



hinge[®] RESEARCH
INSTITUTE

HIGH GROWTH STUDY 2020

All Professional Services Edition

EXECUTIVE SUMMARY



High Growth Study 2020 All Professional Services Edition: Executive Summary

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Acknowledgements

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The Largest Research Study of Its Kind

More than a decade ago, Hinge set out on a mission to understand what drives extraordinary growth in professional services.

This has been no easy quest. Over that span, the professional services industry has undergone tremendous change. Buyer behavior has shifted dramatically, recruiting and retaining employees is more difficult and rapid advances in technology have left marketing departments overwhelmed.

But there is hope. Some firms have shown an incredible ability to grow rapidly in this environment. **These high-growth firms grew 3X faster than their average-growth peers.**

By comparing your firm's marketing practices to those of high performers, you can start modeling your marketing program on the fastest-growing and most profitable firms in the world. Fasten your seat belts!

About This Study

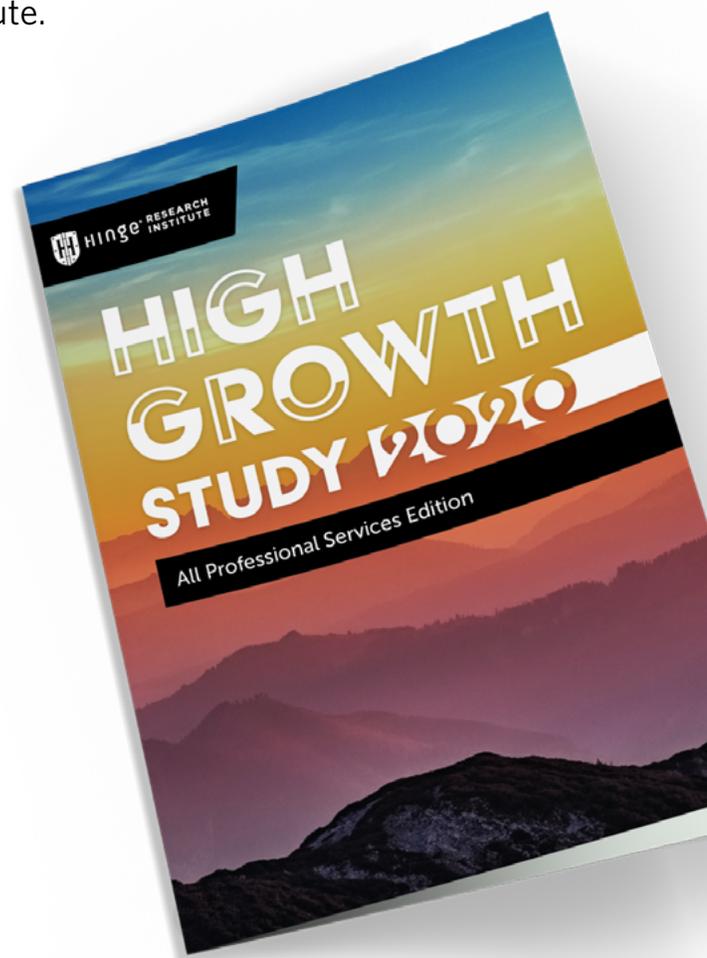
- **Over 1,000 professional services firms participated**
- **Over \$70 billion in combined revenues**
- **Over 1 million combined full-time employees**

This executive summary is part of a larger study, available today.

The High Growth Study 2020 details the perspectives of over 1,000 professional services organizations with a combined \$70 billion in annual revenues. To access the full study and analysis, be sure to read **High Growth Study 2020: All Professional Services Edition**. This 80-page report with more than 50 charts, tables and graphs is available for purchase through the Hinge Research Institute.

Here are just some of the things you will find only in the full report:

- › Analysis of trends observed in professional services over the past 3-5 years, and what we could expect in the future.
- › Worksheets to compare your firm's financial performance to industry and company-size benchmarks. Benchmarks include marketing budgets, revenue per employee figures, growth rates, profitability, and more.
- › Analysis of "digital disruptors"—firms that generate a majority of their business leads online.
- › Full charts, tables and graphs of research results. Data relates to firm marketing strategies, team skills, digital & content marketing channels, traditional marketing methods, and more.



[PURCHASE THE FULL REPORT](#)

Notable Trends in the Professional Services Marketplace



Professional services organizations grew faster in 2019 than in the past five years

In 2015, the Hinge Research Institute began systematically measuring compound annual growth rates of professional services firms.

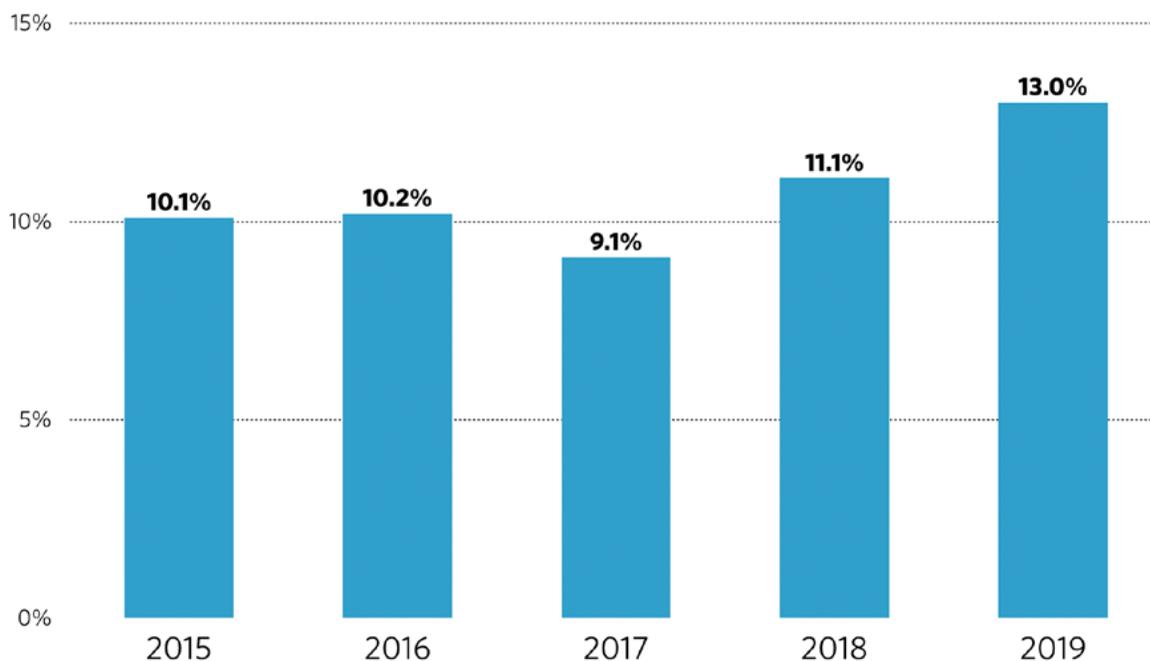
The marketplace experienced slower growth in 2017, but dramatically rebounded in 2018 and continued into 2019.

In that span of time, professional services firms have changed their outlook on the industry and market their services differently.

How is professional services marketing changing? What strategies will be most effective in this new environment? What skills will be in high demand?

In this study, we seek answers to these and many other questions.

Median Annual Growth Rate of Professional Services Firms Over Time



Growth rates vary by industry, but have increased overall

Data can raise as many questions as they answer—and our industry growth findings are no exception.

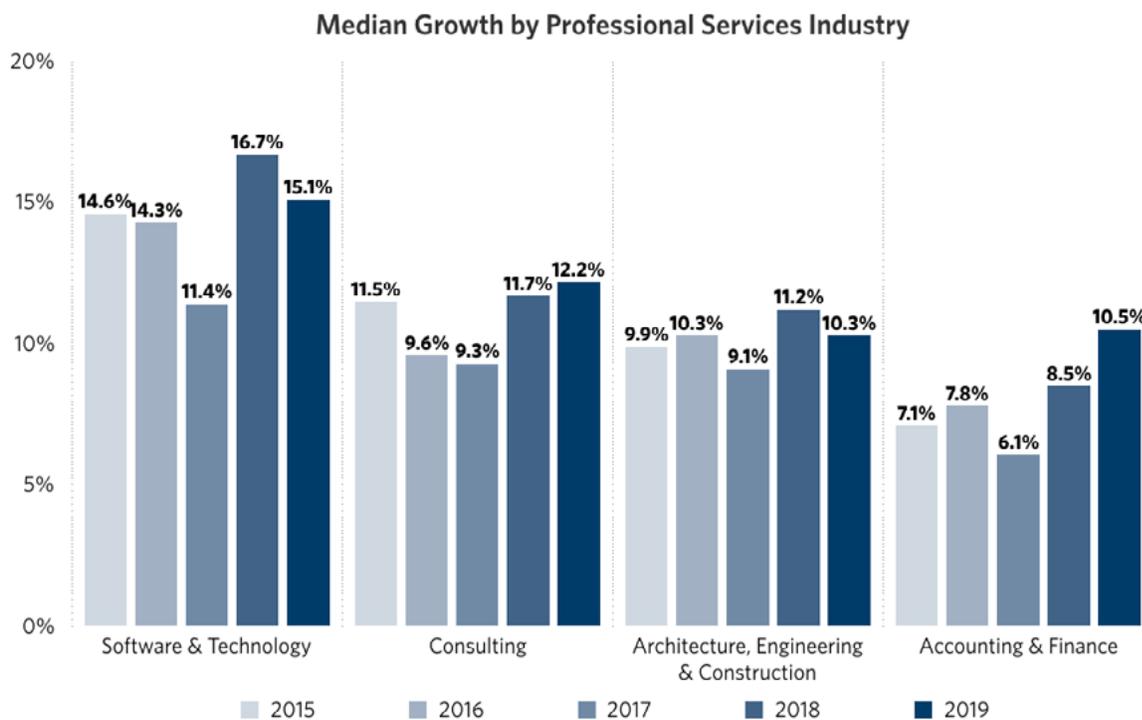
Software & technology companies generally grew faster than other industries. How are they generating new business today?

Consulting firm growth rates rebounded in 2018 and stayed consistent in 2019 — but will firms be able to sustain this trend?

Architecture, Engineering & Construction industry growth hovers around 10% annually. How did some AEC firms break the mold and achieve extraordinary growth?

Accounting & financial services firms grew more rapidly in 2019 than in any other prior year studied. What's fueling this growth?

The Hinge Research Institute answers these questions and more in our [Industry Breakout Report Series](#).

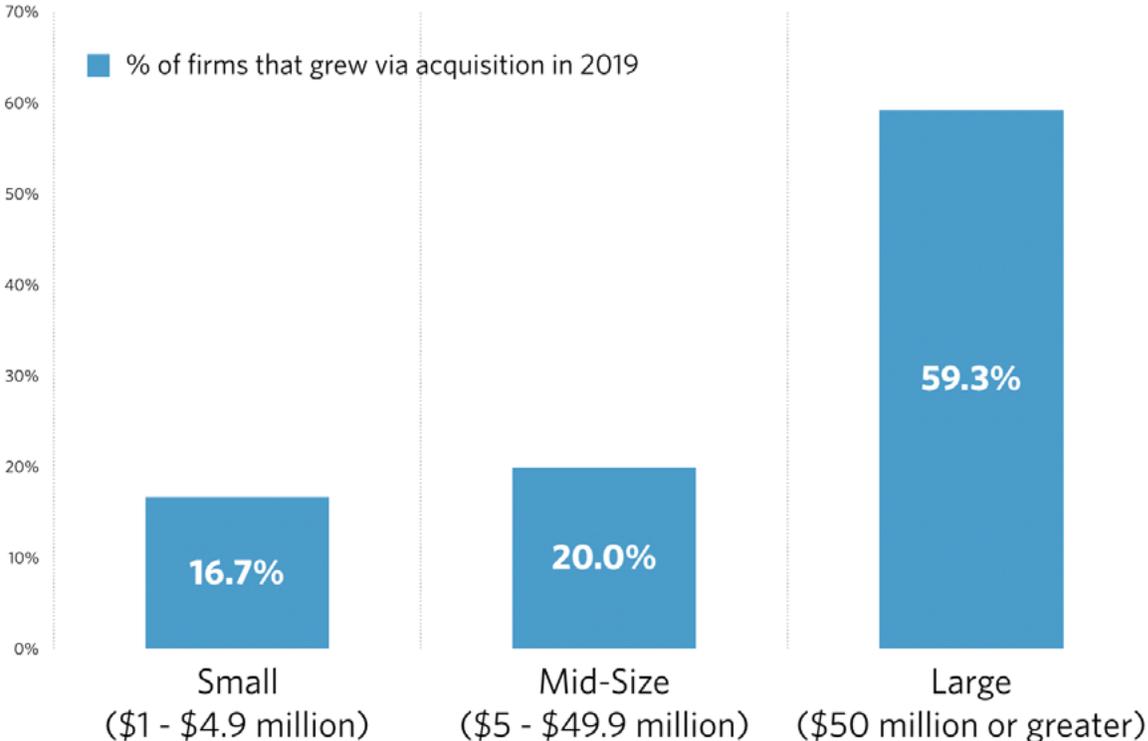


M&A activity in professional services

Growth via mergers and acquisitions (M&A) is common practice among large professional services firms. Nearly 60% of companies with revenues of \$50 million acquired or merged with another firm in 2019.

Navigating a merger or acquisition can present significant marketing and branding challenges. Such major company initiatives may require substantial changes in brand architecture, strategy and messaging.

M&A Activity in Professional Services by Firm Size (Annual Revenue)



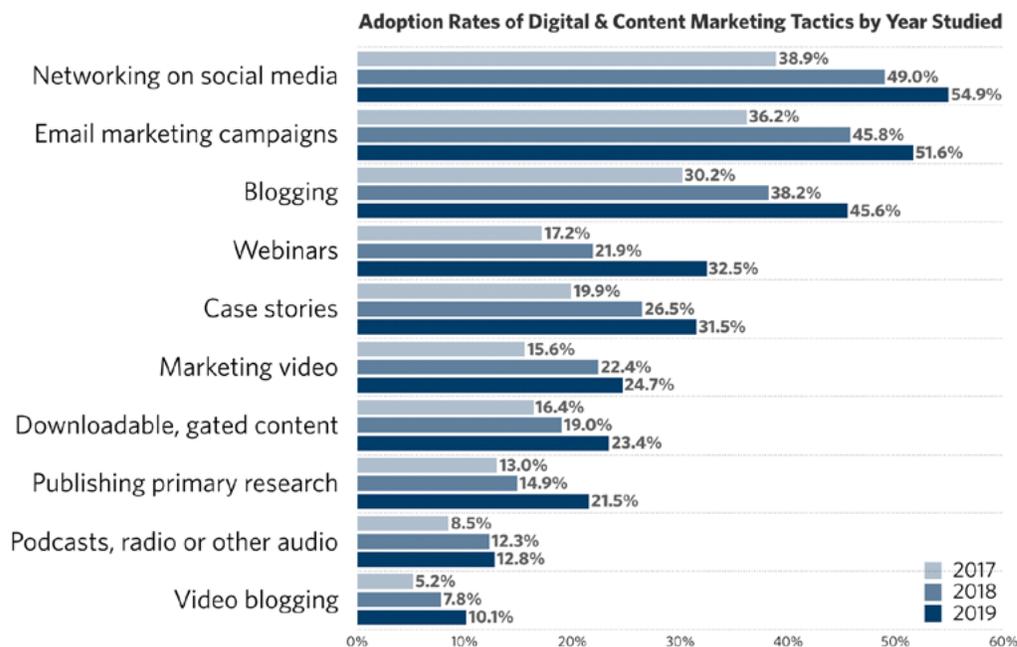
Navigating a merger or acquisition?
[Download Hinge's M&A Guide](#)

The professional services marketplace is right in the middle of a digital transformation

Adoption of digital marketing has increased across professional services. More than half of firms studied indicated they network on social media and have some level of email marketing capabilities.

Other techniques have caught on quickly over the past few years as professional services firms invest in inbound marketing techniques, such as webinars, case studies, high-value gated content, and primary research. These channels can be used to demonstrate a firm's subject-matter expertise.

In the coming decade, professional services firms can't afford to ignore digital marketing strategy. And they will need to do more than maintain an active social media presence, publish blog posts and push out promotional emails. Firms will need to embrace a wider range of digital channels, such as video, podcasting, and research as content. The most successful of them will likely be testing promising new technologies and techniques, as well.



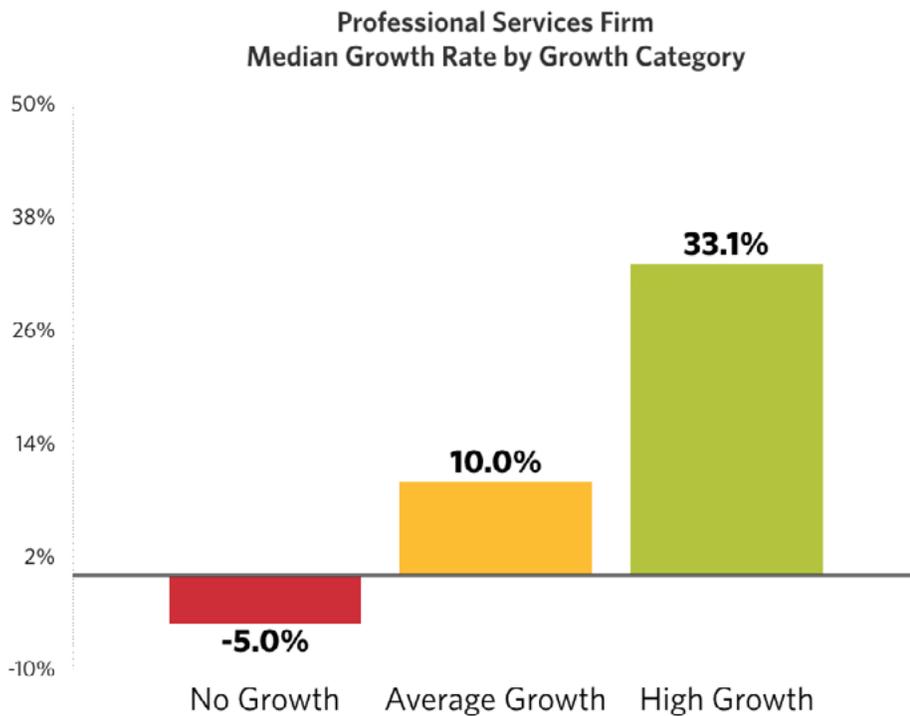
High Growth Analysis



High-Growth firms grew 3x faster than average

From gross revenue figures for the past three years, we calculated compound annual growth rates. For the purposes of this analysis, we excluded firms doing less than \$1 million annually. 355 firms met this criteria. High-Growth firm results are compared against No-Growth firms to maximize the sensitivity of the analysis.

High-Growth firms grew 3x faster than average, while No-Growth firms' revenues contracted by 5% annually. Some High-Growth firms grew through M&A activity, but on average, 90% of their growth was organic.



How do we define High-Growth firms?

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

High-Growth firms were 2x more likely to be highly profitable

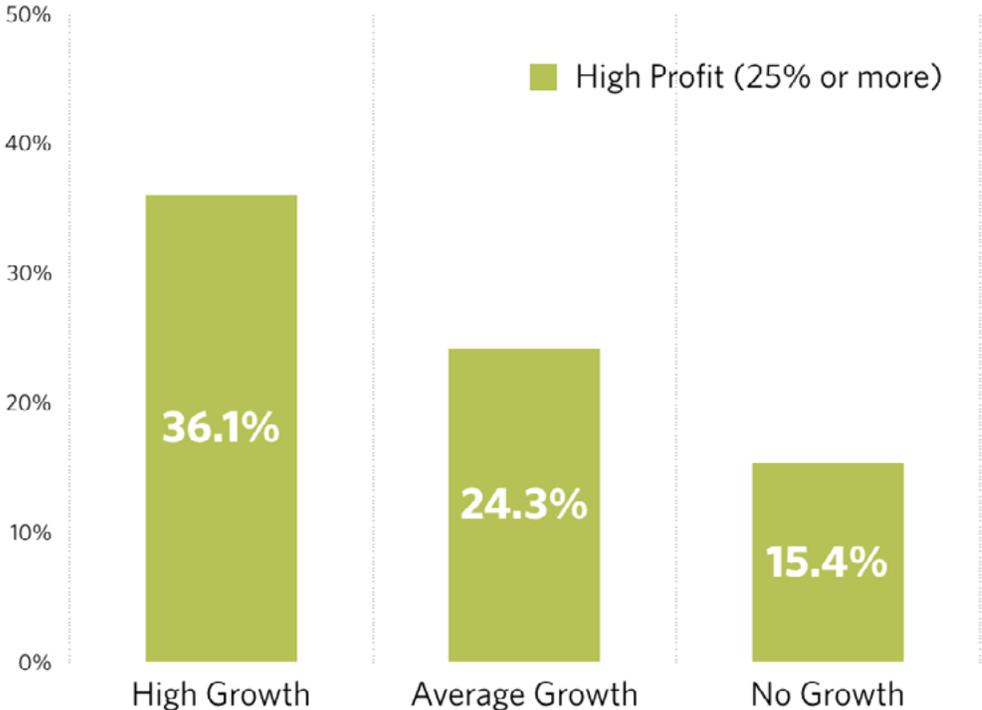
What were the primary strategies employed by High-Growth firms? They conducted frequent research on their target audience, invested more in digital marketing, and nurtured the skills of their marketing teams.

The result was not only rapid growth. These High-Growth firms

were more than twice as likely to be highly profitable (gross profit figures exceeding 25%).

Firms that want to achieve similar results can model their organizational behavior after this group of companies. (For more details, [see the full research report](#))

Respondents by Profitability Category



Digital disruption can be a highly effective growth strategy

There was a systematic relationship between annual growth rates and the proportion of business leads coming from online sources.

Respondents that generated more than 66% of their leads from online sources grew more than twice as fast as firms that generated less than 33%.

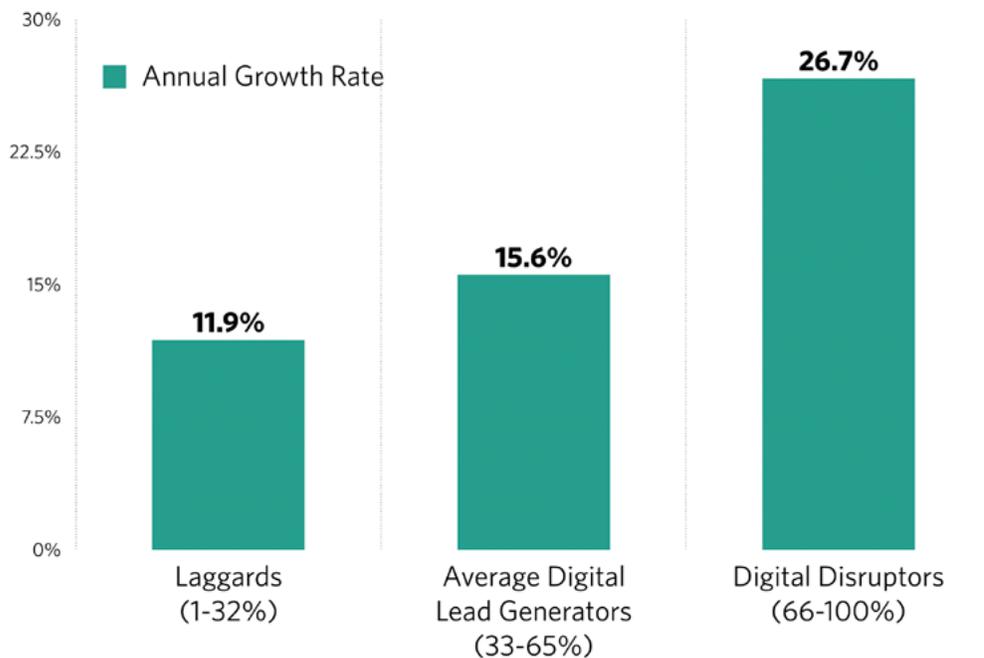
These “Digital Disruptors” favored every single digital and content marketing technique studied—and they were 3x more likely to use digital ads, 2x more likely to use video and podcasts, and 50% more likely to use downloadable content and keyword research/SEO.

Digital Disruptors showed a preference for traditional marketing techniques that complemented their digital efforts. For instance, they were more likely to focus on marketing partnerships and use phone calls to generate and nurture leads.

Laggards, on the other hand, were more likely to favor techniques associated with live events, suggesting a more manual, face-to-face marketing strategy.

With the right strategy in place, professional services firms can leverage new digital channels to generate more leads and accelerate growth. (For more details about “Digital Disruptors,” [see the full report.](#))

**Median Annual Growth Rate by Digital Lead Generation
(% of Leads Generated Online)**



Want to generate more online leads?
[Contact Hinge today](#)

Frequently researching target markets gives companies a growth advantage

Firms that frequently research their target audience (at least quarterly) grow faster and are slightly more profitable.

There are two ways professional services firms use this kind of research. First, companies are researching their target markets to inform their branding and marketing strategy. Examples of this kind of quarterly research include brand tracking studies, client experience research, and marketplace visibility analyses.

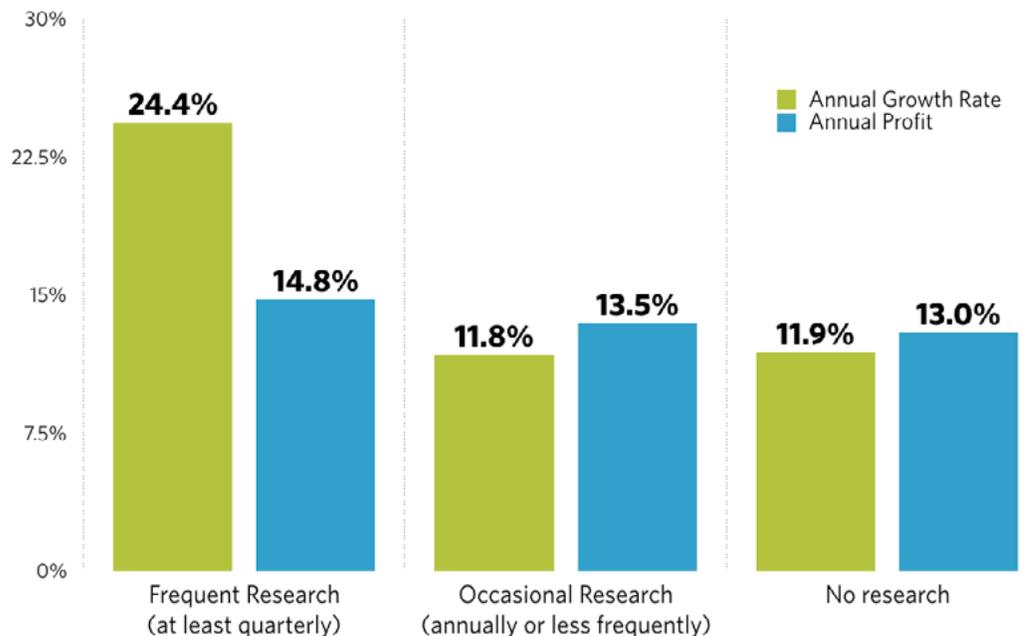
Second, some companies are researching issues and topics that are relevant to their target clients—then

publishing that research and using it as high-value marketing content.

Ultimately, doing frequent research reduces firm risk and gives companies the competitive advantage of knowing their audiences better than their competitors.

In fact, High-Growth firms were 3x more likely to conduct frequent research (at least quarterly) on their target audience and saw 30% more impact on average from conducting and publishing primary research.

Growth & Profitability by Research Frequency



Want to do primary research?

[Contact the Hinge Research Institute today](#)

High-Growth firms are more focused on automation and artificial intelligence and less concerned about other threats

Professional service providers face a wide range of business challenges. In their minds, the future is fraught with new competitors, a shortage of top talent and changes in buyer behavior.

Overall, High-Growth firms worried less about most things than their No-Growth brethren—with one notable exception: automation. High Growth firms were nearly 60% more likely to view automation and artificial intelligence (AI) as a business challenge over the next 3 to 5 years. This suggests that High-Growth firms are more likely to embrace marketing and automation technologies today and in the future.

High-Growth firms deviated from the norm and identified fewer threats to their business. Interestingly, they were 40% less likely to view commoditization as a threat, indicating confidence in the future demand for their services and products.

While the talent war shows no signs of abating,

High-Growth firms are less concerned with threats to their human resources. They were 23% less concerned about the need for new skills and 60% less concerned about generational changes in the workplace. Professional service providers looking to grow rapidly will need to effectively differentiate their employer brands to attract and retain top professionals.

High-Growth firms were nearly 50% less likely to view marketplace unpredictability as a threat to their business. We know there is a relationship between firms that do frequent research (at least quarterly) and accelerated growth rates. This could have a major impact on reducing risk and boosting decision-making confidence.



High-Growth firms were 2x more likely to prioritize marketing technology, one of five key marketing initiatives used to accelerate growth

High Growth firms share many marketing priorities with all other firms. For example, content creation and differentiation were the top marketing priorities of all firms studied. However, there are key areas where High-Growth firms diverge from the norm. The key insights lie in where High-Growth firms are more focused than their stagnant counterparts.

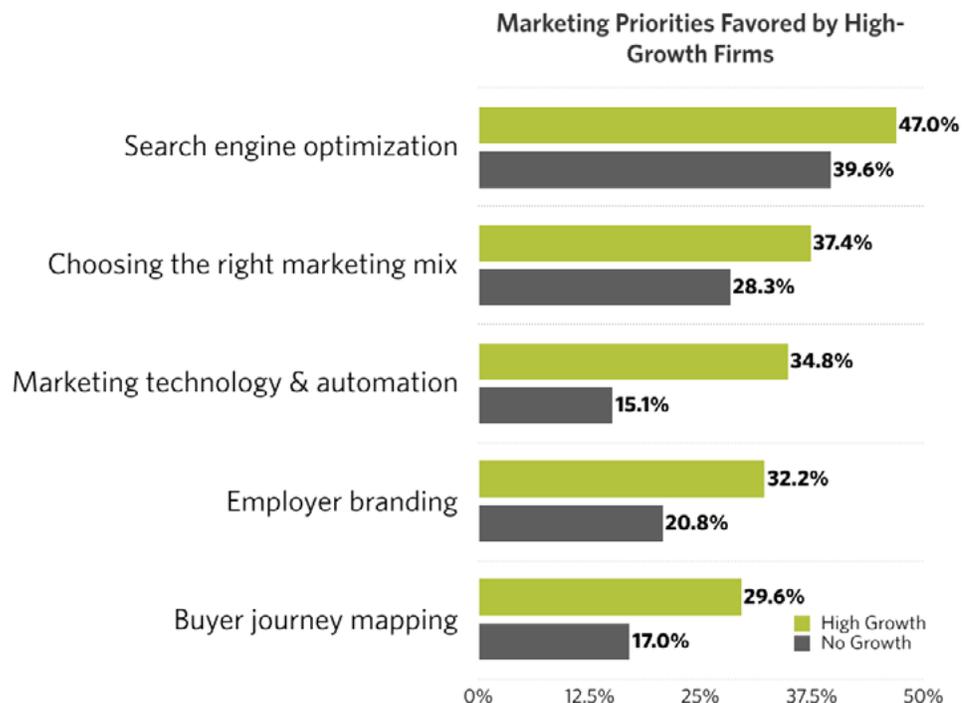
Heading into 2020, High-Growth firms were 2x more likely to prioritize marketing technology and automation, effectively doubling down on digital marketing. These companies will need sound strategies and quality content to fuel the system and deliver consistent results.

High-Growth firms were 74% more likely to prioritize buyer journey mapping — a sophisticated analysis of the steps buyers take to find expertise, build trust, and make purchasing decisions.

These top-performing firms were also 50% more likely to prioritize employer branding, the practice of communicating a company's reputation and visibility to prospective employees. This could explain High-Growth firms' skills advantage (see the next page for more details).

They were also 30% more likely to re-evaluate their marketing mix. This signals a propensity to try new things and quickly shed marketing techniques that don't work in favor of those that deliver real results.

High-Growth firms were slightly more likely (19%) to prioritize search engine optimization (SEO), a powerful driver of online lead generation through organic search queries and results.



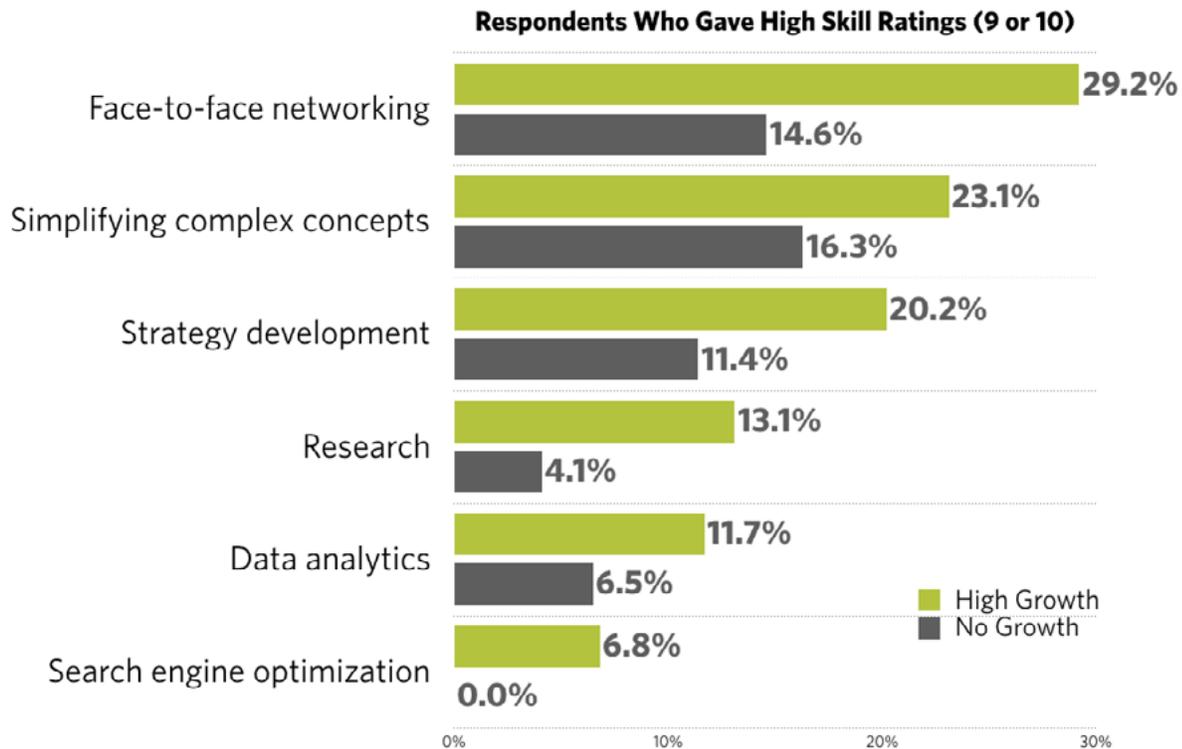
High-Growth firms have a skills advantage in these 6 key marketing areas

High-Growth firms viewed their marketing teams as more capable than No-Growth firms in many skills areas.

High-growth firms were more likely to be stronger in simplifying complex concepts. They were also 75% more likely to have a [Visible Expert](#) on staff. In expertise-based businesses like professional services, having highly visible subject matter experts can be a massive branding and marketing asset.

Marketers in High-Growth firms were more likely to be stronger networkers, strategists, analysts, and researchers. This aligns with their tendency to do more digital marketing and their focus on marketing technology and automation—disciplines that require a strong analytical skillset.

Any professional services firm that wants to grow more rapidly may need to add or strengthen these skills in their marketing departments.



About the Sample

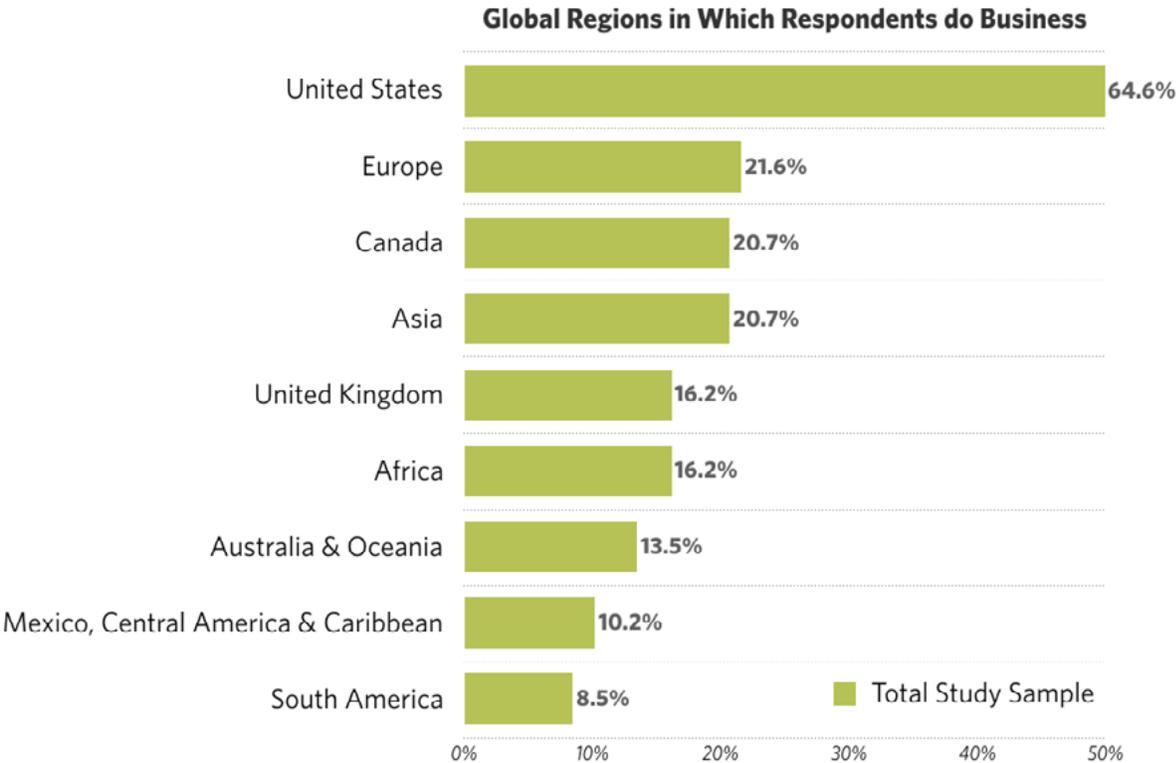


Respondents in the sample spanned the globe

Professional services transactions happen across the globe. In today's hyper-connected environment, international barriers to service-based businesses can be relatively low.

This year's High Growth Study included perspectives from professional services organizations across six continents.

While this report does not segment results by global regions, the Hinge Research Institute has the ability to break out the data for custom analyses and briefings.

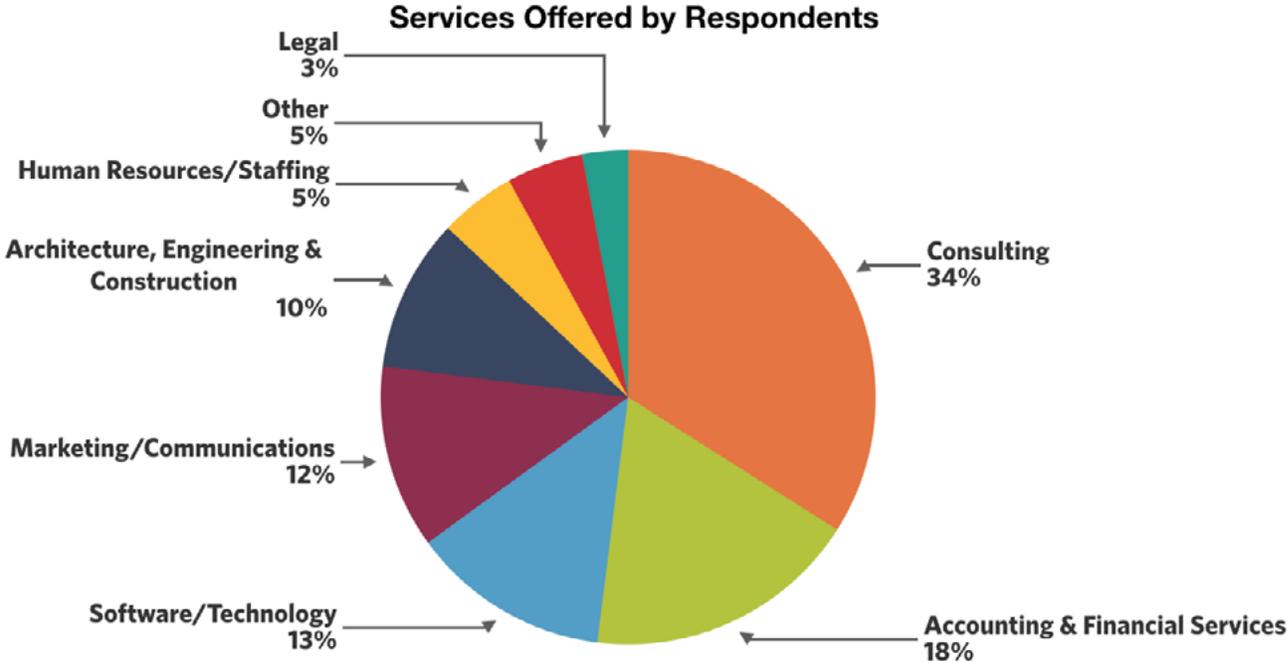


Want to break out the data by region?
[Contact the Hinge Research Institute](#)

Professional services of all types were represented in the sample

Study participants represented a wide range of professional services. This report includes their diverse perspectives.

While this report does not segment results by specific industry, the Hinge Research Institute has the ability to break out the data for custom analyses and briefings.



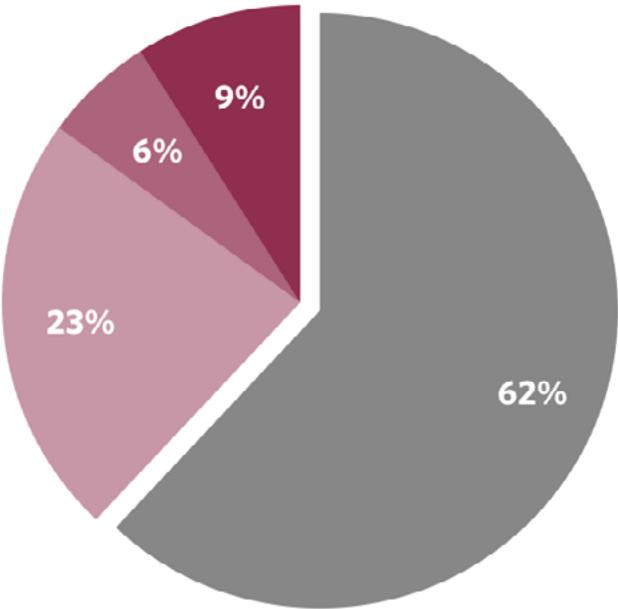
Want to break out the data by industry?
[Contact the Hinge Research Institute](#)

Level of involvement in government contracts varied within the professional services marketplace

Professional services are not exclusively sold to other businesses. Many firms market their services to government buyers. More than one-third of study participants generated at least some revenue from local, state, or national government entities.

While this report does not detail the perspectives of government contractors, the Hinge Research Institute is able to break out this data for custom analyses and briefings.

Proportion of Business Generated From Government Contracts



This chart breaks responses into four categories:

- Do not contract with government buyers
- 1% - 24% of business is government contracts
- 25% - 49% of business is government contracts
- 50% or more of business is government contracts

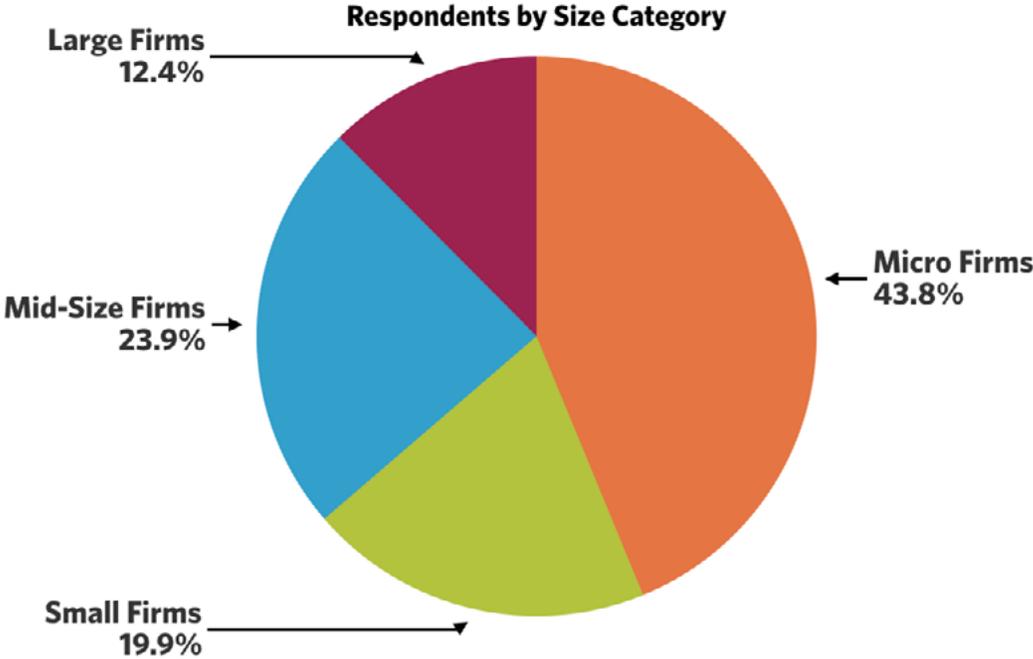
Want to break out the data by government contractors?
[Contact the Hinge Research Institute](#)

Professional services of all sizes were represented in the sample

A total of 1,014 respondents participated in the study. 641 provided the requisite financial data to be included in growth and size analyses.

For the purposes of our analysis, we broke respondents down into four size categories:

Firm Size Categories	
Micro Firm	Less than \$1M annual revenue
Small Firm	Revenues between \$1M-\$4.9M
Mid-Size Firm	Revenues between \$5M-\$49.9M
Large Firm	Revenues exceeding \$50M



Want to break out the data by firm size?
[Contact the Hinge Research Institute](#)

Appendix



Appendix - 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 Stories	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.

Appendix - Marketing Technique Descriptions

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.
Social Media Promotion	Using social networking platforms to promote original thought leadership.
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.

About Hinge



About Hinge



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

Our ongoing research into over 25,000 professional services firms and buyers of their services is changing the way firms go to market. Our services include everything a firm needs to deliver exceptional visibility, credibility, leads, and revenues—from research and strategy to award-winning visual brands and marketing implementation.

www.hingemarketing.com

How Hinge 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 will reach new audiences in new markets, incite engagement and expand your bottom line.



Branding Program

Our Branding Program is designed to carry your firm's reputation confidently into the marketplace and equip you with a suite of powerful branding tools. Founded on extensive research, our branding strategies increase your firm's credibility and visibility in your industry. More than a visual branding program, we will set your marketing strategy, differentiate your firm and provide clear, compelling messages for each of your target audiences.



Research as Content

The Hinge Research Institute offers a variety of services to turn primary research into high-value marketing content. License our independent research on professional services firms to use in your marketing content. Co-present on a webinar with our industry experts and senior research analysts. Conduct in-depth interviews and online surveys of your target clients then turn those insights into high-value marketing content. Make your marketing rise above the noise with research.

For more information, call 703 391 8870 or email us at info@hingemarketing.com.