



# 2017 HIGH GROWTH STUDY

Research Summary



**2017 High Growth Study: Research Summary**

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# KEY TAKEAWAYS

- This study covers a special sample of over 500 firms with combined annual revenue of \$87 billion.
- High-Growth firms had a median annual growth rate of 34.3%.
- High-Growth firms are **twice as profitable** (20%) than No-Growth firms (10%).
- High-Growth firms enjoy **higher median revenue per employee** (\$180,000) than No-Growth firms (\$152,000).
- High-Growth firms are more likely to offer **highly specialized services, solve a particular challenge** for client organizations, and **help a particular role** within client organizations than No-Growth firms.
- The use of technology as a differentiator is growing rapidly with a 64% increase year-over-year.
- Overall, High-Growth firms **invested 43% more** towards marketing than No-Growth firms and **enjoy 74% more impact**.
- High-Growth firms **employ a higher ratio of marketers to full-time employees** (1:15) than No-Growth firms (1:48).
- The 10 most impactful marketing techniques for High-Growth firms are:
  - Partnership Marketing
  - Downloadable, Educational Content
  - Speaking Engagements
  - Outbound Phone Marketing
  - Webinars
  - Website
  - Conferences, Trade Shows & Networking Events
  - Online Advertising
  - Email Marketing
  - Blogging

# ACKNOWLEDGEMENTS

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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# BACKGROUND

This study is part of Hinge's ongoing commitment to conduct and publish the most advanced research on high-growth professional services firms. This research report is the 2017 edition of our High Growth Study, which we update each year with the latest data and insights. It is the most extensive study of its kind.

## METHODOLOGY

1,105 firms with combined annual revenue of \$200 billion responded to our extensive survey instrument. Participants were asked questions on a variety of topics around firm financial performance, strategy, and marketing.

This study will focus on a special analysis of firms generating at least \$1 million annually and exhibiting extraordinary growth (average yearly growth rate of at least 20%). We will refer to these organizations as "High-Growth" firms.

The sample covered  
**\$87 billion**  
in combined  
revenue.



## THE SAMPLE

Of the entire sample, 505 firms provided the requisite three years of financial and operational data needed to calculate growth. These firms had combined annual revenues of \$87 billion. We sorted the firms into three size categories shown in Table 1.

**Table 1. Size Category Description**

<b>Large Firms</b>	\$50 million or greater in revenue and more than 200 employees
<b>Mid-Sized Firms</b>	Between \$5 million and \$49.9 million in revenue and between 50 and 200 employees
<b>Small Firms</b>	Between \$1 million and \$4.9 million in revenue and fewer than 50 employees

*Except where noted, Micro Firms (less than \$1 million in revenue and fewer than 3 employees) were excluded from this report and will be covered in a separate analysis. The resulting sample composition of firm size is shown in Figure 1.*

**Figure 1. Sample Composition by Firm Size**

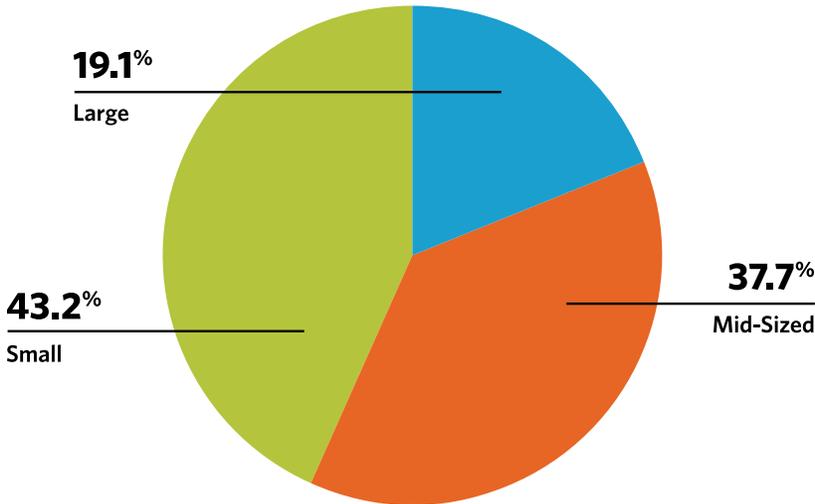


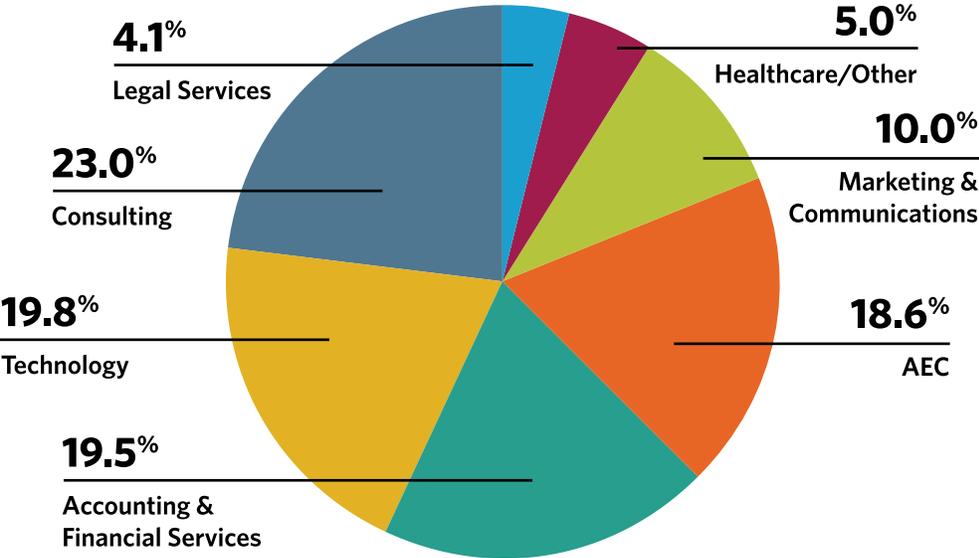
Table 2 below shows the median annual revenue for firms in each size category.

**Table 2. Median Annual Revenue**

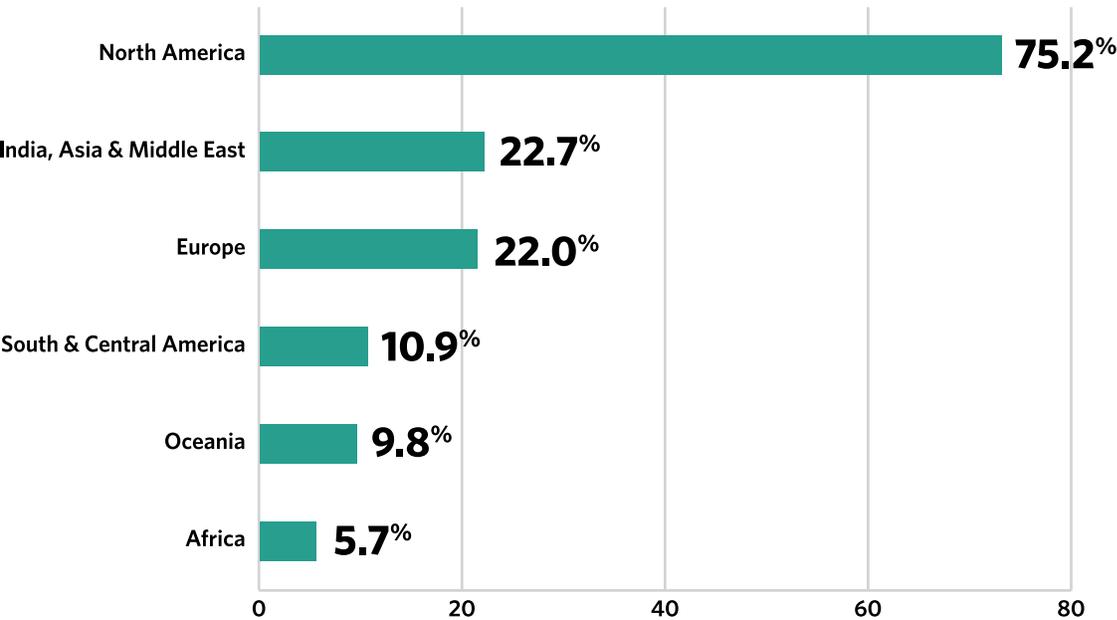
	SMALL	MID-SIZED	LARGE
<b>2016 Revenue</b>	\$1.6 million	\$13.0 million	\$127.0 million

The sample spanned many professional services industries and global regions. The industry composition is shown in Figure 2, and target regions in Figure 3.

**Figure 2. Sample Composition by Firm Industry**



**Figure 3. Sample Composition by Geographies Targeted for Business**



# FINANCIAL PERFORMANCE

## GROWTH SEGMENTS

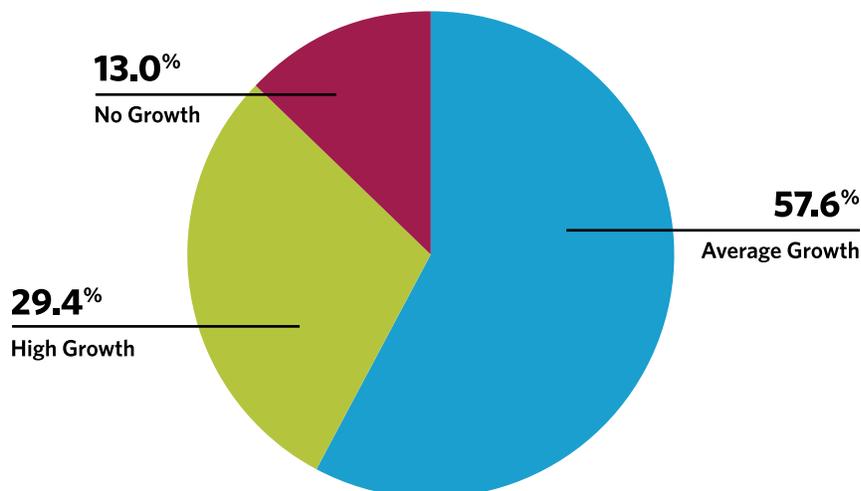
We divided the sample into growth segments based on a three-year compound annual growth rate. The resulting segments and their definitions are shown in Table 3.

**Table 3. Growth Category Description**

<b>High Growth</b>	Average yearly growth rate of at least 20%
<b>Average Growth</b>	Positive growth, but was less than 20%
<b>No Growth</b>	0% growth, or declining revenue

The proportion of the sample represented by each of these categories is shown in Figure 4.

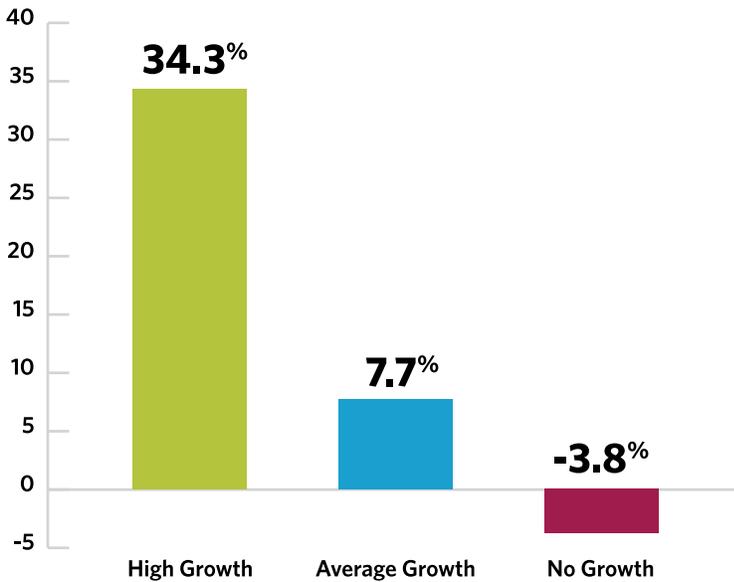
**Figure 4. Sample Composition by Firm Growth**



## HIGH-GROWTH FIRMS GROW FAST...VERY FAST

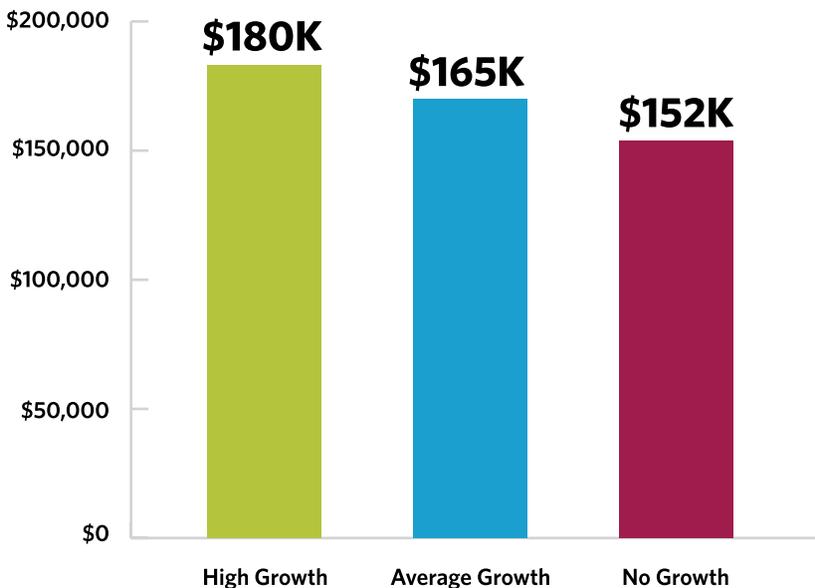
Because we grouped firms experiencing rapid growth together, the rate of financial growth is of course greater in the High Growth group. This relationship is shown in Figure 5.

**Figure 5. Annual Growth Rate**



High-Growth firms also bring in more revenue per full-time employee. Figure 6 below shows High-Growth firms generate nearly 20% more revenue per employee than No-Growth firms.

**Figure 6. Revenue per Full-Time Employee**



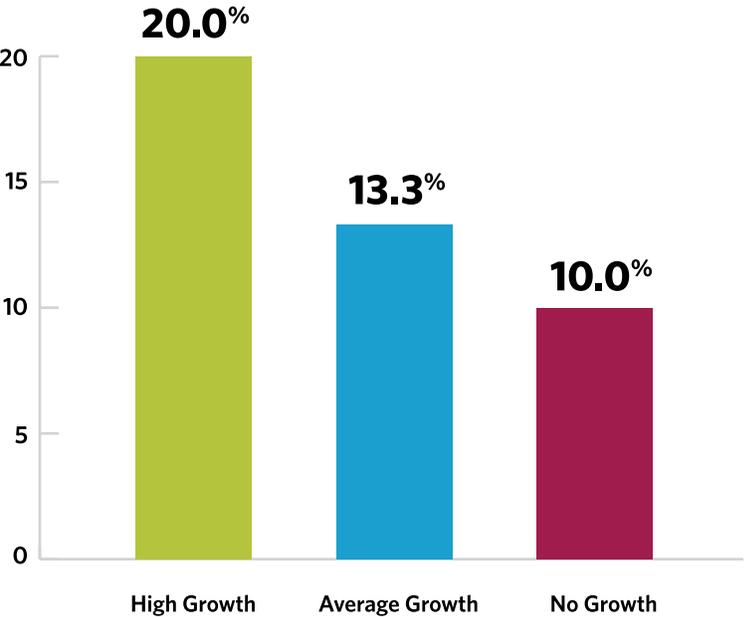
High-Growth firms generate nearly **20% more revenue** per employee.

## HIGH-GROWTH FIRMS ARE MORE PROFITABLE

A common question is whether high growth will erode firm profitability. To investigate this we compared profitability across growth segments.

The results are shown in Figure 7. The High-Growth firms we studied not only grow much faster, but are 50% more profitable than average, and twice as profitable as their No-Growth counterparts.

**Figure 7. Profitability by Growth**



High-Growth firms are **2X more profitable** than No-Growth firms.

## WHERE IS GROWTH COMING FROM?

One common assumption is that smaller firms have an advantage in achieving high-growth status. To test this assumption we calculated the percent of the overall sample represented by each firm size. We then calculated the percent of High-Growth firms within each size category.

The results, shown in Table 4, illustrate that high rates of sustained growth are found throughout the size continuum. Having said that, the incidence of High-Growth firms is highest in the Small (\$1-\$4.9 million) group.

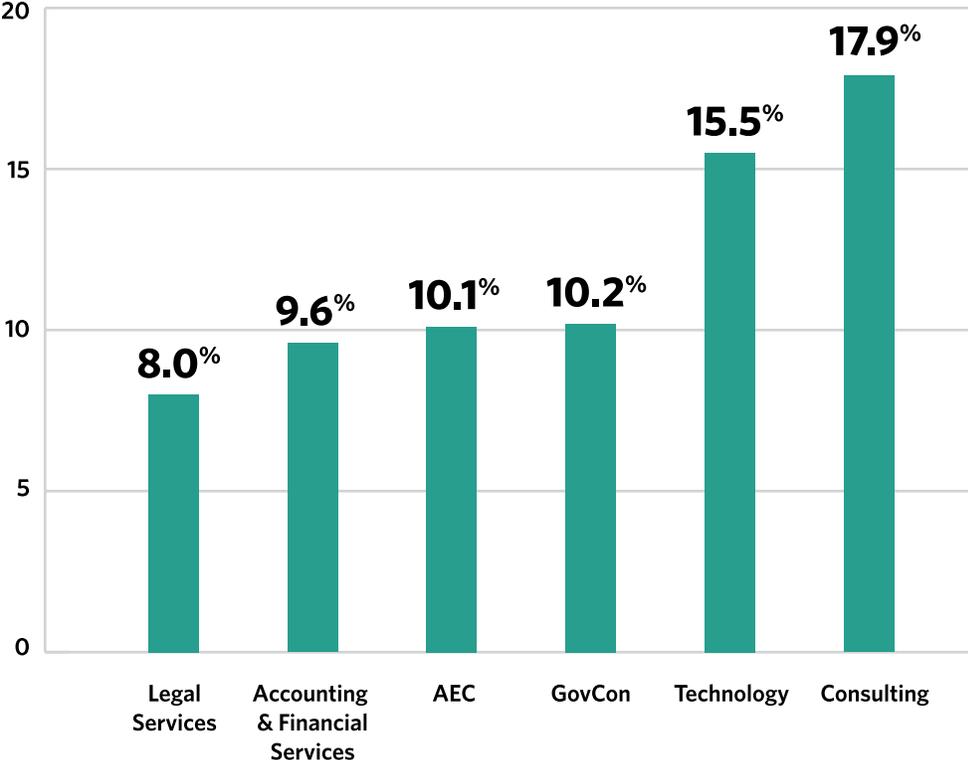
**Table 4. Proportion of Firm Sizes Among High-Growth Firms**

FIRM SIZE	TOTAL SAMPLE	HIGH GROWTH
<b>Small</b>	43.2%	55.8%
<b>Mid-Sized</b>	37.7%	30.8%
<b>Large</b>	19.1%	13.5%



Median growth rate varies by industry. Technology and consulting firms in the sample had the highest median growth rates, while legal and accounting/financial services firms had the lowest.

**Figure 8. Median Annual Growth by Industry**



To learn more, download [your industry's report](#).

# STRATEGY

How do High-Growth firms position themselves in the marketplace? What sets them apart? This section aims to answer these questions. To enhance the sensitivity of the analysis, comparisons were made between High-Growth and No-Growth firms.

## HIGH-GROWTH FIRMS ARE HIGHLY SPECIALIZED

We asked firms to rate their level of specialization on a scale of 0-10 (10 being most niche and specialized) in five areas of focus:

- Offering highly specialized services
- Solving particular client challenges
- Helping particular roles in client organizations
- Industry specialization
- Geographic or regional specialization

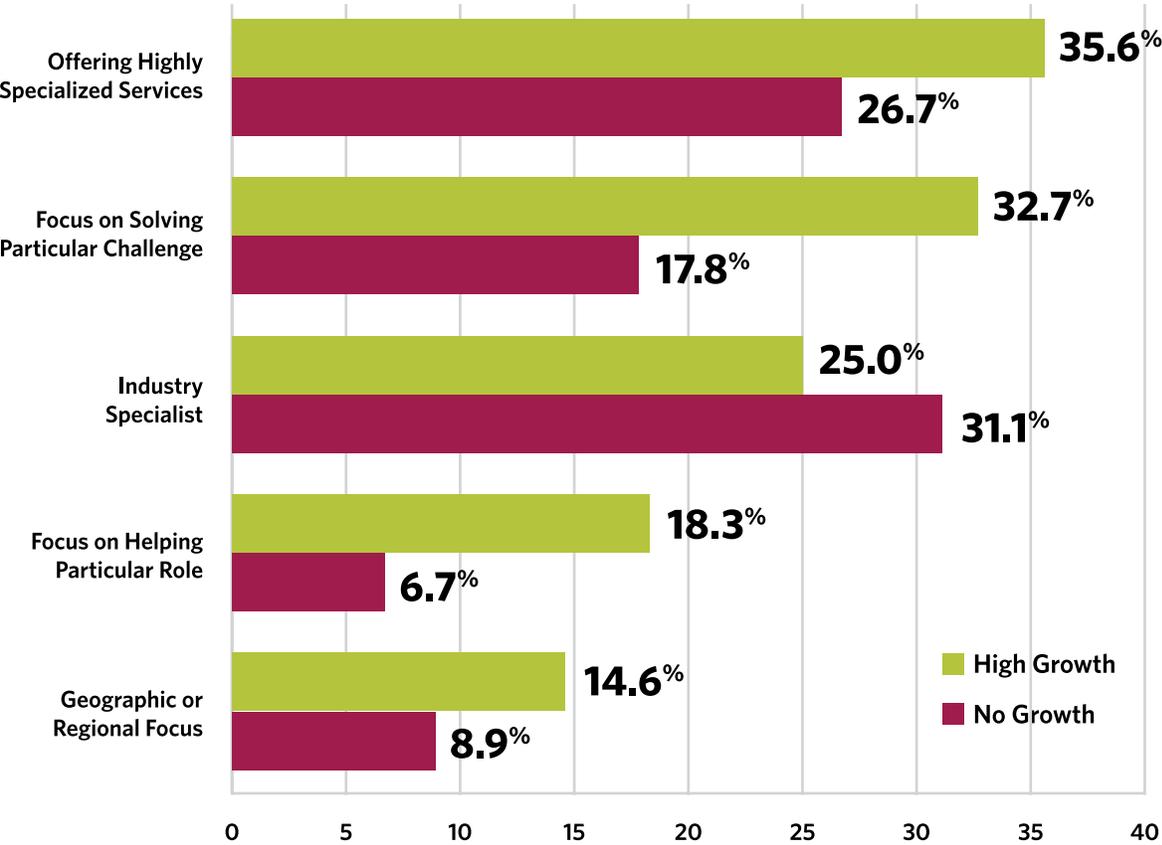
High-Growth firms were 22% more likely to be highly specialized in at least one of these areas.

High-Growth firms are **22%** more likely to be highly specialized.

Figure 9 shows the proportion of firms that gave a rating of 9 or 10 — indicating extreme specialization to these areas of focus.

Interestingly, No-Growth firms were slightly more likely to focus on industry specialization. High-Growth firms were more focused on offering a particular service or solving a particular challenge. This may suggest industry specialization alone will not promote growth, and that additional specialization may be needed.

**Figure 9. Firm Specialization**

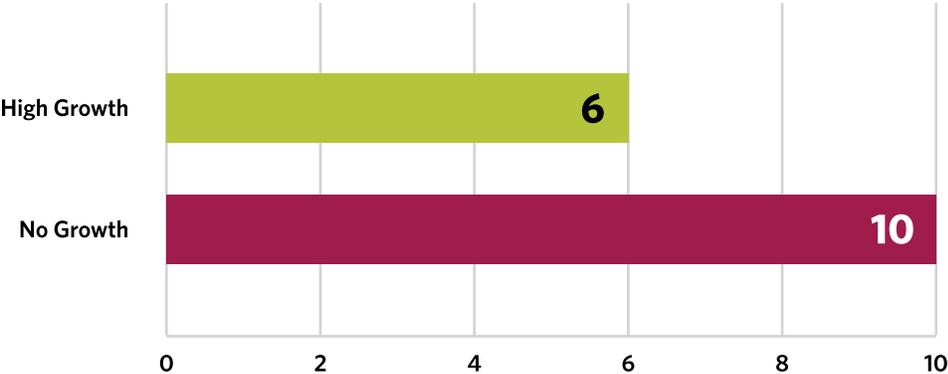


## HIGH-GROWTH FIRMS OFFER FEWER SERVICES

After uncovering High-Growth firms' tendencies to focus on solving particular challenges and offering specialized services, we decided to take it one step further.

We asked participants to identify the number of services their firm offers on their website or marketing materials. We found High-Growth firms offered 40% fewer services than No-Growth firms. This relationship is shown in Figure 10.

Figure 10. Median Number of Services Offered



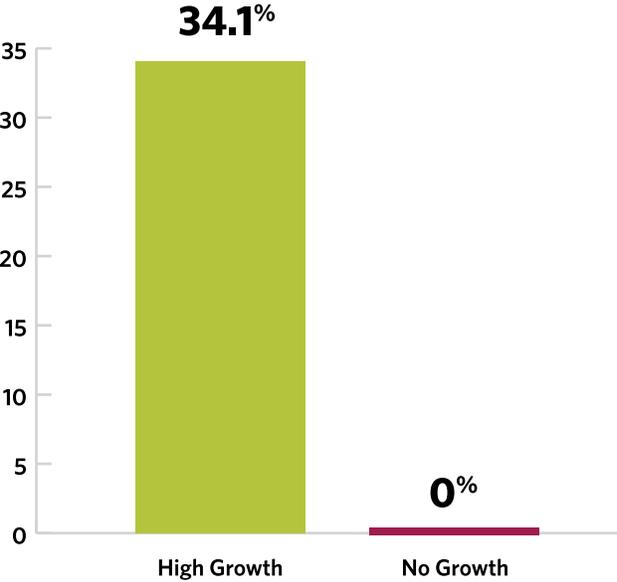
High-Growth firms offered **40% fewer services** than No-Growth firms.

# HIGH-GROWTH FIRMS FREQUENTLY RESEARCH THEIR TARGET AUDIENCE

In our past studies, we learned that firms that do systematic, structured research on their target clients tend to grow faster.

We found that more than one-third of High-Growth firms conduct research on a frequent basis (at least quarterly), as shown in Figure 11. None of the No-Growth firms conducted frequent research.

**Figure 11. Frequent Research (Quarterly or More Frequent)**



## HOW DO HIGH-GROWTH FIRMS DIFFERENTIATE?

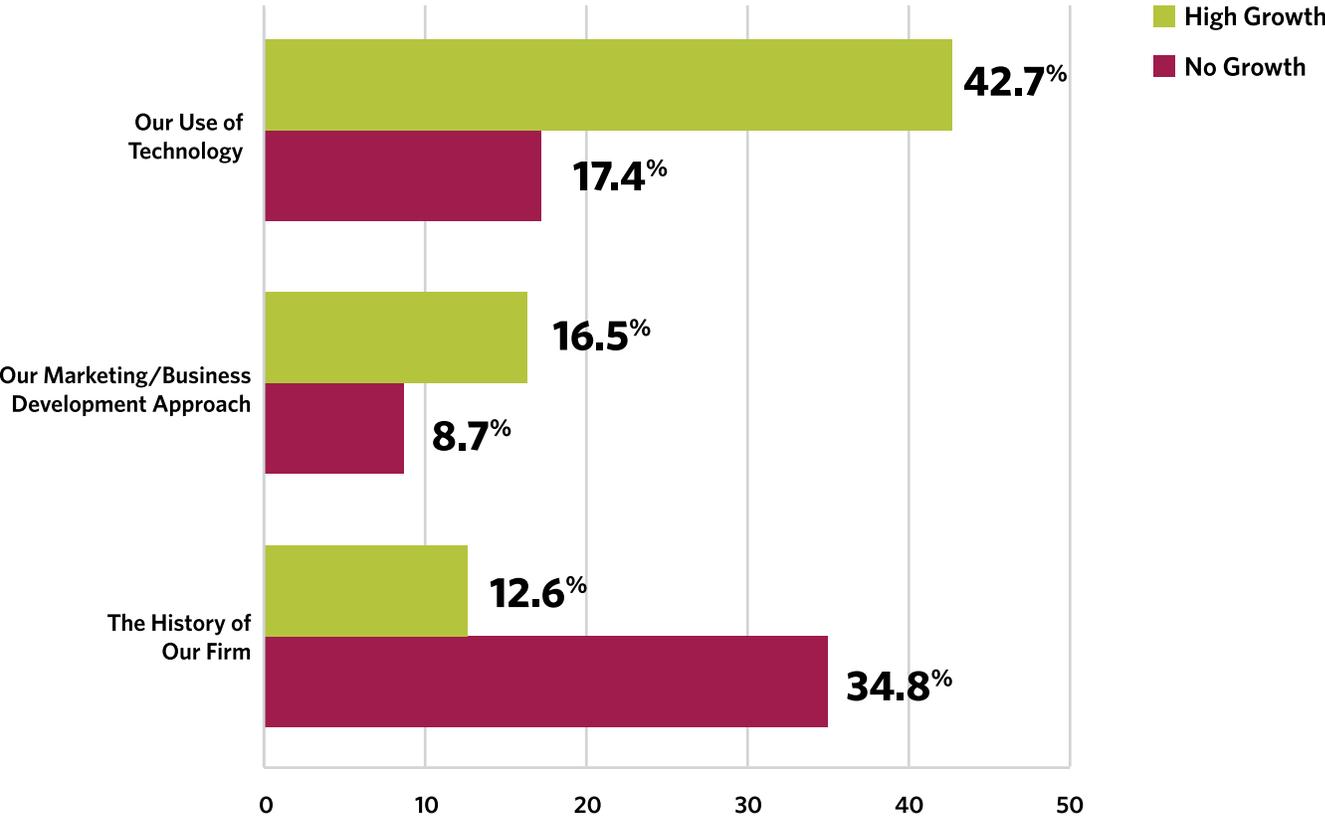
Why does a prospective client choose one firm over another? More often than not, the chosen firm has stronger differentiators — characteristics that set a firm apart in the marketplace and give it a competitive advantage.

We asked participants to identify what makes their firm different from competitors. There were three notable differentiators that stood out (Figure 12).

High-Growth firms were nearly three times more likely to reference their use of technology and twice as likely to use their marketing/business development approach as differentiators.

Conversely, they were nearly three times less likely to reference the history of their firm as a differentiator.

**Figure 12. Remarkably Different Differentiators**



The use of technology as a differentiator is growing rapidly. 64% more High-Growth firms identified their use of technology as a differentiator this year as compared to last. This was the largest increase among all High-Growth firm differentiators.

# MARKETING

If growth is related to strategy, are there identifiable differences in the way High-Growth firms market their services? This section tries to answer that question.

In this study, we asked respondents about 24 possible marketing techniques. A full list and description can be found in the appendix.

Across all 24 techniques, High-Growth firms invested 43% more effort towards marketing than No-Growth firms, and saw 74% more impact.

High-Growth firms  
**invested  
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## WHAT MARKETING MIX IS SUCCESSFUL FOR HIGH-GROWTH FIRMS?

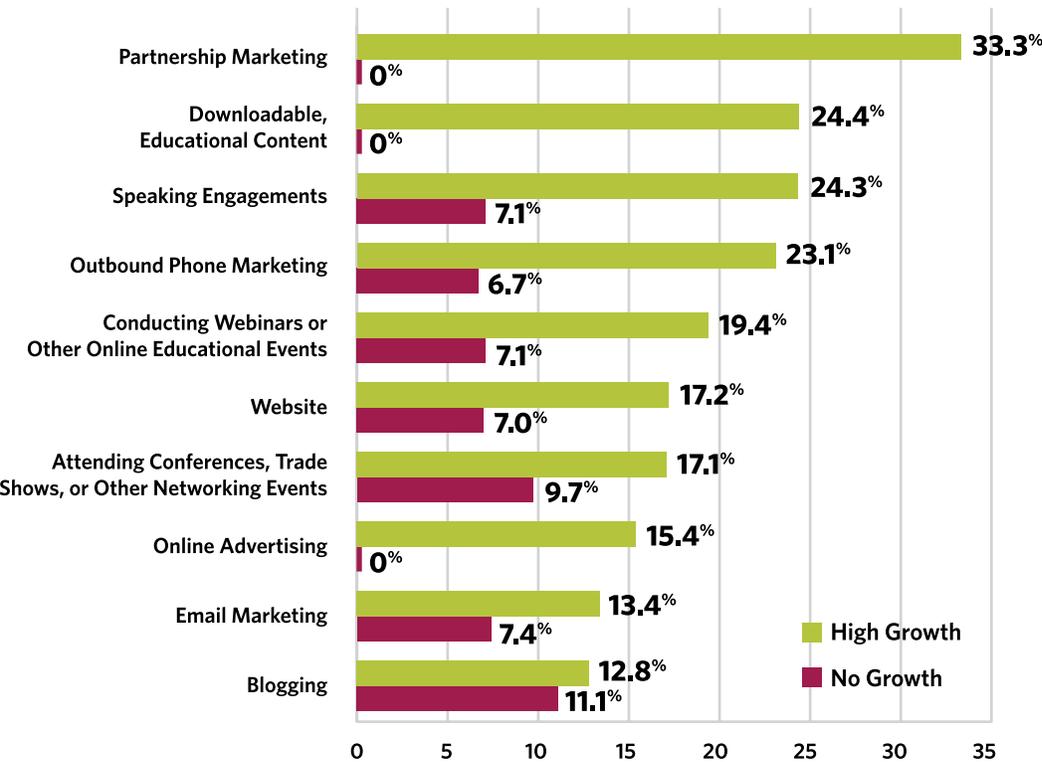
Both High-Growth and No-Growth firms in the sample used about 10 marketing techniques on average.

We asked respondents to rate the impact of each marketing technique used on a scale of 0-10, with 10 having the most impact.

In this analysis, we focused on the top 10 marketing techniques High-Growth firms reported as having the most significant marketing impact. On the following page, Figure 13 shows the proportion of firms that gave a rating of 9 or 10 for each technique.

Clearly, High-Growth firms are enjoying significantly more impact from this marketing mix than No-Growth firms.

**Figure 13. Top 10 Techniques with Greatest Marketing Impact**



## HOW DO HIGH-GROWTH FIRMS INVEST IN MARKETING?

Marketing investment includes both money and time. It competes with billable client work for attention. In short, there is no such thing as “free” marketing.

There is no such thing as “free” marketing.

### They Invest More in Marketing Staff

High-Growth firms employ a higher ratio of marketing employees compared to No-Growth firms. For every 30 full-time employees, High-Growth firms employ two marketing employees, a 15:1 ratio. For No-Growth firms the ratio is 48:1. This relationship can be shown in Table 5.

**Table 5. Ratio of Full-Time Employees to Marketers**

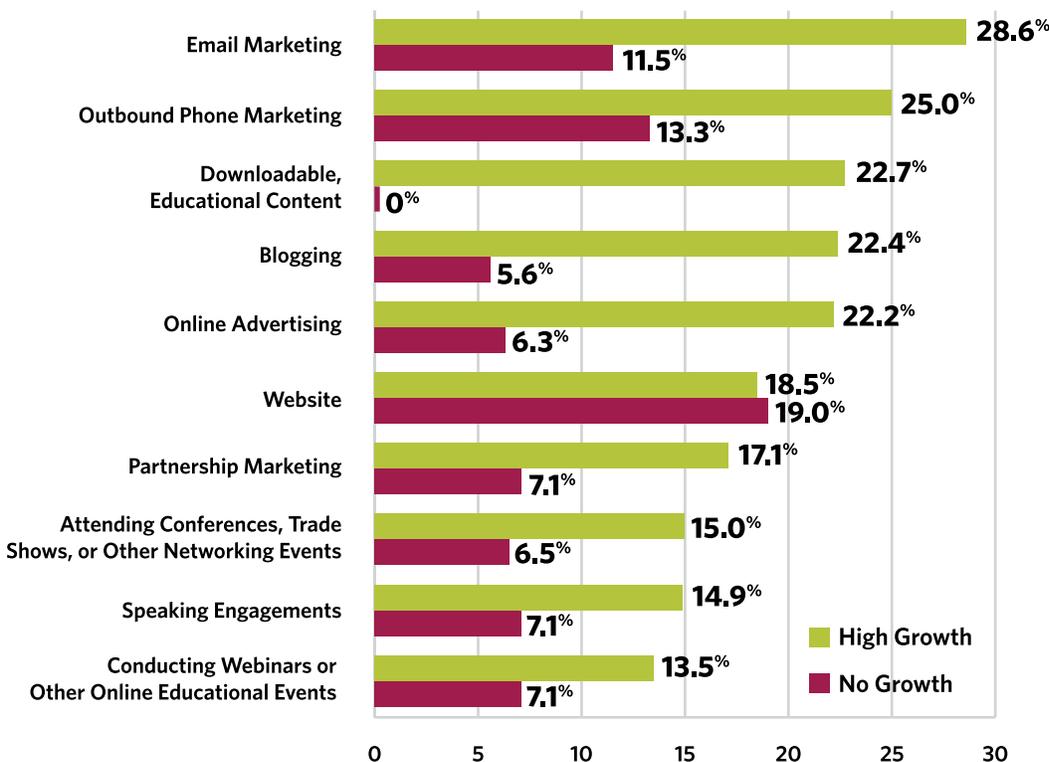
	HIGH GROWTH	NO GROWTH
<b>Full-Time Employees</b>	15	48
<b>Full-Time Marketing Employees</b>	1	1

### They Invest More in Marketing Techniques

Marketing budgets may be similar, but High-Growth firms are putting more effort into the techniques in their marketing mix.

We asked participants to provide a rating (on a scale of 0-10, with 10 being the most) indicating the amount of effort invested in each technique their firm used. Effort ratings take into account both time and money invested in a technique. Figure 14 shows the proportion of firms that gave an effort rating of 9 or 10.

**Figure 14. Significant Investment per Marketing Technique**



## HOW IS MARKETING SUCCESS MEASURED?

Measuring the effectiveness of a marketing investment is a common challenge among professional services firms. We found three foundational ways commonly used across firms to measure marketing success:

- Number of new clients acquired
- Revenue
- Profitability

High-Growth firms took it one step further — on average, they used 22% more metrics to measure marketing success, and were more likely to measure each of the following metrics:

- Number of leads generated
- Web traffic
- Actions taken on website (conversions)
- Brand awareness
- Social media engagement
- Speaking engagement invitations

High-Growth firms used **22%** more metrics to measure marketing success.

## DOES PUTTING MORE EFFORT RESULT IN GREATER IMPACT?

To assess this idea, we looked at the correlation between the level of effort invested and the impact received among the top most impactful marketing techniques. Five of them showed a strong, positive relationship between the effort expended and the impact received:

- Partnership Marketing
- Attending Conferences, Trade Shows & Networking Events
- Email Marketing
- Downloadable, Educational Content
- Online Advertising

In other words, these are all techniques where investing more effort is likely to produce better results.

# SUMMARY

High-Growth firms not only enjoy rapid growth, but also were twice as profitable as their No-Growth peers.

Indications point to High-Growth firms optimizing their staff. They employ a higher ratio of marketers to full-time employees (15:1 vs 48:1) and saw higher median revenue per employee (\$180,000 vs \$152,000).

High-Growth firms also approach their positioning differently. They are more likely to use their use of technology and marketing/business development approach as differentiators. They are also more likely to research their target audience frequently (at least quarterly).

Specialization is no stranger to High-Growth firms, either. They are 22% more likely to be highly specialized, particularly in solving unique challenges, offering specialized services, and helping certain roles within client organizations.

The most impactful marketing mix used by High-Growth firms was a healthy mix of both traditional and digital practices. High-Growth firms also invested more in marketing and use more metrics to track its success.

## HOW TO LEARN MORE

This research summary is made available as a public service to the professional services community. We provide more detailed results and analysis to Hinge clients and research participants. They are not available for purchase.

To participate in new studies and gain free access to detailed results, analysis and advice, please contact us at [info@hingemarketing.com](mailto:info@hingemarketing.com).

To learn more about Hinge's branding and marketing services, please contact us at [info@hingemarketing.com](mailto:info@hingemarketing.com) or call us at 703 391 8870.

<b>Appendix - Marketing Technique Descriptions</b>	
<b>Awards</b>	Applying for, winning, and showcasing awards won by a firm.
<b>Blogging</b>	Writing short articles to be published on the blog section of a firm's website.
<b>Conferences, Trade Shows &amp; Networking Events</b>	Attending conferences, trade shows, or other networking events for marketing or business development.
<b>Direct Mail</b>	Shipping marketing material to the physical address of target client organizations.
<b>Downloadable, Educational Content</b>	Creating and sharing a premium piece of content (e.g., guide, book, report, etc.). May involve giving information — like an email address — in exchange for the content.
<b>Email Marketing</b>	Using email to send educational or marketing messages to a target audience.
<b>Guest Blogging / Guest Articles</b>	Securing placement for a written blog post on an outside blog or other publication.
<b>Marketing Collateral</b>	All branded materials intended to support marketing and business development (e.g., brochures, giveaways, service descriptions, etc.).
<b>Marketing Video</b>	Creating professional quality video to market a firm (e.g., overviews, testimonials, speaking videos, etc.).
<b>Online Advertising</b>	Advertisements in purchased space online (e.g., PPC, banner ads, etc.).
<b>Outbound Phone Marketing</b>	Calling prospective client organizations with intentions to market or sell a service.
<b>Partnership Marketing</b>	A mutually beneficial marketing relationship between a firm and another organization (e.g., co-branded educational events).
<b>Photography &amp; Imagery</b>	Using professional photography or animations for aesthetic marketing appeal.
<b>Print Advertising</b>	Advertisements in purchased space within a publication, billboard, or other traditional print channels.
<b>Professional Association Memberships</b>	Using networking opportunities through professional associations for marketing and business development.
<b>Public Relations</b>	Leveraging news and media outlets to bring public awareness to major developments within the firm.
<b>Publishing Printed Content</b>	Publishing printed items such as books, newsletters, and magazines.
<b>Search Engine Optimization</b>	Maximizing website visitors by understanding and leveraging search engine algorithm tendencies.
<b>Social Media Marketing</b>	Using social networking platforms to market a firm.
<b>Speaking Engagements</b>	A subject matter expert speaking at an event on a topic relevant to the target audience.
<b>Sponsorships</b>	Providing money or other value in exchange for branded visibility at an event.
<b>Television and Radio Advertising</b>	Advertisements in purchased space on TV or radio channels.
<b>Webinars</b>	Developing and presenting live or pre-recorded educational material to an online audience.
<b>Website</b>	The online representation of a firm.

# ABOUT HINGE RESEARCH INSTITUTE

The [Hinge Research Institute](#) is a division of Hinge dedicated to studying 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 while spending less on marketing. Our mission is to share this knowledge so that every professional services firm can prosper.

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

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

*Research Director*

**Lee W. Frederiksen, Ph.D.**

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703 391 8870

# HOW WE CAN HELP

## **Visible Expert® Program**

Designed to help individuals cultivate an authoritative online presence in their area of expertise, the Visible Expert® Program delivers the tools and strategy required to build personal reputation and visibility in the marketplace. Based on extensive research, the Visible Expert® Program helps experts become recognized industry leaders.

## **Visible Firm® Program**

Designed to deliver more referrals, higher profits, and faster growth, the Visible Firm® Program will build a powerful marketing platform to engage your audiences and build your visibility. Based on the most extensive research into high-growth firms ever conducted, the Visible Firm® Program will ground your marketing in science and leverage your firm's expertise to draw in the right audiences.

## **High Performance Website Program**

The High Performance Website Program makes your website into a lead-generating machine — bundling a beautiful new site with a suite of powerful online tools. Designed from the ground up to attract the right visitors from search engines, a high performance site uses educational content, smart offers, and custom features to engage and convert qualified leads.

## **Branding Program**

Our Branding Program is designed to carry your firm's reputation confidently into the marketplace by giving you a suite of powerful branding tools. Based on extensive research and analysis, our branding strategies increase your firm's credibility and visibility in your industry. The services will also differentiate your firm and provide clear, compelling messages for each of your target audiences.

For more information, call 703 391 8870 or email us at [info@hingemarketing.com](mailto:info@hingemarketing.com).

To find out how Hinge can help your professional services firm experience faster growth, contact us!

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# TAKE THE NEXT STEP

Choose the option that's right for you.



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From step-by-step How-Tos to in-depth courses, Hinge University will give you the skills and know-how to elevate your brand.

**Check out Hinge University:**  
[HingeUniversity.com](http://HingeUniversity.com)

OR



## Need help with research?

Hinge offers a comprehensive suite of marketing research services, including brand, client, and market research.

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