

EXECUTIVE SUMMARY

2018 HIGH GROWTH STUDY

Consulting Firm Edition

2018 High Growth Study: Consulting Firm Edition | Executive Summary

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Acknowledgements

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



This Executive Summary is Only the Beginning

Buy the full research report and get a detailed understanding of your marketplace, which techniques deliver results and which don't and what changes you need to make at your firm to join the high-growth elite.

What's inside:

- > 89 pages
- > Over 40 detailed charts and graphs
- > Important insights and data not available in the executive summary
- > Full result breakdowns of each survey question

[Purchase the Full Report](#)



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Introduction

Welcome to the 2018 edition of the High Growth Study, the cornerstone of Hinge's ongoing commitment to conduct and publish the most advanced research on high-growth professional services firms. This is the most extensive study of its kind.

Each year, we update the study with the latest data and insights. In addition to studying the professional services in aggregate, we look at key industries in depth. This report explores the marketing performance and choices of consulting businesses.

By comparing your firm's marketing practices to those of your industry's high performers, you can start building a firm that is more visible and grows faster.

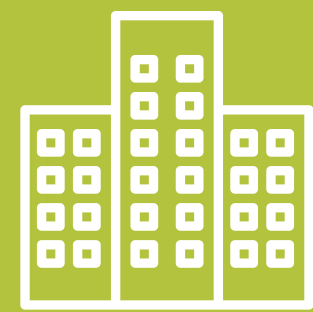
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About the Research



The 2018 High Growth Study is the most comprehensive study of its kind.

Now in its third year, the 2018 High Growth Study was created by Hinge to provide detailed insight into how professional services firms go to market.



Over

1,000

participating firms



Over

**\$176
BILLION**

combined revenues



Over

**ONE
MILLION**

full-time employees

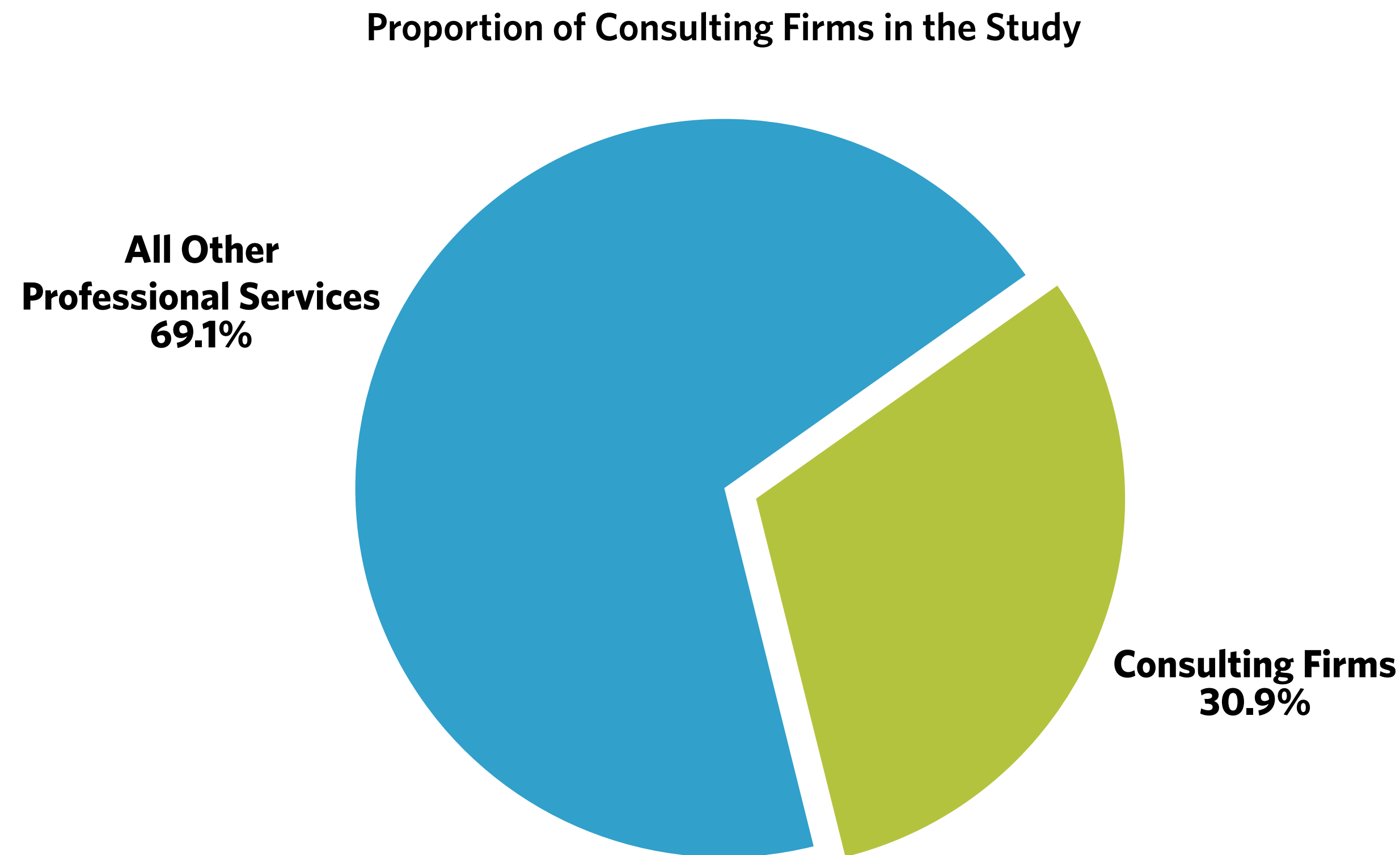


Over

**\$20
BILLION**

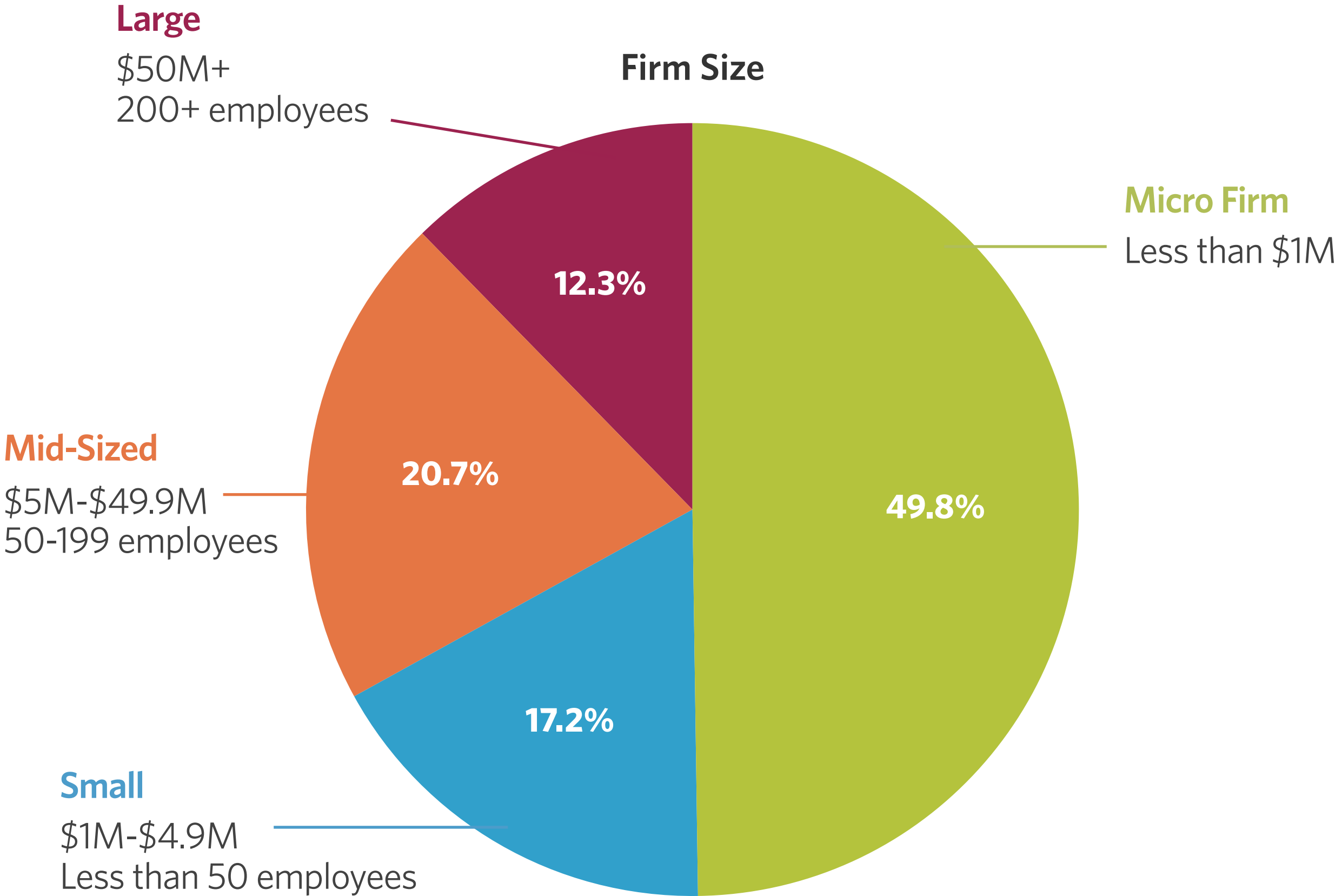
in marketing budgets

The consulting segment of the High Growth Study contained more than 300 firms with almost \$76 billion in combined annual revenue.



- > This chart shows the proportion of consulting firms in our sample.
- > Of the 309 firms that offered consulting services, 185 provided the requisite financial information to be included in the growth analysis.
- > These 185 “focus firms” represent more than \$75.9 billion in combined revenue and more than 350,000 employees.
- > Focus firms ranged in size from micro firms earning less than \$1 million in annual revenue to large firms grossing more than \$50 million a year.

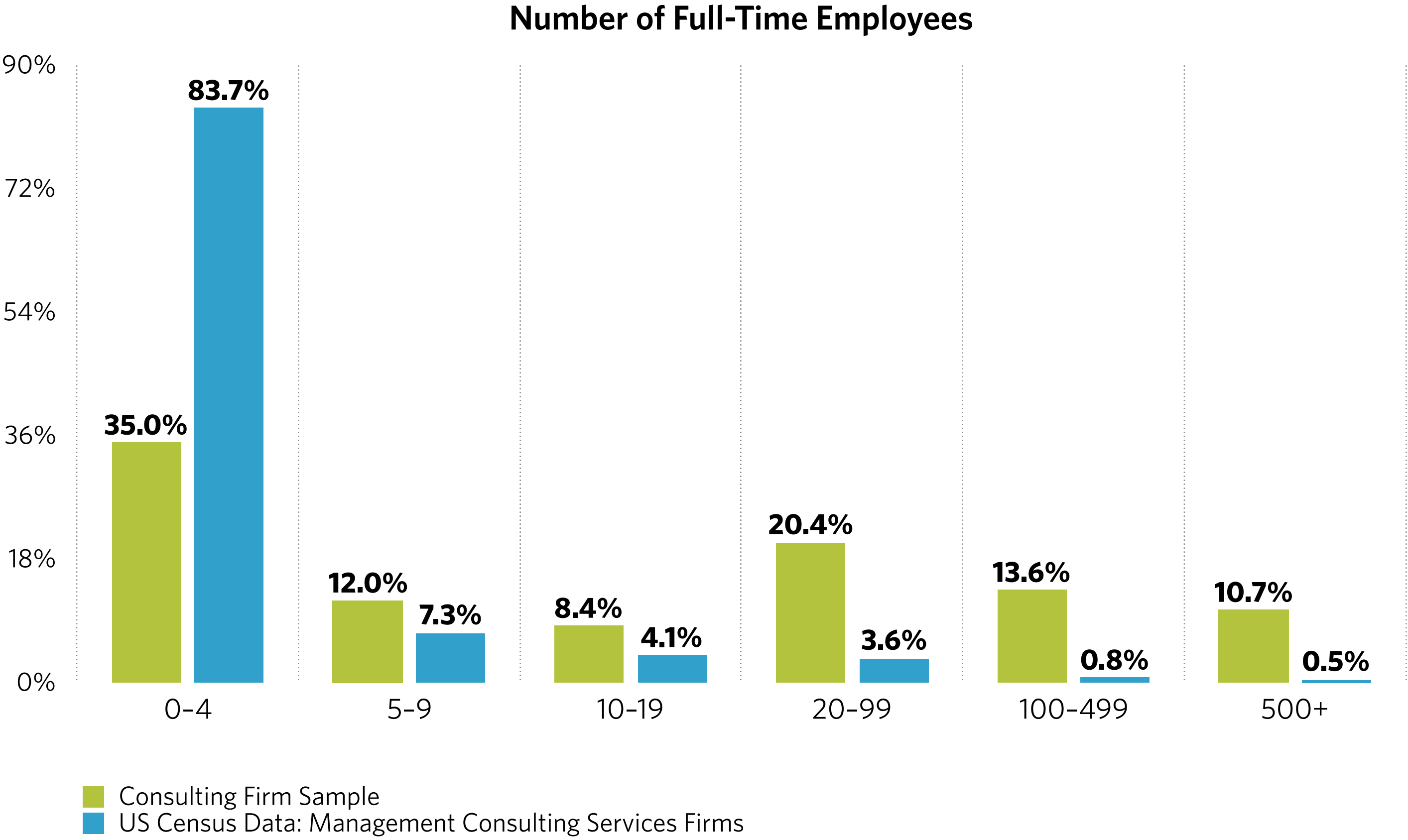
Consulting firms in the sample ranged in size from small to large, with half falling in the micro firm category.



Respondents were asked to provide gross revenue for 2015, 2016 and 2017. Firms were classified into four size categories:

- > **Micro** — annual revenues less than \$1 million
- > **Small** — annual revenues between \$1 million and \$4.9 million and fewer than 50 full-time employees
- > **Mid-Sized** — annual revenues between \$5 million and \$49.9 million and between 50 and 199 full-time employees
- > **Large** — annual revenues exceeding \$50 million and more than 200 full-time employees

The study deliberately oversampled larger firms.



- > This chart illustrates the sample compared to 2015 US Census data of consulting firms.
- > The study deliberately oversampled larger firms so we could draw accurate conclusions about firms of all sizes.

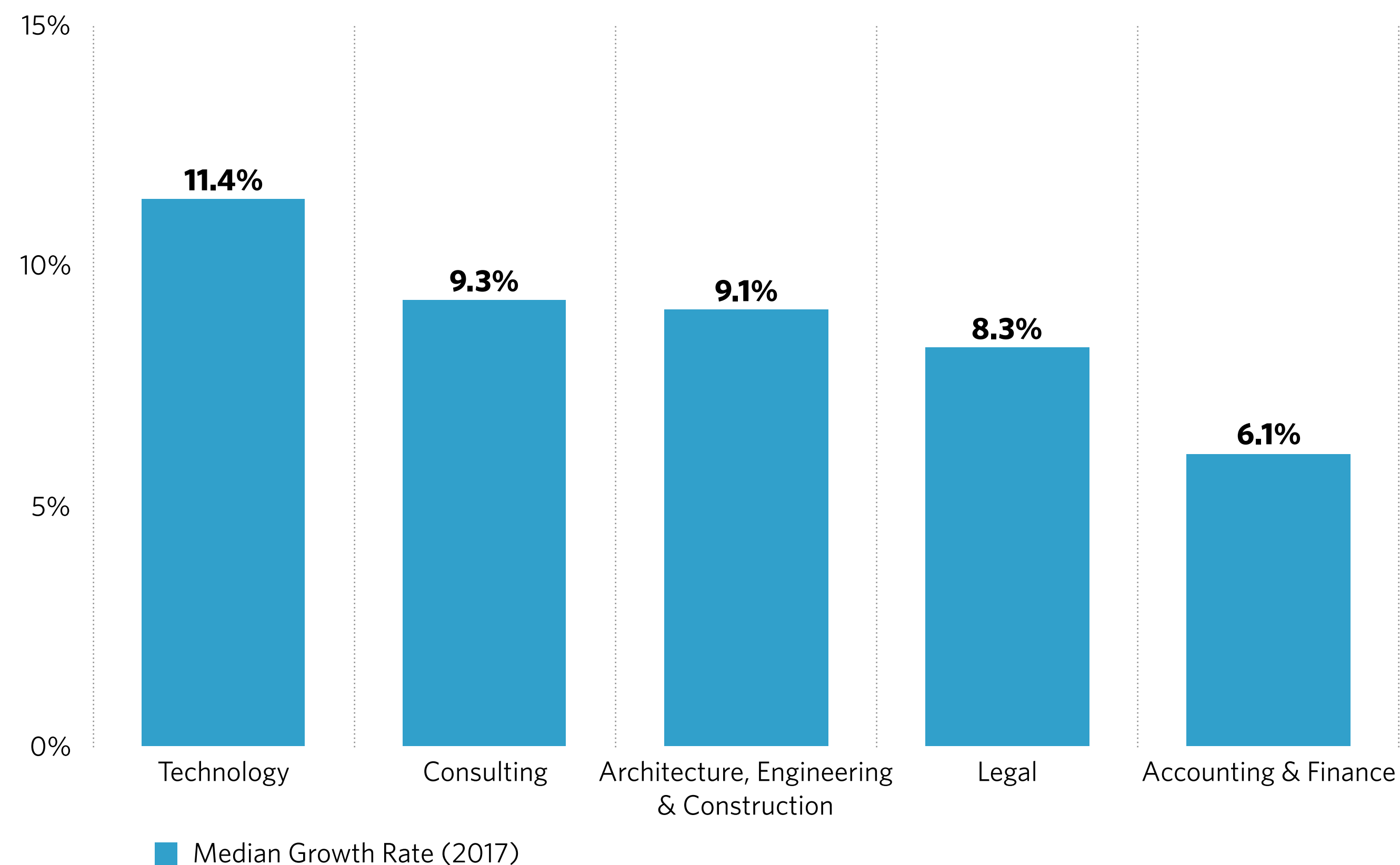
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Industry Growth Profile



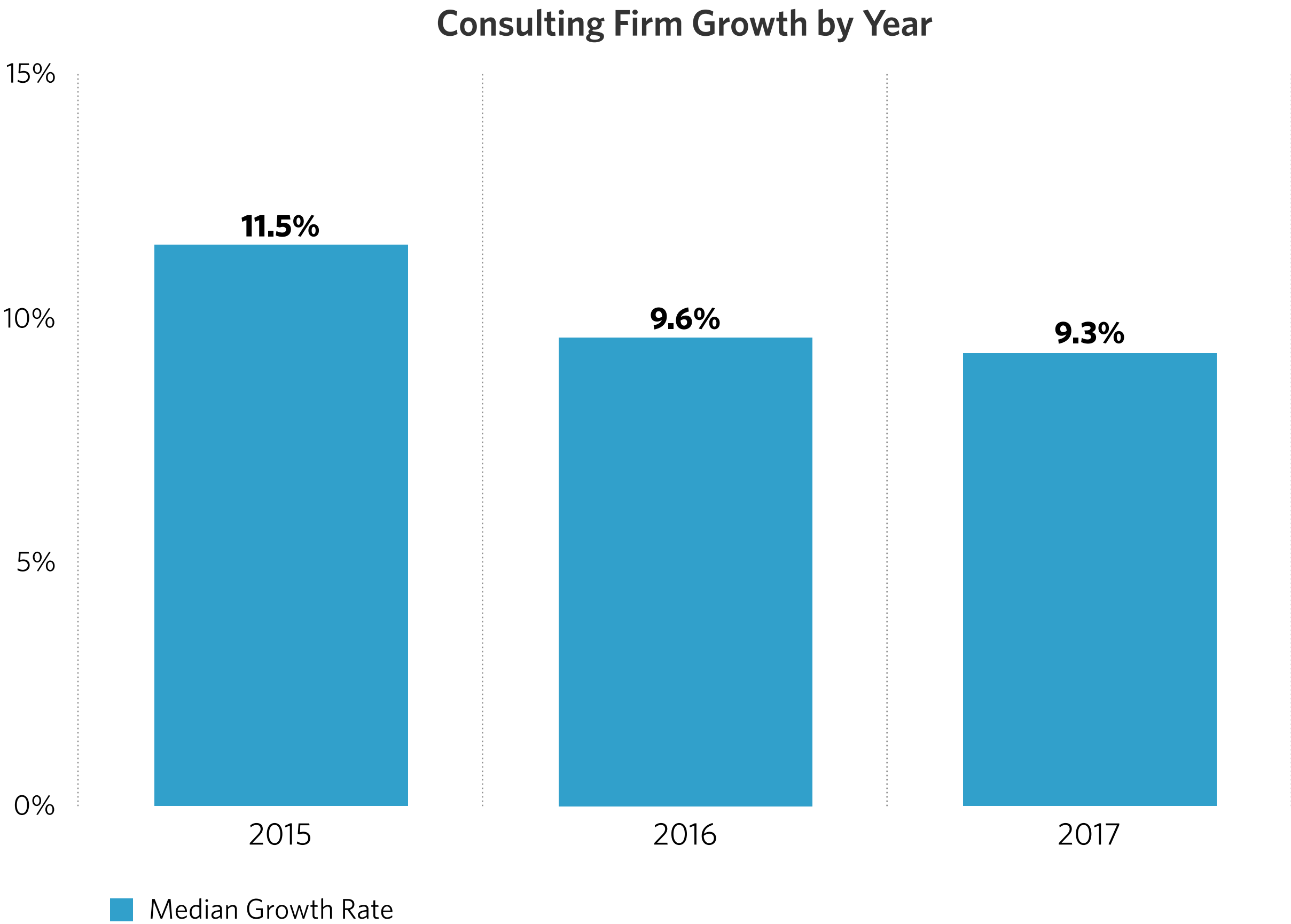
Consulting is among the faster-growing segments in professional services.

2017 Median Growth by Professional Services Industry



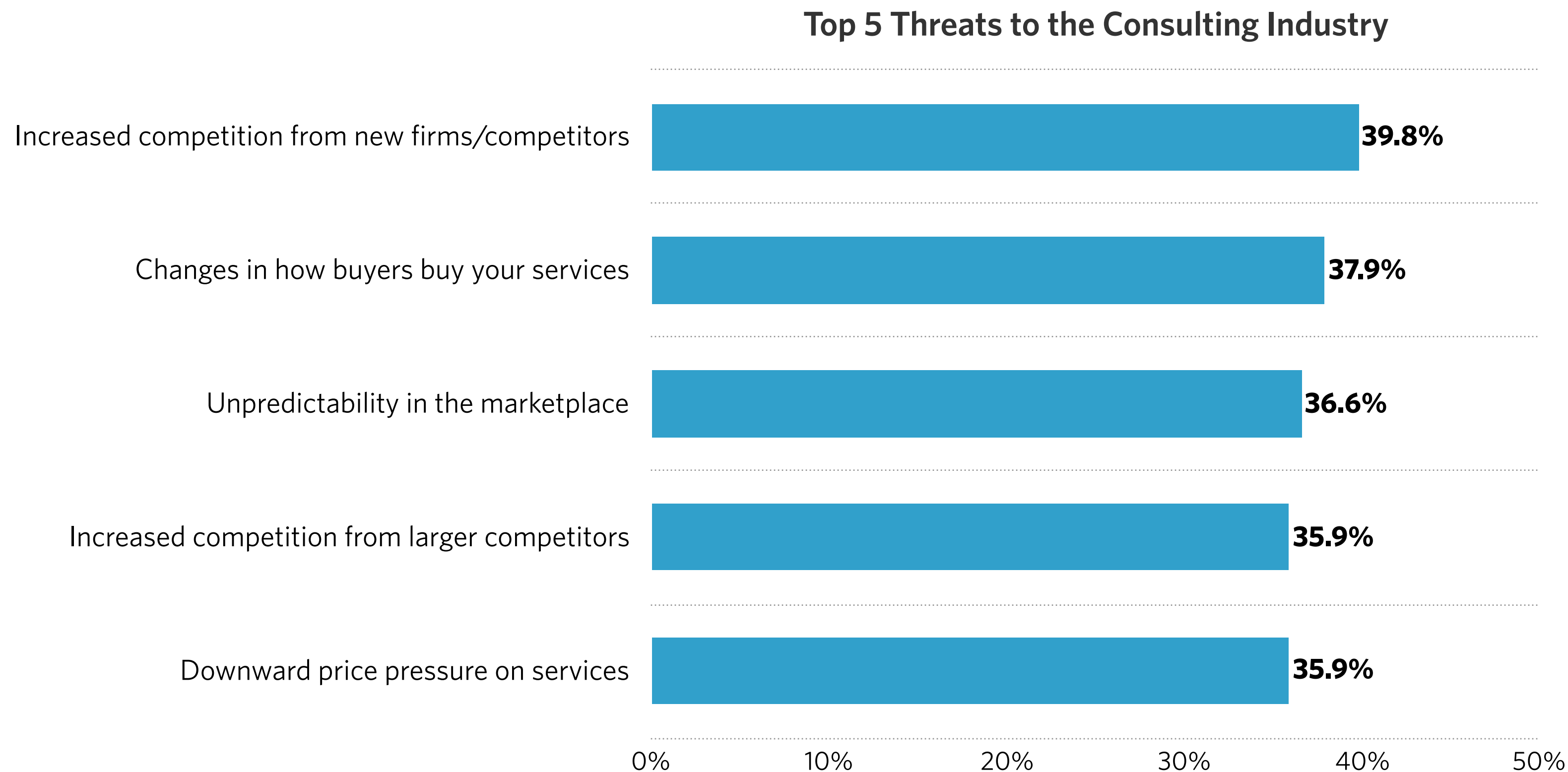
- > This chart compares the median growth rate of consulting firms to other professional services.
- > While consulting firms grew more quickly than those providing accounting & finance and legal services, they lagged technology firms by more than two percentage points.

Consulting firm growth slowed in 2017, continuing a two-year trend.



- > This chart illustrates the median annual growth of consulting firms in each of the past three years.
- > The median annual growth rate in 2017 was 9.3%, down from 9.6% in 2016 and 11.5% in 2015.

Volatile market conditions are perceived as top industry threats to consulting firms.



- > Respondents were asked to look ahead to the next 3-5 years and identify what they expect to threaten their industry or firm. This chart illustrates the top five results for the consulting industry.
- > Consulting executives perceive the biggest threats to the industry as those stemming from outside market pressures, such as increased competition, changes in buying habits, general marketplace unpredictability and downward price pressure.

Additional results are available in the [full research report](#)

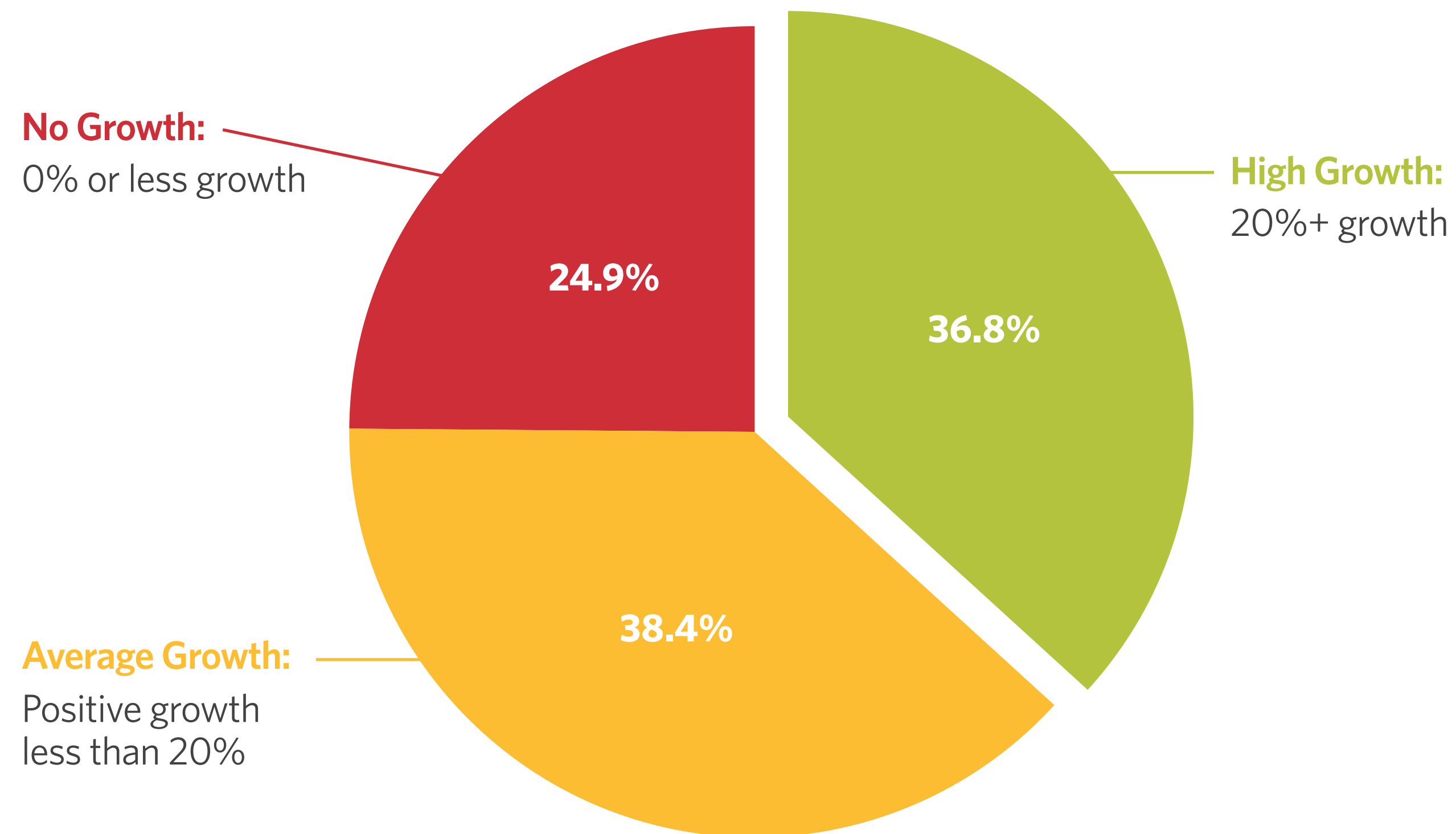
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Meet the High-Growth Firms



36.8% of consulting firms reported a significantly higher growth rate than their peers.

Consulting Firms by Growth Category

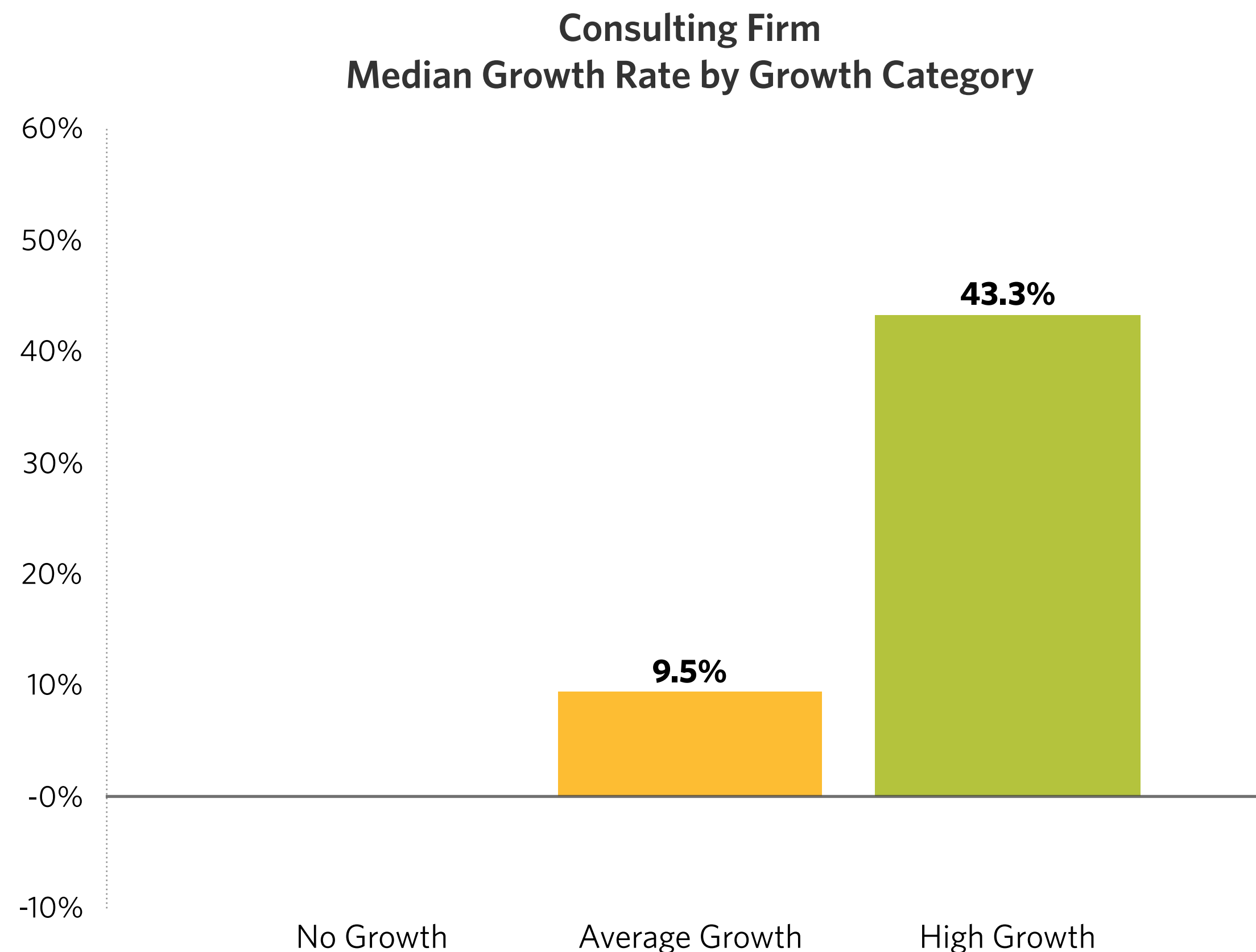


What do we mean by High-Growth firms?

High-Growth firms as those that experienced 20% or greater compound annual growth in revenue over a three-year period.

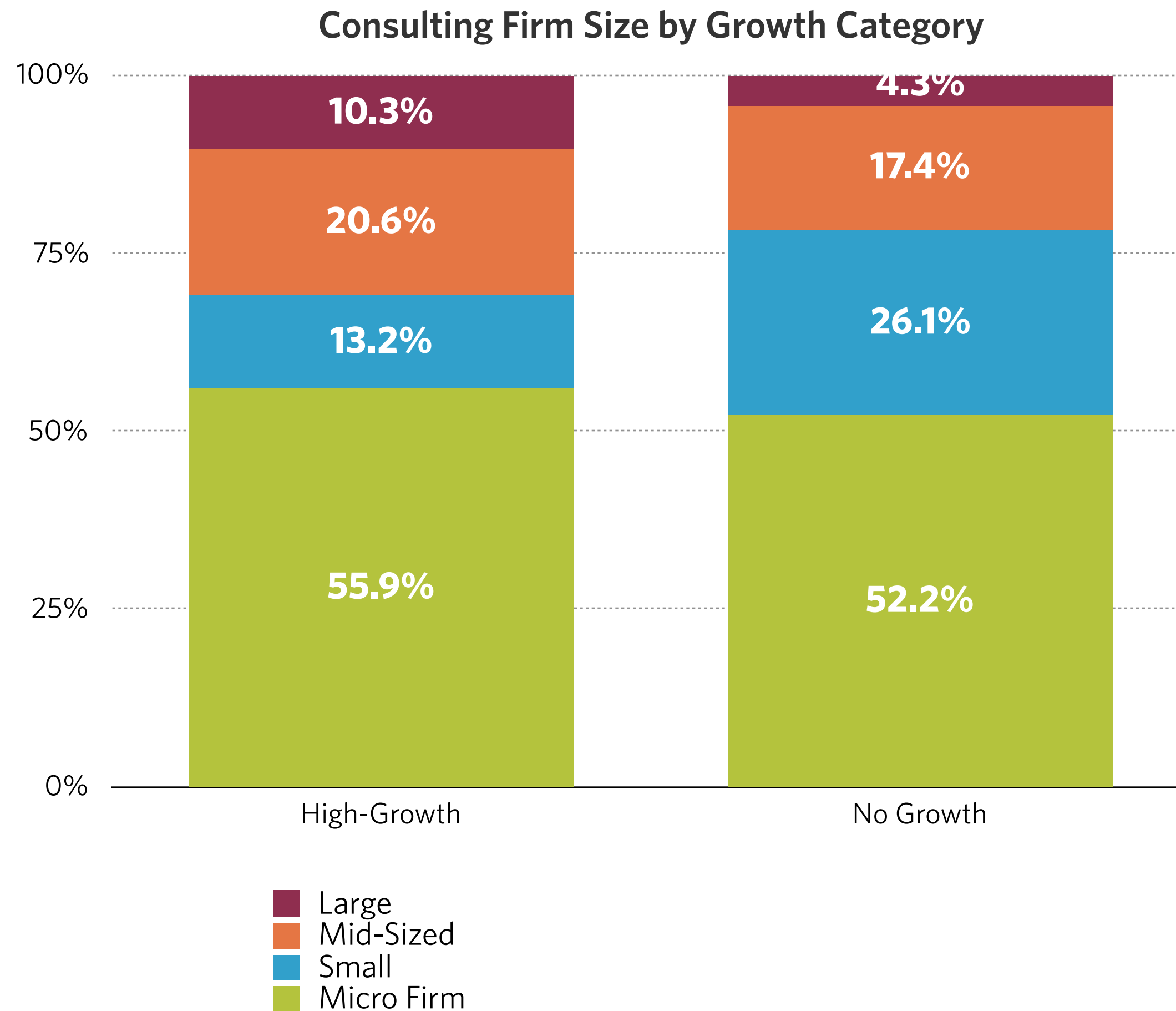
- > Respondents were asked to provide gross revenue for 2015, 2016 and 2017.
- > More than one-third of consulting firms are in an elite category that is seeing growth of 20% or more each year.

In fact, among the High-Growth cohort, the median annual growth rate is more than 43%.



- > This chart illustrates the median annual growth rate for three growth categories.
- > These High-Growth firms grew more than 4X faster than average.

Small and micro firms dominate the High-Growth segment. But larger firms are not locked out.



- > Respondents were asked to provide gross revenue for 2015, 2016 and 2017. Firms were classified into four size categories: Micro, Small, Mid-Sized and Large.
- > The High-Growth segment of the industry is dominated by micro firms (those making less than \$1 million annually) and small firms (those making \$1 million to \$4.9 million). Together, these two segments account for two-thirds of the companies in the High-Growth category. Larger firms are still represented in the High-Growth category, representing the remaining third.

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The High-Growth Perspective



High-Growth firms view future threats very differently than No-Growth firms.

How No-Growth Firms See the Future

- > Increased competition from larger firms
- > Downward price pressure
- > Commoditization of services
- > Shortage of top talent

How High-Growth Firms See the Future

- > Need for new skills
- > Unpredictability in the marketplace
- > Automation/Artificial intelligence
- > Globalization of the industry

- > Respondents were asked to look ahead to the next 3–5 years and identify what they expect to threaten their industry or firm. These tables illustrate which threats were more of a priority to High- and No-Growth firms.
- > High-Growth firms are more likely to view the need for new skills, unpredictability in the marketplace, automation and globalization as threats to the consulting industry.
- > No-Growth firms were more focused on other threats, like increased competition, commoditization and a shortage of top talent.

Additional results are available in the [full research report](#)

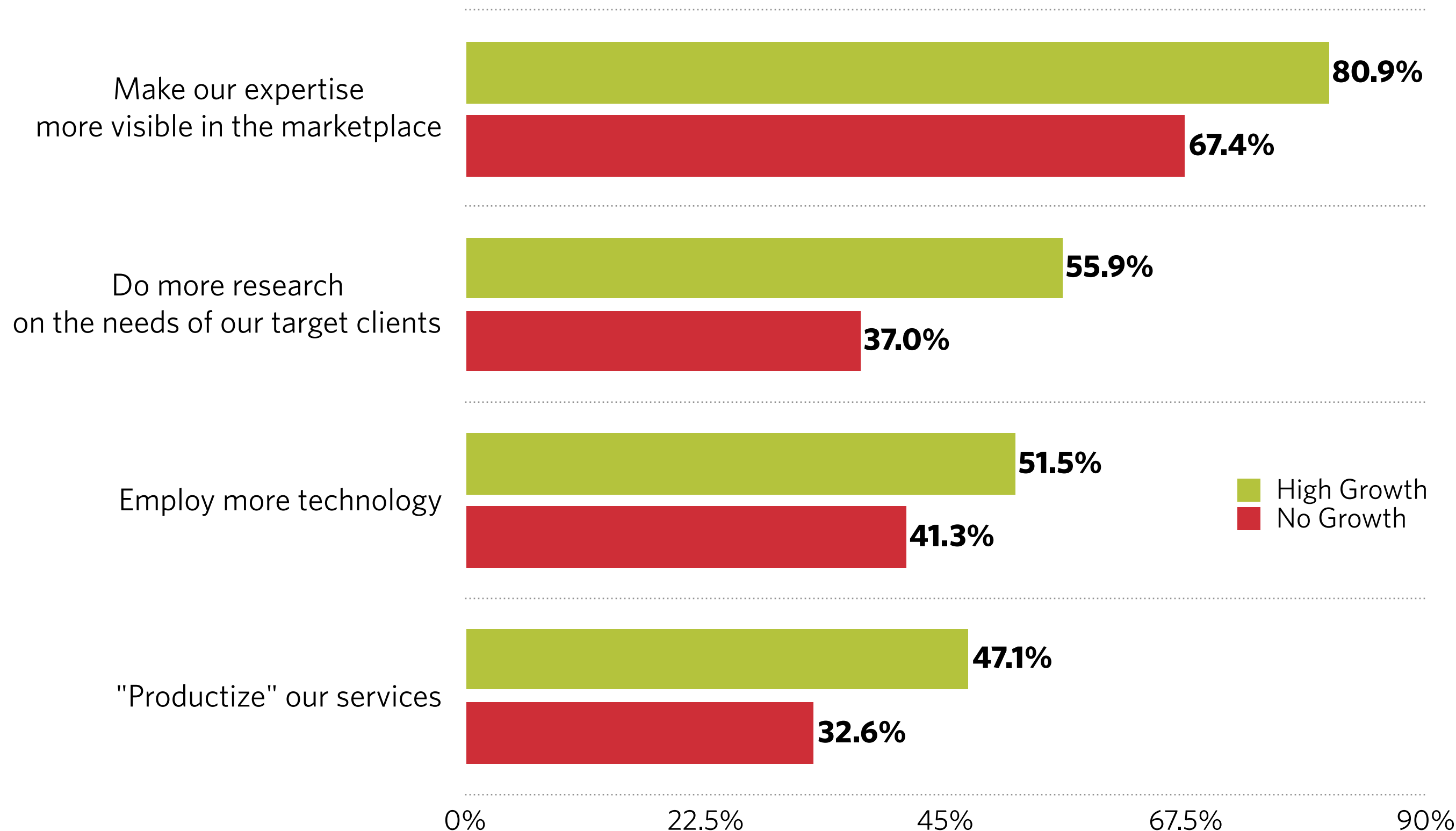
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High-Growth Strategies



High-Growth firms are more likely to leverage existing assets — particularly their expertise.

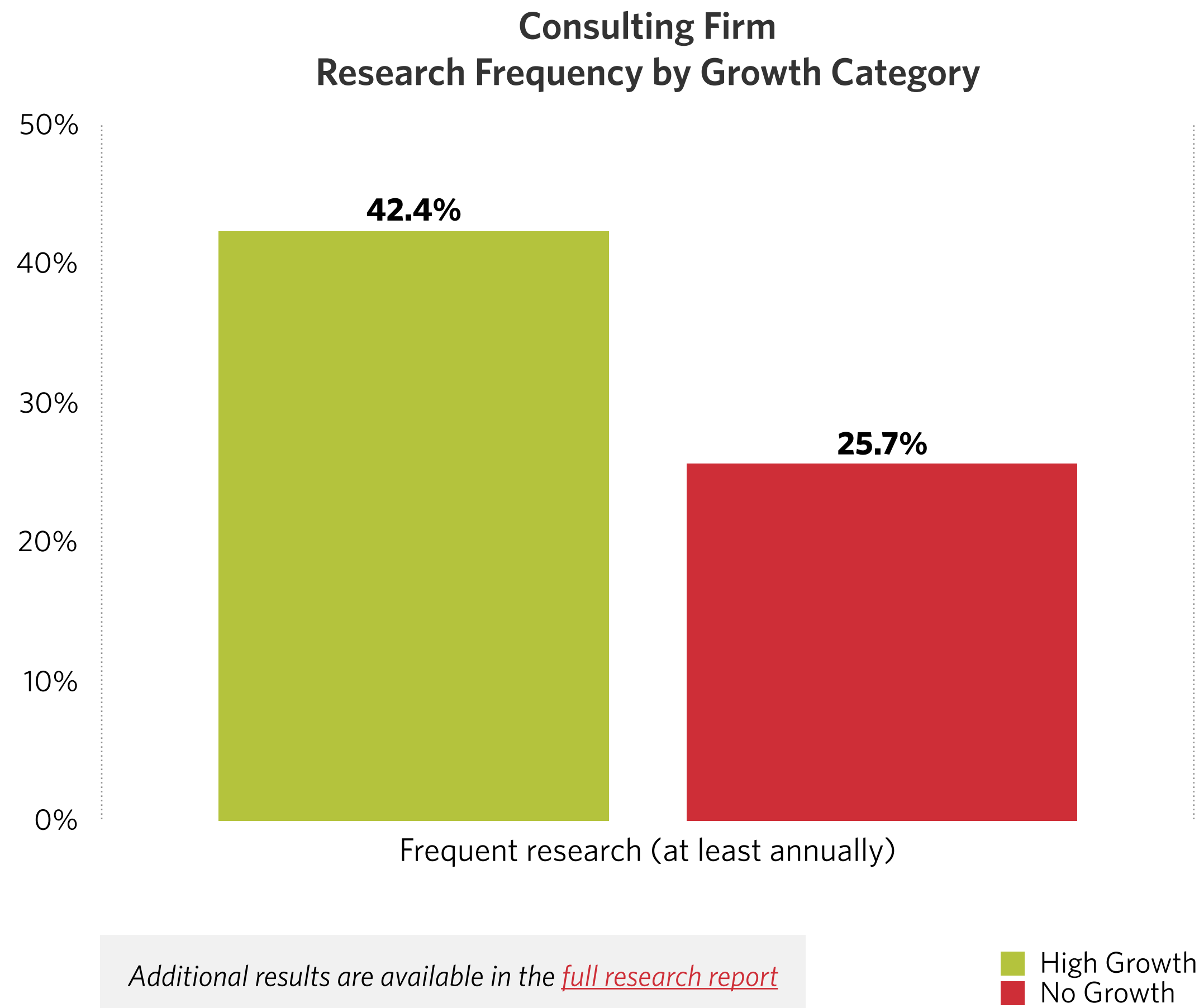
Top Strategies High-Growth Firms Use to Address Threats to the Consulting Industry



Additional results are available in the [full research report](#)

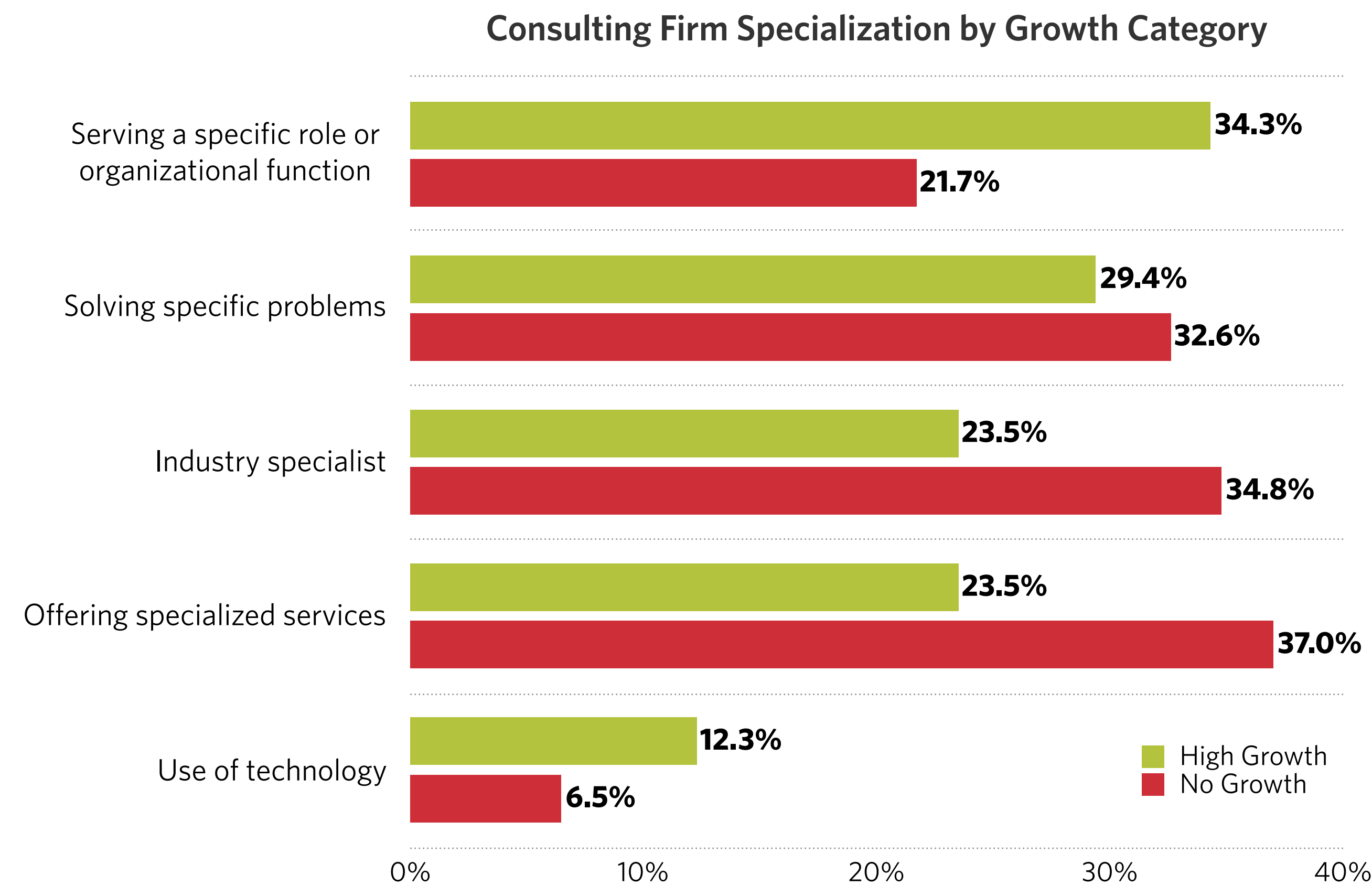
- > Respondents were asked to identify the strategies they believe they will need to employ in order to address future threats to their firm or industry. This chart compares the responses of High- and No-Growth consulting firms.
- > High-Growth firms make the most of the advantages they have, starting with in-house expertise. When asked about their firm's strategy, more than 80% of High-Growth firms intend to make their expertise more visible in the marketplace. Among No-Growth firms, only 67% had such aspirations.
- > High-Growth firms were also more likely to embed their growth strategies with technology adoption and acquisition of technical skills, conducting research on clients and competitors, and productizing their services.

High-Growth firms are dramatically more likely to conduct regular research on their target markets.



- > Respondents were asked to identify how frequently they conduct systematic, structured research on their target market.
- > High-Growth firms are 82% more likely to conduct frequent research than No-Growth firms. That's a major difference, and suggests firms in this category experience the direct benefit of investing more time and effort in understanding their markets and their clients. And in an industry in which rising competition is perceived to be a top threat, research is a highly valued tool for uncovering a firm's competitive advantage.
- > In striking contrast are firms that are experiencing flat or negative growth. Less than one in four (23%) conducts regular research.

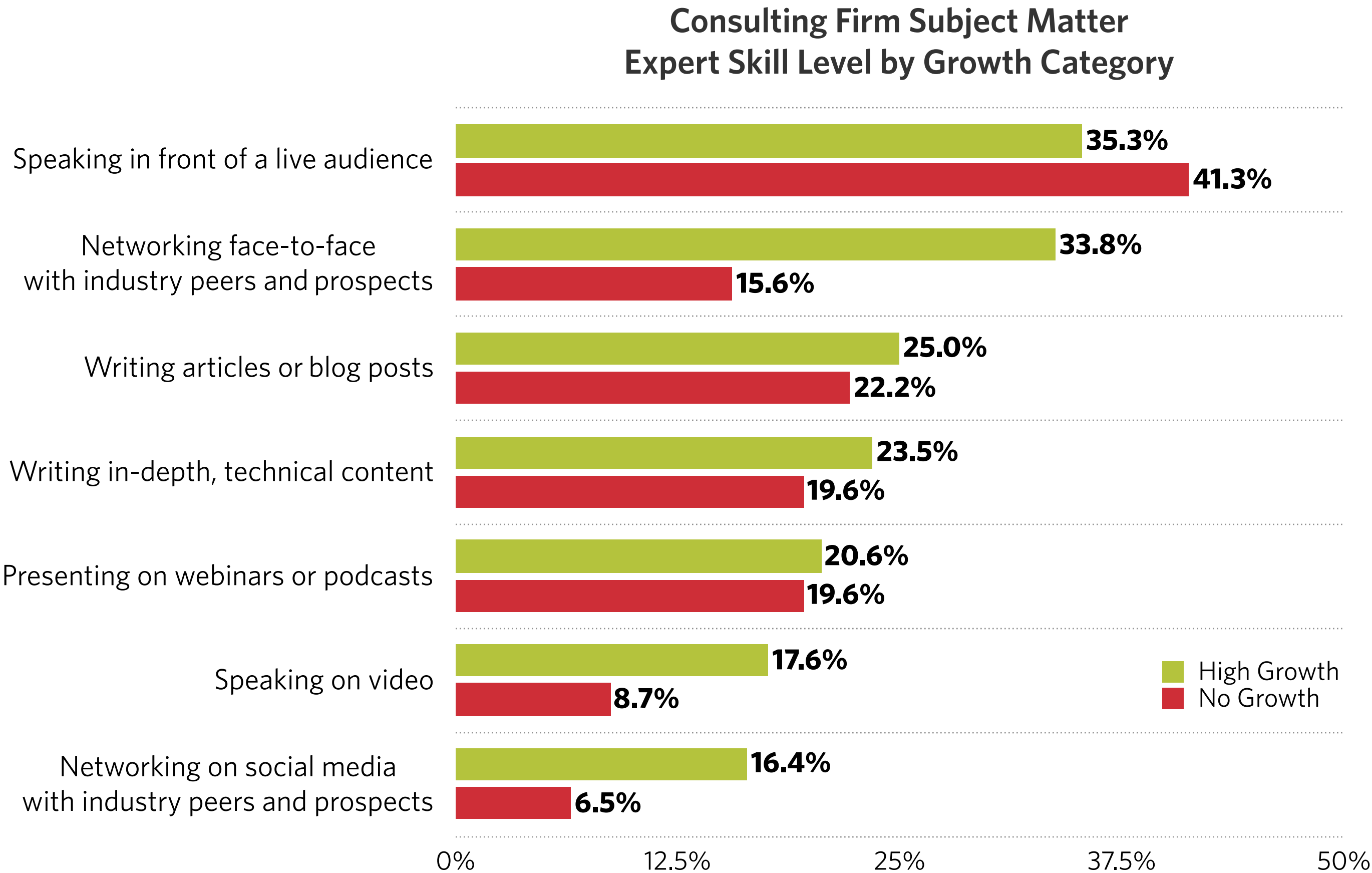
High-Growth consulting firms have a different pattern of specialization than other professional services firms.



Additional results are available in the [full research report](#)

- > Respondents were asked to rate their firm’s level of specialization on five different dimensions. Ratings of 9 or 10 indicate high levels of specialization, while ratings of 6 or less indicate a more generalist approach. This chart compares responses of 9 or 10 between High- and No-Growth consulting firms.
- > High-Growth consulting firms were more likely to specialize in serving a specific role at an organization and in their use of technology.

Experts within High-Growth consulting firms have a number of skill advantages.



- > Respondents were asked to rate their firm’s subject matter experts on a scale of 0-10 — as a whole — based on their ability to demonstrate expertise in a variety of ways. Ratings of 9 or 10 indicate a high degree of proficiency while ratings of 6 or less indicate low levels of proficiency. This chart compares responses of 9 or 10 between High- and No-Growth consulting firms.
- > High-Growth consulting firms were twice as likely to report their experts being skilled in networking at events. Experts within these High-Growth firms also hold a skills advantage when speaking on video and networking on social media.

Additional results are available in the [full research report](#)

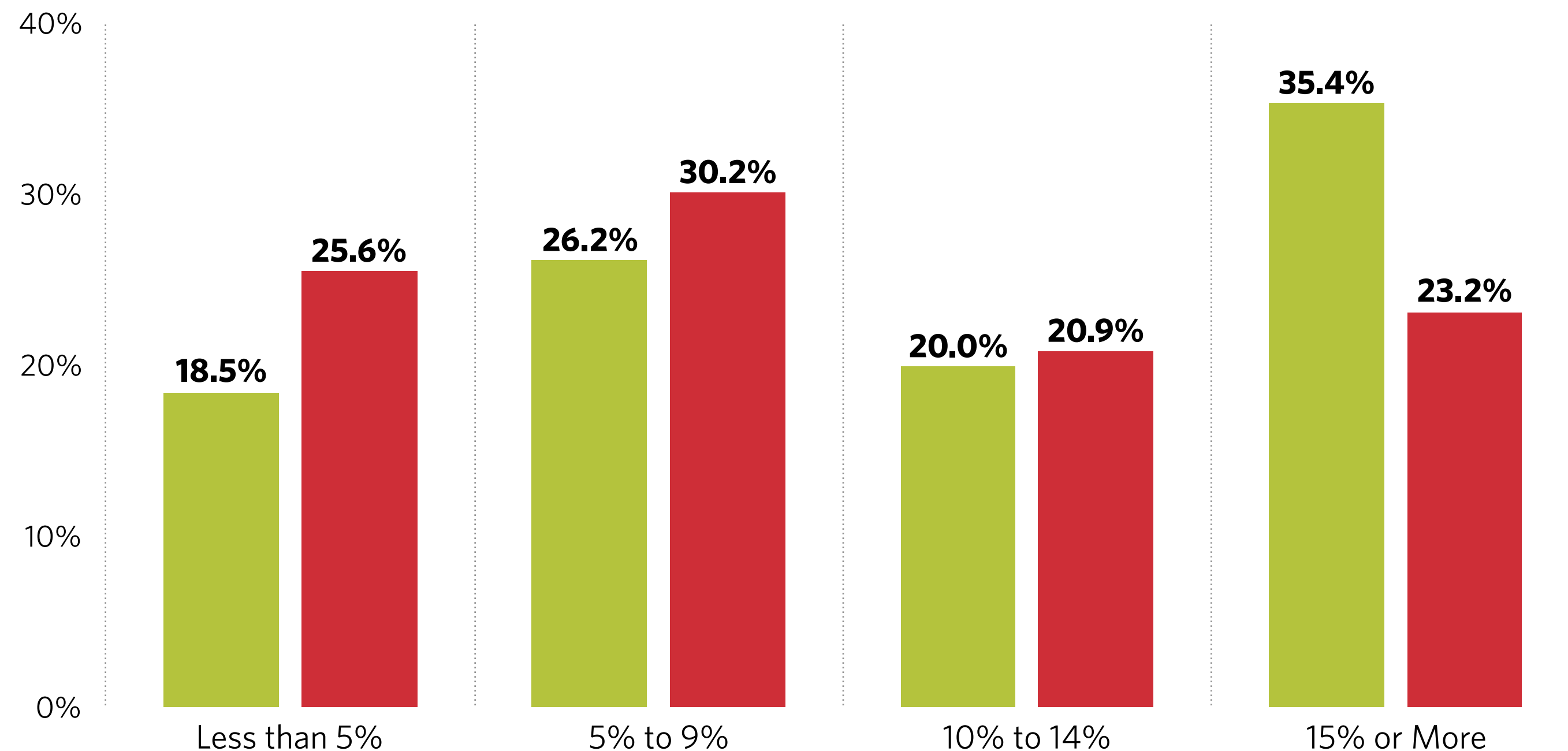
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High-Growth Marketing



High-Growth firms are far more likely to spend more of their revenue on marketing.

High- and No-Growth Consulting Firm Marketing Budgets

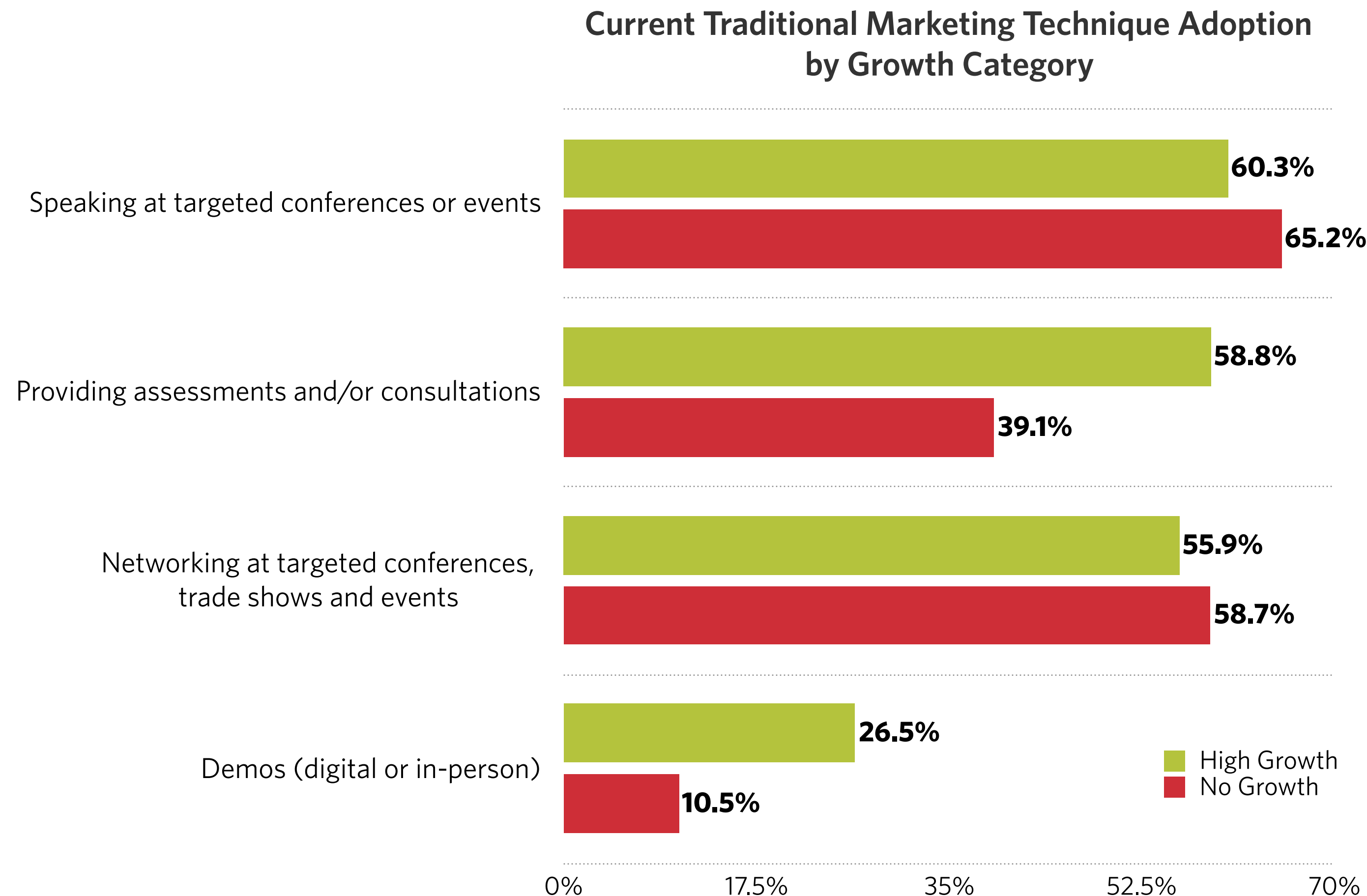


Additional results are available in the [full research report](#)

High Growth
No Growth

- > Respondents were asked to identify the proportion of annual firm revenue devoted to marketing budgets, excluding marketing department compensation or salaries.
- > High-Growth firms are bullish on marketing budgets. In fact, they are 52% more likely than No-Growth firms to devote 15% or more of their annual revenue to marketing activities. More than one third (35%) of High-Growth firms spend at that level, versus only about a quarter (23%) of No-Growth firms.

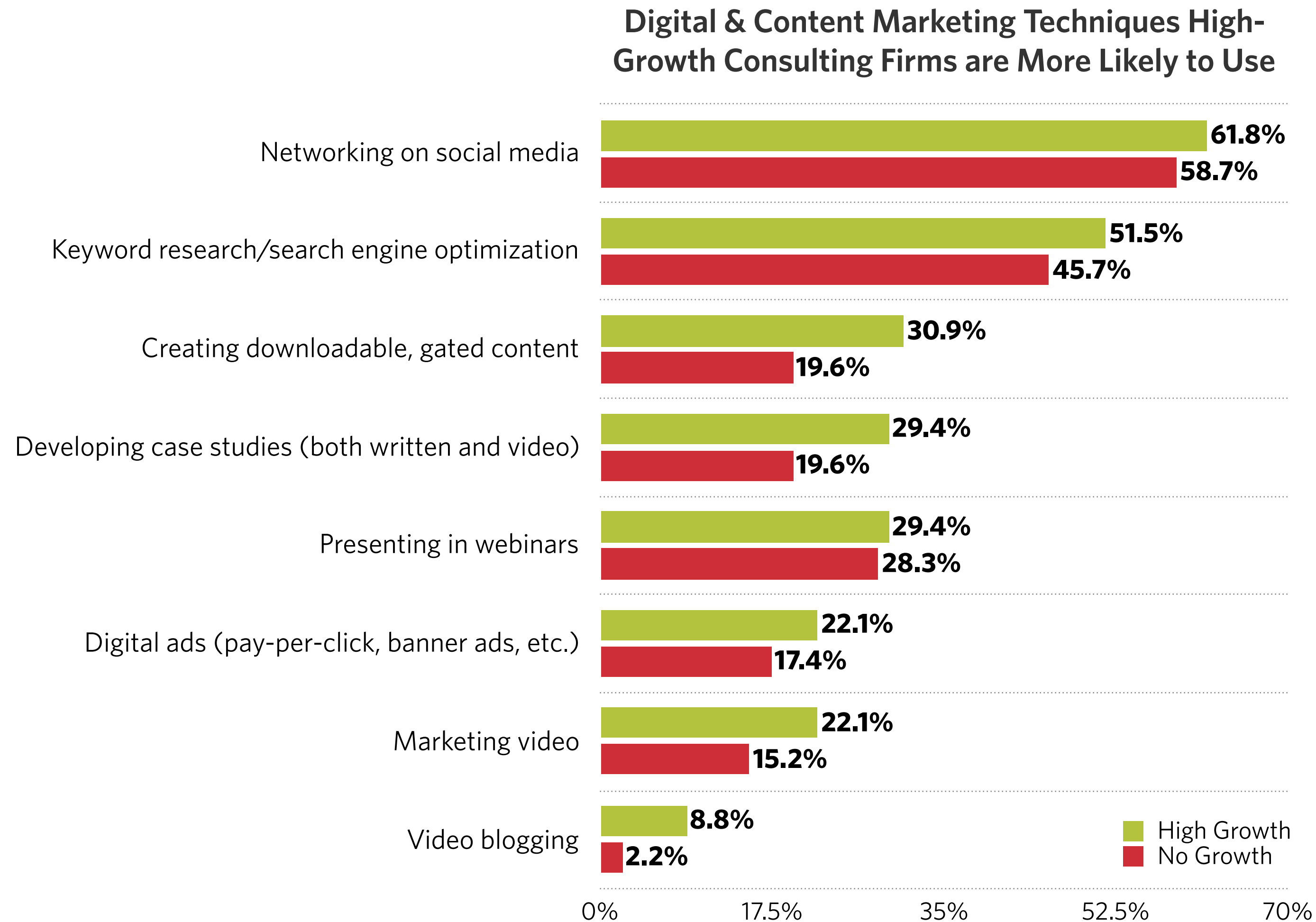
High- and No-Growth firms both use traditional marketing techniques, but with some key differences.



- > Respondents were asked to identify the techniques their firm currently uses to market their services. This chart illustrates the proportion of High- and No-Growth consulting firms that use each traditional marketing technique.
- > High-Growth firms do plenty of traditional marketing, such as speaking and networking at conferences. But High-Growth firms are far more likely to use marketing techniques that give their audiences a sample of their expertise, such as providing assessments and consultations. In fact, High-Growth firms are 2X more likely to conduct demos, whether digital or in person.

Additional results are available in the [full research report](#)

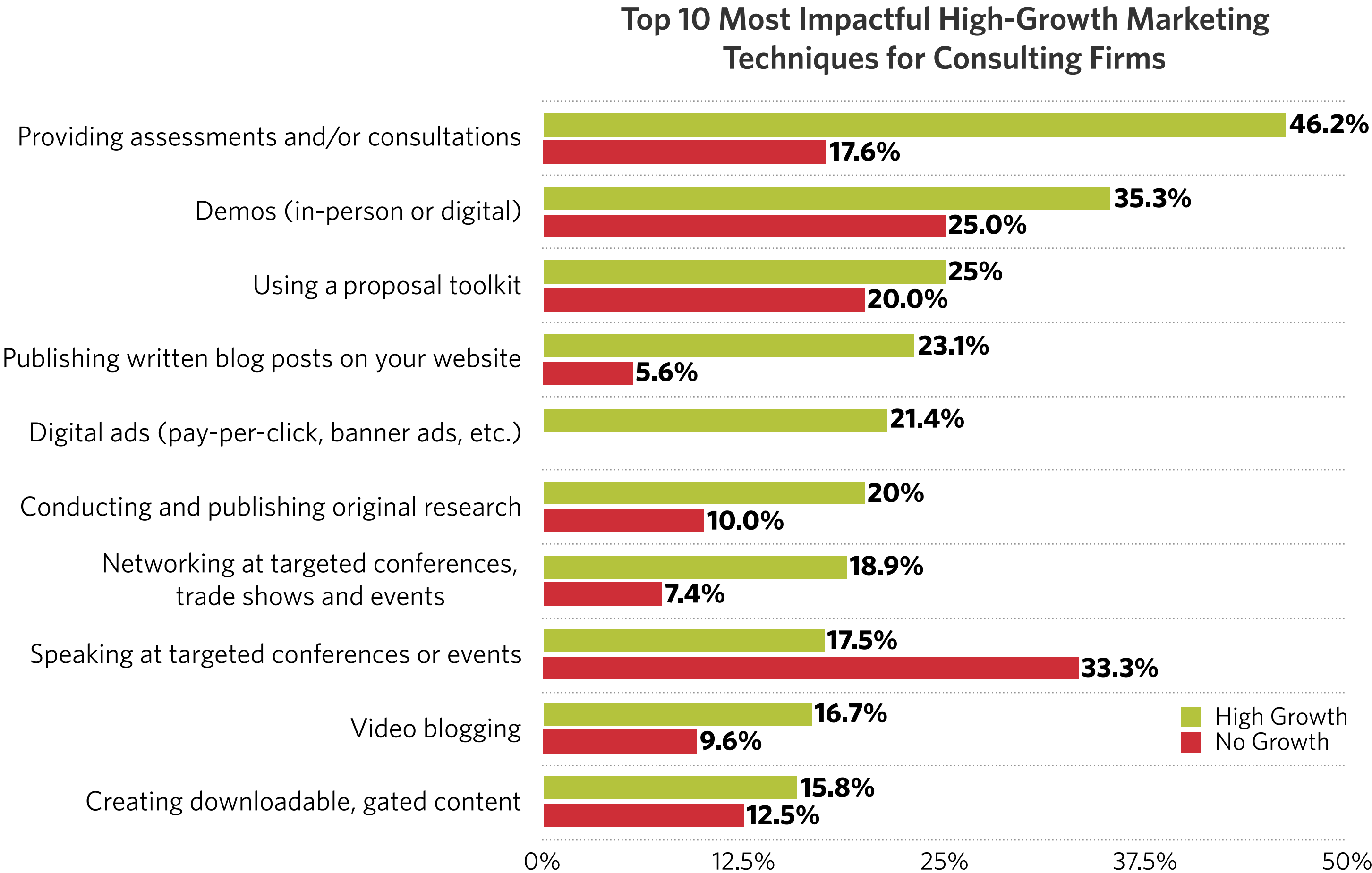
High-Growth firms are more likely to do digital marketing.



Additional results are available in the [full research report](#)

- > Respondents were asked to identify the techniques their firm currently uses to market their services. This chart illustrates the proportion of High- and No-Growth consulting firms that use each digital and content marketing technique.
- > From search engine optimization to creating gated content for download, High-Growth firms are more likely to use cutting-edge digital marketing techniques than their No-Growth counterparts. These rapid growers are 57% more likely to create downloadable, gated content, 50% more likely to use case studies and 4X more likely to do video blogging.

High-Growth firms enjoy significantly more impact from a variety of marketing techniques that demonstrate expertise.



- > Respondents who indicated using a particular technique were asked to rate its perceived marketing impact on a scale from 0-10. This chart shows the proportion of High- and No-Growth consulting firms experiencing high levels of marketing impact (ratings of 9 or 10).
- > High-Growth firms get a great deal out of educating their audience. In five of the top 10 most impactful marketing techniques, High-Growth firms saw at least 50% more impact than No-Growth firms. Many of these techniques involve presentations and content that demonstrate expertise to prospects and customers.

Additional results are available in the [full research report](#)

Final Thoughts



Final Thoughts

This year's study arrives at a time when growth in the consulting industry is slowing, so its findings should be of particular interest to firms that want to jumpstart their marketing programs and grow with greater vigor.

High-Growth consulting firms market themselves differently from their Low- and No-Growth peers. For instance, they are more interested in building the visibility of their expertise. And they invest more heavily in research on their target audiences. In fact, they tend to invest more than average in marketing, overall — using a wider variety of techniques (digital marketing in particular) and getting more impact from them.

We believe there are salient lessons in this data to help firms that find today's marketplace challenging. Often, High-Growth firms make starkly different choices. And now you can, too.

How to Learn More

This research summary is made available as a public service to the professional services community.

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

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

Gain Exclusive Access to the Full Industry Report

What's included

- › Over 40 detailed charts and graphs
- › Data not available in the executive summary
- › Full result breakdowns of each survey question

What you'll learn

- › How does your marketing mix compare to other professional services firms?
- › What marketing initiatives are firms prioritizing for 2018?
- › What marketing skills are in the highest demand?



[Download the Full Report Here](#)

Charts Included in the Full Industry Report

About the Research

- > Professional Services Industries Represented
- > Number of Full-Time Employees
- > Firm Size
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- > Significant Impact of Traditional Marketing Techniques by Growth Category
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- > Consulting Firm Marketing Priorities for 2018 by Growth Category
- > Relevance of Marketing Skills in Consulting
- > Status of Relevant Marketing Skills in Consulting
- > Marketing Skills Needed to Develop or Acquire by Growth Category

Appendix



Appendix - Marketing Technique Descriptions

| | |
|---|--|
| Cold Calls to Prospective Clients | Calling prospective client organizations with intentions to market or sell a service. |
| Conducting and Publishing Original Research | Publishing original research as premium content. |
| Creating Downloadable, Gated Content | 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. |
| Demos (In-Person or Digital) | Demonstrating how a prospect can use a product or service, usually done via digital meeting. |
| Developing Case Studies (Both Written and Video) | Documenting (through writing or video) an experience in which a firm solved a particular problem or produced a specific value. |
| Digital Ads (Pay-Per-Click, Banner Ads, etc.) | Advertisements in purchased space online (e.g., PPC, banner ads, etc.). |
| Distributing Marketing Collateral to Prospective Clients | All branded materials intended to support marketing and business development (e.g., brochures, giveaways, service descriptions, etc.). |
| Email Marketing Campaigns | Using email to send educational or marketing messages to a target audience. |
| Interviewing on Podcasts or Radio | Appearing on a radio program or podcast to give an interview and share thought leadership. |

| | |
|---|---|
| Keyword Research/ Search Engine Optimization | Maximizing website visitors by researching keywords, understanding and leveraging search engine algorithm tendencies. |
| Marketing Partnerships with Other Organizations | A mutually beneficial marketing relationship between a firm and another organization (e.g., co-branded educational events). |
| Marketing Video | Creating professional quality video to market 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 for marketing or business development. |
| Networking on Social Media | Connecting and engaging with a target audience on social networking platforms. |
| Nurturing Prospects Through Phone Calls | Building on existing dialogue or interest from a prospect through phone calls. |
| Presenting in Webinars | Developing and presenting live or pre-recorded educational material to an online audience. |
| Promoting Thought Leadership on Social Media | Using social networking platforms to promote original thought leadership. |
| Proposal Toolkit | A resource used to repeatedly produce compelling proposals. |

Appendix - Marketing Technique Descriptions

| | |
|--|---|
| Providing Assessments and/or Consultations | Meeting with a prospective client for a consultation or an assessment of their current state to determine how a firm can add value. |
| Public Relations (Earned Media) | Leveraging news and media outlets to bring public awareness to major developments within the firm. |
| Publishing Guest Blogs on External Publications | Securing placement for a written blog post on an outside blog or other publication. |
| Publishing Written Blog Posts on Your Website | Writing short articles to be published on the blog section of a firm's website. |
| Pursuing Industry Award Opportunities | Applying for, winning, and showcasing awards won by a firm. |
| Speaking at Targeted Conferences or Events | A subject matter expert speaking at an event on a topic relevant to the target audience. |
| Sponsoring Conferences or Events | Providing money or other value in exchange for branded visibility at an event. |
| Video Blogging | Producing short video segments to be published on a dedicated section of a firm's website. |

About Hinge



About Hinge



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

Our ongoing research into high-growth firms is changing the way firms go to market. Our services include everything a firm needs to become a market leader—from research and strategy to visual brands and marketing implementation.

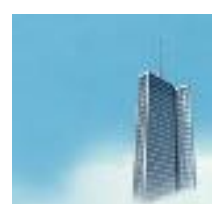
www.hingemarketing.com

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.



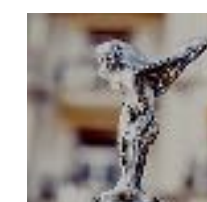
Visible Firm® Program

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.

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

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

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Thank You

