

THE
CONSULTANCY
GROWTH
NETWORK

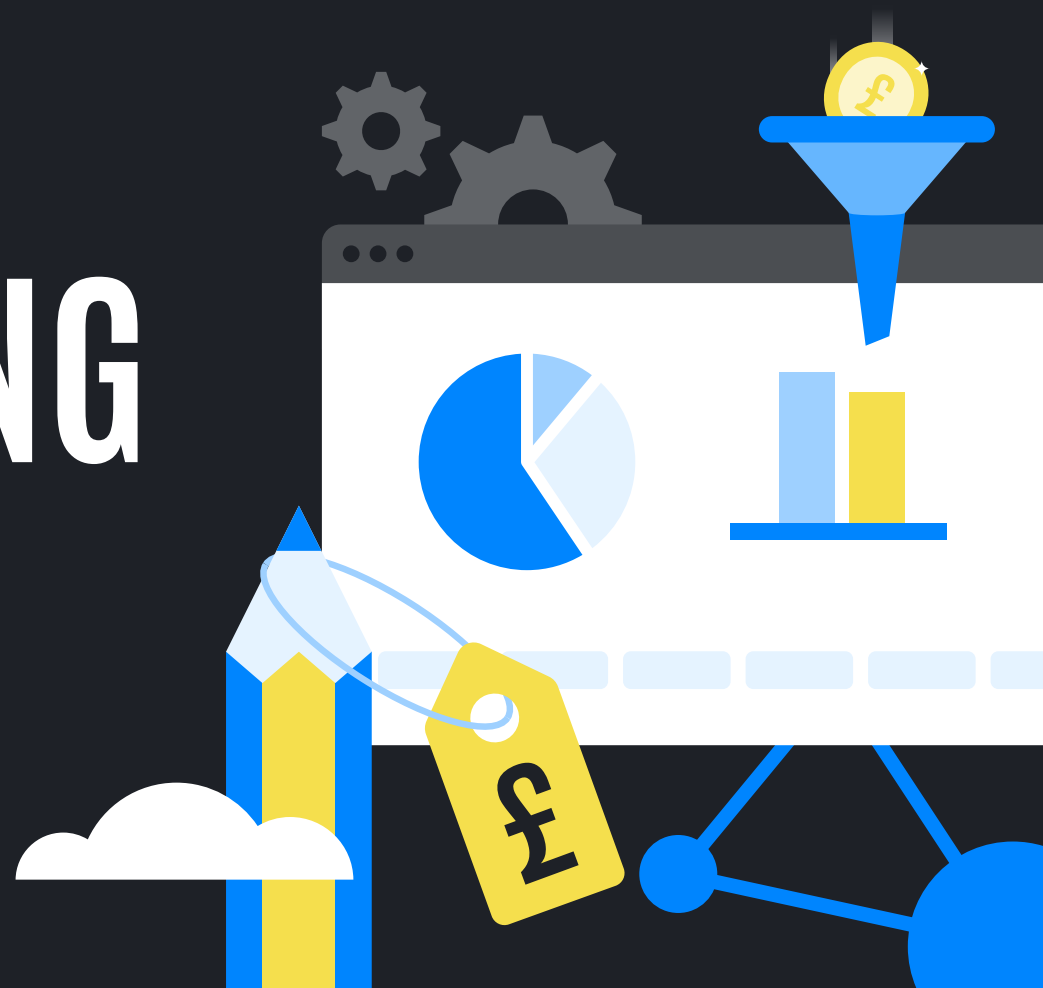
WOW



EVALUATE YOUR PERFORMANCE IN KEY AREAS

BENCHMARKS FOR CONSULTING BUSINESSES 2024

ABRIDGED REPORT



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THE POWER OF BENCHMARKING

WHY BENCHMARKING

Consultancy BenchPress is run by [The Wow Company](#), an accountancy practice that specialises in working with consulting and creative businesses, and [The Consultancy Growth Network \(TCGN\)](#), a community for consulting business owners and their senior leadership teams to access expert insights, peer support, introductions and actionable advice. We believe that benchmarking plays a key role in improving performance. These insights highlight opportunities to improve, show you what's possible, and are a catalyst for positive change within your business.

ANSWERING THE BIG QUESTIONS

As well as sharing industry benchmarks, this report will also get you thinking about what's most important to you when it comes to your business: creating an asset, operating with purpose, managing your time, making money, or building a forever business. We explore each of these areas, linking out to additional videos, guides, tips and tools to help you on your journey. Most of this content is housed in The Consultancy Growth Network's [Growth Hub](#), a member-only portal that contains deep learnings across all aspects of growing a valuable, sustainable consultancy.



THIS REPORT CONTAINS DATA FROM 287 INDEPENDENT CONSULTING BUSINESSES WITH REVENUES OF UP TO £50M

ARE YOU FEELING THE SQUEEZE?

THE
CONSULTANCY
GROWTH
NETWORK



MARC JANTZEN

FOUNDER

THE CONSULTANCY
GROWTH NETWORK

 FOLLOW MARC

“The overall picture for boutique consultancies is mixed. Day rates are essentially flat despite firms carrying increased overheads. Reduced market demand has led to a fall in utilisation and gross margin. All factors combined have led to a fall in operating profit.

So if you are feeling the profit squeeze, then you can take some solace in knowing you are not alone.

Despite the challenges, there are plenty of positives. Nearly two-thirds of consultancies managed to grow revenue last year despite the economic conditions, with 39% growing consistently every year for the past five years. 32% achieved an operating profit in excess of 20%.

We also found a strong correlation between high performance and those leaders who take a more deliberate, strategic approach to building a sustainable firm. Now it is more important than ever to be working ‘on’ your business in parallel with working ‘in’ it.

My hope is that this report inspires you to develop your own internal transformation plan to grow your business profitably and give you choices, whatever direction you choose in the future. Of course, the brilliant TCGN team would love to support you on that journey.”

THE HEADLINES

LOOKING BACK



GROWTH RETURNS TO NORMAL LEVELS

After the post-COVID bounce, growth levels returned to the historical average. Around two-thirds of consultancies grew revenue last year.



BIG PROFITS BECOMING RARER

The number of consultancies making an operating profit of more than 30% has almost halved. Now only 13% hit this benchmark.



CONSULTANCIES VERY RELIANT ON OWNERS

If the majority shareholders left, 65% of consultancies would reduce in size or go out of business. Only 17% would grow.

LOOKING AHEAD



SELLING IS THE END GAME FOR MOST

Over half of consultancy owners plan to sell their business, with 68% hoping to do so for a sum in excess of £5m.



STRATEGY IS KING

The most profitable and fastest-growing consultancies spend more time on strategy than the rest.



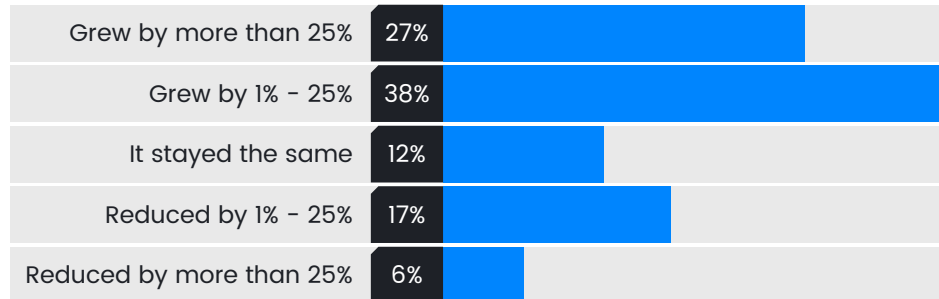
FOCUSING ON EQUITY VALUE DRIVES PERFORMANCE

Consultancies that have fully woven the Eight Levers of Equity Value into their growth strategy outperform those that haven't.

This abridged report contains a selection of insights.
To get the full report, [contact Luke Badiali](#) about becoming a member.

REVENUE GROWTH

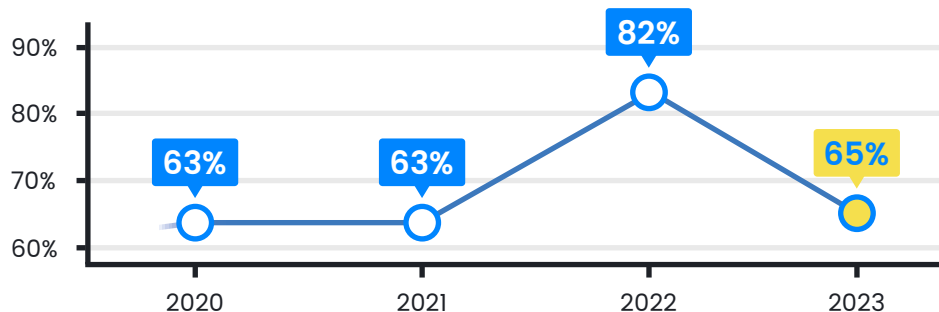
HOW MUCH DID YOU GROW REVENUE BY LAST YEAR?



GROWTH RETURNS TO NORMAL LEVELS

After the post-COVID bounce, growth levels returned to the historical average. Around two-thirds of consultancies grew revenue last year. Given the level of uncertainty in the economy, this was still quite an achievement.

PERCENTAGE OF CONSULTANCIES THAT GREW REVENUE



“Sonovate makes planning for growth easy, by giving us more certainty around when our invoices get paid. They make the process painless and easy to manage.”

ALEX MARQUEZ

FOUNDER - PROPELLERFISH

Visit our website to see how Sonovate can help fund and grow your consultancy.

[FIND OUT MORE](#)



DANIEL LEWIS

BUSINESS DEVELOPMENT CONSULTANT - SONOVATE



THE **FASTEST**-GROWING CONSULTANCIES WERE:

STRATEGY / INNOVATION

IT / DIGITAL

PROGRAMME / PROJECT MANAGEMENT



THE **SLOWEST**-GROWING CONSULTANCIES WERE:

MANAGEMENT

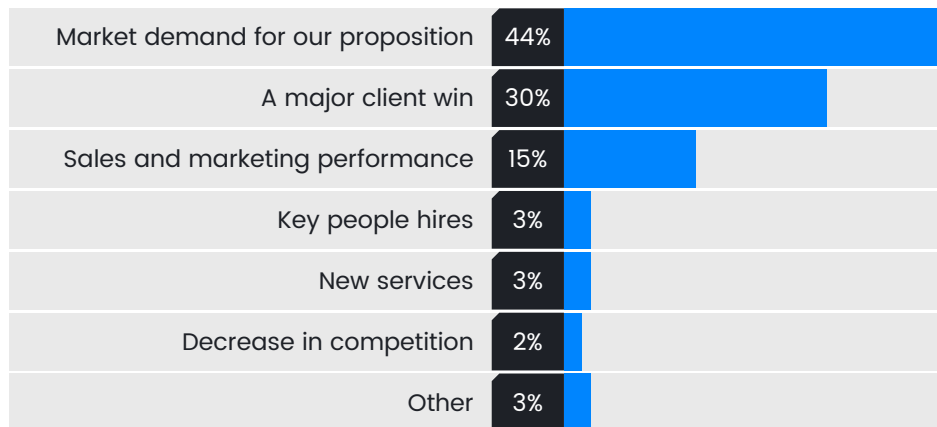
OPERATIONS

HR / TALENT / CULTURE / LEADERSHIP

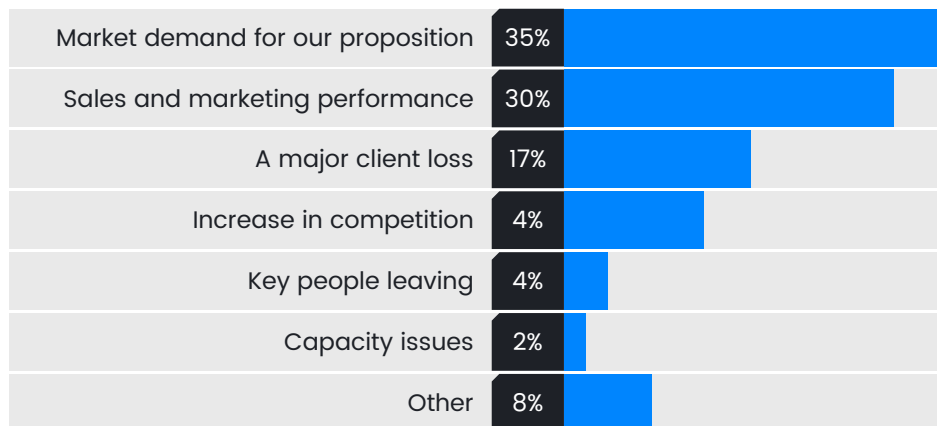


GROWTH VS NO GROWTH - THE REASONS WHY

THE REASONS WHY CONSULTANCIES GREW



THE REASONS WHY CONSULTANCIES DIDN'T GROW



NewMinds

LOOKING FOR SUPPORT TO GROW AND DEVELOP YOUR TEAM?

At New Minds we help consultancies to scale, working as an integrated partner and extension of your team, to recruit, reward, retain and develop the people you need.



CAROLINE BOSTON

MANAGING DIRECTOR
NEW MINDS

FIND OUT MORE



A THIRD OF CONSULTANCIES ARE FEELING THE EFFECTS OF REDUCED MARKET DEMAND

If your firm falls into this category, hopefully you're spending time trying to work out why. A lack of market demand could mean that the market:

- doesn't want what you're offering
- doesn't understand the benefits of your offering
- wants what you're offering but can't find you easily.

If you're not sure, ask yourself: "When prospects understand what we offer, do they not see sufficient benefits? Or do they see the benefits but still not want our service?" If so, then it is time to pivot.



**IS YOUR VALUE PROPOSITION CLEAR
AND UNDERSTOOD?**

ENHANCE YOUR VALUE PROPOSITION



Whenever you see this icon, the associated content is only available to TCGN members via the Growth Hub.

BOOST YOUR SALES AND MARKETING PERFORMANCE



If sales and marketing performance is preventing you from growing, what is the source of the challenge? A lack of a compelling value proposition, an inability to articulate benefits in a way that resonates with prospects or simply not getting in front of enough people?

It is likely that there will be many contributing factors. To identify your gaps, a good place to start is the free consultancy sales maturity assessment tool from TCGN.

ASSESS YOUR SALES EFFECTIVENESS



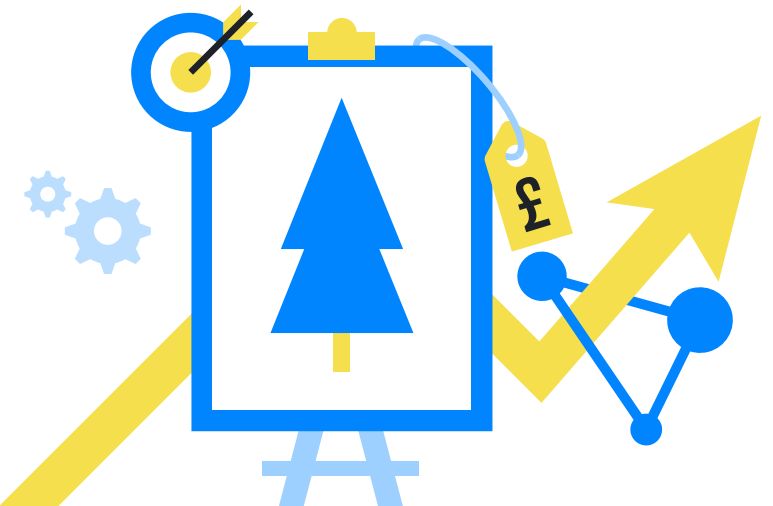
SALES INSIGHTS

Members of TCGN can book a session with a sales expert via your account manager. Also, check out the raft of resources on the Growth Hub starting with [The ultimate consultancy sales strategy?](#)

Non-members, check out the insights on the same topic on [TCGN's website](#).

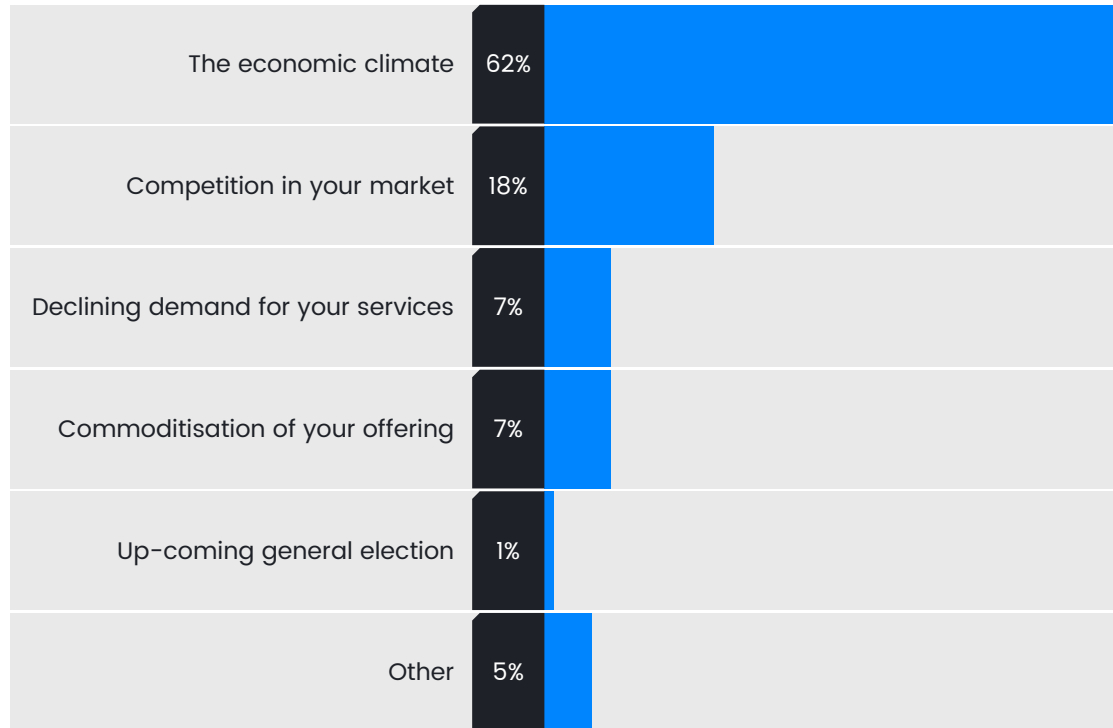
MAKE TIME FOR STRATEGY TO BOOST YOUR GROWTH

On average, owners of consultancies that failed to grow spent just 9% of their time on strategy (business planning and innovation). The owners of the fastest-growing consultancies spent nearly twice as much time on strategy (17%).



THE BIG CHALLENGES

THE PERCEIVED BIGGEST EXTERNAL THREATS TO BUSINESS SUCCESS



RECESSION FEARS BECOME A REALITY

In 2023, the fear of an impending recession was the number one perceived external threat to business success. Twelve months on, this fear has become a reality, with 62% reporting that the current economic climate is now their biggest perceived external threat.



WHAT TO DO IN A TOUGH ECONOMY

We've identified six opportunities for consultancies to raise their game when times are hard.



MEMBERS OF TCGN

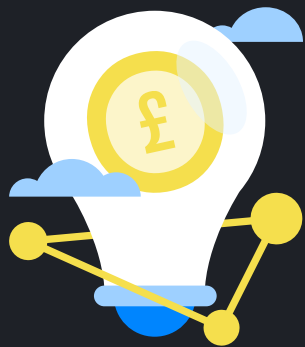
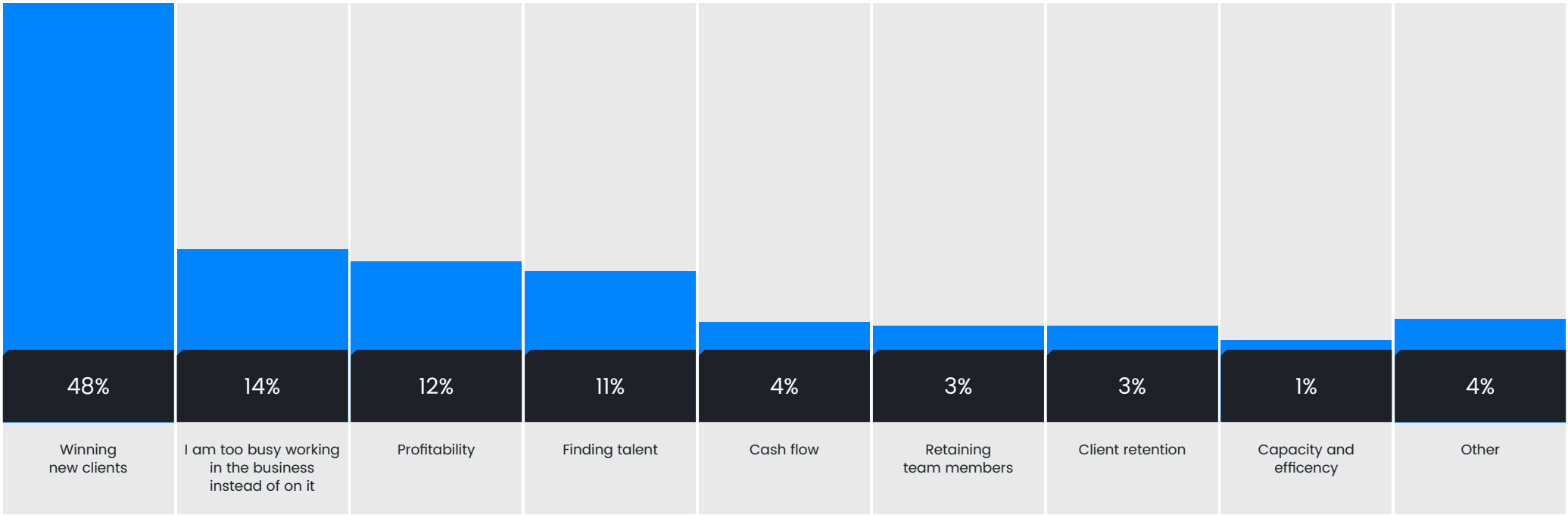
WATCH THE VIDEO >



NON-MEMBERS

READ THE BLOG >

THE TOUGHEST INTERNAL CHALLENGES

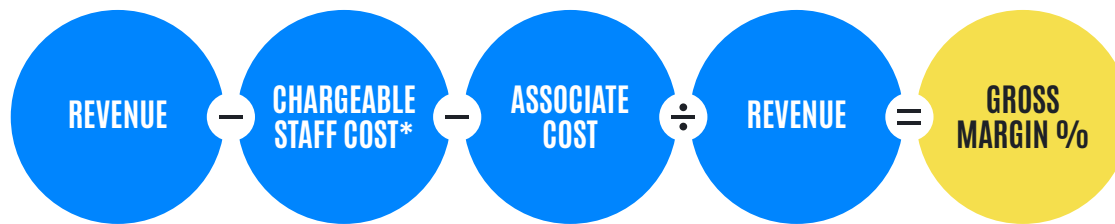


WINNING NEW CLIENTS HAS BECOME EVEN HARDER

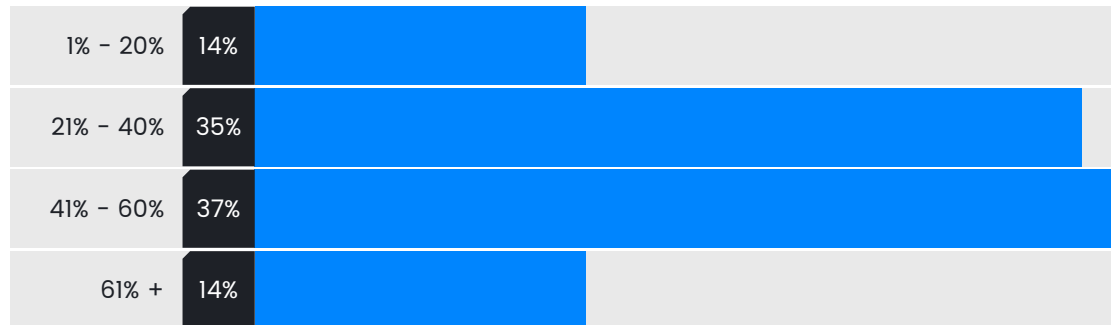
In the past 12 months, the pressure on generating new clients has increased. 48% of consultancies now see this as their toughest internal challenge, compared to 18% two years ago.

GROSS MARGIN %

Your gross margin % is an important metric regardless of the type of business you're trying to build. A healthy gross margin % will be a key determinant of the value of your business, help you generate cash to pursue your purpose, give you options as to how you spend your time, and sustain the business over the long term. Here's how to calculate it:



WHAT IS YOUR GROSS MARGIN PERCENTAGE?



AVERAGE GROSS MARGIN = 41%

Average gross margin has reduced by 1% over the past 12 months.

* Including all associated staff costs such as benefits, bonus, pension and National Insurance

TCGN MEMBERS MAKE **MORE PROFIT**

33% of members have a gross margin % in excess of 50% compared to 23% of non-members.

MOST CONSULTANCIES **FALL SHORT** OF GROSS MARGIN TARGET

The target gross margin to aim for is 50%. Only 28% of consultancies achieved this figure in 2023, leaving the vast majority with work to do.

Gross margin tends to be higher in firms that have a highly differentiated proposition and deliver quantifiable value. The more commoditised your offer, the more you are a provider of resource rather than a deliverer of measurable value, then the lower your gross margin is likely to be.

A conscious decision about which you aspire to be, and an effort to ensure your clients appreciate that choice and the value it brings, determine your pricing and resourcing strategies.

6 WAYS TO INCREASE YOUR GROSS MARGIN

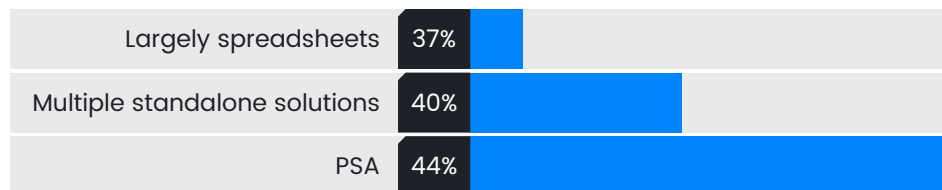


TECHNOLOGY PERFORMANCE

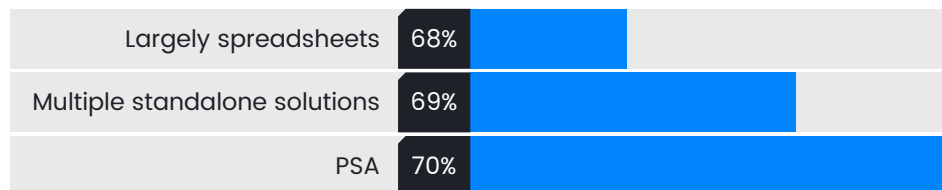


From last year's survey, we learned that capability and performance improve as consulting firms adopt technology. This year, we've seen the same pattern emerge again, with those using a PSA (Professional Services Automation system) outperforming those that don't.

GROSS MARGIN %



AVERAGE UTILISATION RATE OF NON-PARTNER ROLES

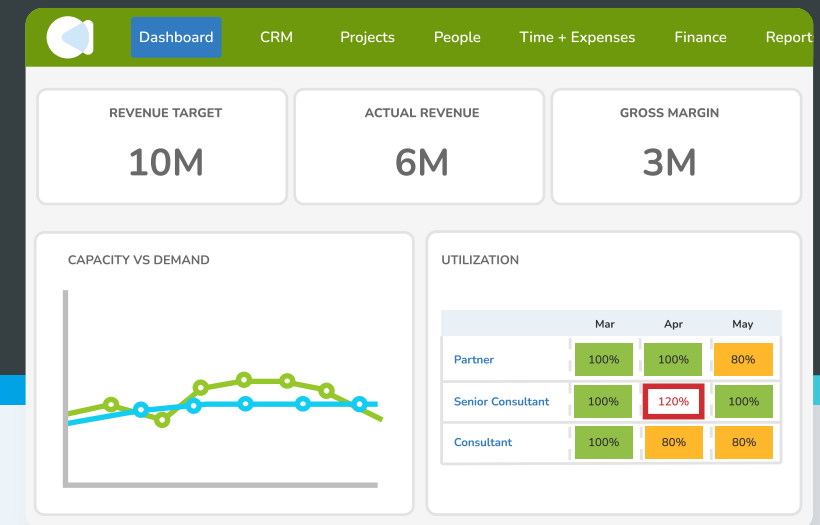


THE POWER OF MARGINAL GAINS

If you think a 1% increase in utilisation doesn't sound like much, think again. On average, a 1% improvement in utilisation will deliver a 20% improvement in operating profit.



Operations platform for consulting firms



Replace disparate systems and start increasing margins, optimising utilisation and forecasting with confidence

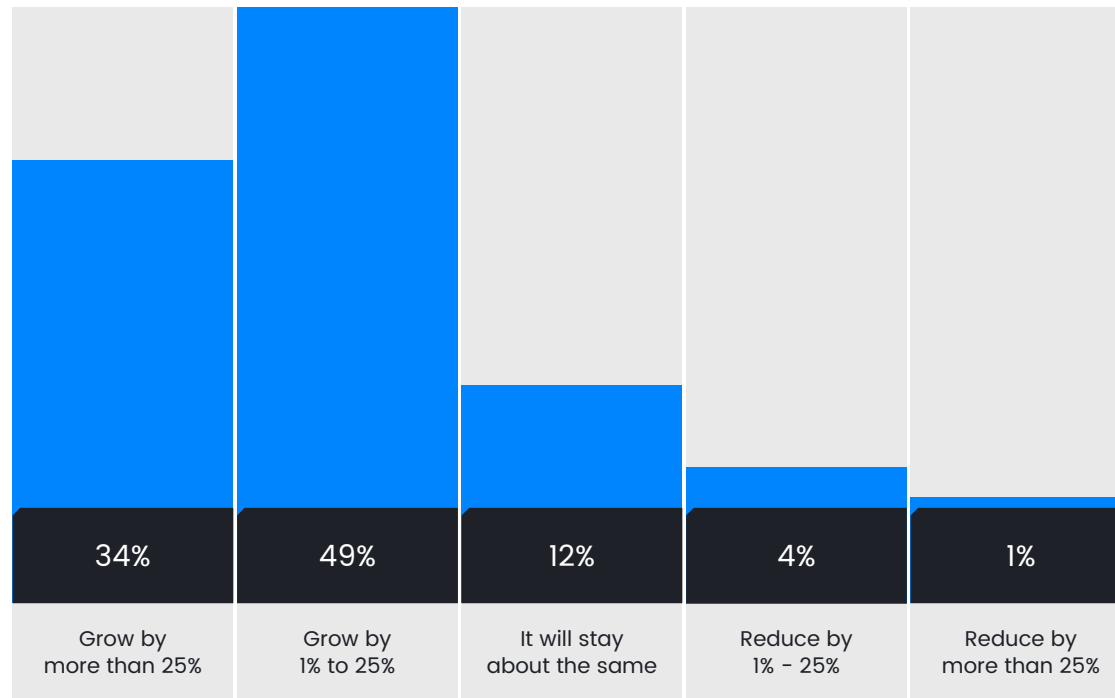
- ✓ CRM
- ✓ Timesheets & expenses
- ✓ Resourcing & HR
- ✓ Billing & revenue
- ✓ Reporting & dashboards
- ✓ Project management

FIND OUT MORE



GROWTH AND CONFIDENCE

HOW MUCH DO YOU EXPECT TO GROW REVENUE BY IN THE NEXT 12 MONTHS?

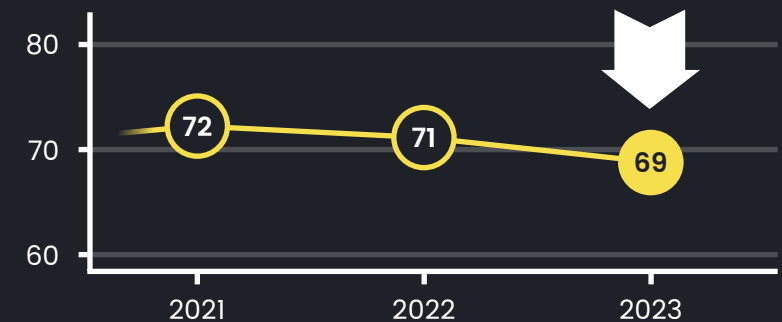


CONSULTANCIES EXPECT TO GROW, BUT NOT QUICKLY

Growth expectations are generally in line with last year, with 83% of consultancies expecting positive growth. However, the number of consultancies expecting fast growth (more than 25%) has dropped from 45% to 34% over the past 12 months.

HOW DO YOU FEEL ABOUT THE NEXT 12 MONTHS?

A 50 rating is neutral. Above 50 and you're feeling confident. Below 50 and you're expecting the next 12 months to be worse than the last 12 months.



ECONOMIC WORRIES RESULT IN A DROP IN CONFIDENCE

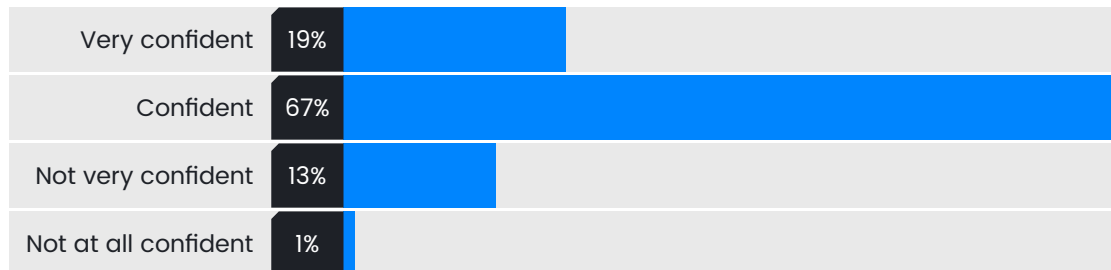
A challenging global economic outlook has caused confidence among consultancy owners to drop slightly over the past couple of years.

WHAT'S MOST IMPORTANT TO CONSULTANCY OWNERS

- 1 Creating an asset** – Building a business that could be sold in the future
- 2 Operating with purpose** – Building a business that has a positive impact on the world
- 3 Managing my time**– Being in control over how much time I spend working and what I do in that time
- 4 Making money** – Maximising the amount I earn
- 5 Building a forever business** – A business that my grandchildren could work in



How confident are you that you will achieve what you have defined as most important to you within a timeframe you are happy with?



BENCHMARKING WHAT MATTERS MOST TO YOU

86% of consultancy owners are either confident or very confident that they'll achieve what's most important to them. Scroll down to discover whether this confidence is justified. On the pages that follow, we explore benchmarks in each of these key areas and link out to content to increase your chances of success.

Many of the benchmarks will help you assess your progress in other areas too, so it's worth reviewing the entire report to ensure you're benchmarking yourself against the metrics that matter to you.

THE LEVERS TO YOUR **SUCCESS**

Consultancies that had fully woven the eight levers into their growth strategy were twice as likely to:

- be fast-growing (26%+ revenue growth)
- expect fast growth in the next 12 months
- be very confident in achieving their goals.

They were also five times more likely to be confident their business would grow without them

ASSESS YOUR BUSINESS

Book a 45-minute conversation with Luke Badiali to explore the benefits of conducting an in-depth review of your consultancy against these eight levers.

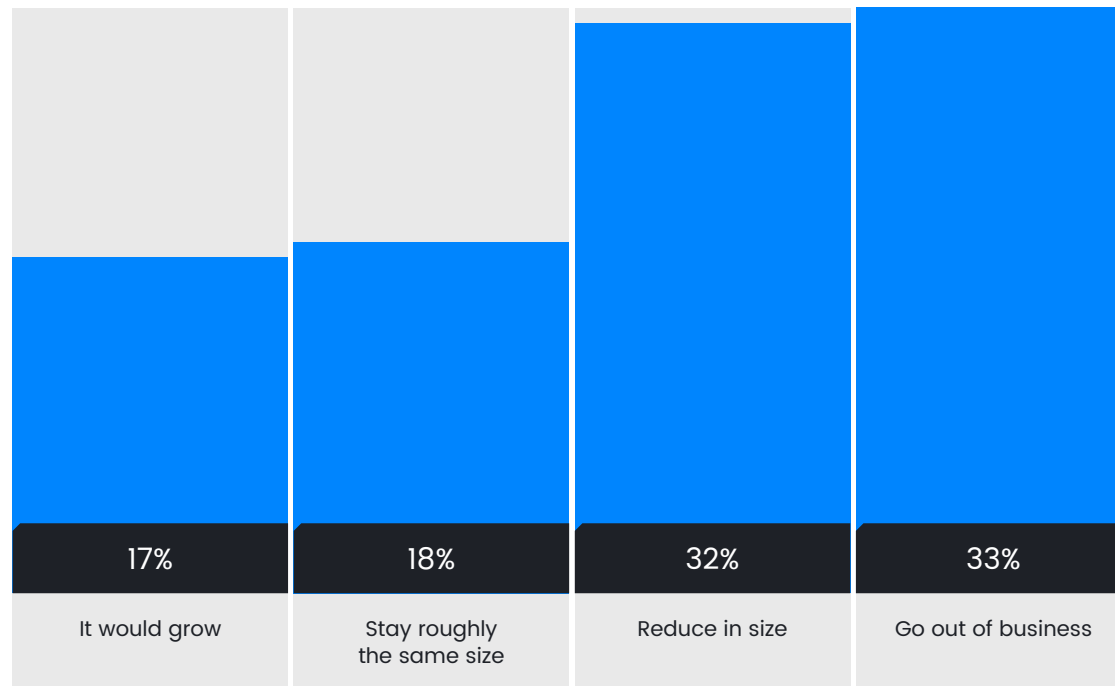


BOOK NOW >

GETTING YOUR BUSINESS WORKING WITHOUT YOU

Having an established management team that has been running (and growing) the business without your day-to-day involvement will increase the value of your asset.

IF THE MAJORITY SHAREHOLDERS OF THE BUSINESS LEFT TOMORROW, WHAT WOULD HAPPEN TO THE BUSINESS OVER THE NEXT THREE YEARS?



OWNERS WHO ARE CONFIDENT THAT THEIR CONSULTANCIES WOULD **GROW** IF THE MAJORITY SHAREHOLDERS LEFT ARE:

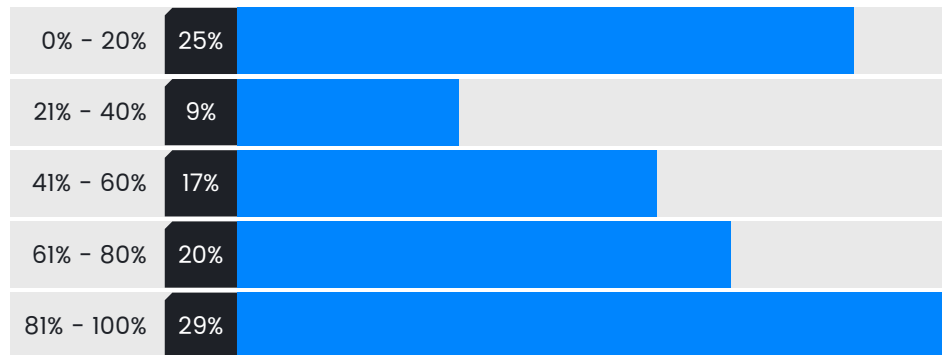
- three times more likely to be very aware of the eight levers of equity growth
- twice as likely to have overseen consistent financial performance over the last 5 years
- much less depended upon to generate new client revenue.



BUILDING A SALES CULTURE

Reducing the reliance on the shareholders to generate new clients will help you create an asset that can grow without you being involved.

WHAT % OF NEW LOGO REVENUE IS GENERATED BY THE MAJORITY SHAREHOLDERS?



CONSULTANCIES DEPENDENT ON SHAREHOLDERS FOR NEW BUSINESS

There is a general dependence on majority shareholders to generate new client revenue. Only one in four consultancies has reduced this dependency to the extent that under 20% of new logo revenue is generated by the majority shareholders. This dependency directly correlates to how likely the consultancy would survive or thrive without the current majority shareholders in place.



LOOKING TO GIVE YOUR SALES A BOOST?

Contact Alan and the team at SBR to help grow your revenues and increase your profits by transforming your sales effectiveness and capability.



FIND OUT MORE

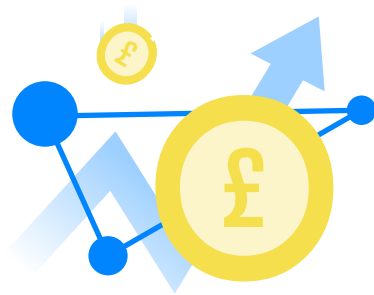


1000+
CLIENTS

2002
ESTABLISHED

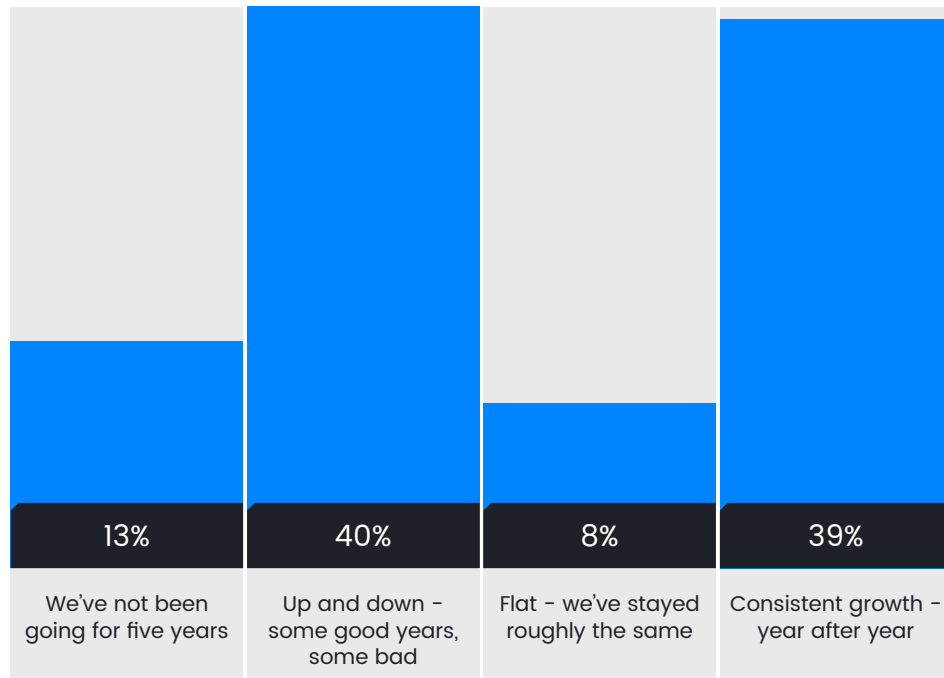
ALAN MORTON
MANAGING DIRECTOR,
SBR CONSULTING

FINANCIAL PERFORMANCE



Consistent year-on-year growth over several years will make your consultancy more valuable. It provides buyers with greater certainty and owners with fewer sleepless nights! It enables you to take a long term view and invest for the future.

HOW WOULD YOU DESCRIBE YOUR FINANCIAL PERFORMANCE OVER THE PAST FIVE YEARS?



THE CONSULTANCY GROWTH NETWORK

TCGN is your consultancy's dedicated transformation partner. Through a combination of assessments, frameworks, workshops and expert input, we work with you and your SLT to accelerate the maturity of your consultancy and help you build a commercially sustainable business.

WHAT OUR MEMBERS SAY



THE CONSULTANCY AWARDS

The Consultancy Awards celebrate the breadth, depth, quality and impact of consultancies in the UK and beyond.

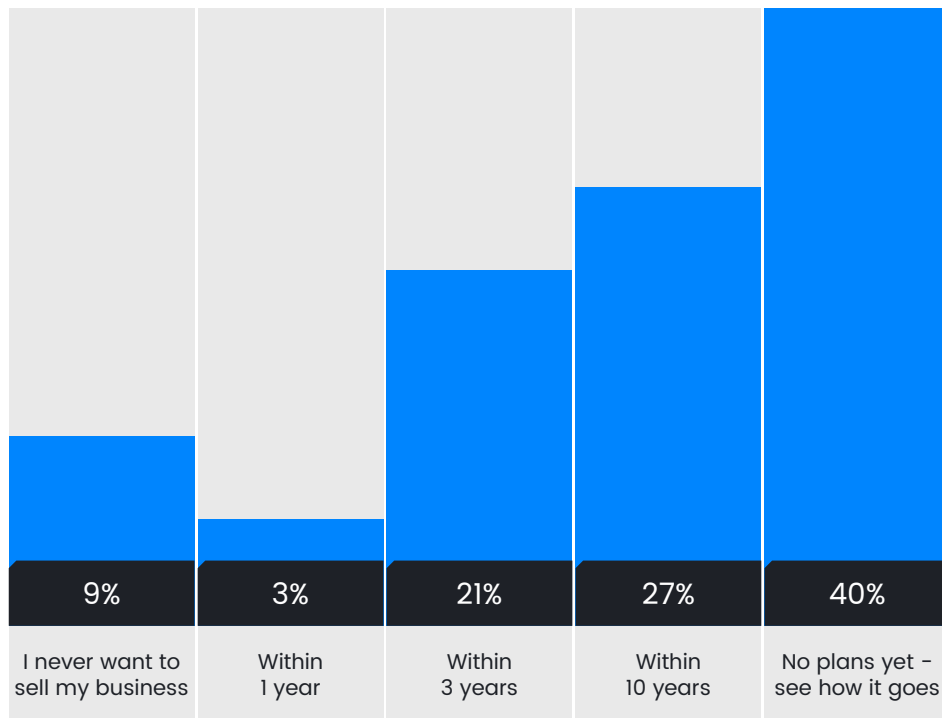
FIND OUT MORE



SELLING YOUR CONSULTANCY



DO YOU PLAN TO SELL YOUR BUSINESS?



For those of you looking to sell your business in the next three years, [book a free consultation](#) with TCGN's founder, Marc Jantzen, to deepen your understanding of what's involved and help you prepare for what's to come.



JOHN WOODHOUSE
HEAD OF CORPORATE

Contact John to discuss how Wallace can provide legal support to guide you through your growth journey, all the way through to a successful exit.

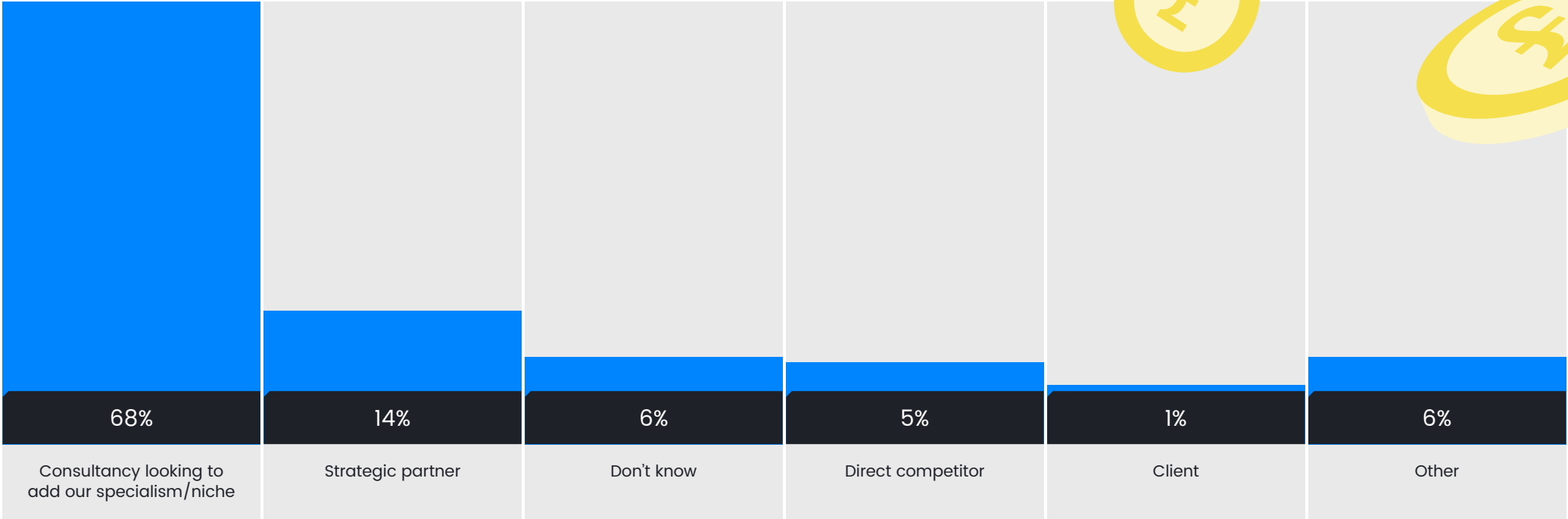
"Selling a business is technically and emotionally challenging. Wallace provided constant support. This is what makes them stand out."

FOUNDER SHAREHOLDER OF A CONSULTING BUSINESS

FIND OUT MORE



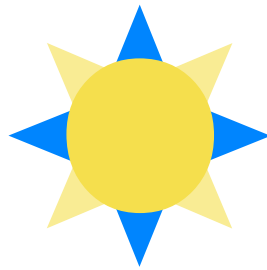
WHAT TYPE OF BUSINESS IS MOST LIKELY TO BUY YOUR CONSULTANCY?



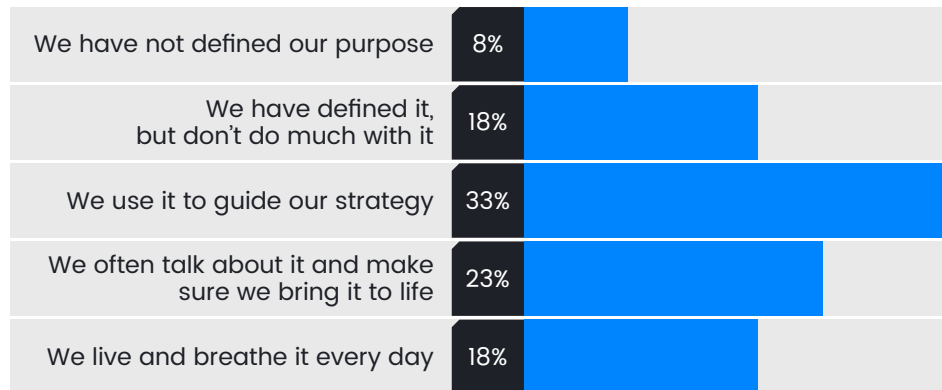
THE NETWORK EFFECT

The fact that 68% of firms expect to be bought by another consultancy demonstrates the importance of raising your profile in the consulting sector. Networking and investing in your brand are two ways to do this. Members, make sure you attend our face-to-face events and ensure your profile is compelling on the TCGN directory. Our Growth Experts and specialist advisers are well-connected across the industry, so you're only one conversation away from a relevant introduction.

OPERATING WITH PURPOSE



HOW CLEARLY DEFINED AND ACTIONED IS YOUR PURPOSE?



PURPOSEFUL GROWTH

30% of consultancies that have defined their purpose and used it in some way in the business saw fast revenue growth, compared to 21% of those that hadn't defined their purpose or didn't action it in any way. If you have a clearly defined and actioned purpose you're also more likely to expect fast growth next year.

DISCOVER THE ROLE OF PURPOSE
IN ORGANISATIONAL SUCCESS

READ THE BLOG >



Healthcare
Practice

LOOKING FOR PRIVATE MEDICAL INSURANCE FOR YOURSELF AND/OR YOUR BUSINESS?



AMANDA WOOD
HEALTHCARE PARTNER

Our purpose is to provide our members with access to the best healthcare, customer service, and support at a competitive price.

Contact me to discuss your requirements and experience our personalised service.

FIND OUT MORE >

ENVIRONMENT AND SOCIAL IMPACT

PERCENTAGE OF NET PROFIT SPENT ON POSITIVE ENVIRONMENTAL AND SOCIAL IMPACT



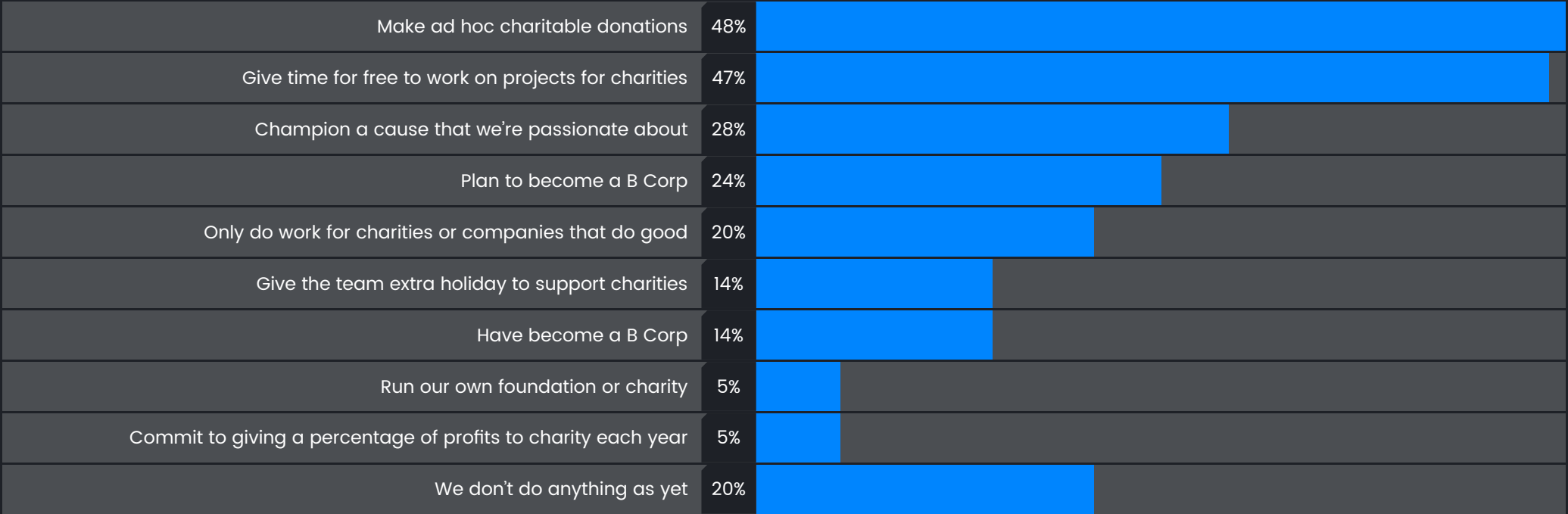
ENVIRONMENTAL IMPACT - WHAT CONSULTANCIES ARE DOING



WHY YOU SHOULD DO GOOD IN THE WORLD

[READ THE BLOG >](#)

SOCIAL IMPACT - WHAT CONSULTANCIES ARE DOING



PURPOSE AND PERFORMANCE ARE ALIGNED

Consultancies that are or are planning to become B Corps grew faster, with 38% seeing 26%+ revenue growth last year compared to the 27% average. They've also seen more consistent financial performance over the last 5 years, 47% compared to the 39% average.

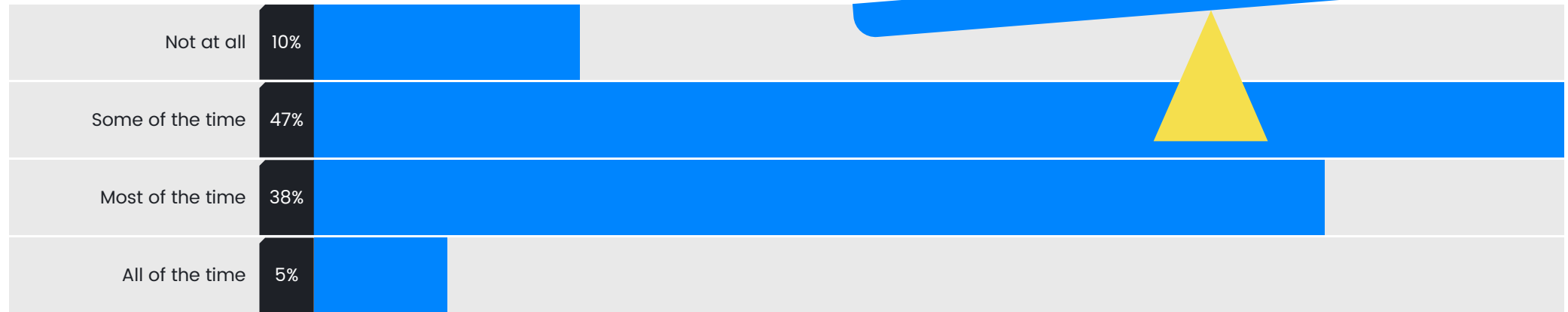
WHAT'S A B CORP?

Certified B Corps are companies verified to meet high standards of social and environmental performance, transparency and accountability.

[WHY YOU SHOULD BECOME A B CORP >](#)

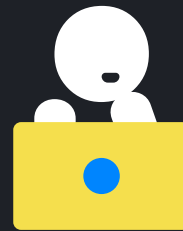
WORK/LIFE BALANCE

DO YOU HAVE A HEALTHY WORK/LIFE BALANCE?



LONGER HOURS IMPACT BALANCE

Unsurprisingly, there's a direct correlation between the number of hours worked and a feeling of having a healthy work/life balance. 68% of owners who work less than 40 hours per week enjoy a healthy work/life balance at least most of the time, compared to just 34% of those who work 40+ hour weeks.

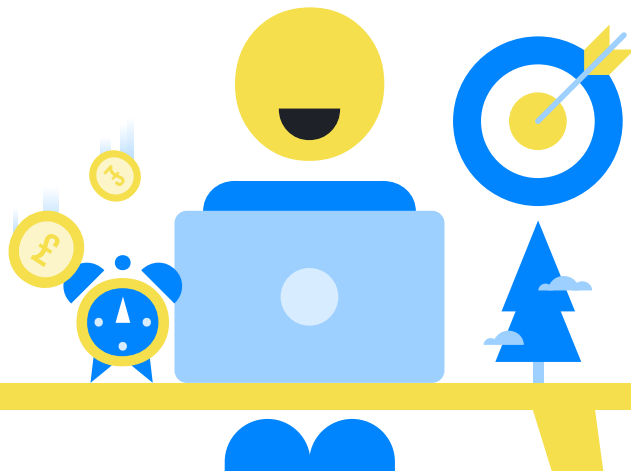
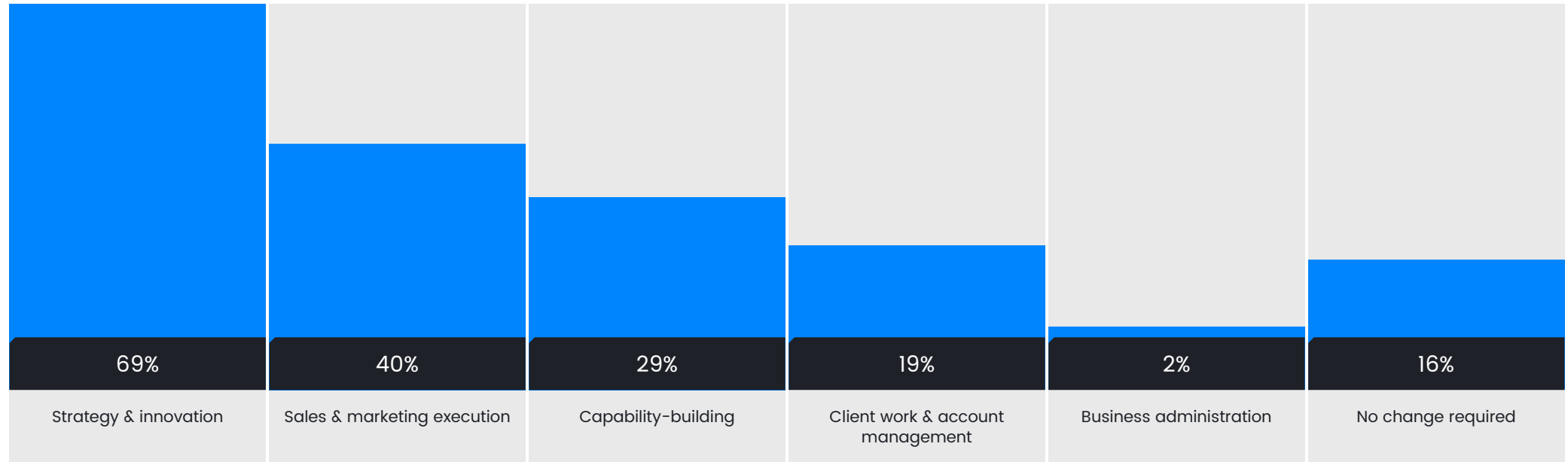


MORE HOURS DOES NOT EQUAL MORE THINKING TIME

Those working more hours spent less time on strategy (business planning and innovation) despite wanting to do more of it. In fact, strategy was relegated to 6th place behind business admin, team management and account management. In contrast, those doing 40 hours or less per week have strategy in 3rd place, after billable work and sales and marketing activity.

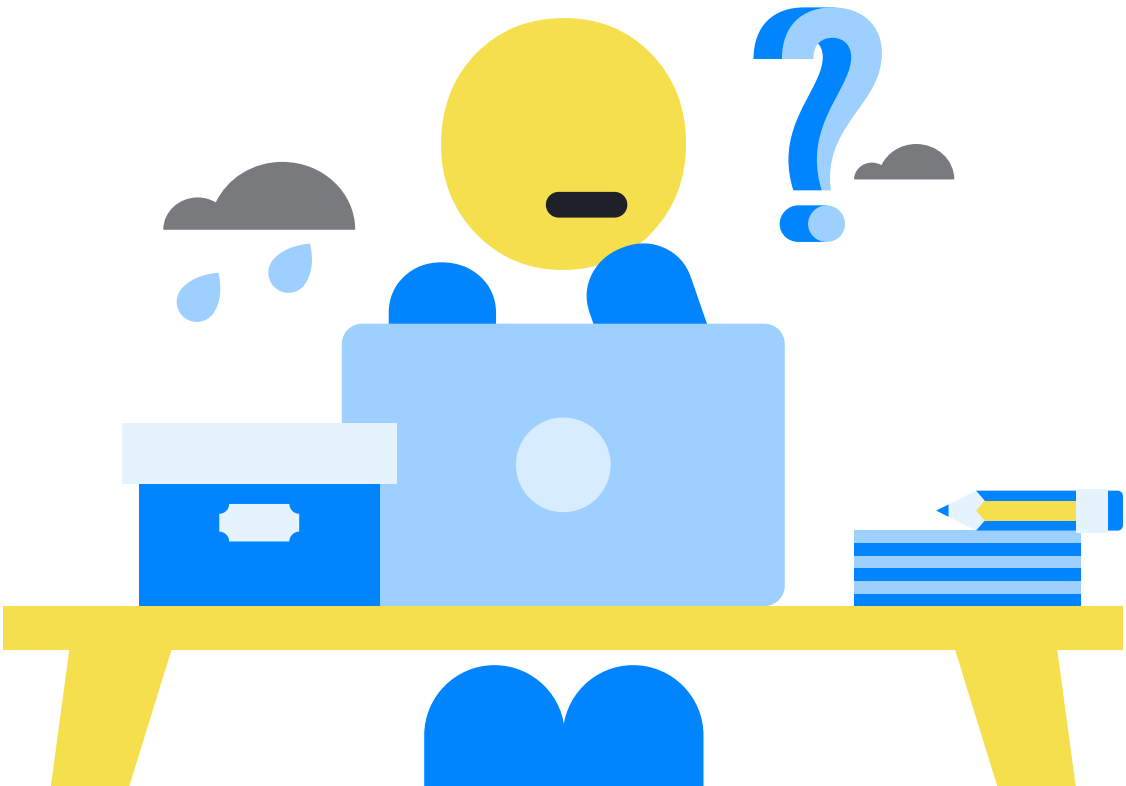
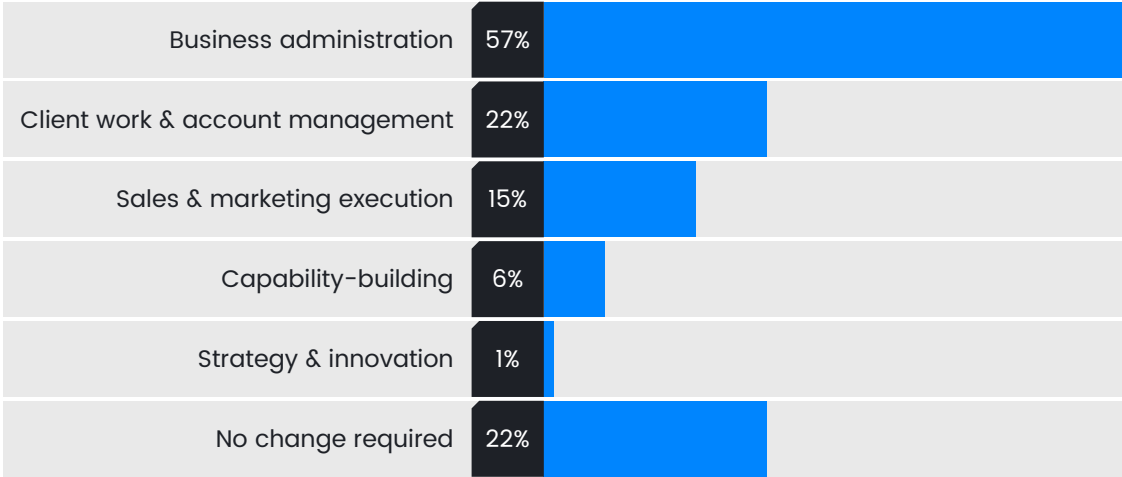
HOW YOU'D LIKE TO SPEND YOUR TIME

WHAT CONSULTANCY OWNERS WOULD LIKE TO DO **MORE OF**



- > WORK MORE ON YOUR BUSINESS
- > WHAT IS YOUR GROWTH STRATEGY?
- > GET MORE DONE

WHAT CONSULTANCY OWNERS WOULD LIKE TO DO LESS OF

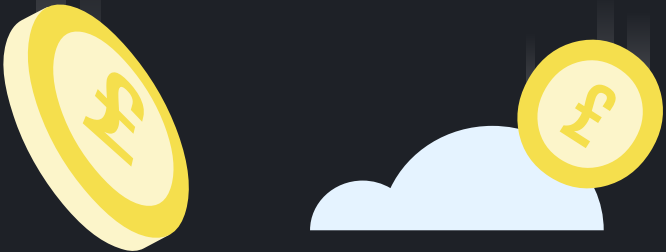


NEVER WORRY ABOUT YOUR FINANCES AGAIN

If you want to spend less time doing business administration, a quick win is to outsource your finance function to the team at The Wow Company.

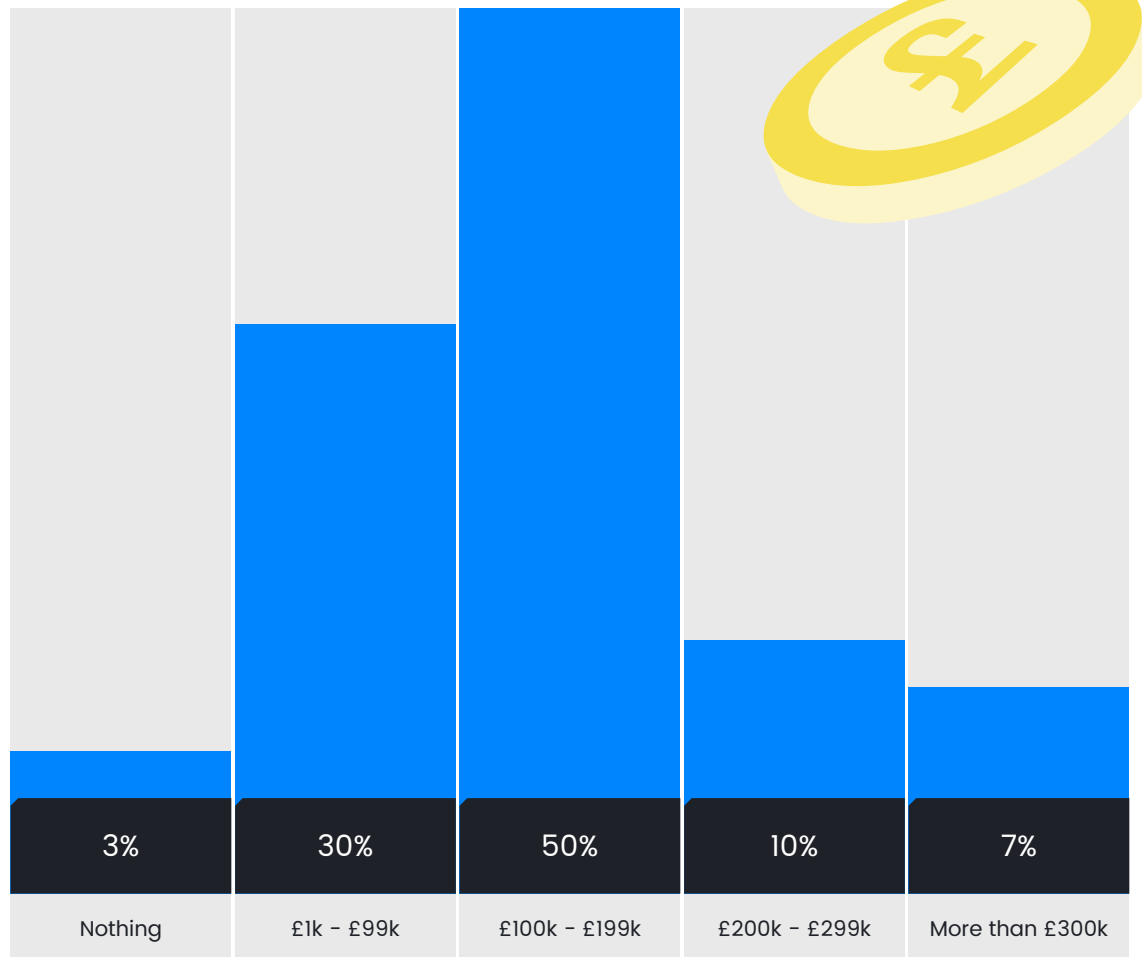
Wow works with growing consulting firms, completely removing the hassle of managing their finances for them. Find out how we can reduce the time you spend on your finances.

[SPEAK TO WOW](#) >



WHAT OWNERS OF CONSULTING BUSINESSES EARN

PERSONAL REMUNERATION



TCGN MEMBERS EARN **MORE**

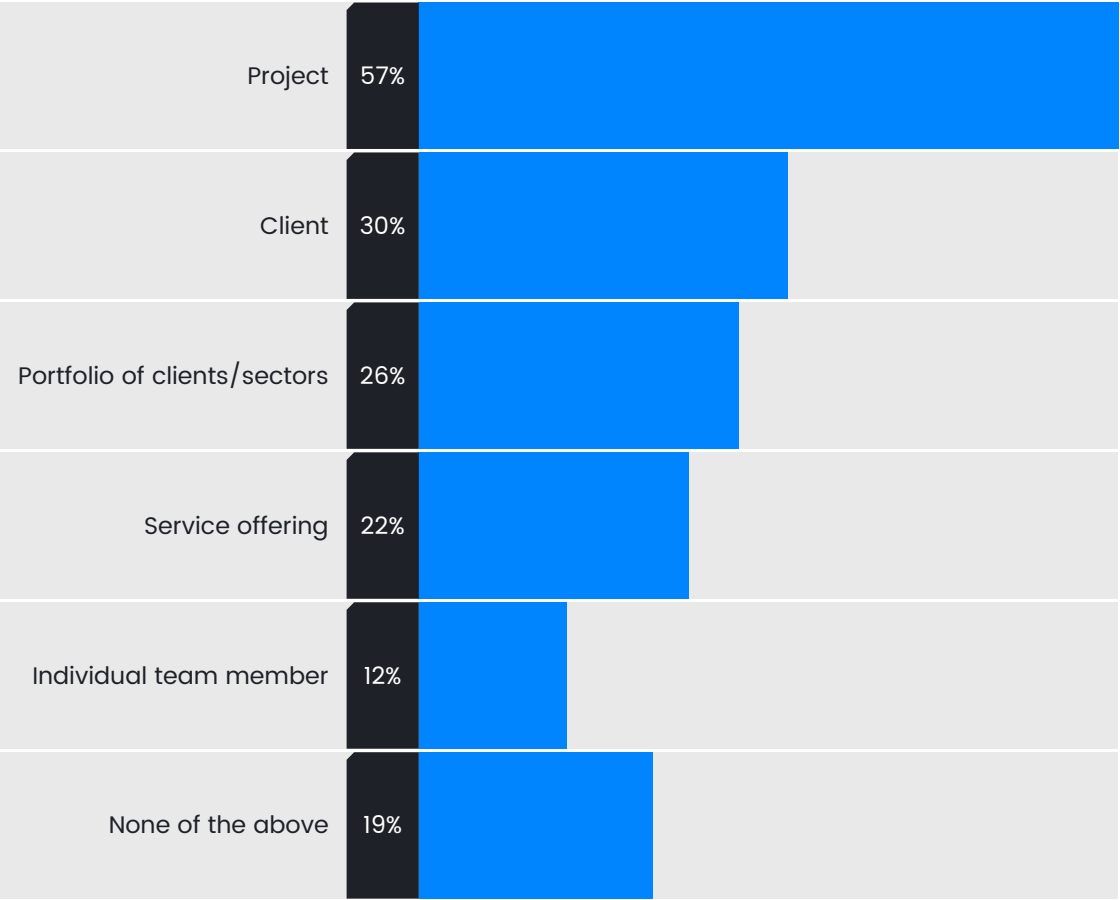
75% of members earn over £100k compared to 60% of non-members.



MEASURING PROFIT IN DETAIL

On page 14 we shared the latest gross margin percentages. If you're serious about increasing your gross margin, you'll need to measure this in more detail. Here's how other consultancies measure gross margin:

WHAT CONSULTANCIES MEASURE GROSS MARGIN BY



GETTING GRANULAR PRODUCES RESULTS

Consultancies with 50%+ gross profit were more likely to measure margin by project and client than consultancies with lower profit margins. This represents a big opportunity for the 43% who don't measure margin by project, and the 70% that don't measure margin by client. It's time to start doing this.



WHAT IS A FOREVER BUSINESS?

A 'forever business' is one that you are building for the long term, the owners have no plans to exit the business and they might even aspire to have their children and grandchildren working for the firm in the future. Forever businesses have typically worked out the difference they want to make in the world whilst simultaneously adapting to the changing needs of customers. For a forever consulting firm there needs to be a set of problems that aren't going away any time soon, for which expertise is required to resolve.

The components that are most important to a forever business are:

- profitability – healthy levels of profit provide long-term sustainability
- no dependence on a few people to bring new clients in
- lack of reliance on a single client
- cash in the bank to withstand shocks and provide stability
- distributed leadership across multiple partners
- long-term decision making
- a scalable business model
- no plans to exit.

**12% OF CONSULTANCIES SAID
THAT BUILDING A FOREVER BUSINESS
WAS IN THEIR TOP TWO PRIORITIES**



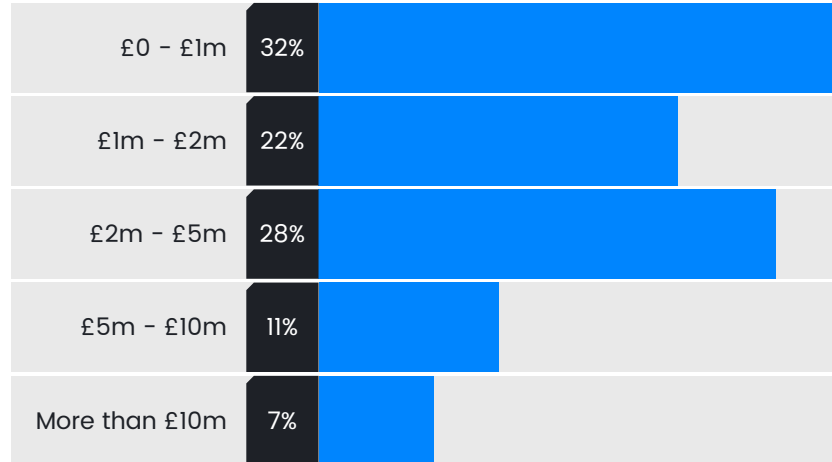
WHAT DOES RUNNING A FOREVER BUSINESS LOOK LIKE?

Listen to Adrian Bettridge, Managing Partner at Baringa, talking to Marc Jantzen from TCGN at our Annual Summit.

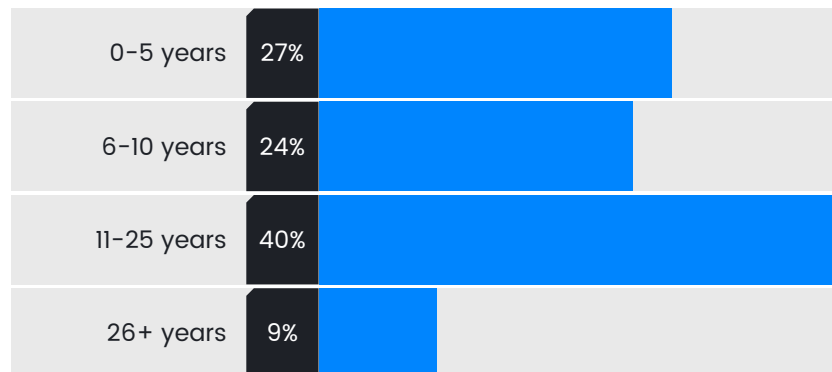
LISTEN NOW 

WHO COMPLETED THE SURVEY

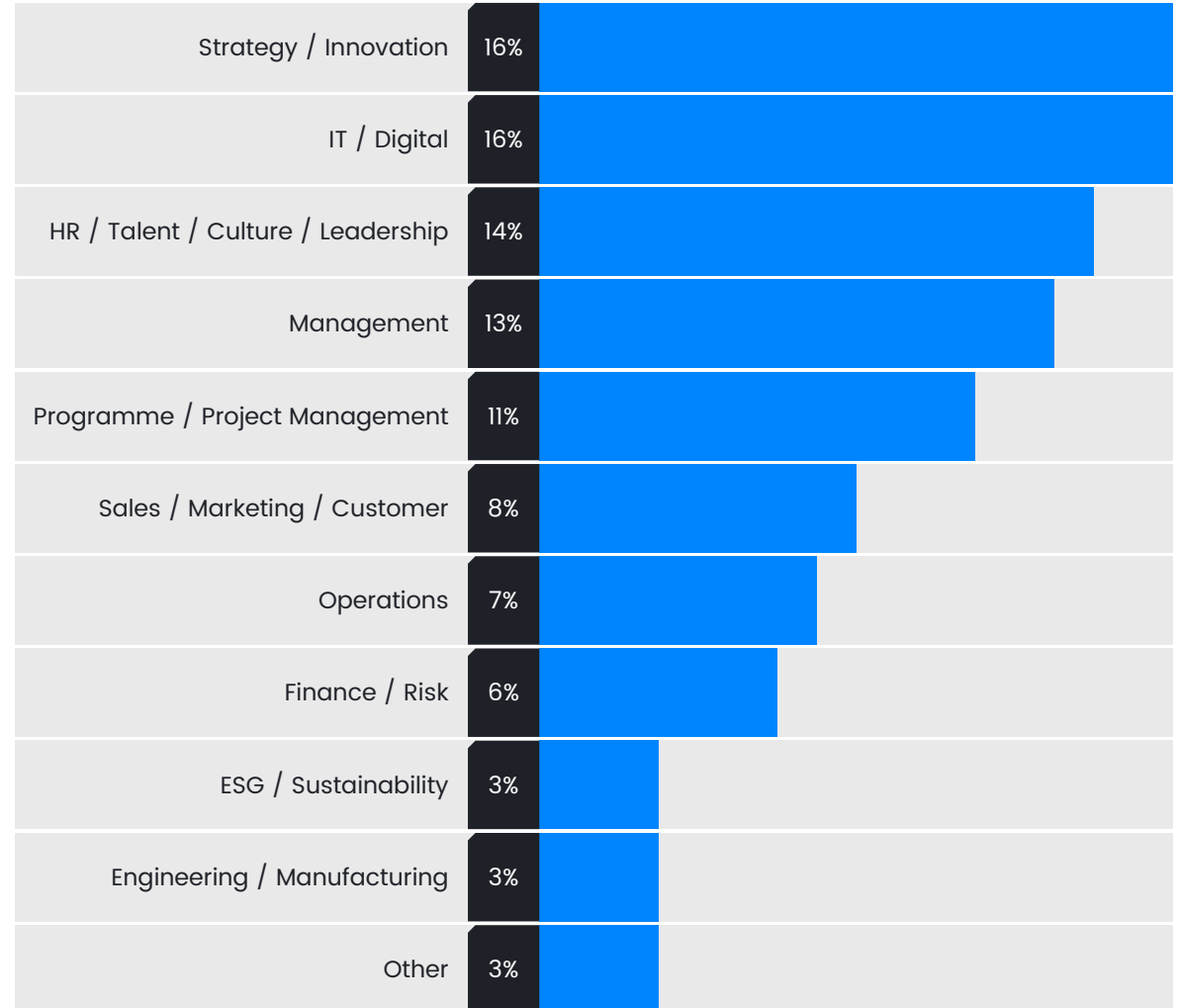
REVENUE IN THE LAST 12 MONTHS



HOW LONG THEY'VE BEEN IN BUSINESS



TYPE OF CONSULTING BUSINESS



GET ACCESS TO THE FULL REPORT

This is an abridged report of the results of the Consultancy BenchPress survey. The full 55-page version is only available to members of The Consultancy Growth Network. Here's what you also get in the full report:



What is happening to profit and overheads across the board.



How investment in technology and AI is boosting margins



How to implement the 8 levers of equity value for faster growth



Benchmark the value of your business against your peers



How the top-performing consultancy owners are spending their time differently



The average day rates for consultancies, plus what the top 10% charge



The average compensation by role



Average utilisation rates per role and the power of a 1% improvement in operating profit



The sales and marketing resources to help you win new clients



How to reduce your reliance on a single client and join the '15% club'

ARRANGE A CHAT WITH LUKE

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**THE
CONSULTANCY
GROWTH
NETWORK**

CONSULTANCYGROWTHNETWORK.COM

LUKE@CONSULTANCYGROWTHNETWORK.COM

01483 966 613

WOW

THEWOWCOMPANY.COM

HUGH.SLATER@THEWOWCOMPANY.COM

0345 201 1580