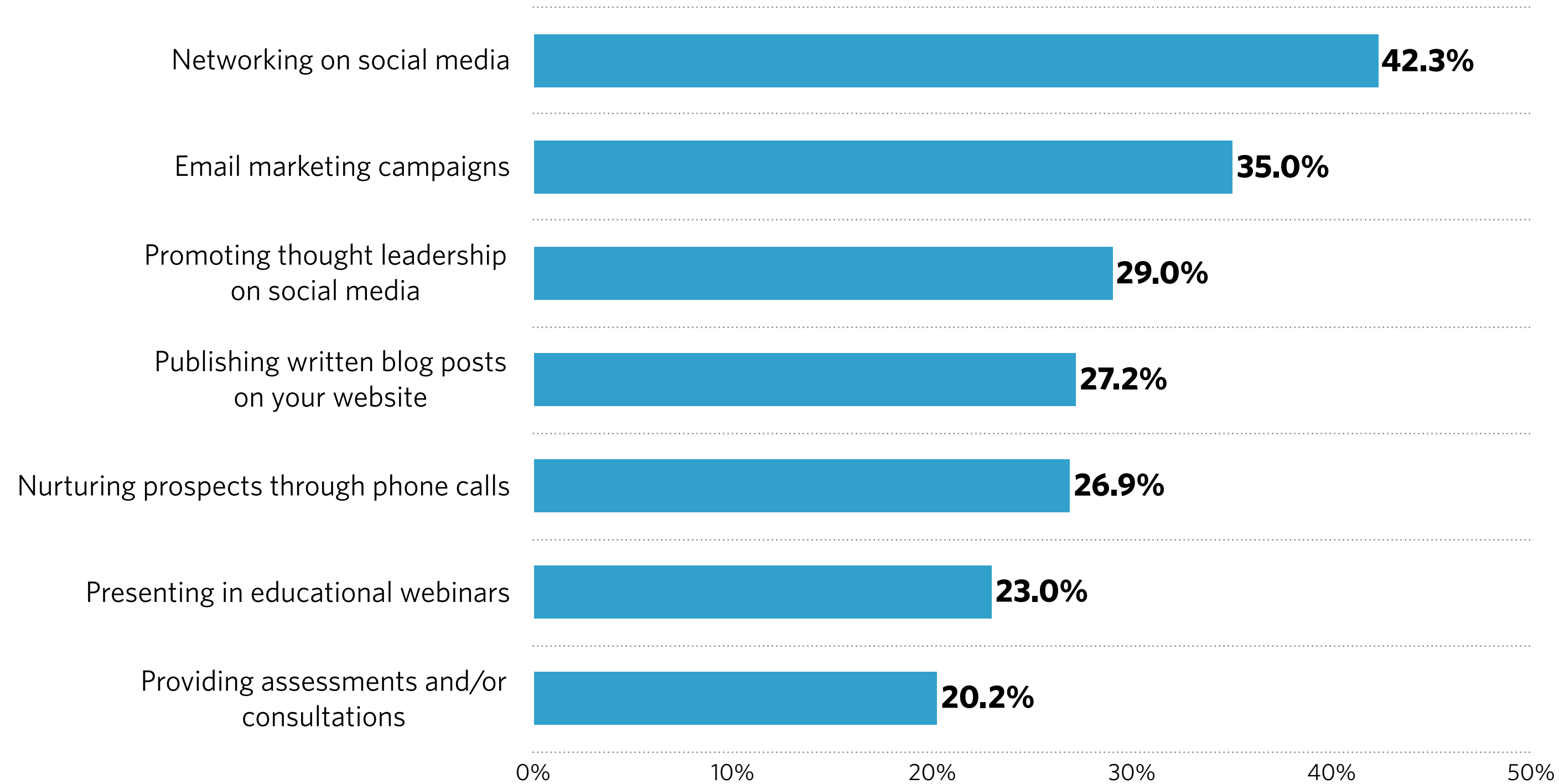
Business development related business processes were the most likely to be negatively impacted by the pandemic, with few firms enjoying improvement.

The rapid onset of remote work also made managing people and client communications more difficult.

Product delivery, internal communications, and new talent acquisition were somewhat less impacted as firms learned to cope with a new and shifting marketplace.

During the pandemic, Consulting firms accelerated their focus on networking and promoting thought leadership on social media.

Marketing Techniques Invested in More Since the Onset of COVID-19



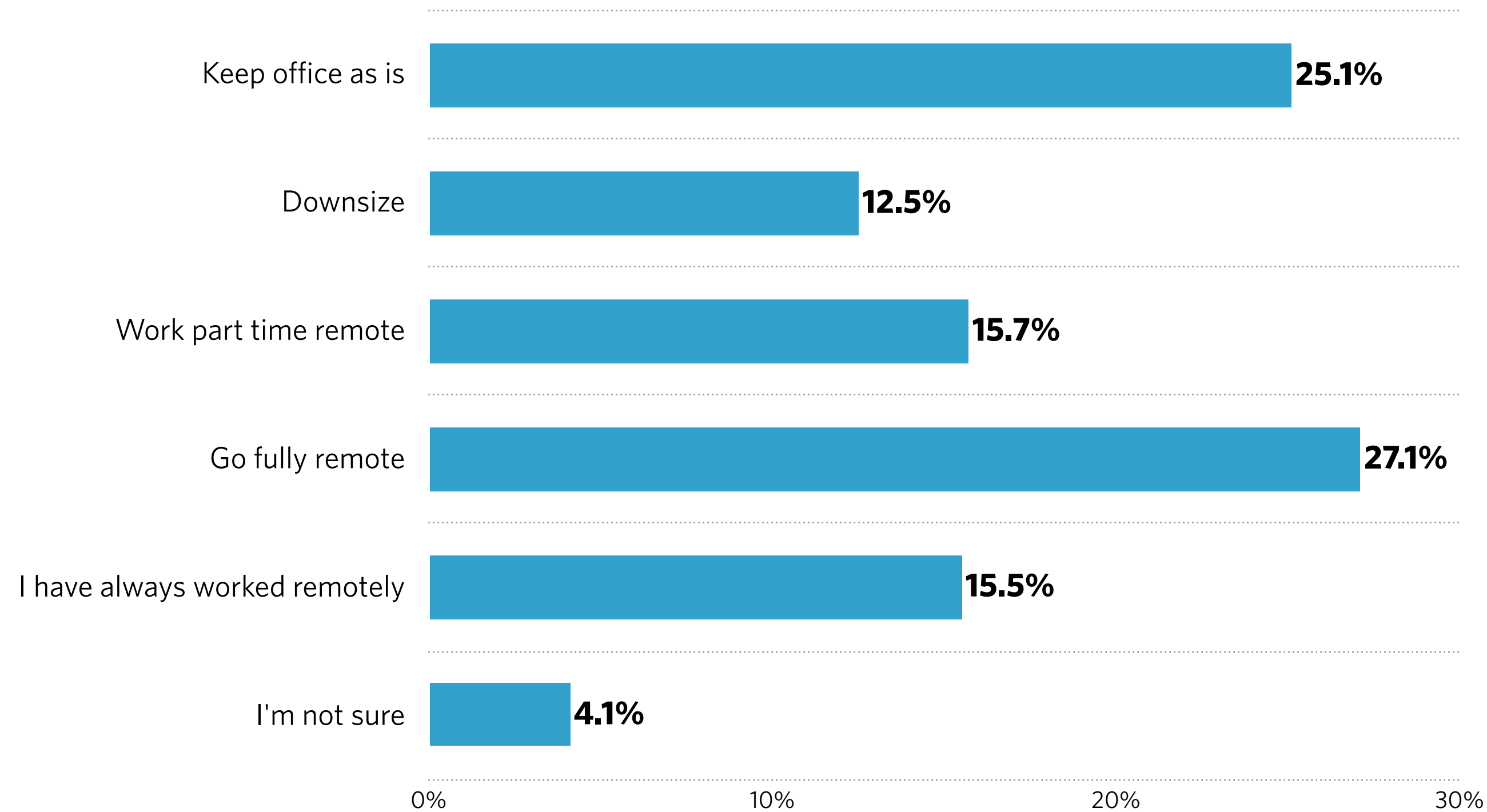
As face-to-face networking and conferences came to a rapid halt due to COVID-19, many firms pivoted to digital marketing alternatives.

Networking on social media increased the most, with about four in ten firms committing substantially more time and resources to this channel.

Email campaigns, promoting thought leadership on social media, webinars, and blog posts also showed increased activity.

COVID-19 impacts the remote work landscape as Consulting firms adjust office configuration.

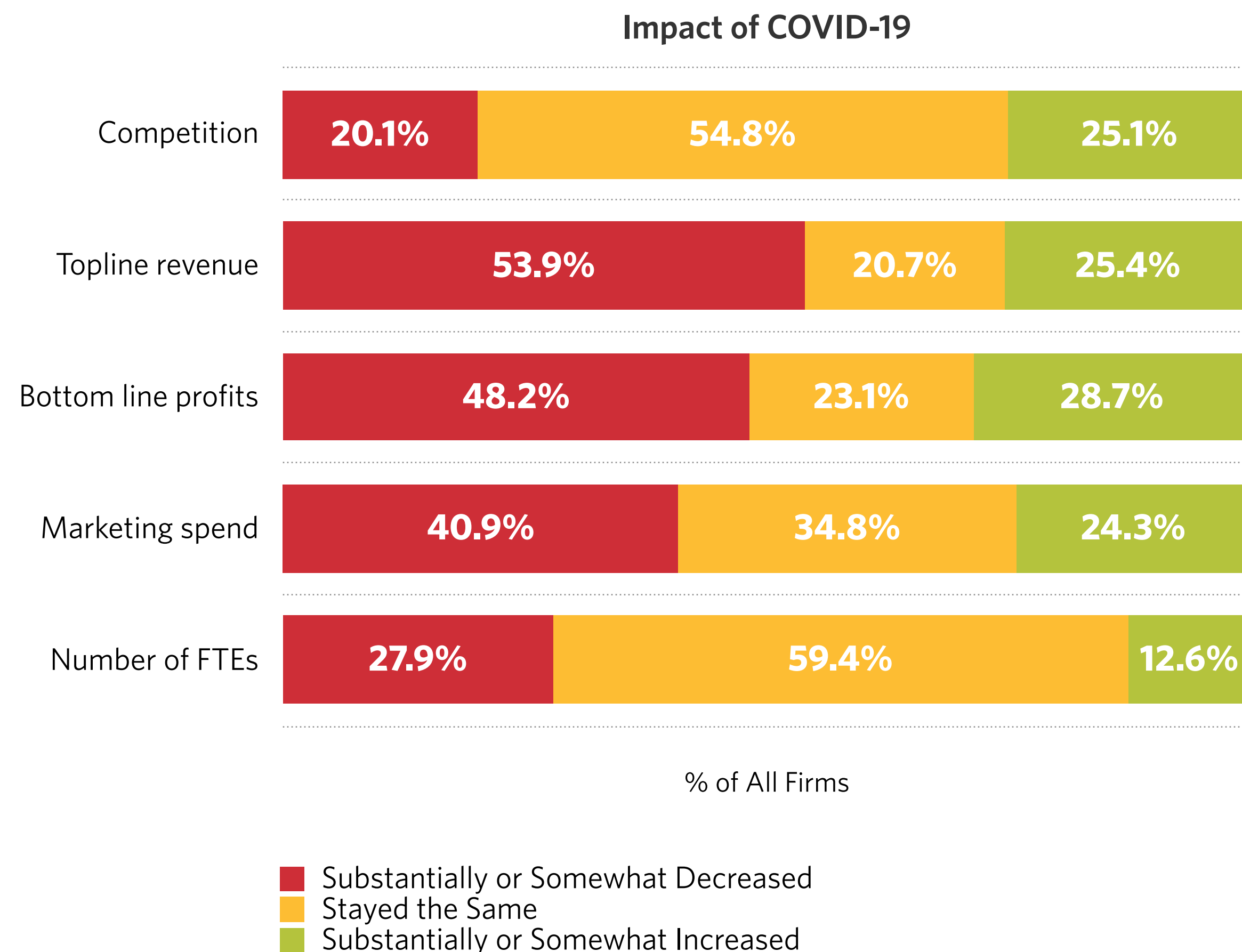
COVID-19's Impact on Office Space



Less than a third of Consulting firms have plans to change their current office configurations. However, it should be noted that 27.1% of firms are intending on going fully remote, the ultimate in office flexibility.

12.5% of firms are looking to downsize as a means to reduce overhead and promote a work-from-home culture.

The financial impact of COVID-19 on Consulting firms has been broad and deep.

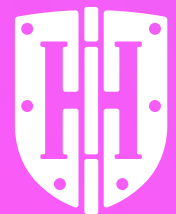


Consulting firms are seeing roughly the same amount of competition after the onset of COVID-19 as they did before the pandemic hit.

Top-line revenue and bottom line profits took a massive hit. In response, many firms cut their marketing budgets, but 34.8% of Consulting firms kept their marketing spend intact.

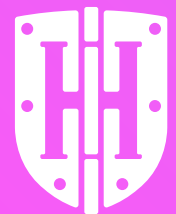
It should be noted that the number of full time employees stayed relatively stagnant throughout the pandemic, and some firms even brought on new staff.

High Growth Analysis

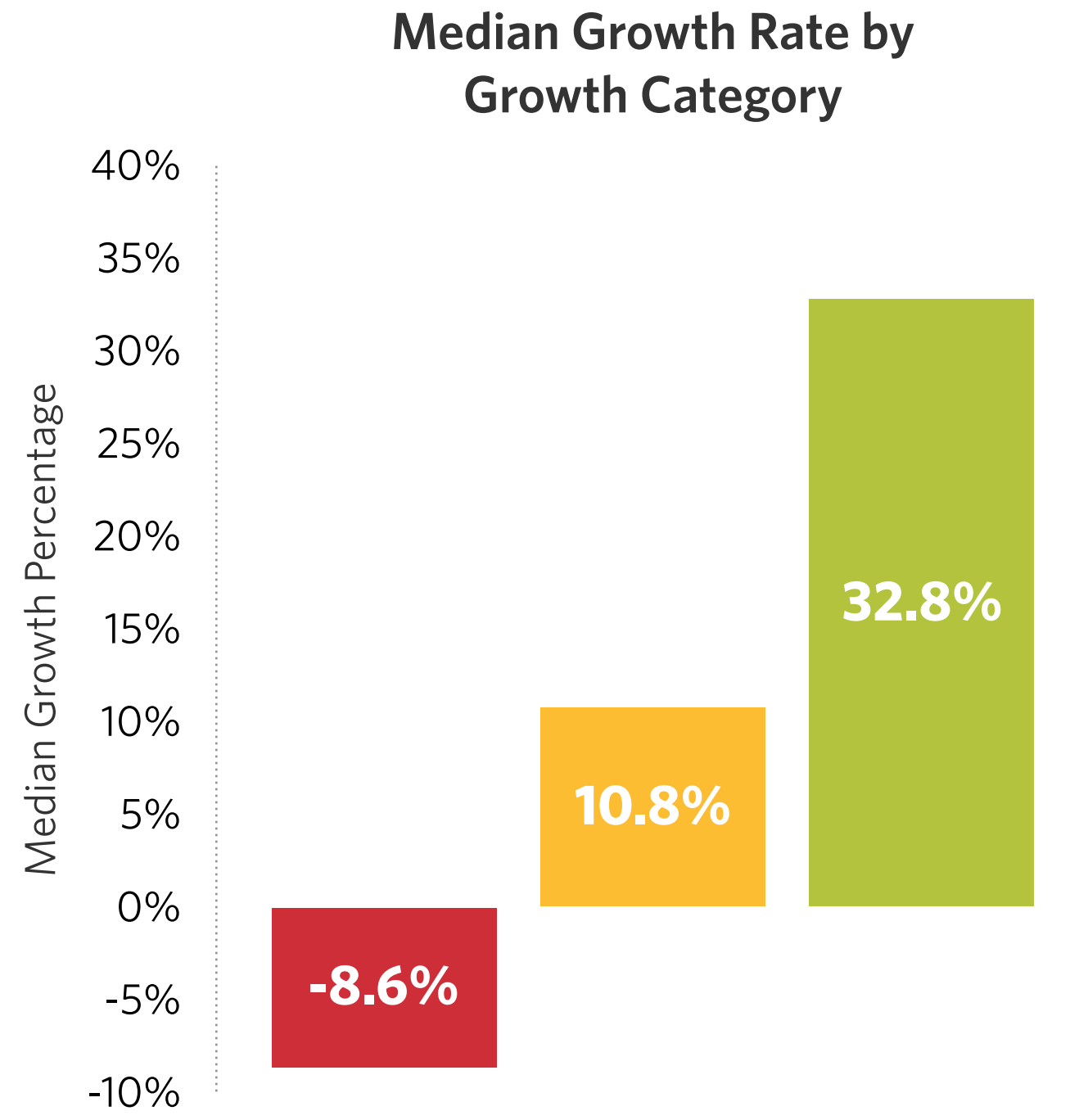
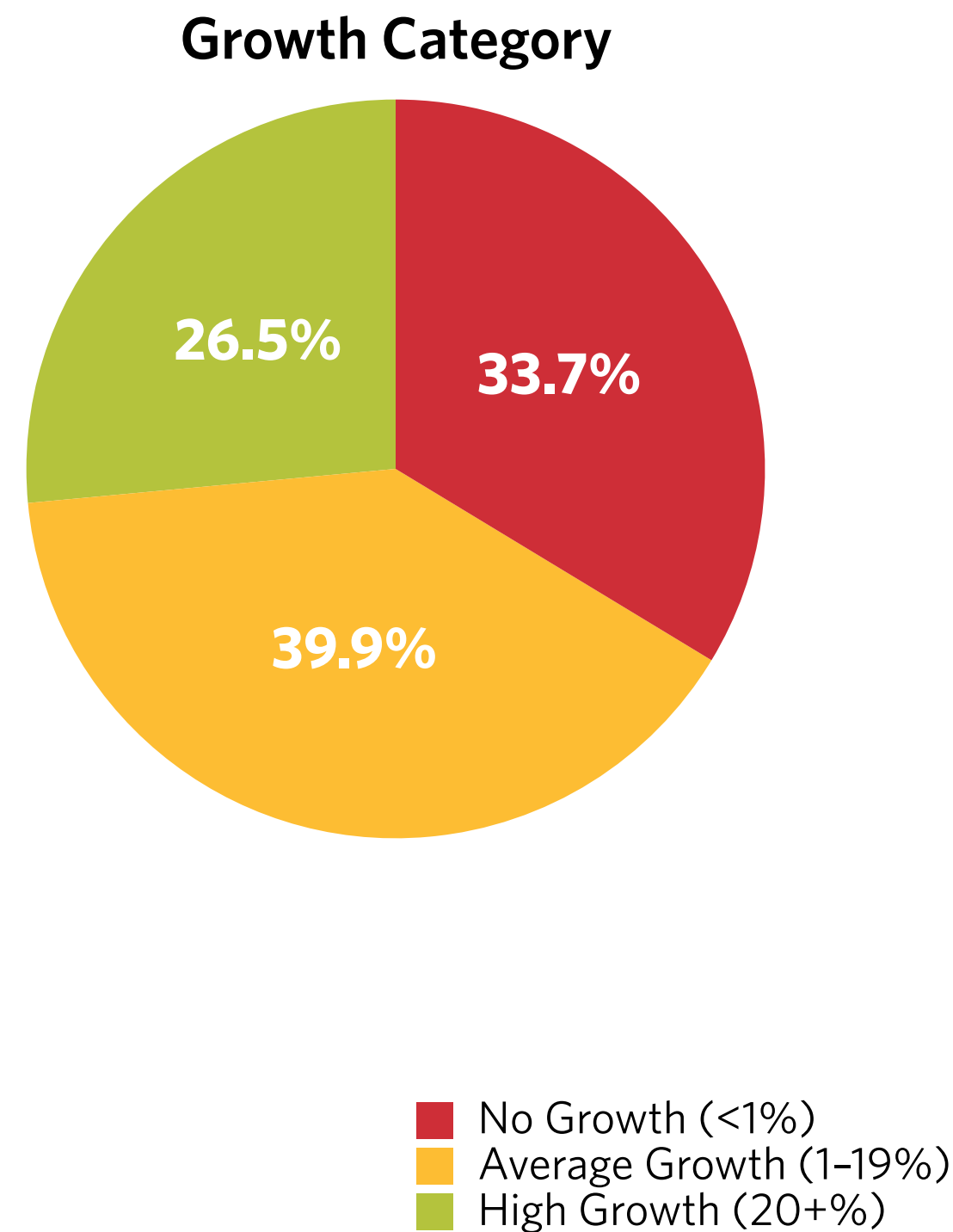


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Meet the High Growth Firms



About one in four Consulting firms achieved High Growth status.



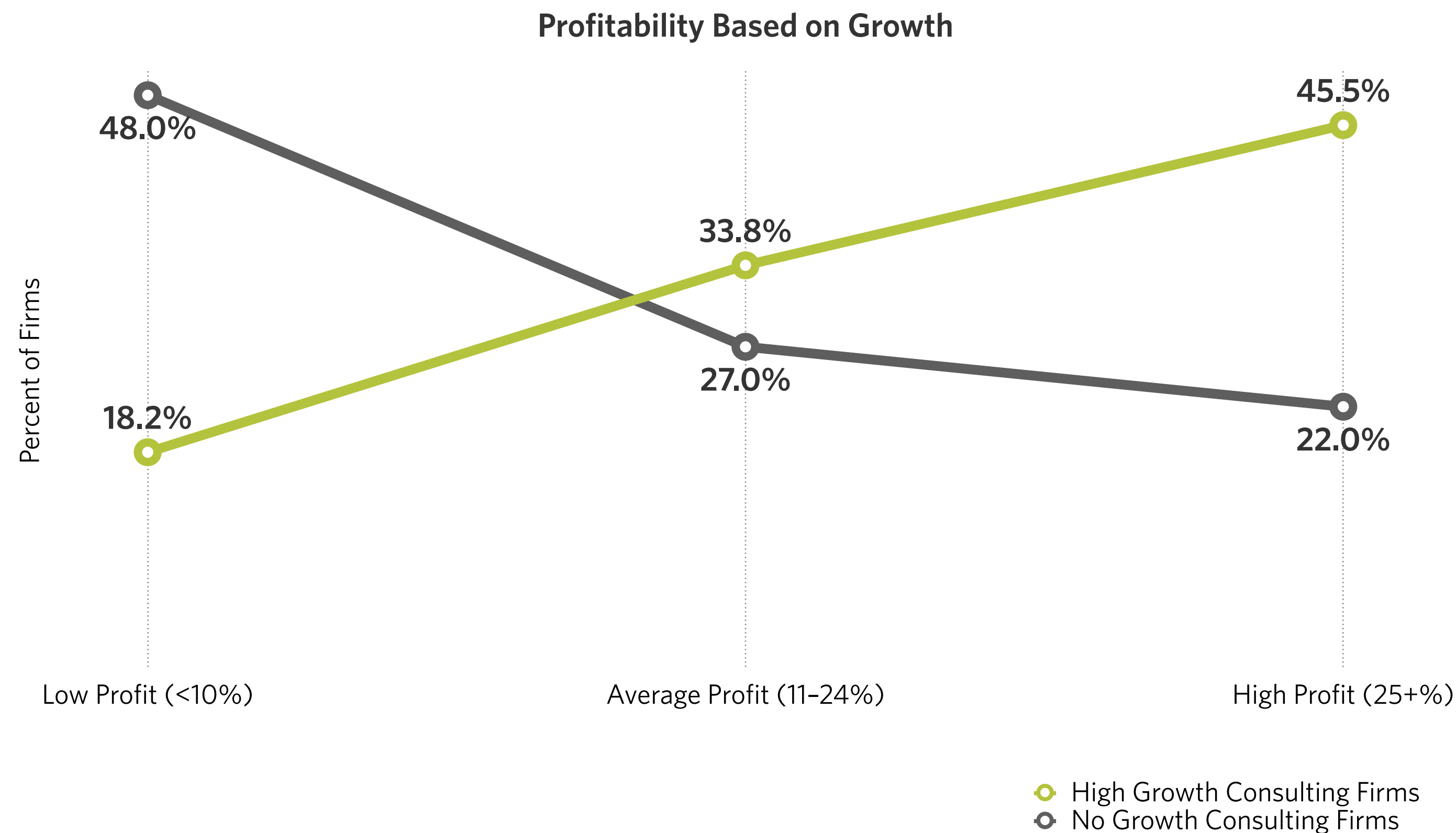
High Growth firms are defined as having a compound annual growth rate of 20% or greater over a three-year assessment period. Nearly 27% of Consulting firms in this year's study meet this criteria—down from 2019 (39%).

Sadly, the percent of firms in the No Growth category rose sharply—from 15% last year to nearly 34% this year. Not a good year for these folks.

High Growth firms grew at the impressive median rate of 32.8% while the Average Growth group added revenue at the median rate of 10.8%.

Revenue declined for the No Growth group, however, at the rate of 8.6%.

High Growth Consulting firms are much more likely to be highly profitable.



Do growth and profitability travel together? In general, yes. No Growth firms, for instance, are more likely to be Low Profit than they are to be either High or Average Profit.

About half of High Growth firms (45.5%) are highly profitable, but there is a segment of High Growth firms—18.2%—that are in the Low Profit group.

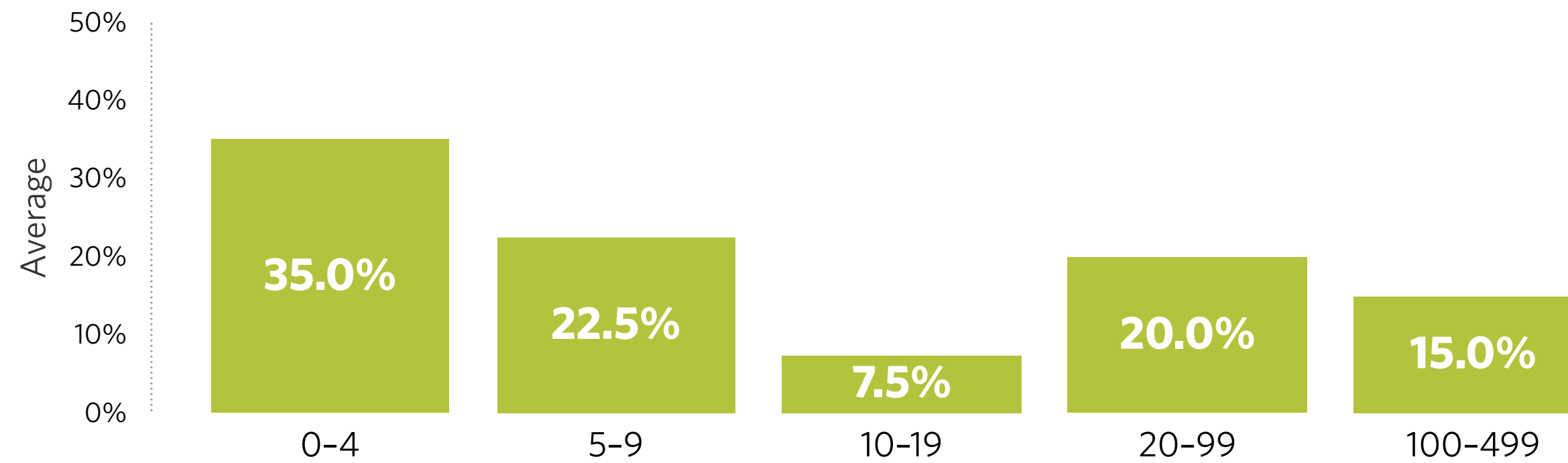
The sample illustrates that growth and profitability are not always in sync. While it is clearly possible to be highly profitable without growth, High Growth firms are much more likely to also be highly profitable.

PUT THE DATA TO WORK

Don't assume there is an inevitable tradeoff between growth and profitability. The High Growth firms show us that you can do both. The remainder of this High Growth analysis focuses on what these firms do differently.

High Growth Consulting firms come in all sizes, but growth seems to favor the small players.

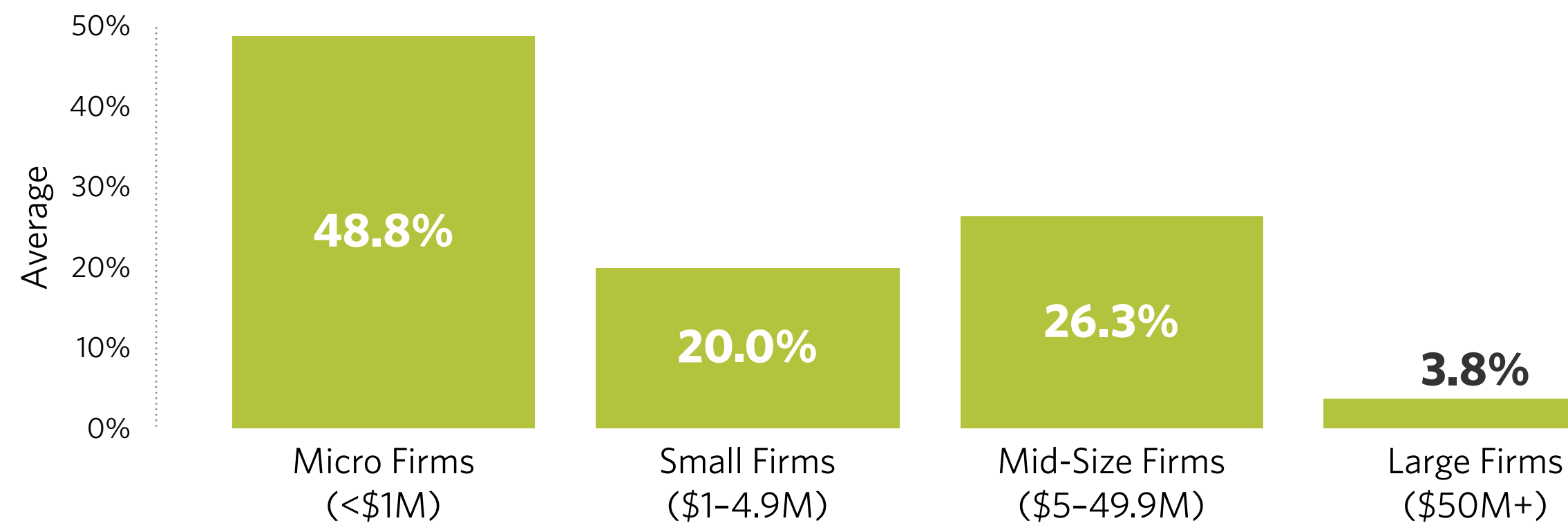
High Growth Consulting Firms by Number of Full Time Employees



The growth champs in Consulting are micro firms with 0-4 employees and earned more than \$1M in revenue.

Over the years of conducting these studies, we've observed that small boutique firms have fared well in the Consulting industry. This may be due in part to buyers' preference for the more personal service of a smaller firm.

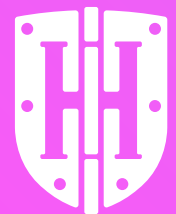
High Growth Consulting Based on 2020 Revenue



Another potential contributing factor is that the pandemic disproportionately hit larger firms, which had greater exposure to the industries that suffered most from the pandemic.

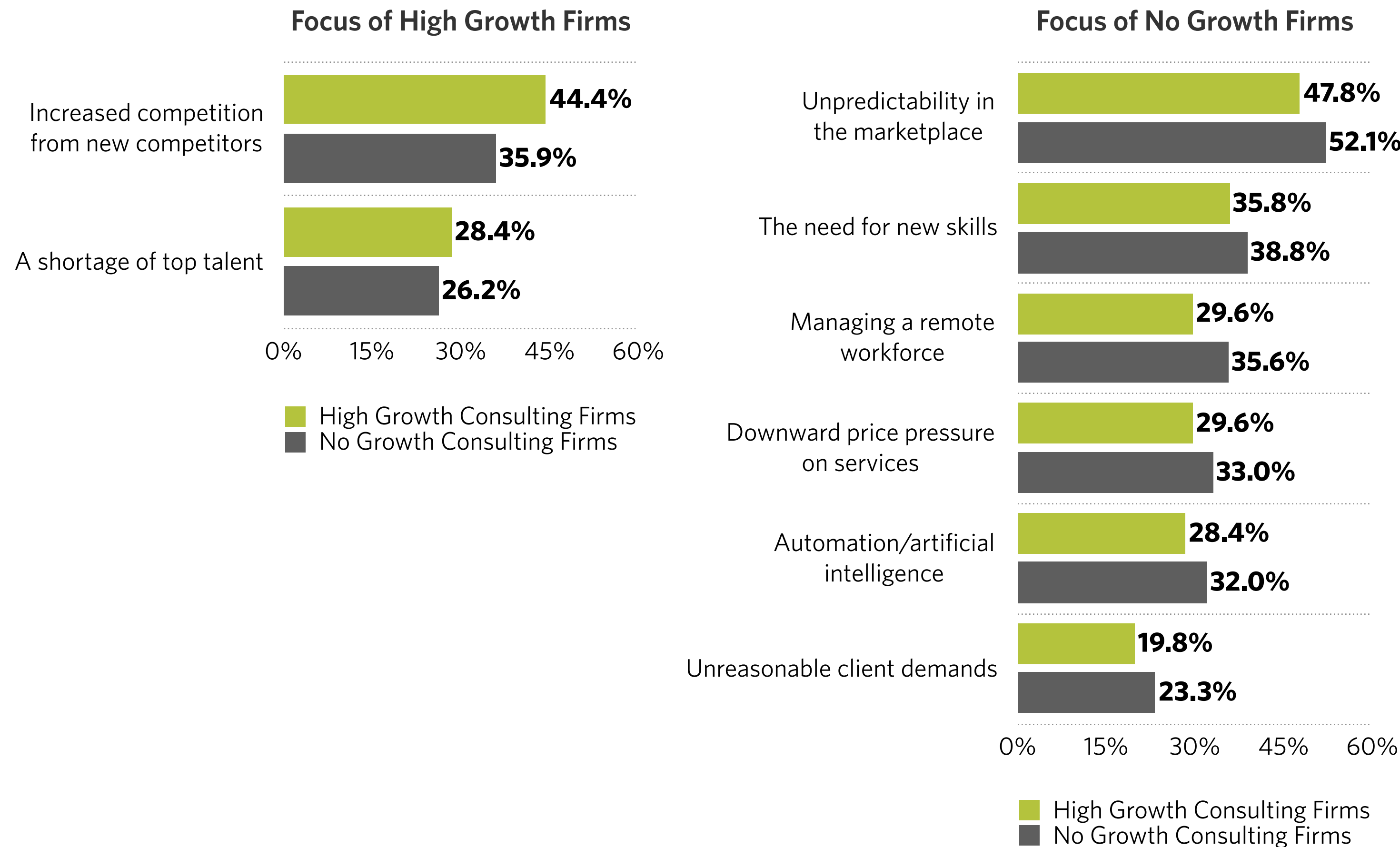
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High Growth Strategy



High Growth firms focus on a different set of business challenges.

Anticipated Business Challenges for the Next 3-5 Years



The left-hand figure shows the business challenges that High Growth firms focus on most and compares them to the challenges No Growth firms most focus on in the chart on right.

Increased competition from new competitors continues to be a business challenge that's top of mind for High Growth consulting firms. Difficulty finding top talent to help beat the competition also is a challenge that Consulting firms worry about.

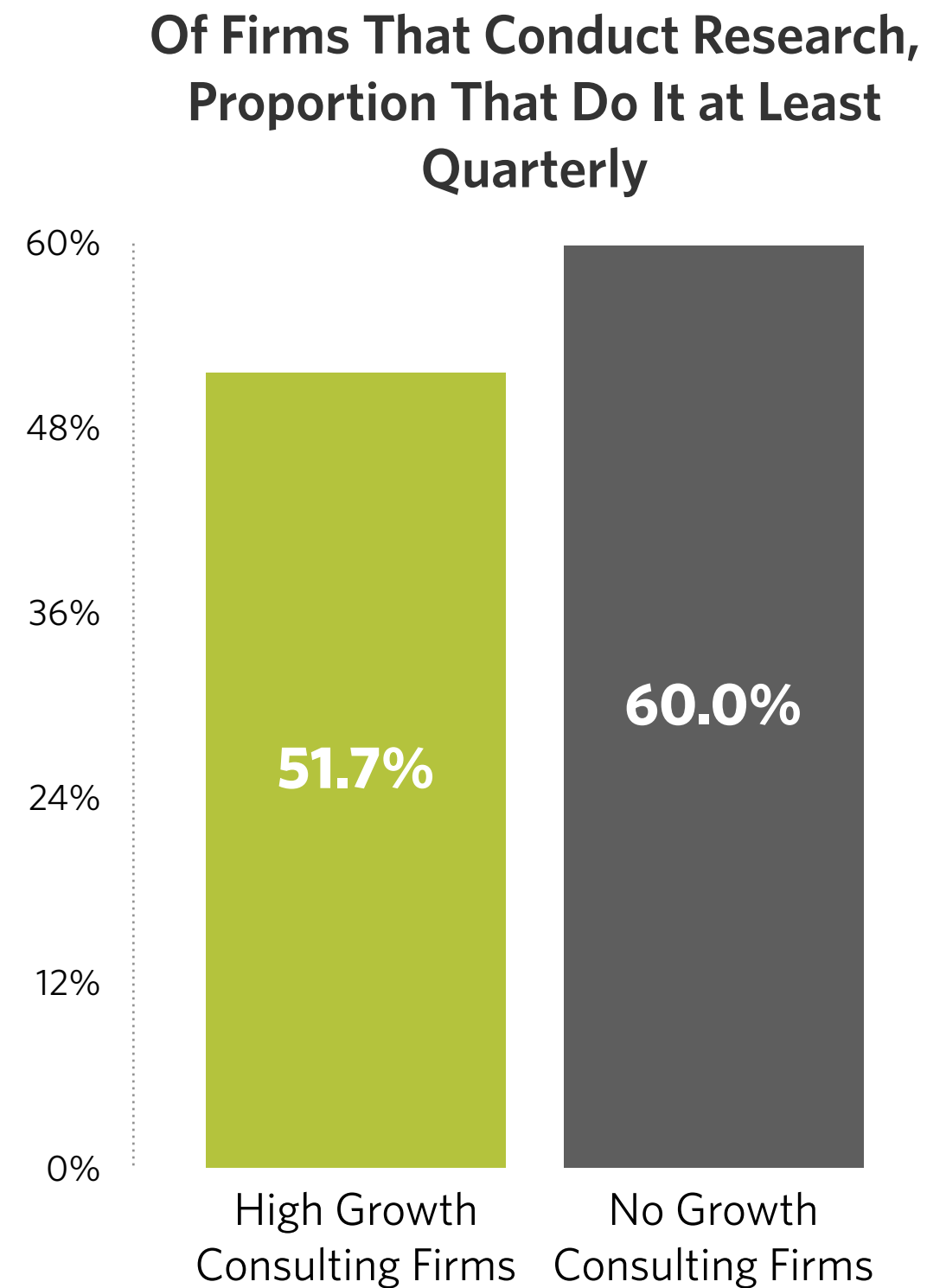
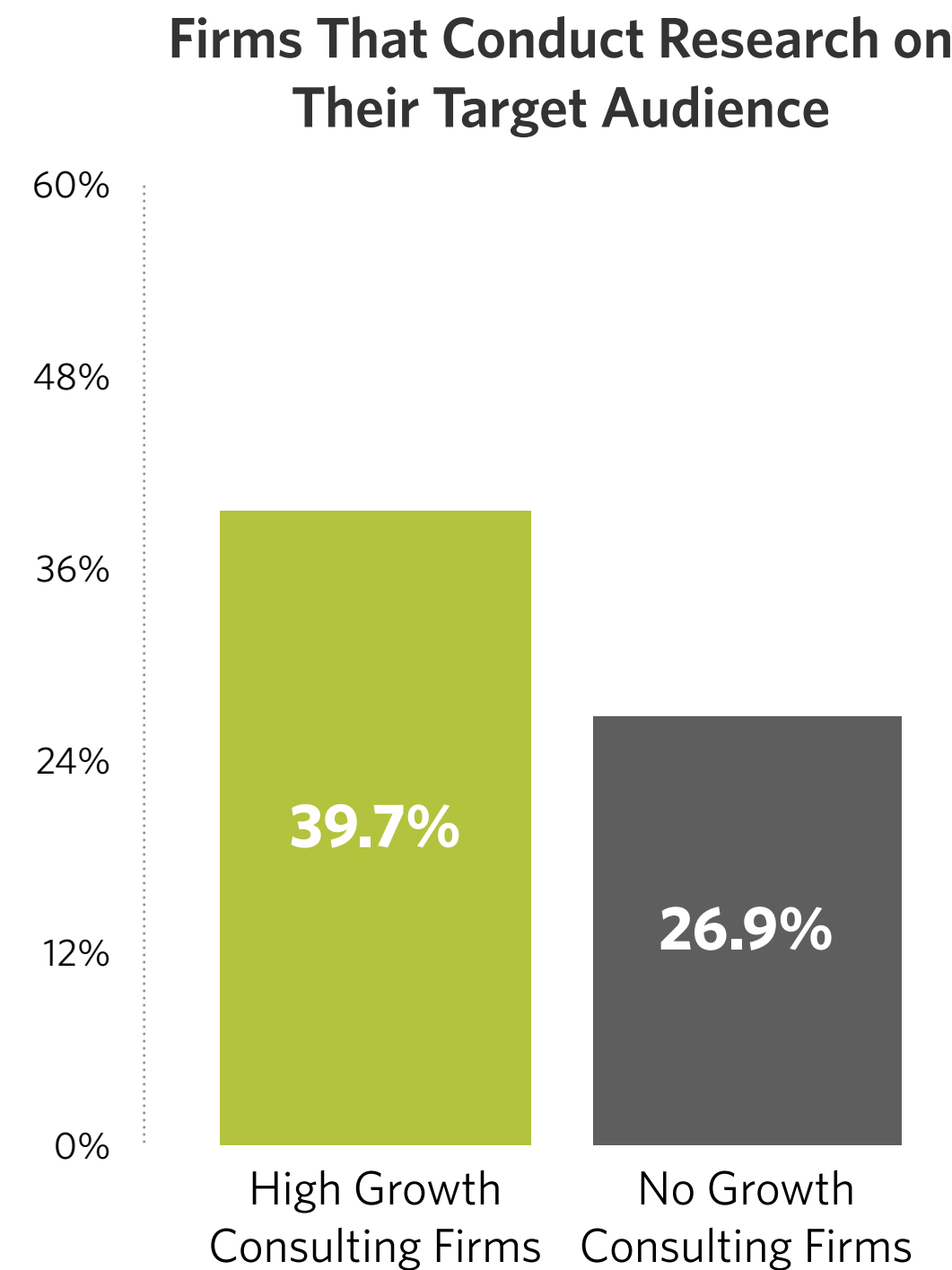
In sharp contrast, No Growth firms are most worried about unpredictability in the marketplace and the need for new skills. They are also worried about managing a remote workforce.

The remaining concerns are consistent with a firm either frozen in place or headed in the wrong direction.

Where do the High Growth firms look for market insights and direction? We find out next.

For the full set of business challenges see the Appendix.

High Growth Consulting firms are more likely to conduct research on their target audiences.



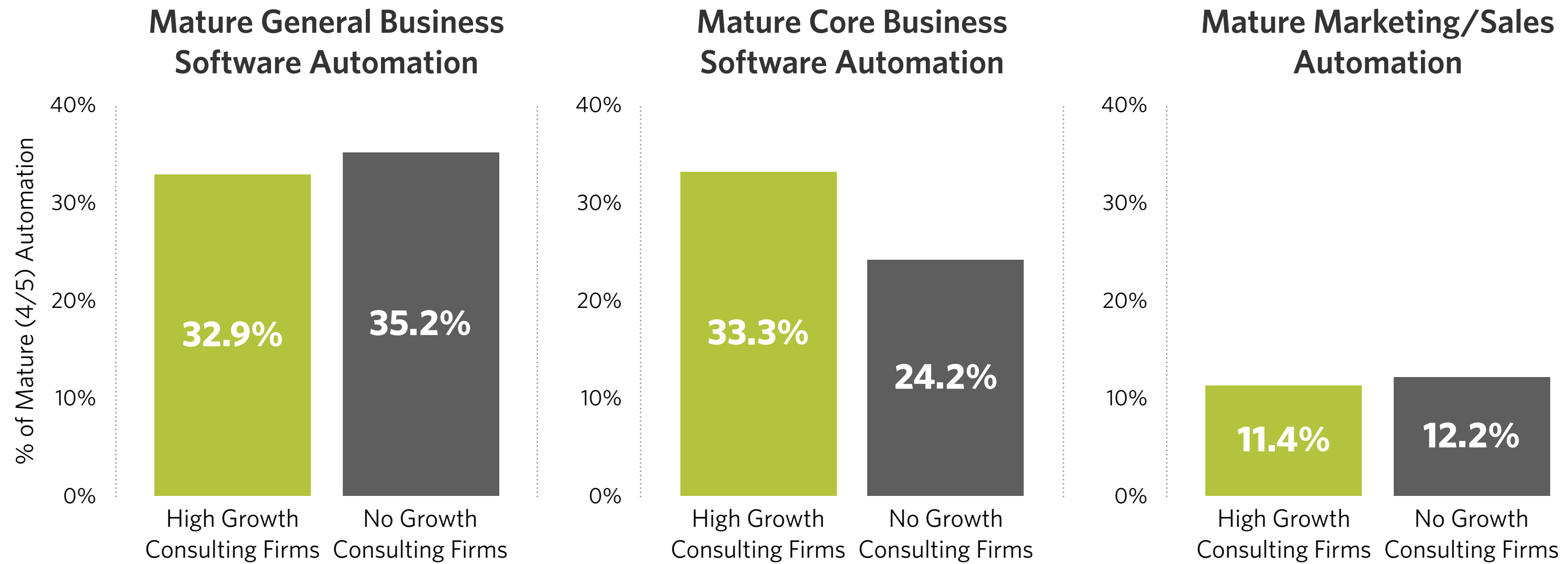
High Growth firms are 13% more likely to conduct research on their target audiences compared to No Growth firms.

They also are likely to conduct research more frequently, with 51.7% of High Growth firms doing so at least quarterly. While the majority of No Growth firms (about 75%) do not conduct target audience research at all, of the firms that do, they do so frequently, as the bar chart on the left illustrates.

PUT THE DATA TO WORK

The cure for unpredictability in the marketplace is frequent research. Start by using resources that are already available, including high-quality third-party research. (If you target professional services, for instance, Hinge offers studies of key industries. Many trade associations, too, have relevant research.) But to get the most comprehensive understanding of your audience, consider conducting a customized study of your own.

High Growth Consulting firms often have advanced automation in business software — but less often in marketing and sales software.



We looked at automation maturity (levels 4 and 5 of our Automation Maturity Scale) for three types of software: general business software (word processing, spreadsheets, etc.), core business process automation (associated with the specialized work different types of Consulting firms do), and marketing/sales software (marketing automation, CRM, etc.).

High Growth firms are much more mature in the automation of their core business processes than their No Growth peers.

We cover the automation of marketing and sales in more detail in the marketing analysis section.

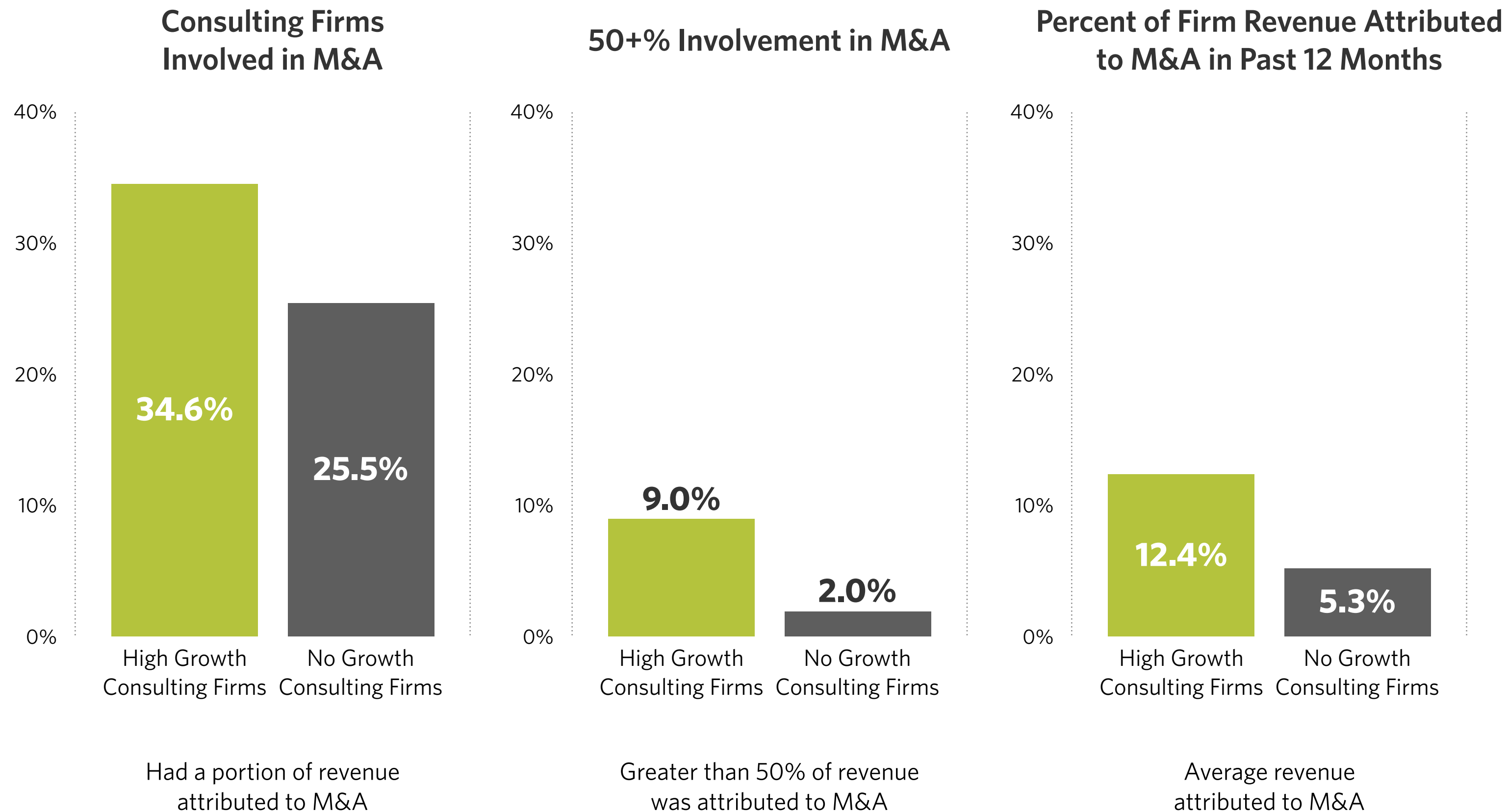
Automation Maturity Scale

- 0 - No Automation** No automation is used for this process.
- 1 - Ad Hoc** Most processes are performed manually. No overall automation strategy or budget. Individual initiatives only.
- 2 - Opportunistic** Reactive to specific problems as they arise. Limited planning and budgeting. Typically done at a department level.
- 3 - Systematic** Proactive approach using specific metrics and targets. Specific strategy and goals. Normally conducted at the program level (multiple departments).
- 4 - Institutionalized** Automated processes are a way of life. Accepted and widely used throughout the firm. Formal strategy goals and budgets.
- 5 - Optimized** Highest level of automation. Technology automatically adapts and optimizes to changing business needs. Strategy is built around this technology.

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Upgrade your automation maturity to stay competitive.

Mergers and acquisitions (M&A) play an important but limited role in High Growth Consulting firms.



High Growth Consulting firms are more likely (35% vs.26%) to be involved in M&A than their No Growth peers.

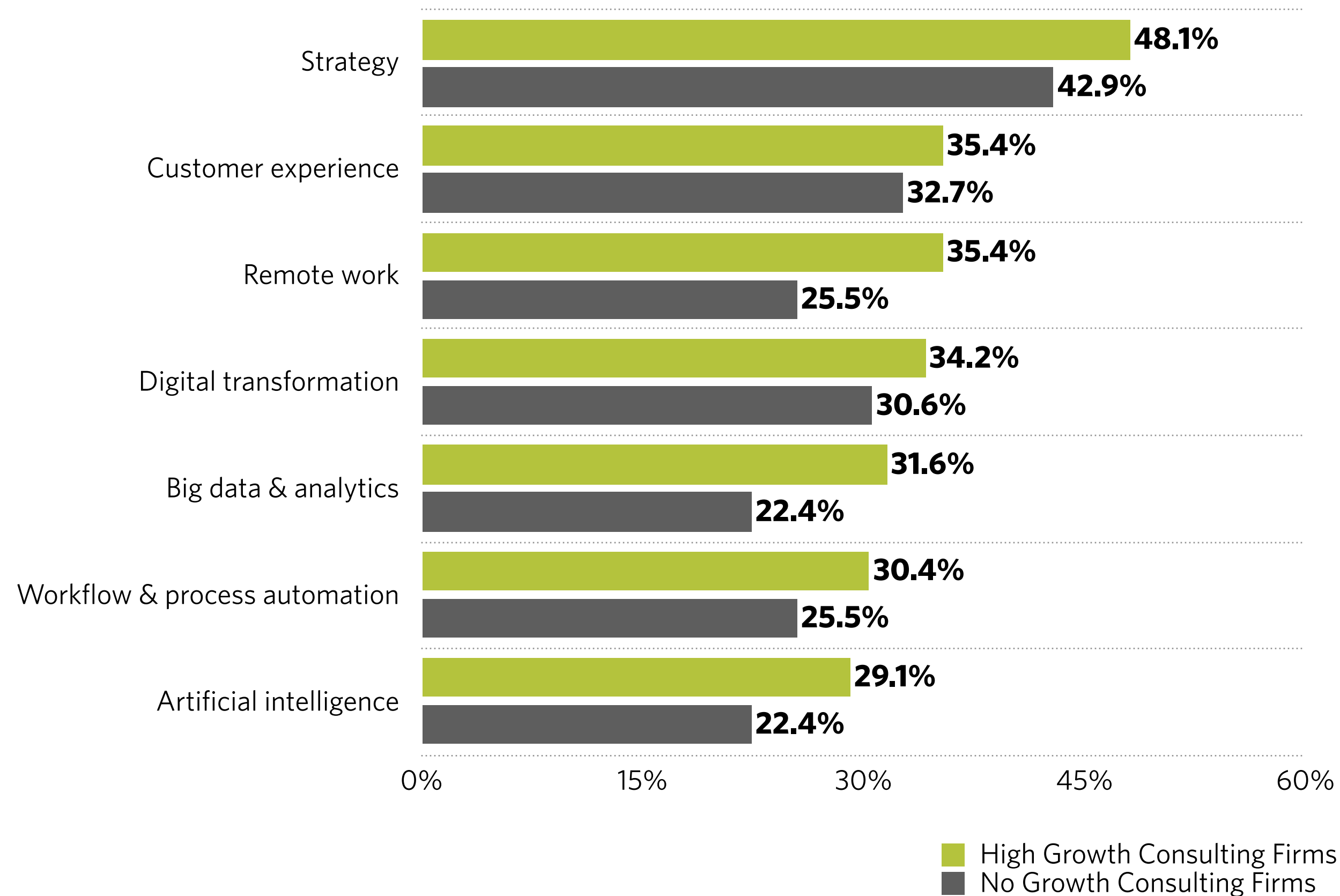
The impact on revenue? About 1 in 10 High Growth Consulting firms report that 50% or more of their revenue is attributed to M&A activity.

In aggregate, roughly 12% of High Growth firms' revenue increases can be attributed to M&A. The figure is 5.3% for No Growth firms.

Put another way, rapid growth is 88% organic and only 12% driven by M&A.

Where are High Growth firms focused next? Strategy, customer experience and remote work.

Trends and Topics to Learn More About in the Coming Year



What are High Growth firms focusing on learning about next year? The chart shows what's hot.

It is instructive to note that in almost every area the interest level from High Growth firms is greater than what is reported by their No Growth peers.

Learning more about remote work, for obvious reasons, is very timely. The greater focus that High Growth firms have on both customer experience and digital transformation is noteworthy and may suggest how they might evolve as buyers become more comfortable making buying decisions in a virtual world.

For a full list of areas to research see the Appendix.

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Powering Project Success

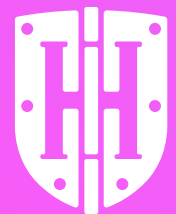
Ready For Growth? See how one fast-growing consulting firm is using Deltek Vantagepoint to better plan, price and manage their projects.

[Watch the Video Now](#)

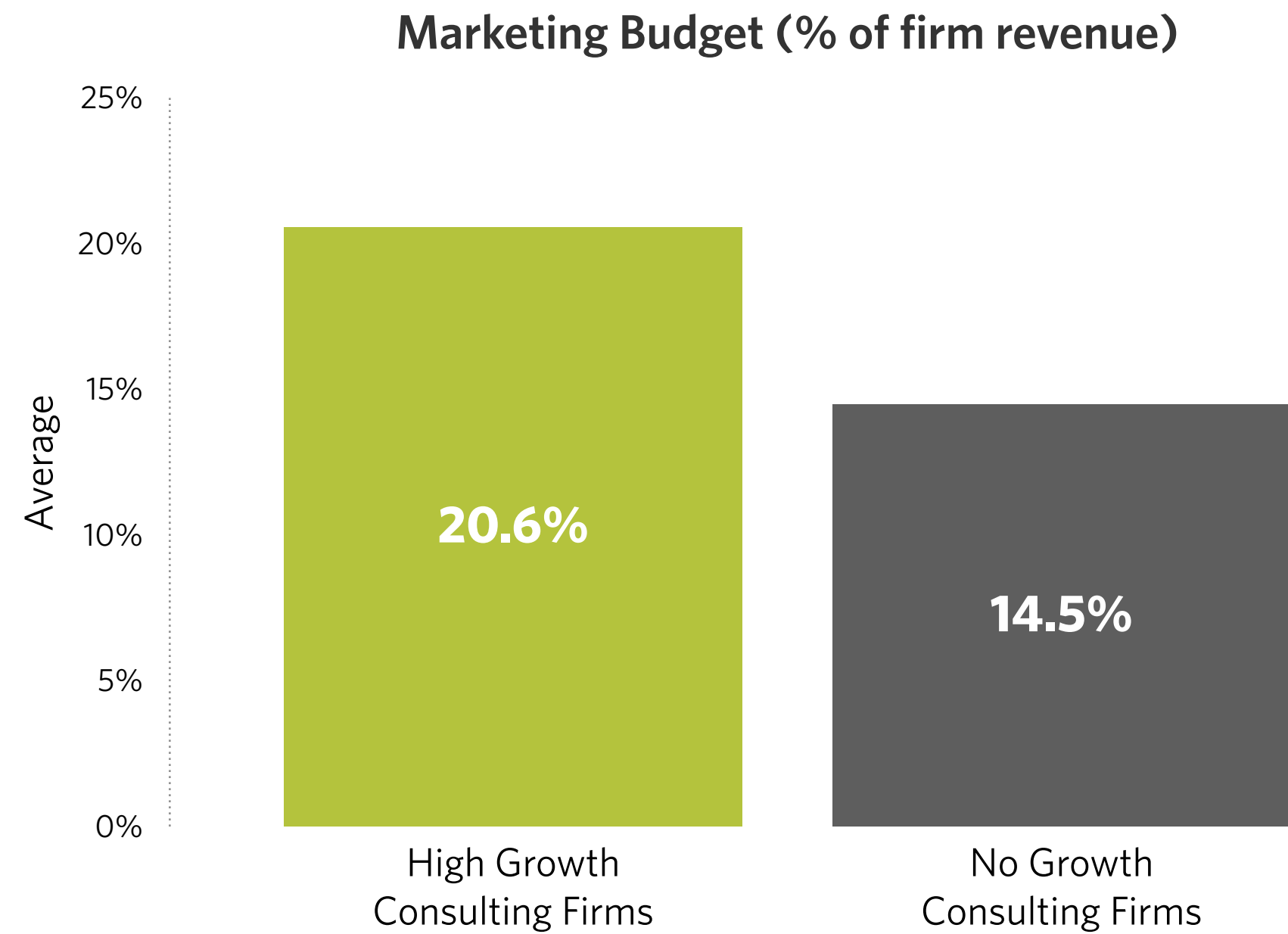


CONSULTING SERVICES

High Growth Marketing



High Growth Consulting firms invest more in marketing.



Until recently, High Growth firms had marketing budgets comparable to slower growing firms.

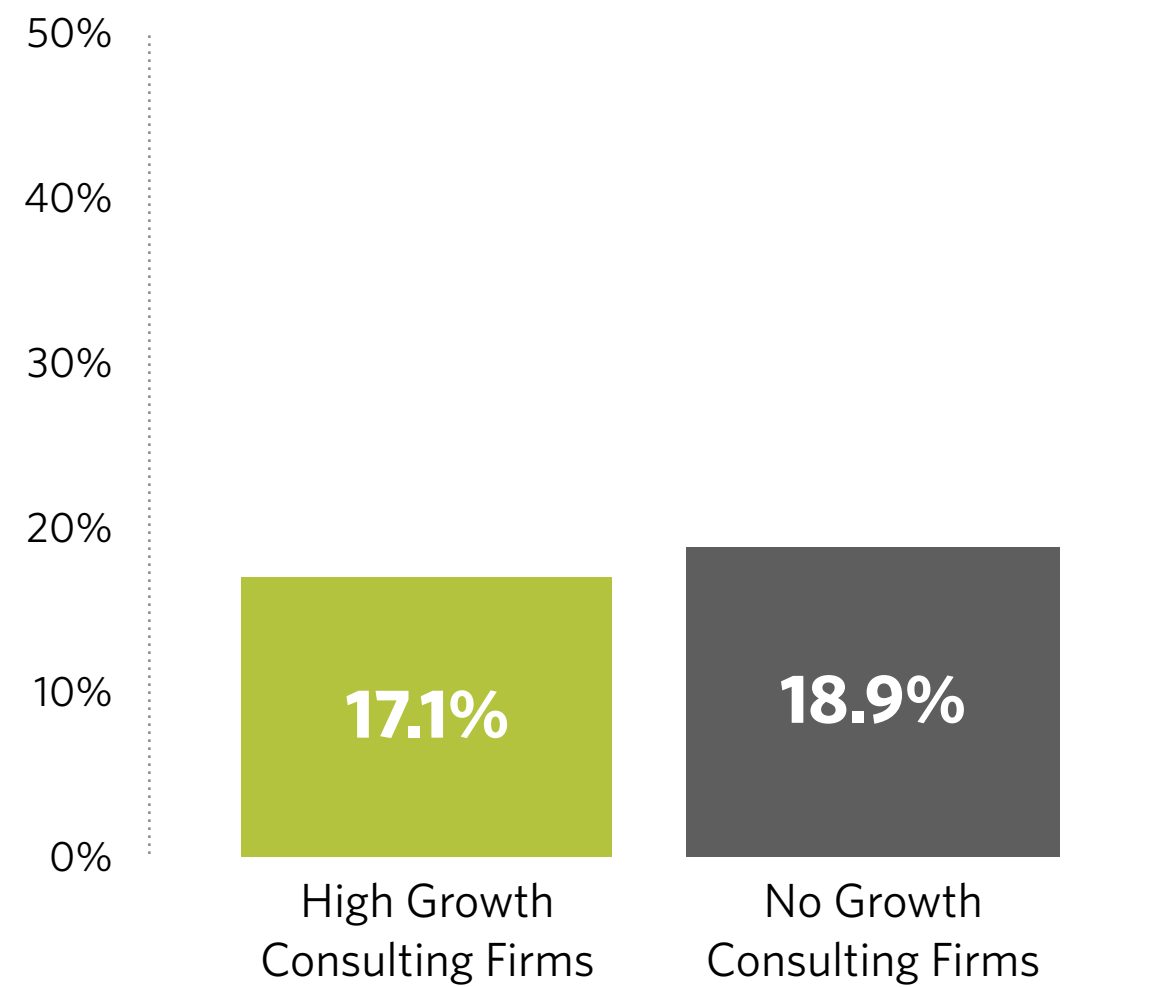
Today, High Growth firms invest 6 percentage points more in marketing than their No Growth peers.

PUT THE DATA TO WORK

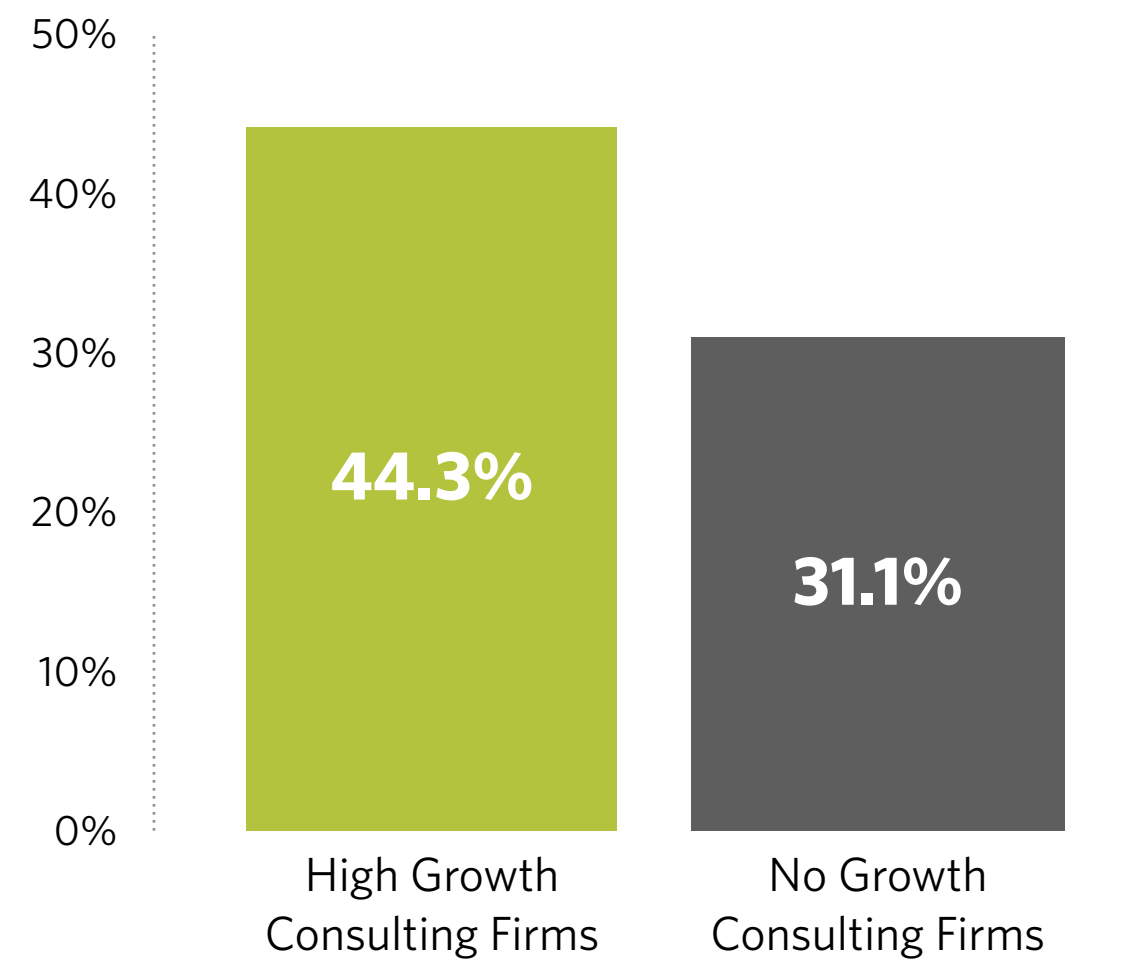
Even with this elevated level of spending the High Growth firms were more profitable than their No Growth competitors. Study the marketing habits of High Growth firms to see how they are spending their money and allocating budgets—they treat marketing as a system in which independent components are governed by a common strategy.

High Growth Consulting firms use a more sophisticated level of marketing and sales automation.

Consulting Firms That Don't Use Marketing/Sales Automation



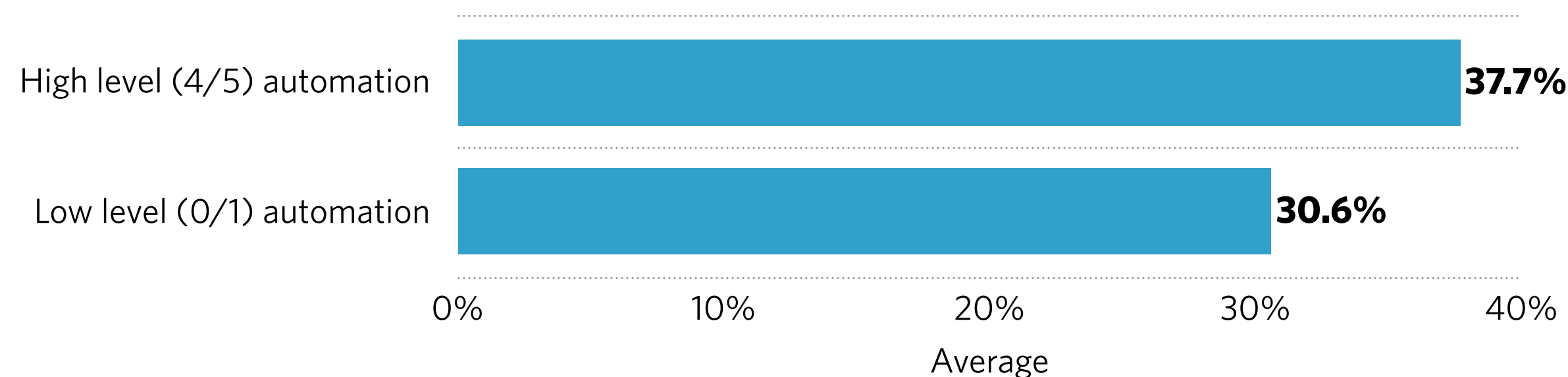
Consulting Firms with High Levels of Marketing/Sales Automation



While both High Growth and No Growth Consulting firms are likely to have marketing/sales automation in place (83% and 81% respectively), High Growth firms are more likely to use automation in a more sophisticated way. In this report, we assess automation maturity on a 6-point scale (see Appendix). As the bar chart to the left illustrates, High Growth firms are much more likely (40.7% vs. 31%) to be in the top three levels of maturity.

The bottom chart shows that the maturity of marketing/sales automation and the ability to generate digital leads are directly related. Greater maturity drives higher levels of digital leads.

Percent of Leads from Digital Sources by Level of Marketing/Sales Automation Maturity

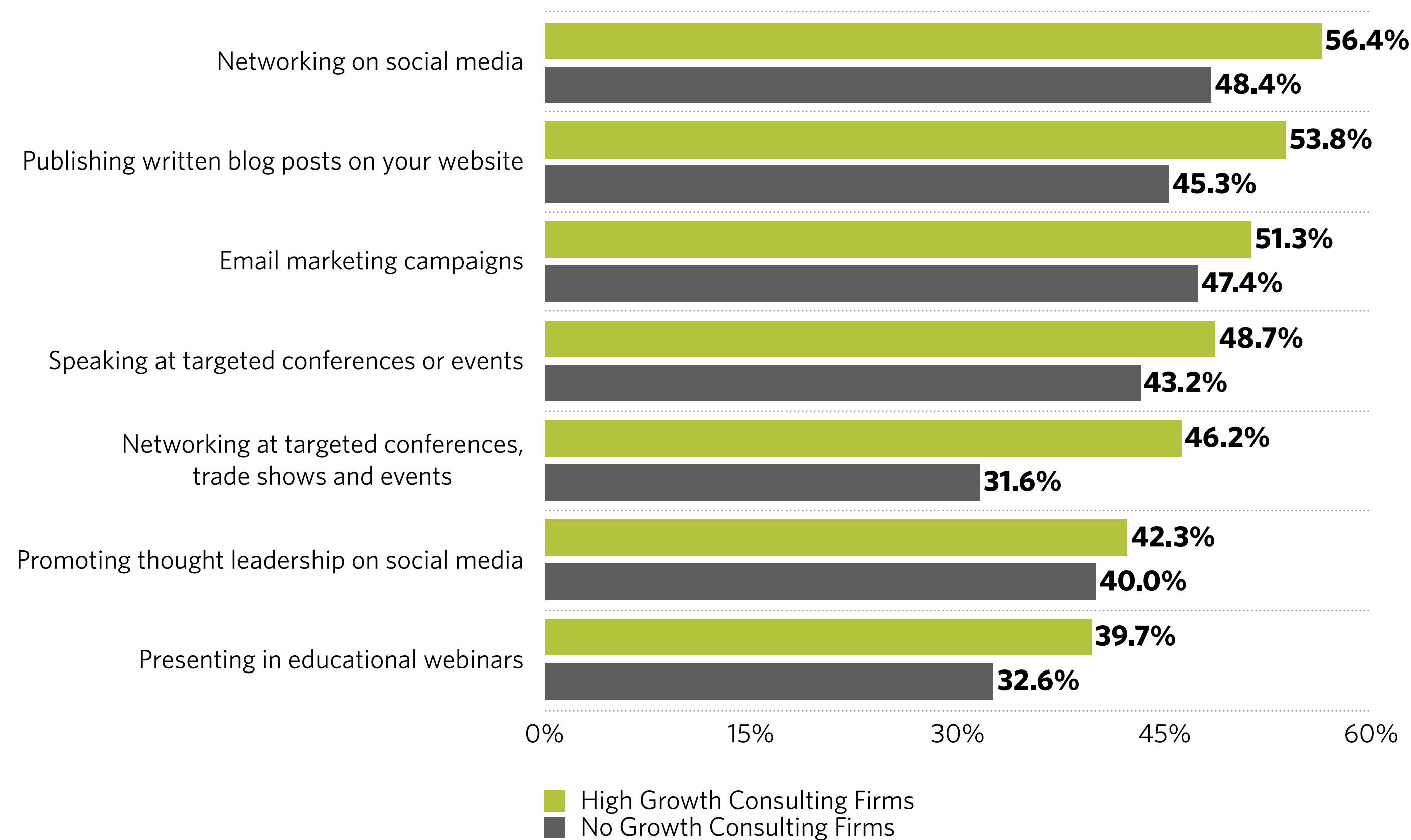


PUT THE DATA TO WORK

The data is clear. High Growth firms not only grow faster but are also more profitable. One reason is their ability to generate more leads online than their No Growth peers. Marketing automation facilitates digital lead generation, making this type of marketing more effective and efficient.

High Growth Consulting firms prioritize producing thought leadership and then making that thought leadership visible in channels where their audiences learn.

Top Marketing Techniques Currently Used by Consulting Firms



This chart shows which marketing techniques High Growth firms use most frequently and how they compare to No Growth firms. High Growth Consulting firms network on social media, publish blog posts, and use email marketing campaigns to engage their target audiences.

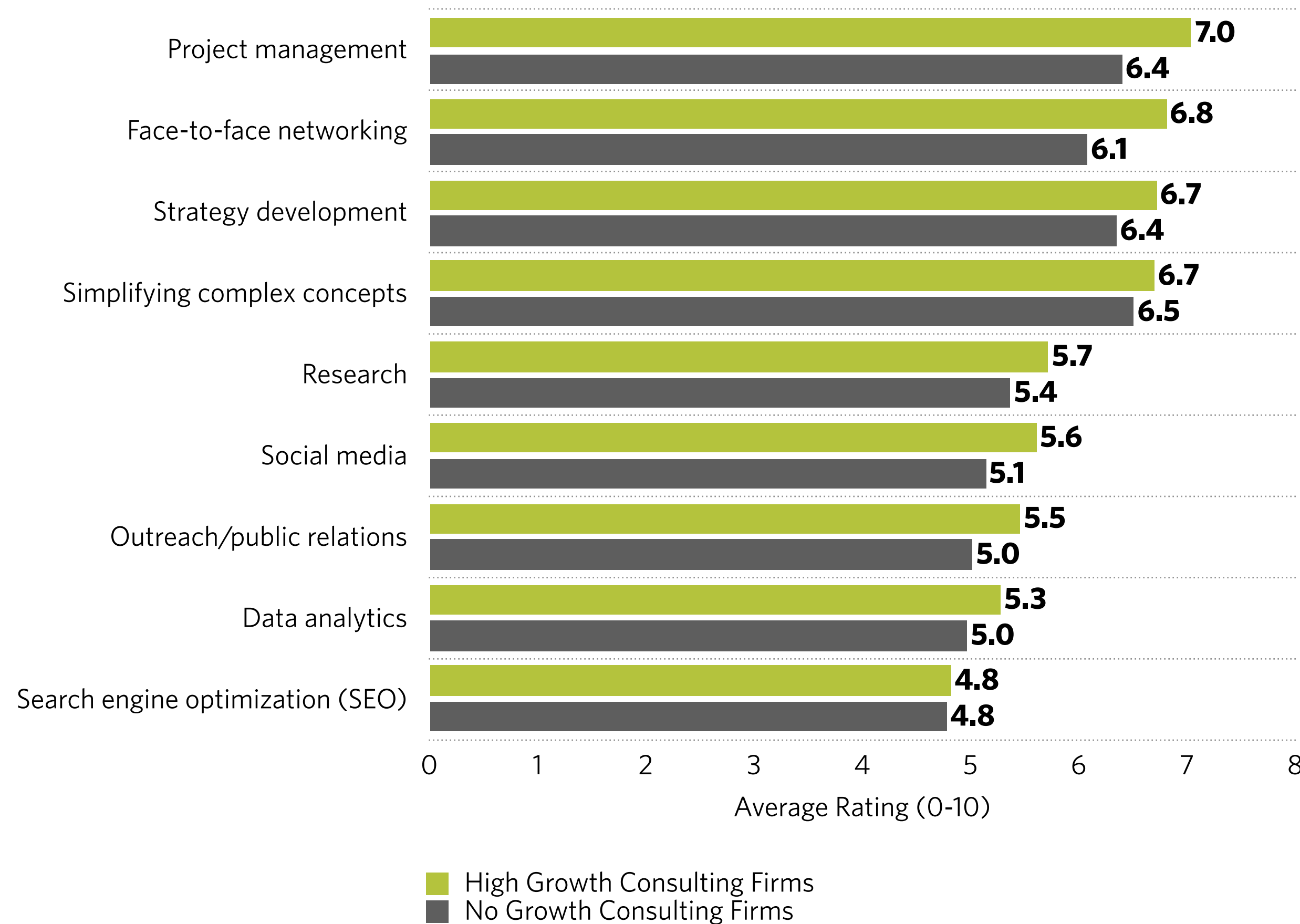
High Growth firms generally invest the same amount of money and effort into these techniques as their slower growing peers. But additional factors play into High Growth firms' success.

We explore these next.

For a full list of marketing technique usage and the effort expended on each see the Appendix.

High Growth Consulting firms also have access to more skilled talent.

Marketing Function Skill Ratings for Consulting Firms



Developing and implementing a thoughtful marketing strategy takes sophisticated skills. This is another area where High Growth firms are simply a cut above the rest.

The skills rating chart shows that High Growth firms hold an advantage in eight critical skillset areas.

While No Growth firms report roughly the same relative rating scale for certain skills, the question becomes how those skills are allocated and what types of tasks staff with those skills implement. As we saw earlier, High Growth firms invest more intensively in researching their target audience—which in turn indicates a marketing program that is more likely to resonate with that audience.

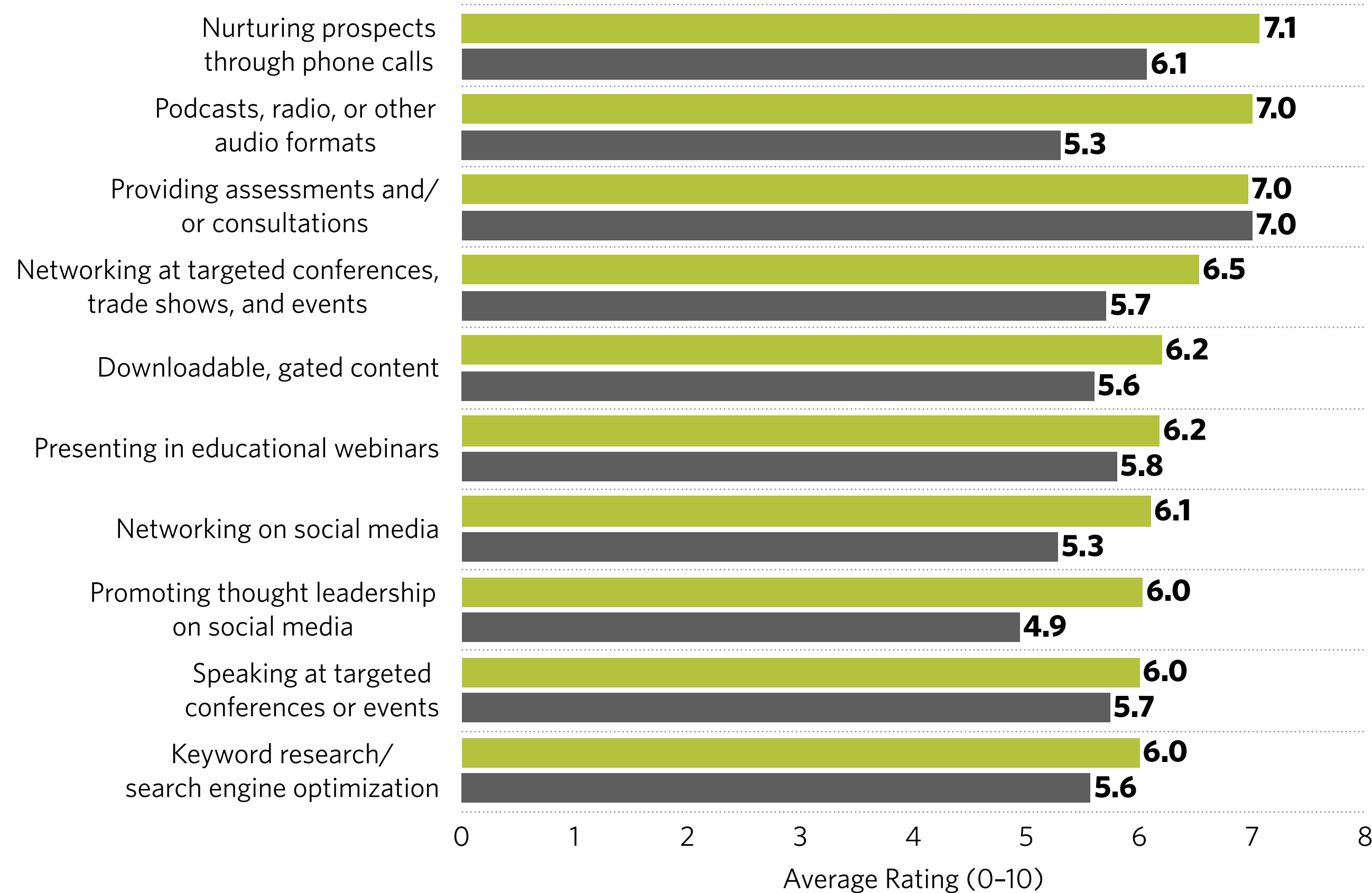
On the other hand, when techniques are selected without regard to how target audiences *really* learn and behave, even the best-intentioned strategy will be unsuccessful.

PUT THE DATA TO WORK

Invest in the talent you need. Better skillsets produce better results. Hiring talent or training your existing team are obvious options. Also consider outsourcing some tasks or retaining specialists who know your industry and have the marketing chops you need. Lastly, give talent the tools they need by investing in research that identifies how your audience learns and what messages will resonate with them.

What are the most impactful marketing techniques for High Growth Consulting firms?

Top Marketing Techniques for Consulting Firms Based on Impact



■ High Growth Consulting Firms
 ■ No Growth Consulting Firms

Now let's take a look at the top 10 most impactful marketing techniques used by High Growth firms. At first glance, both High Growth and No Growth firms appear to use similar techniques at roughly similar rates. So how is it that High Growth firms reap more benefits from these techniques?

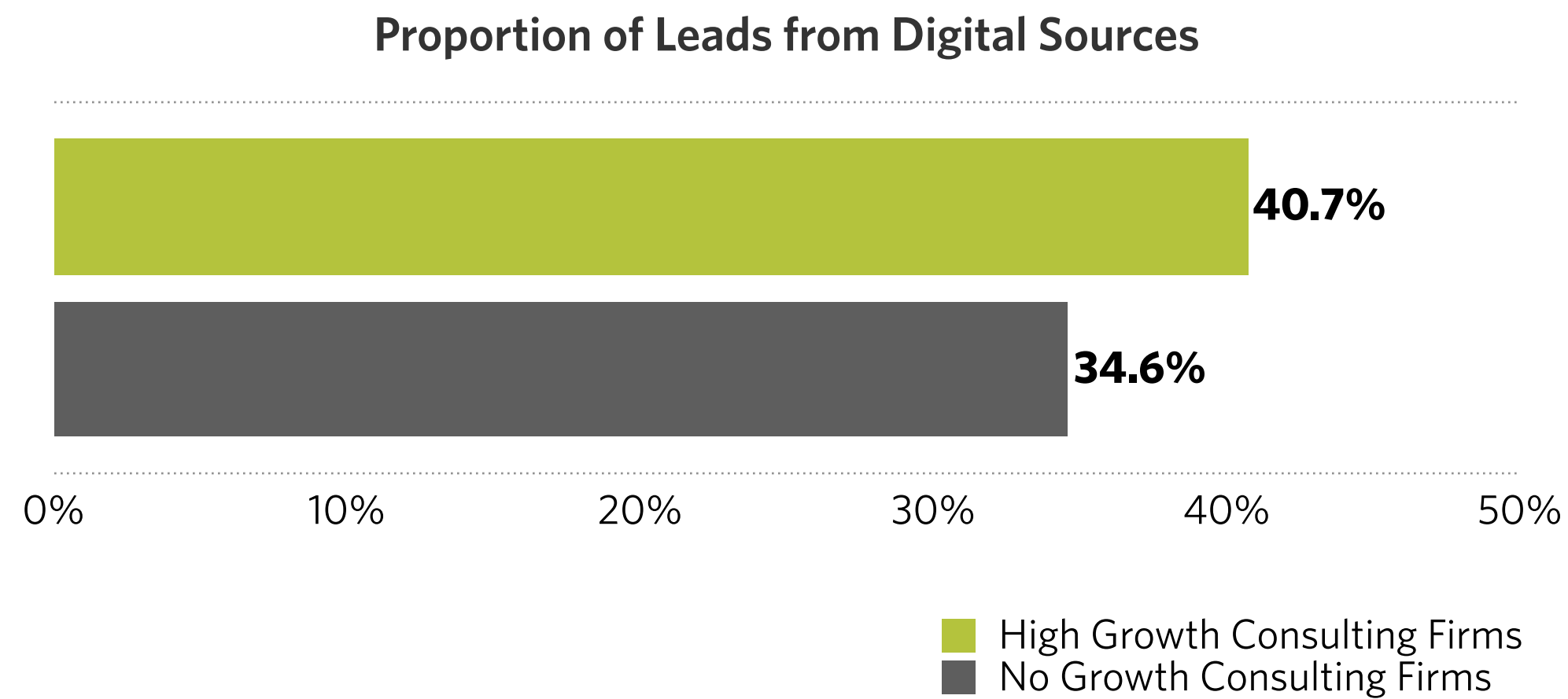
They orchestrate all the parts more effectively.

The right marketing mix, grounded in the right research, combined with the right positioning makes them a powerful force in the marketplace.

PUT THE DATA TO WORK

If you want more impact from your marketing investment use research to uncover key insights, invest enough in each marketing technique to make it viable, and make sure you have the skillsets (whether internal or outsourced) to pull it off correctly.

High Growth Consulting firms generate more of their leads from digital sources, the key to growth and profitability in an increasingly virtual marketplace.



High Growth Consulting firms generate more of their leads through online sources than their No Growth counterparts, but not by a huge margin. How are they able to achieve higher growth and higher profitability?

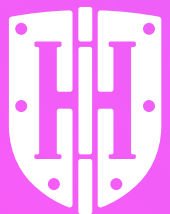
The key is in the strategy behind digital lead generation. Earlier, we learned that High Growth firms are more likely to ground their marketing strategies in ongoing research. Simply put, High Growth firms understand their target audiences, and they base their marketing on that understanding.

PUT THE DATA TO WORK

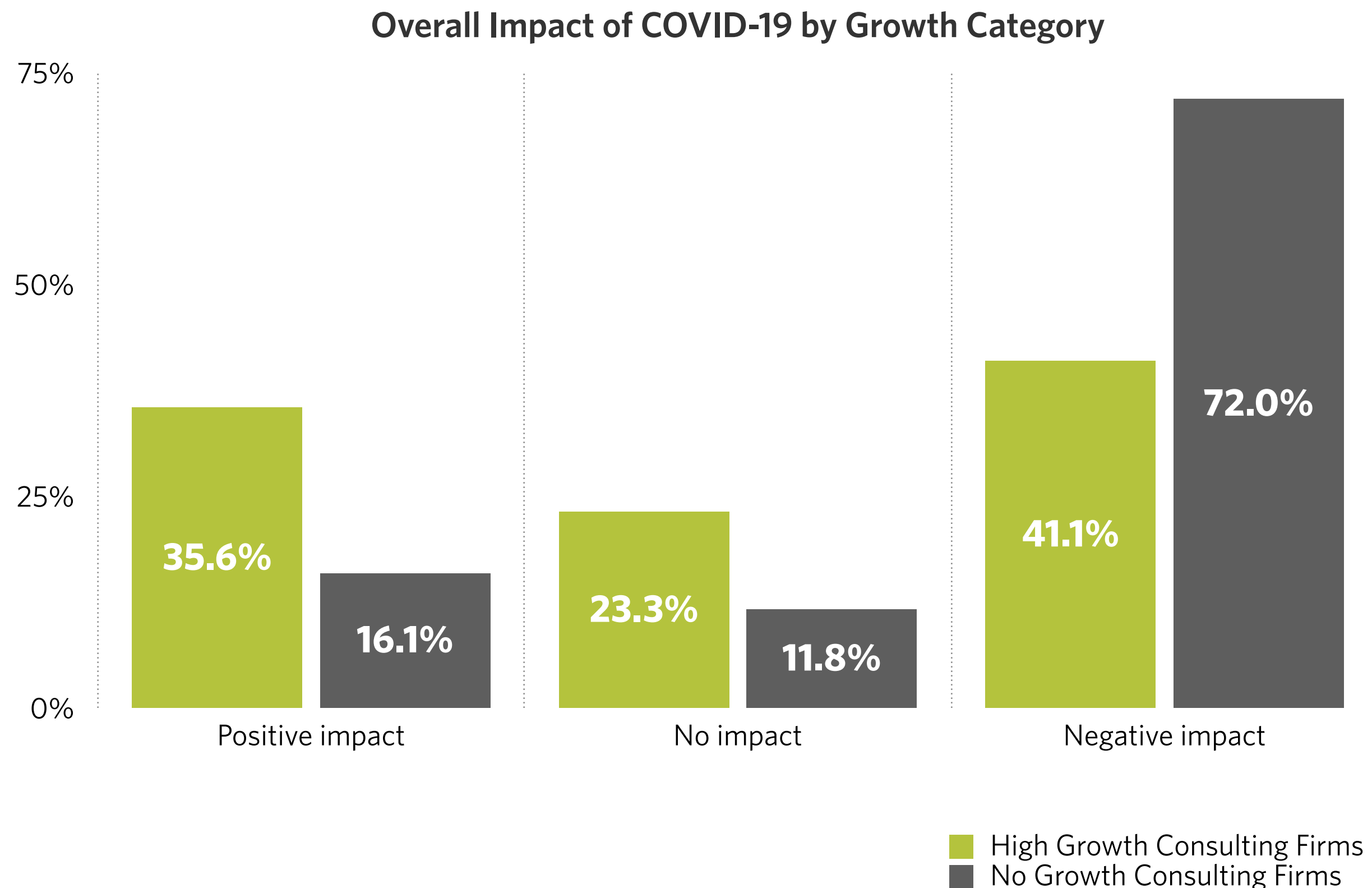
The good news is that there is still a lot of room for Consulting firms to improve their digital lead generation. Even the High Growth firms lag behind high performers in other professional services industries. But competition is heating up fast as marketing budgets expand and the competitive field grows. So act quickly.

CONSULTING SERVICES

Impact of COVID-19 on High Growth Firms



Overall, High Growth Consulting firms experienced much less of an impact from COVID-19.



The pandemic affected firms across the professional services. But in every segment, the High Growth firms fared much better than their slower growth peers.

In the Consulting industry, 41% of High Growth firms reported experiencing a negative impact—almost half the proportion of No Growth firms that reported a negative impact.

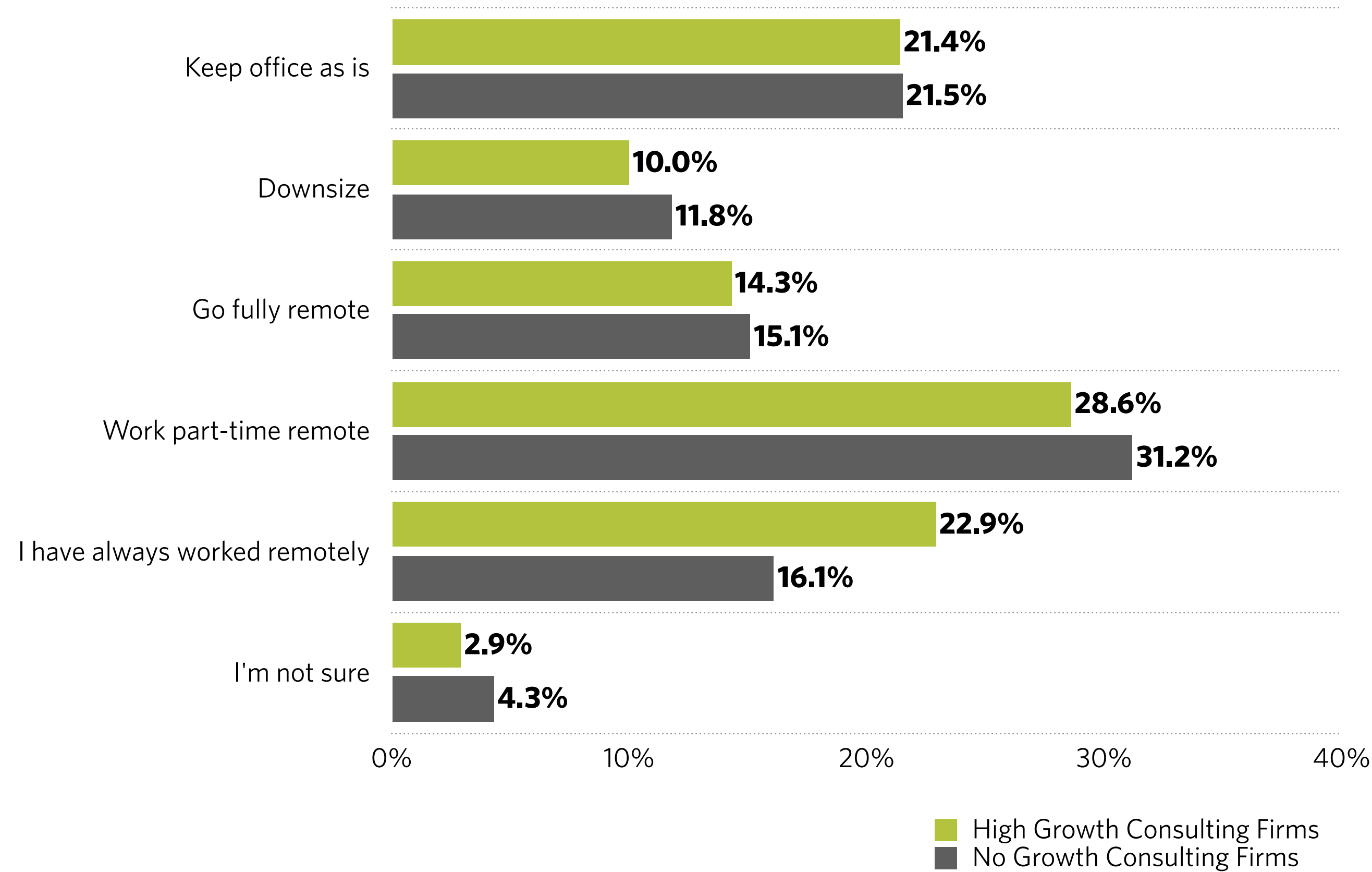
At the other end of the spectrum, more than one-third of High Growth firms reported a positive impact—twice the level of No Growth firms.

The need to plan for the unexpected is a lesson that many Consulting firms learned the hard way this year. However, many of these firms still enjoyed growth!

How did these firms pivot and grow? We'll find out next.

High Growth Consulting firms were more likely to be working remotely even prior to COVID-19.

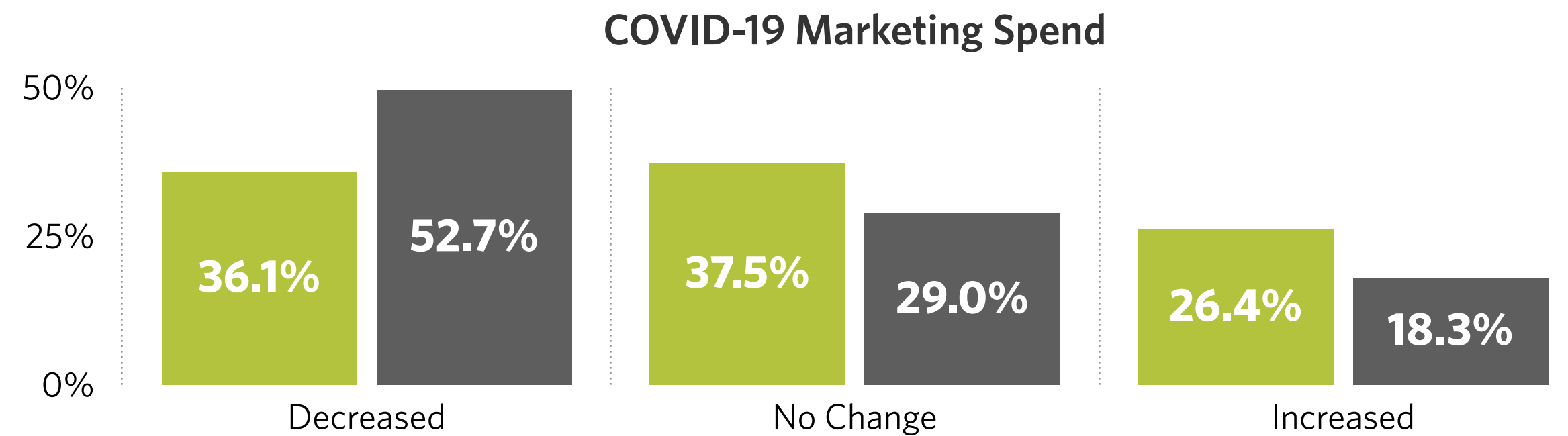
COVID-19's Impact on Office Space



Remote working is part of the High Growth Consulting firm culture. 23% reported already working remotely, and as a pivot during the pandemic, just under half reported shifting to part-time or full-time remote.

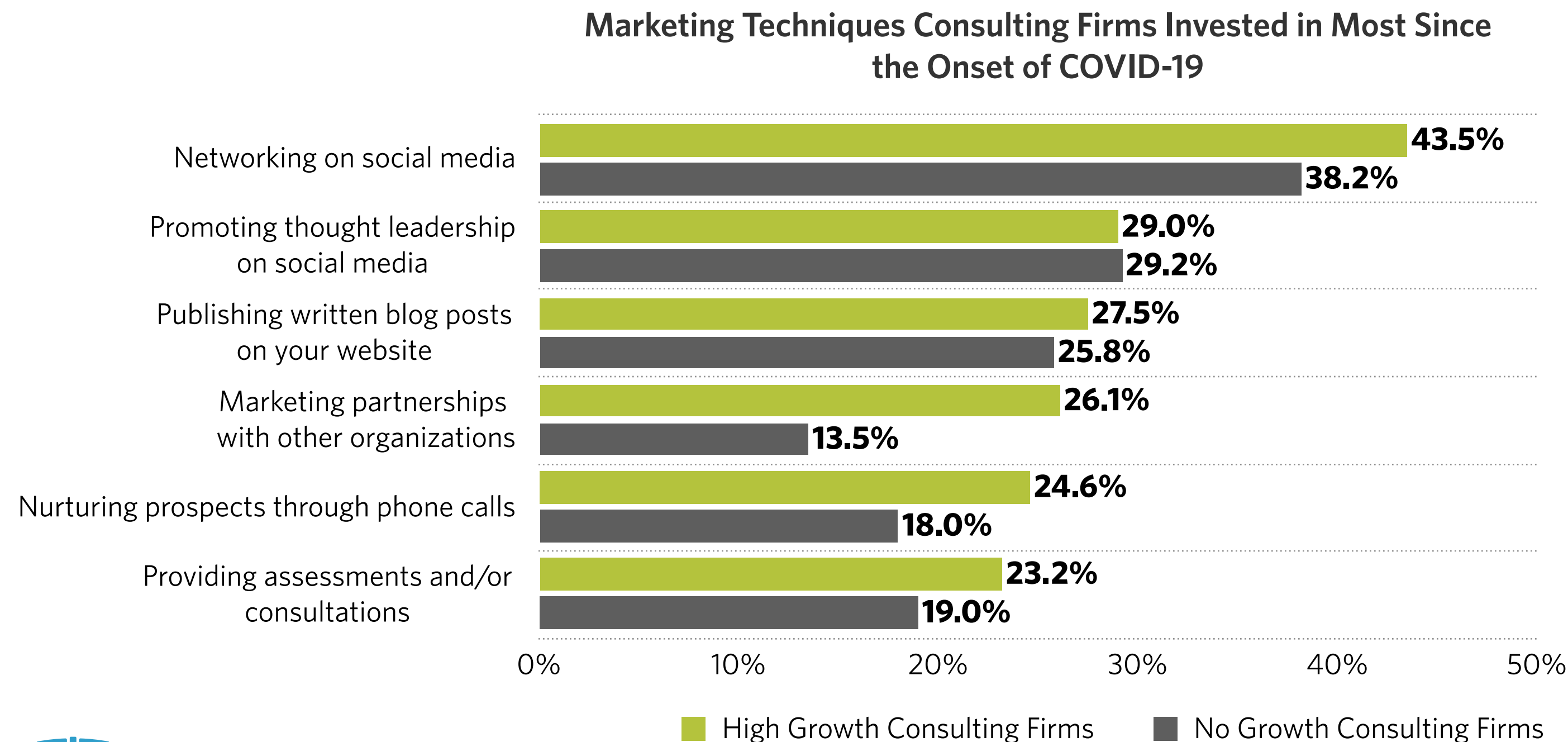
While No Growth firms also reported a growing interest in part-time or full-time remote working environments, the data shows that virtual work environments were less familiar to No Growth firms than their High Growth peers.

High Growth firms see positive growth from increasing their marketing spend and prioritizing digital strategies and partnership marketing.



The majority of High Growth firms (64%) either left their marketing spend “as is” or increased it during the COVID-19 pandemic. On the other hand, the majority of No Growth firms (52%) decreased their marketing budgets. This trend is consistent with the overall increase in High Growth marketing spend documented earlier in this study.

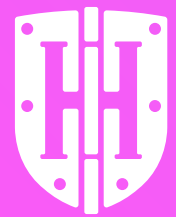
High Growth firms also spent that increased investment differently. As the lower bar chart indicates, High Growth firms not only focused on thought leadership and making that thought leadership visible, they also focused on partnering with organizations that serve a similar audience. Partnership marketing is an effective way to expand reach while leveraging a particular marketing partners' existing business relationships as “trust multipliers”.



PUT THE DATA TO WORK

The best time to invest is when your competitors are pulling back. The High Growth firms gained an edge when they invested in digital marketing as their competitors pulled back or froze in place. Also consider marketing partners, including other organizations with audiences similar to yours, that can expand your marketing reach and bring trust and credibility to your joint marketing efforts.

Conclusion



What these results mean for you.

Understanding how your target audience thinks and behaves is the key to growth and profitability.

Throughout this study, firms that research their target audience tend to grow faster and be more profitable. Why? The answer is pretty simple. In a world marked by unpredictability and rapidly changing buyer behavior (which were among Consulting firms' top anticipated challenges), research provides powerful insights into target audiences' key issues and evolving concerns. Think of it as shortening the learning curve. Regular research reduces risk and identifies where and how you should be investing your limited marketing resources.

There is also a second advantage. As it turns out, sharing the results of your research turns out to be a great way to attract potential clients and demonstrate your expertise. It shows that you understand your client's industry and the issues they face. No wonder research has become so popular so quickly.

Investing in your digital footprint is non-negotiable.

The data have been accumulating for over a decade. Digital marketing has become a mainstay of modern professional services marketing. In fact, digital marketing—and spending on marketing technology—is accelerating at an astonishing pace across all professional services.

But going digital is not just about marketing. Greater automation maturity in other core business processes is also a key characteristic of High Growth firms, and it is associated with greater profitability.

If your firm has been a digital laggard, it is time to embrace modern marketing, even if only for defensive purposes. A firm with a weak digital strategy could easily find itself in the No Growth column.

What these results mean for you. *(continued)*

You Can Win in Any Industry

The research clearly shows that high growth and high profitability are a viable option in any professional services industry and for any size firm. Slow growth is a choice you make by ignoring data on what works, failing to research your target audience, or pretending that what worked a decade ago is still effective.

Demonstrate Your Relevance and Expertise

Marketing and business development in a virtual world are new experiences for many folks. Yet some firms have been doing just that for years. What they have learned is that buyers are looking for firms that understand their industry and business issues and have the expertise to solve their problem.

So how do you make your insight and expertise visible in a virtual world? The answer is by using the very techniques that the High Growth firms use. From publishing articles and blog posts to speaking at targeted events (online and eventually in

person) to networking in social media channels, firms have found effective ways to express and promote their competitive advantage. We know this from the research, as well as from our own personal experience. Making your expertise visible works.

Managing a New Workplace

Will the workplace ever be the same again? Probably not. The trend to remote work and all that entails did not start this year. But it certainly has accelerated and introduced the concept to firms that never considered it before.

Just as digital marketing and business development has changed the way we attract new clients, it has had a parallel effect on the way we will recruit and manage professionals in the future. The best talent is likely to demand a flexible, remote (or part remote) work environment.

What these results mean for you. *(continued)*

Doing it Right Makes a Difference

Focus, effort, and talent matter. Marketing professional services has become a more complex task that requires focused effort, true insight, and the right skillsets. Buying the tool is pointless unless you are using it correctly. Faithfully executing a flawed strategy does not help you grow faster.

The data clearly show that High Growth firms devote more resources to marketing, research their target audiences more frequently, and bring higher skill levels to the party. Their reward for this increased investment? Faster growth and greater profits.

It's a step you may want to consider.

Other Ways to Use This Research

In these unprecedented times, trust is at an all-time low. But research like this study can help you establish trust—and build powerful preference for your firm in the marketplace.

Using research as part of a content marketing program is one of the most effective ways to engage your audience, demonstrate your expertise and relevance, and build critical trust.

When you disseminate our research to your audience, you position your firm as a source of authoritative educational content. You become a reliable resource for valuable information. And when your readers are ready to buy services, your firm is the one they think of first.

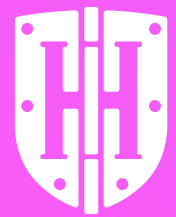
How Licensing Works

The Hinge Research Institute collaborates with many organizations like yours to license its research studies. You can license this study, or the all-industries Executive Summary, and make it available to your prospective clients. But that's not all. You'll also be able to use data points from the study over time in a wide variety of media—in blog posts, webinars, and social media—to create a steady stream of new content and spark conversations. The possibilities are endless.

To learn more about licensing this study, contact the **Hinge Research Institute** today!

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About Hinge



About Hinge



Hinge is the leading research-based branding and marketing firm for professional services.

Our ongoing research into over 30,000 professional services firms and buyers of their services is changing the way firms go to market.

www.hingemarketing.com

Hinge is made up of three divisions:

Hinge Marketing, our consulting arm, helps businesses build gorgeous visual brands, deliver powerful marketing programs, and achieve exceptional growth.

Hinge Research Institute, our research arm, studies the professional services industry and equips organizations that want to reach and engage this audience with compelling research-based content.

Hinge University, our online learning platform, teaches high-growth, high-visibility strategies and techniques to marketers, business developers, and professionals across the globe.

About Hinge Research Institute



The Hinge Research Institute, a division of Hinge, has a two-part mission:

- 1.** To study high-growth professional services firms and their clients. We collect data and analyze marketplace trends to discover why some firms grow much faster than average and reap greater profits. We share this knowledge so that every professional services firm can prosper.
- 2.** To help organizations engage their professional services audience. We do this in a variety of ways, such as:
 - › **Creating custom research:** Commission a piece of research once and repurpose it many times in blogs, webinars, articles, social media posts, and more.
 - › **Licensing existing research:** License our existing research in the form of studies, books, and guides—at a fraction of the price of custom research.
 - › **Co-brand a webinar:** Co-present a webinar with one of our research analysts and reach Hinge's database of almost 60,000 professionals. Get engagement like never before.

We invite you to explore our full library of research reports, books, and other publications at: www.hingemarketing.com/library

For more information about the Hinge Research Institute, please contact:

Kelly J. Waffle
Managing Director of Hinge Research Institute
kwaffle@hingemarketing.com
703-391-8870

Performance Benchmarking



Financial Performance Benchmarks* for Consulting Firms

Metric	Consulting Firms	Your Business
2020 Gross Revenue	\$1,500,000	
Annual Growth Rate	9.5%	
Number of Full-Time Employees	14	
Revenue per Full-Time Employee	\$107,142	

**Benchmarks represent the median values of results within the identified sample and segments. These are intended to be a guide or point of reference to help in decision-making.*

How to use this section:

This section of the report provides financial performance benchmarks to which you may compare your business.

A column is provided in each table for you to compare your business' financial performance.

Hinge offers a variety of services to help professional service providers like you grow consistently, predictably, and rapidly.

Financial Performance Benchmarks* by Consulting Firm Size

Metric	Micro Firms	Small	Mid-Size	Large	Your Business
2020 Gross Revenue	\$175,000	\$2,000,000	\$15,500,000	\$180,500,000	
Annual Growth Rate	8%	10%	9%	12%	
Annual Profit	41%	40%	27%	23%	
Marketing Budget (% of firm revenue)	10%	7%	8%	14%	

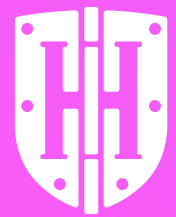
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Financial Performance Benchmarks* by Consulting Firm Size

Metric	Micro Firms	Small	Mid-Size	Large	Your Business
Number of Full-Time Employees	3	15	90	678	
Number of Marketing FTEs	1	2	2	12	
Number of BD/Sales FTEs	1	2	3	12	
Revenue per Full-Time Employee	\$58,000	\$133,333	\$172,000	\$266,224	

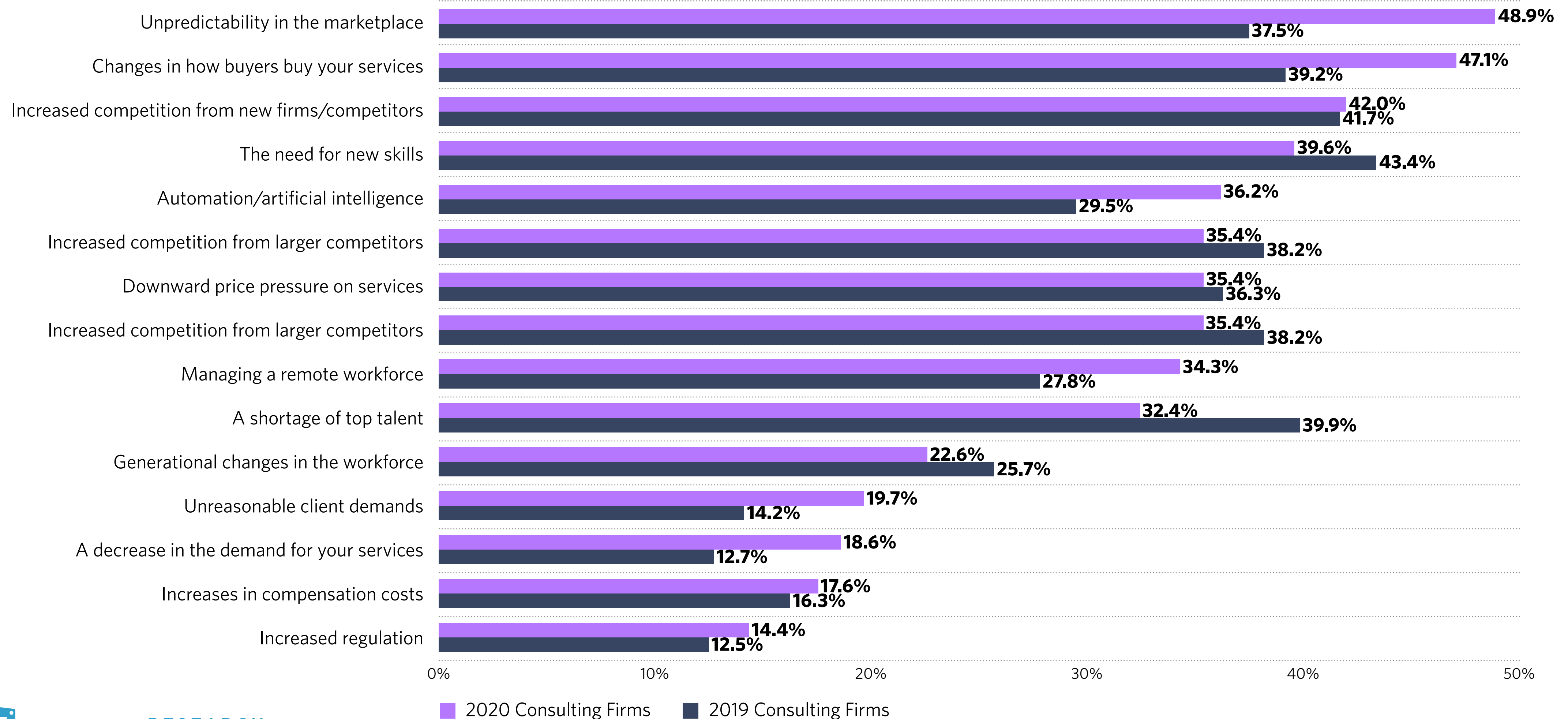
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Appendix



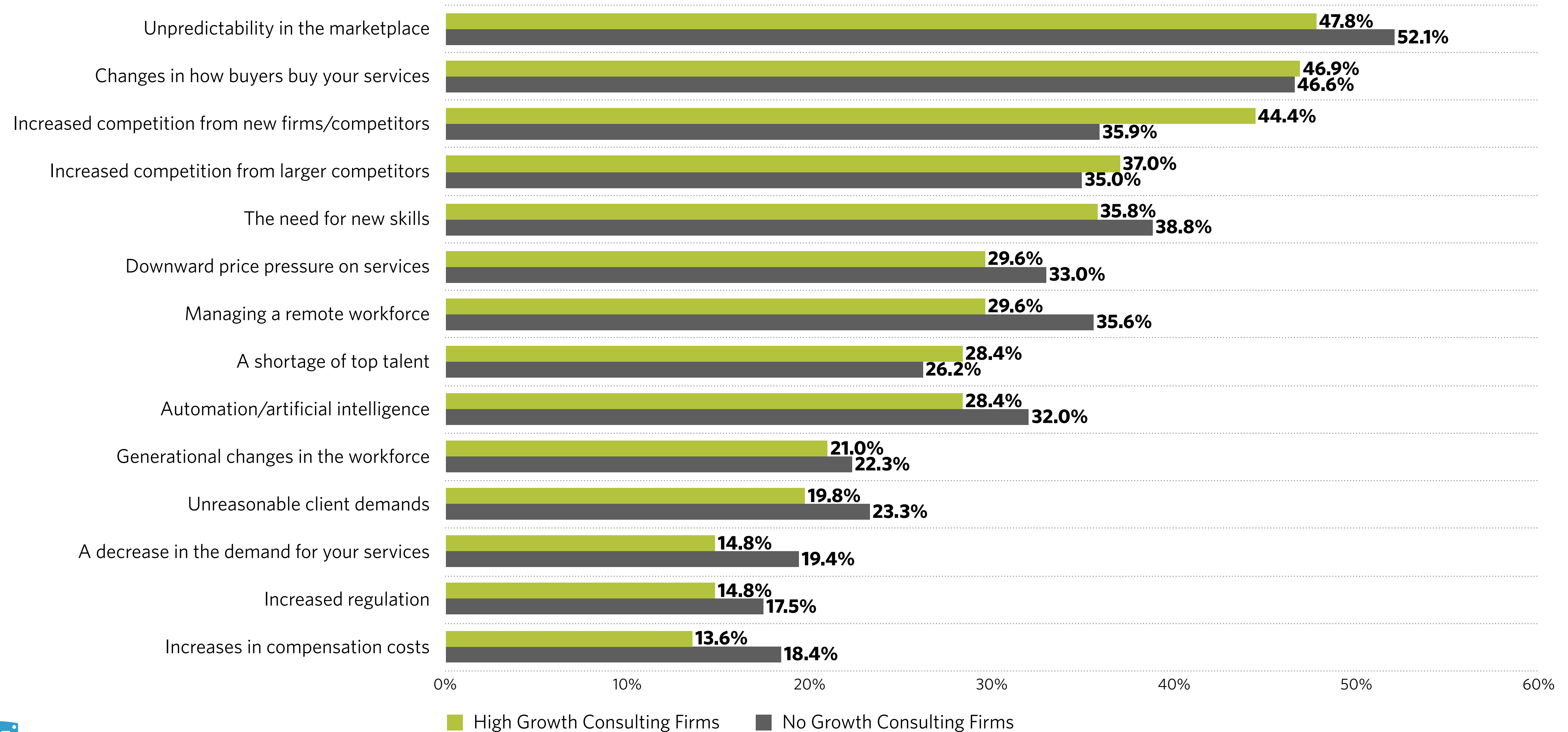
Which of the following business challenges do you expect your organization to face over the next 3-5 years? (Select all that apply)

Anticipated Business Challenges Over the Next 3-5 Years



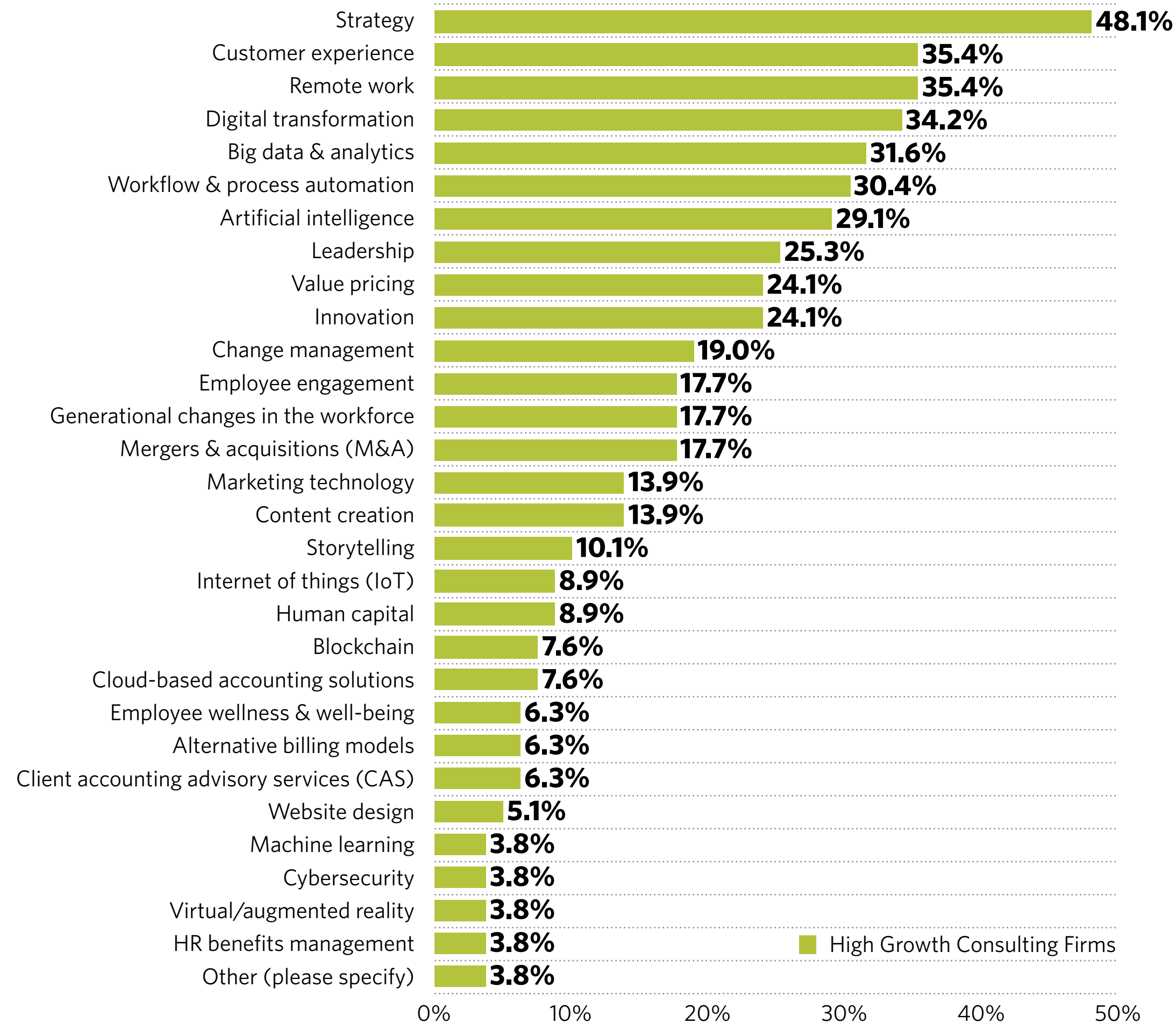
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Anticipated Business Challenges for the Next 3-5 Years

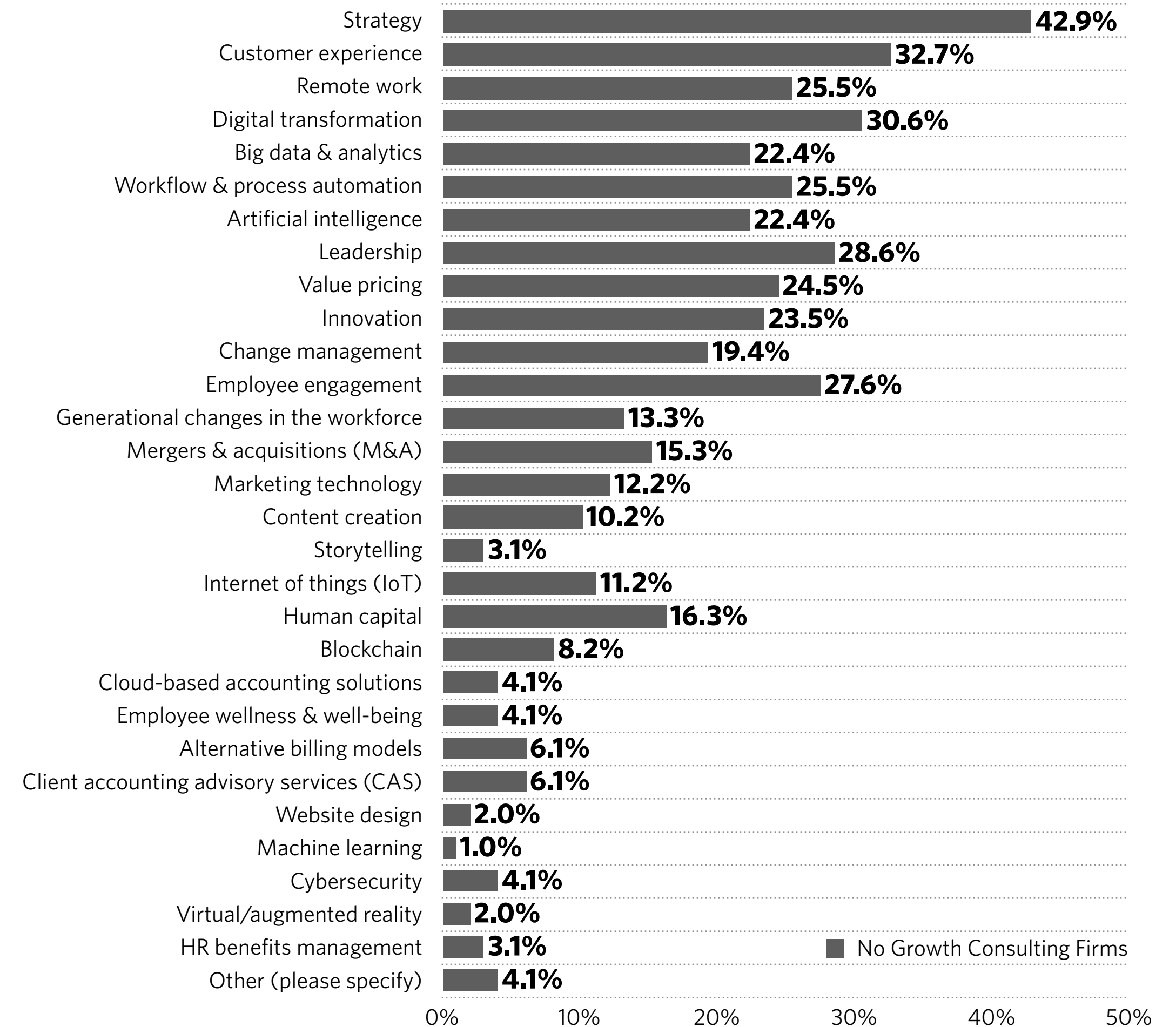


Which of the following industry trends or topics do you plan on researching or learning more about in the coming year? (Select all that apply)

Trends and Topics to Learn More About in the Coming Year

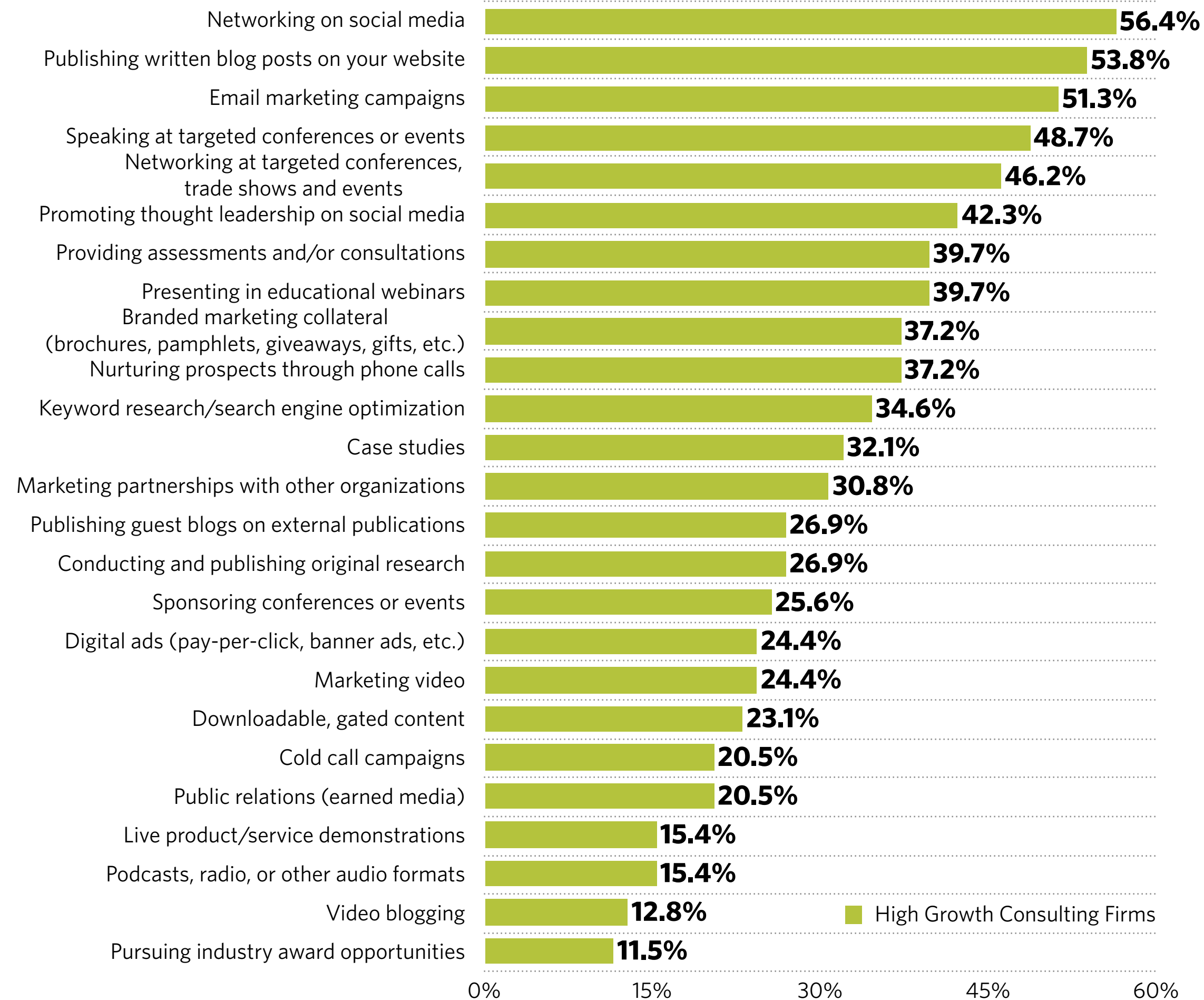


Trends and Topics to Learn More About in the Coming Year

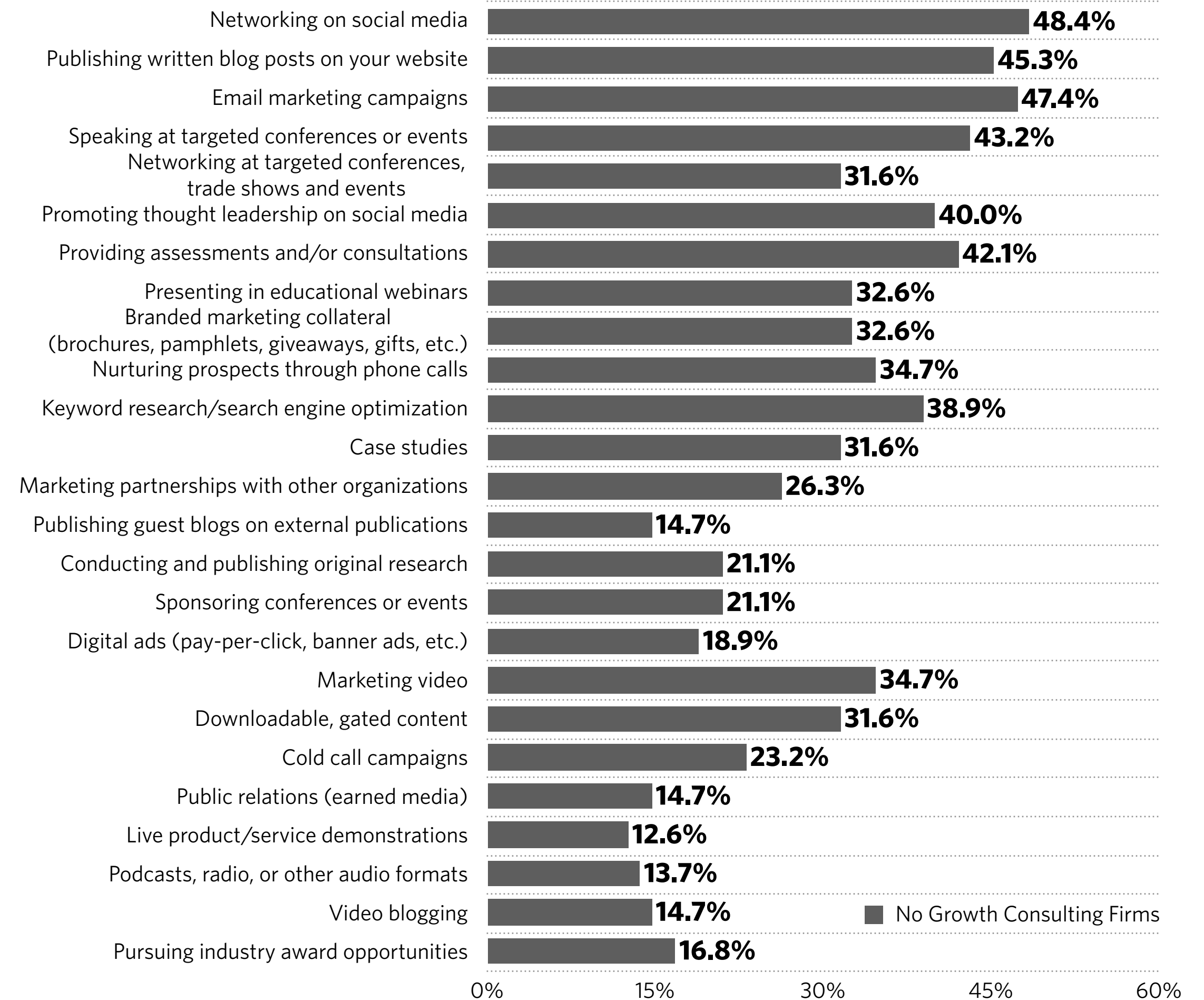


Which of the following techniques does your organization currently use to market your services? (Select all that apply)

Top Marketing Techniques Currently Used by Consulting Firms

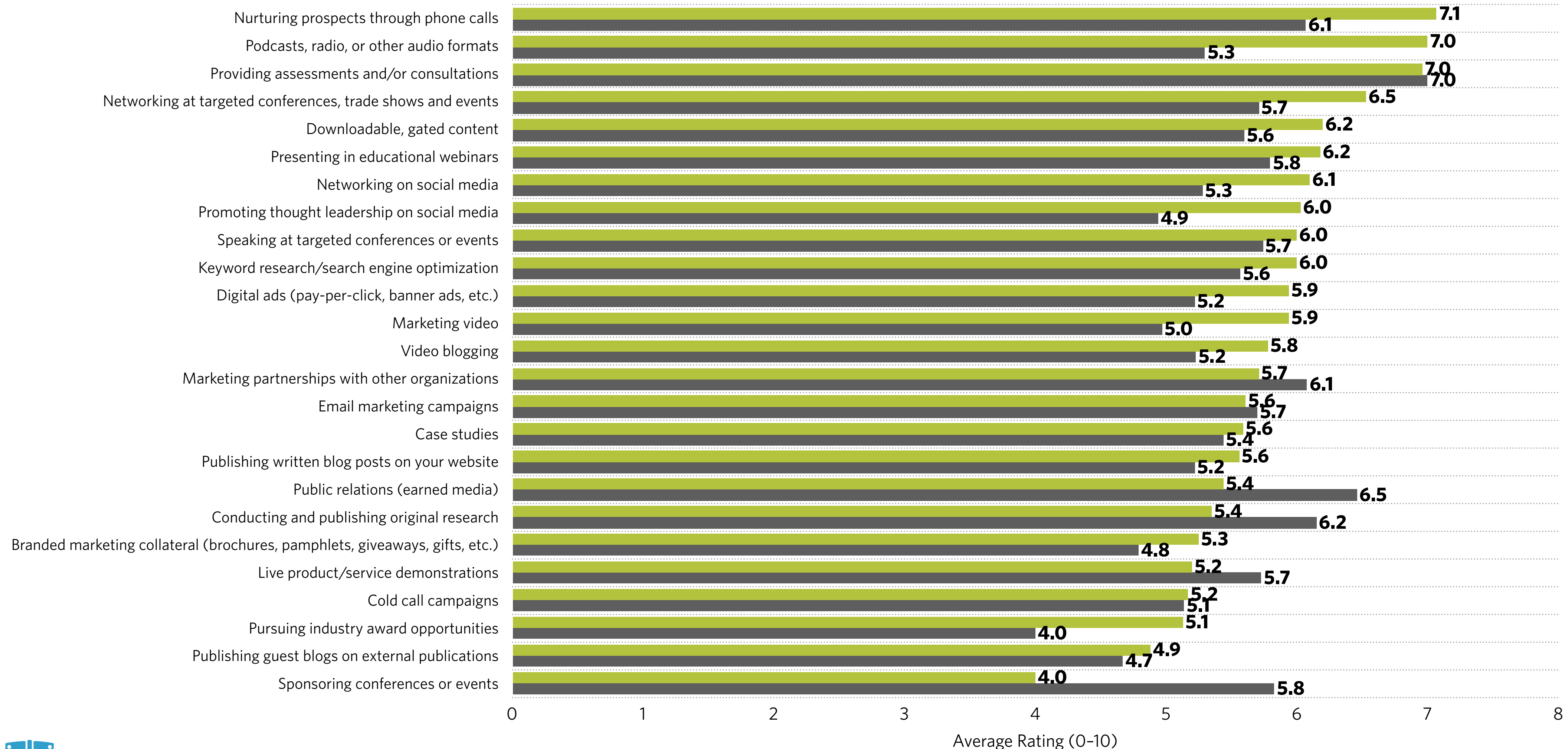


Top Marketing Techniques Currently Used by Consulting Firms



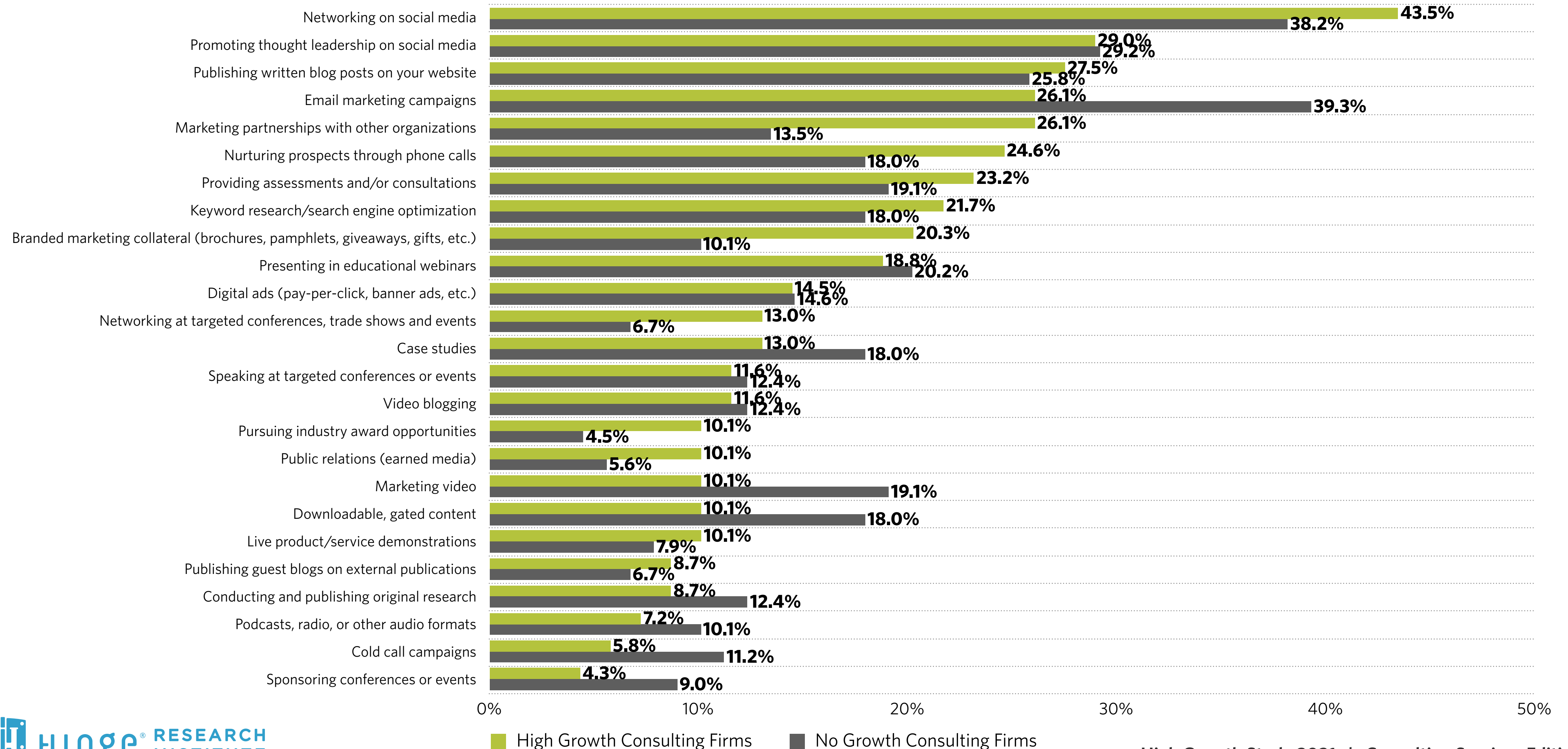
On a scale from 0-10 (with 10 being most impactful), what is the level of impact generated by each of those marketing techniques?

Top Marketing Techniques for Consulting Firms Based on Impact



Which of the following marketing techniques, if any, has your firm committed substantially more time/resources to since the onset of COVID-19? (select all that apply)

Marketing Techniques Consulting Firms Invested in Most Since the Onset of COVID-19



Marketing Technique Descriptions

Branded Marketing Collateral	Marketing materials, imprinted with a firm's logo, that support business development (e.g., brochures, sales sheets, giveaways).
Case Studies	Written or video descriptions of a client engagement that explain how the firm solved a problem or produced a positive result.
Cold Call Campaigns	Initiatives in which firms, or subcontracted agencies, call potential clients to promote or sell a product or service.
Conducting and Publishing Primary Research	Producing primary research on topics of interest to a firm's target audience that can be sold or made available as free premium content.
Digital Product/Service Demonstrations	Presentations, often conducted online, that demonstrate key features and benefits of a specific product or service.
Digital Ads (Pay-Per-Click, Banner Ads, etc.)	Electronic advertisements, either text-based or graphical, that promote a product or service online.
Downloadable, Gated Content	High-value, premium content (e.g., guides, ebooks, white papers) that can be obtained on a website in exchange for a small amount of personal information.
Email Marketing Campaigns	Marketing initiatives that use email to deliver educational content, marketing messages, or promotions to prospective clients.
Interviewing on Podcasts or Radio	Using third-party podcasts or radio programs to build an expert's visibility and share thought leadership.

Keyword Research/Search Engine Optimization	Techniques that optimize web pages to improve search engine rankings and attract new web visitors.
Marketing Partnerships with Other Organizations	Mutually beneficial marketing relationships between a firm and another organization (e.g., co-branded educational events).
Marketing Video	Professional quality digital films that promote various aspects of a firm (e.g., overviews, testimonials, speaking videos, etc.).
Networking at Targeted Conferences, Trade Shows and Events	Attending specific conferences, trade shows, or other networking events to build visibility and establish personal connections with prospective clients.
Networking on Social Media	Connecting and engaging with a target audience on social networking platforms.
Nurturing Prospects Through Phone Calls	Using phone calls to expand nascent relationships with prospective clients.
Presenting in Webinars	Developing and presenting live or pre-recorded educational audio/video material to an online audience.
Promoting Thought Leadership on Social Media	Using social networking platforms to promote original thought leadership.

Marketing Technique Descriptions

Providing Assessments and/or Consultations	Meetings with prospective clients for a consultation or an assessment of their current situation to demonstrate a firm's expertise, establish whether a prospect will be a good fit, and determine how the firm can deliver value.
Public Relations (Earned Media)	Using news and media outlets to promote major developments within the firm. Can also be used to mitigate the effects of bad publicity.
Publishing Guest Blogs on External Publications	Securing placements and writing content for outside blogs or other publications.
Publishing Written Blog Posts on Your Website	Producing articles to be published on a firm's own blog.
Pursuing Industry Award Opportunities	Applying for, winning, and showcasing awards won by a firm.
Speaking at Targeted Conferences or Events	Securing speaking opportunities and speaking at events on topics that are relevant to a firm's target audience.
Sponsoring Conferences or Events	Securing brand visibility at an event, usually for a fee or bartered service.
Video Blogging	Using video to deliver short educational content to a firm's blog readers.

Automation Maturity Scale

Automation Maturity Scale

0 - No Automation	No automation is used for this process.
1 - Ad Hoc	Most processes are performed manually. No overall automation strategy or budget. Individual initiatives only.
2 - Opportunistic	Reactive to specific problems as they arise. Limited planning and budgeting. Typically done at a department level.
3 - Systematic	Proactive approach using specific metrics and targets. Specific strategy and goals. Normally conducted at the program level (multiple departments).
4 - Institutionalized	Automated processes are a way of life. Accepted and widely used throughout the firm. Formal strategy goals and budgets.
5 - Optimized	Highest level of automation. Technology automatically adapts and optimizes to changing business needs. Strategy is built around this technology.

Automation Processes

General Business Software	Word processing, spreadsheets, scheduling calendar
Core Business Software	Processes relevant to your industry

Thank You

