



BENCHMARK YOUR CONSULTANCY AGAINST THE BEST



WOW

EVALUATE YOUR PERFORMANCE IN KEY AREAS

FULL REPORT

BENCHMARKS FOR CONSULTING BUSINESSES

2020/21



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THE POWER OF BENCHMARKING

THE BENCHPRESS STORY

BenchPress is run by [The Wow Company](#), an accountancy practice that specialises in working with consulting and creative businesses. We started benchmarking UK businesses in 2012 to take an accurate snapshot of performance and to share insight and analysis with ambitious business owners. Since then, BenchPress has grown to become the UK's leading source of benchmarks across a variety of industries.

INCREASE YOUR CHANCES OF SUCCESS

This year, we've benchmarked consulting businesses for the first time, sharing the results of a nationwide survey in this report. Despite the challenges caused by COVID, there are still many things you can do to ensure your consultancy is profitable and sustainable. We hope these insights get you thinking about the performance of your consultancy and challenge you to take action in key areas.

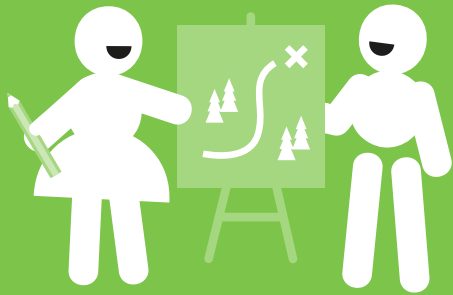


THANK YOU FOR SPREADING THE WORD

The more people that take part in BenchPress, the more analysis we can do. A big thank you to everyone that has participated in BenchPress and helped spread the word. Please continue to share BenchPress as the more people that take part, the more analysis we can do.



THE HEADLINES



REFERRALS ARE THE MOST EFFECTIVE SALES STRATEGY

41% of new clients come from referrals. Find out how else consulting businesses win new clients and the tactics that really work when it comes to new business on page 31.



THE TOP 10% CHARGE £4,780 PER DAY

The average day rate charged for partners is £2,137. However, the top-performing firms are charging more than double that. Find out what rates they're charging for every role on page 15.



THE LEADING CONSULTING BUSINESS OWNERS EARN £250K+

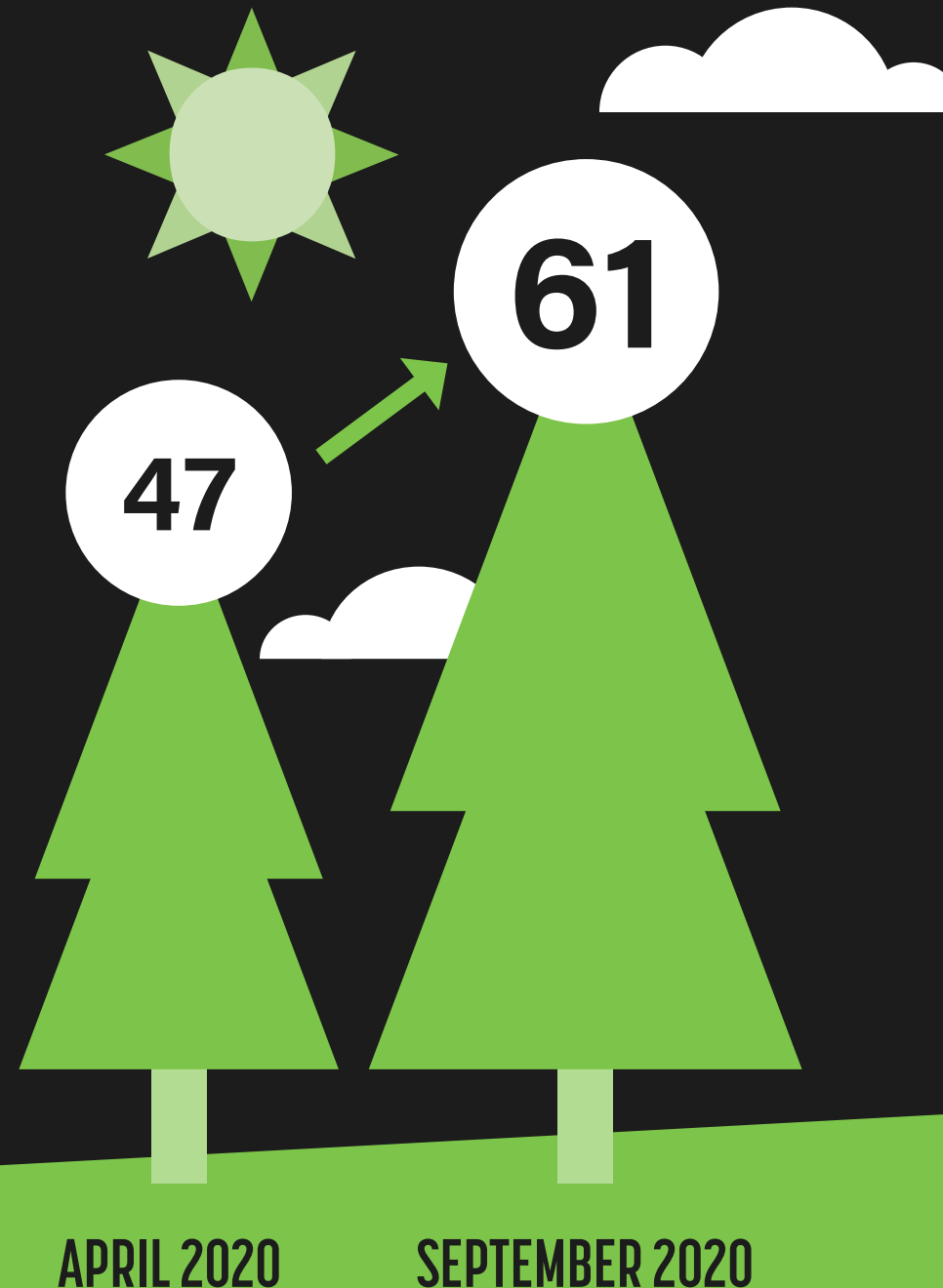
21% are drawing £250K per year or more, with 6% drawing over £500K. Find out how you compare and how the size of your consultancy will impact your earnings on page 10.

CONFIDENCE IS IMPROVING

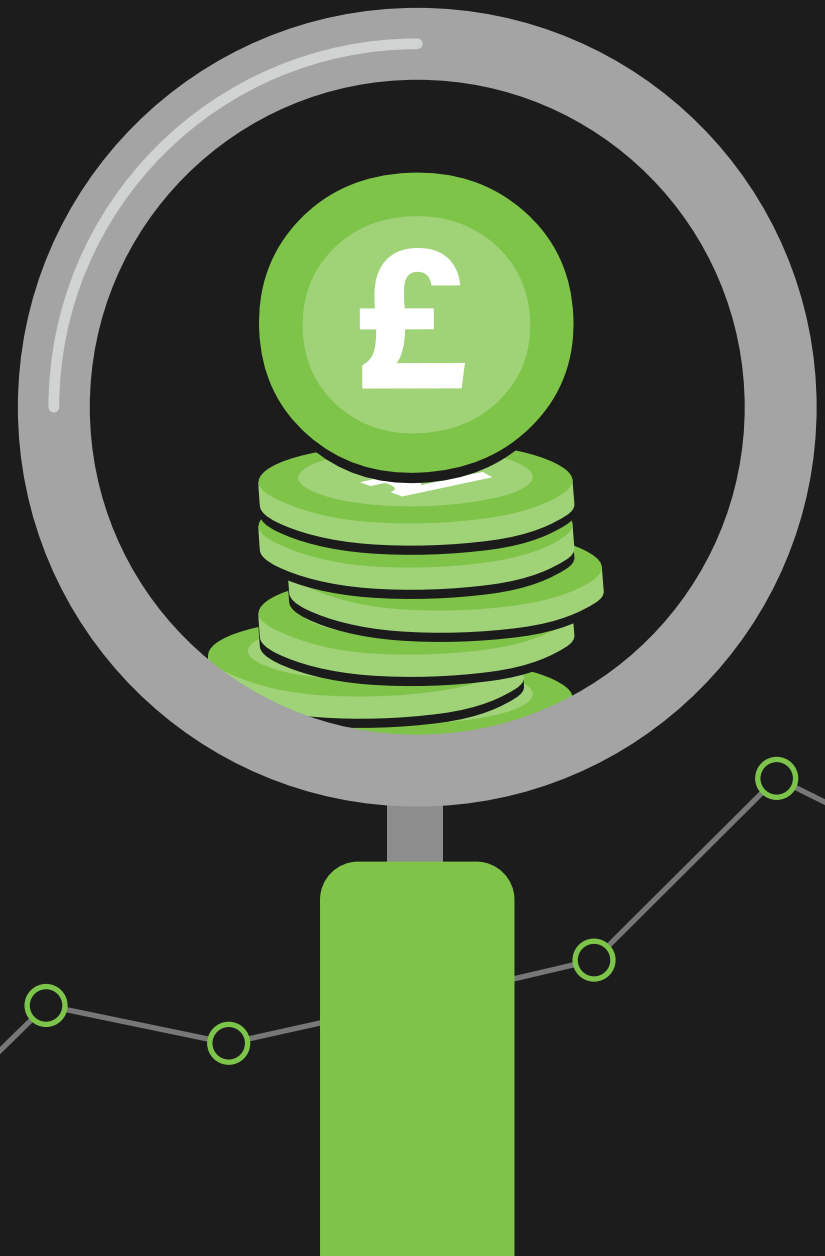
WE ASKED CONSULTING BUSINESS OWNERS 'HOW DO YOU FEEL ABOUT THE YEAR AHEAD?'

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.

The average score of 61 represents a significant rise from 47, which was recorded in April. This is still some way short of the historical average of around 70.



FINANCIAL PERFORMANCE

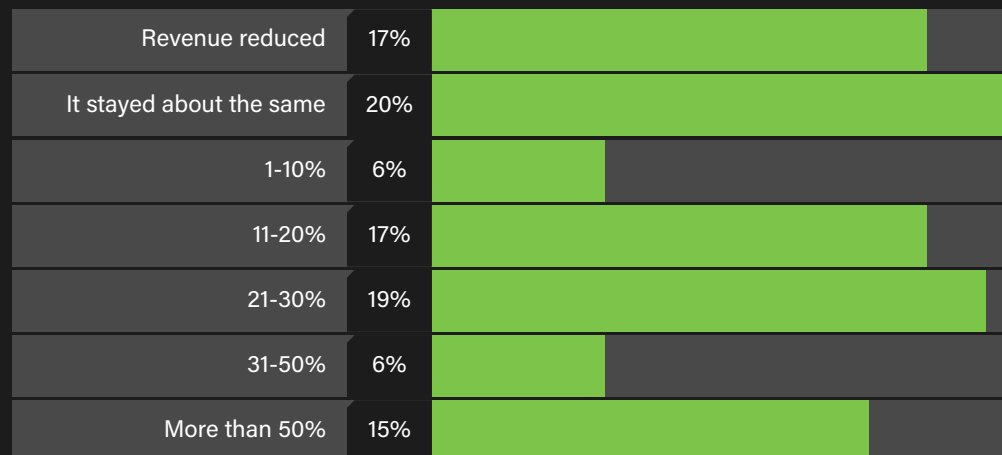


REVENUE



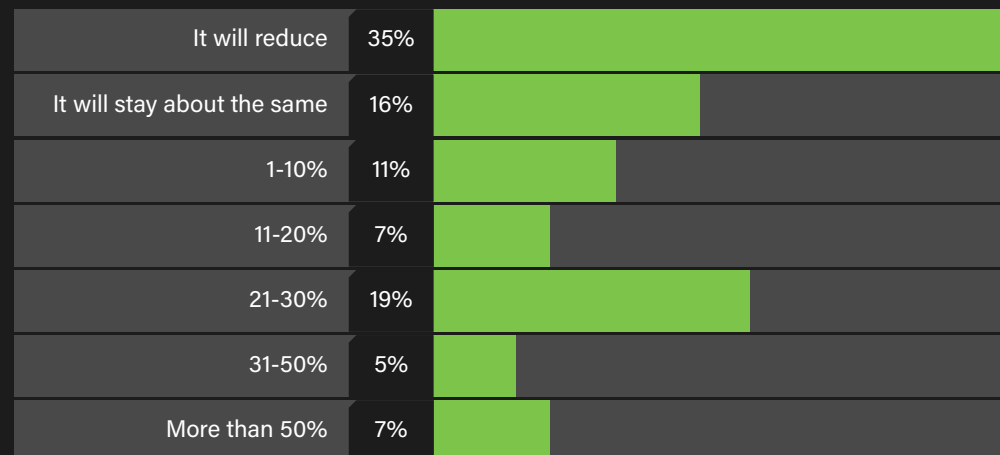
ACTUAL - LAST 12 MONTHS

Here's how much consulting businesses grew revenue by in the last 12 months



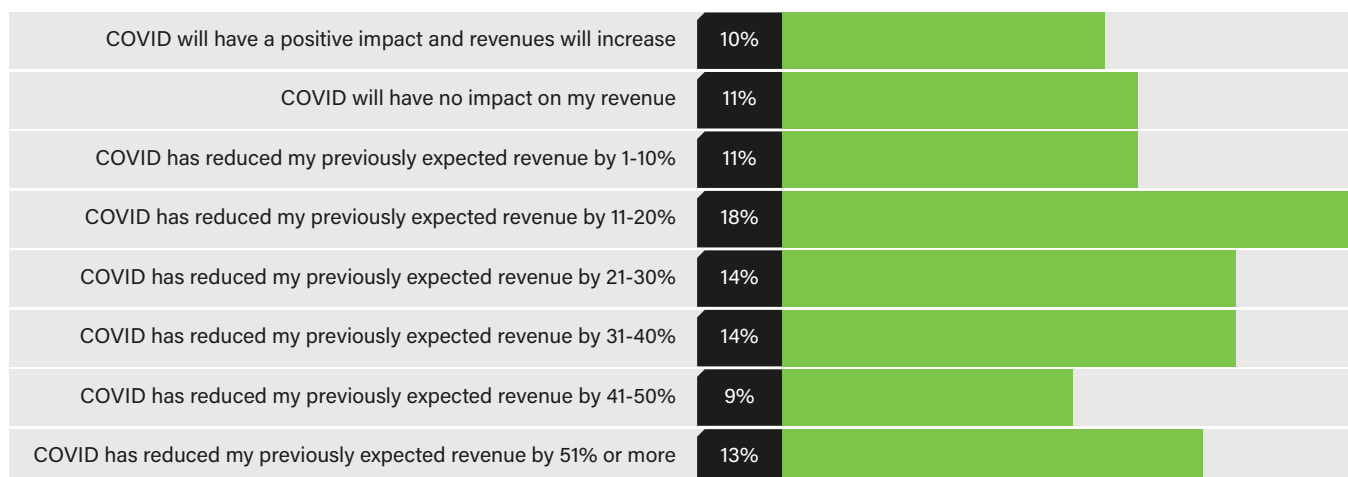
PREDICTED - NEXT 12 MONTHS

Here's how much consulting businesses expect to grow revenue by in the next 12 months



DESPITE COVID NEGATIVELY IMPACTING 79% OF CONSULTING BUSINESSES, ALMOST HALF EXPECT REVENUE TO INCREASE IN THE NEXT 12 MONTHS

Here's the impact COVID has had on these forecasts



REVENUE GROWTH

We wanted to explore where revenue growth is coming from. Here are the averages.

The percentage of revenue in the last 12 months that came from...



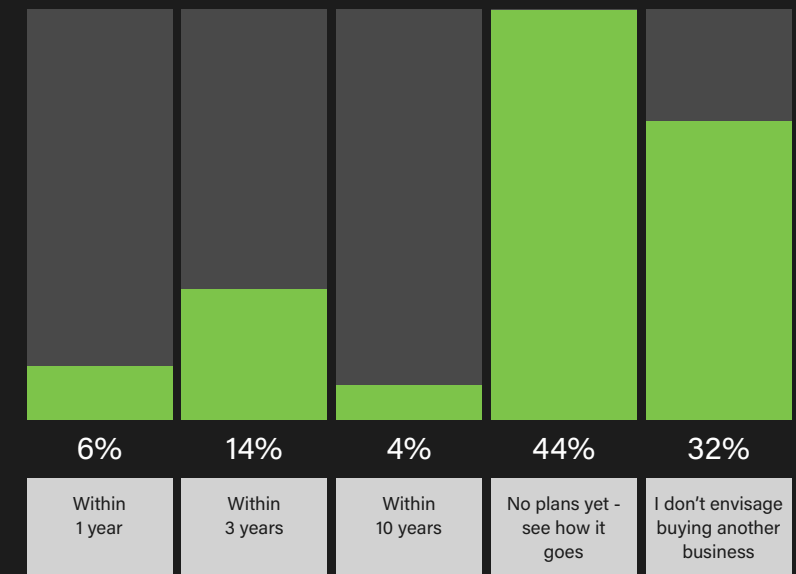
How will you be innovating in the next 12 months to win more work in these areas?

Three questions to ask yourself to support your revenue growth:

- 1 How could you use your network of lapsed clients to enter new sectors?
- 2 Which products and services would your clients be interested in?
- 3 Which markets do your existing clients operate in that you could access?

GROWTH THROUGH ACQUISITION

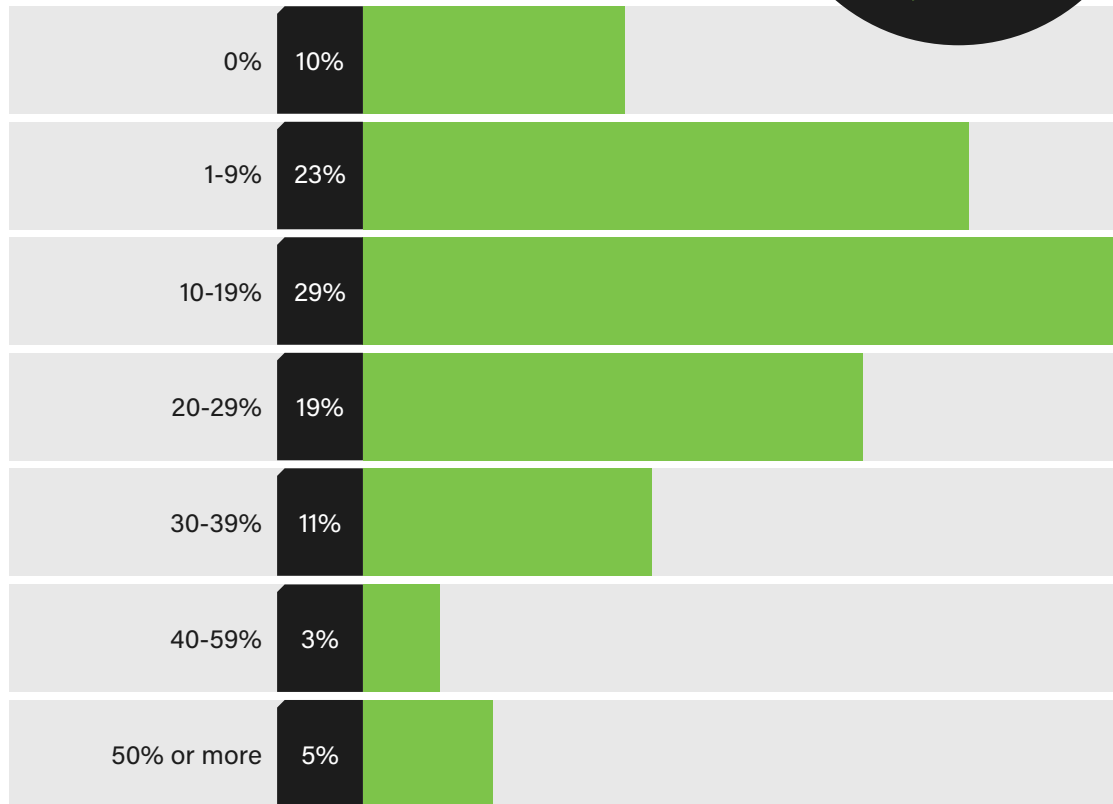
The percentage of consulting businesses who have the ambition to buy another business to help them grow



24% OF CONSULTING BUSINESSES PLAN TO GROW THROUGH ACQUISITION

PROFIT

OPERATING PROFIT PERCENTAGE*



*This is the amount of profit before tax and dividends. This is often referred to as EBIT - earnings before interest and tax. It has been adjusted to take into account a market level remuneration for owners.

NEARLY TWO-THIRDS OF CONSULTING BUSINESSES ARE NOT ACHIEVING PREMIUM LEVELS OF OPERATING PROFIT

A good operating profit target is 20%. That puts you at the premium end when it comes to valuing your business, and it enables you to accumulate reserves for investment when needed.

Surely the higher the operating profit, the better? Well, that depends. If cash today is your priority then absolutely. However, if your goal is to build a sustainable business, then the answer is 'no' for two reasons:

1

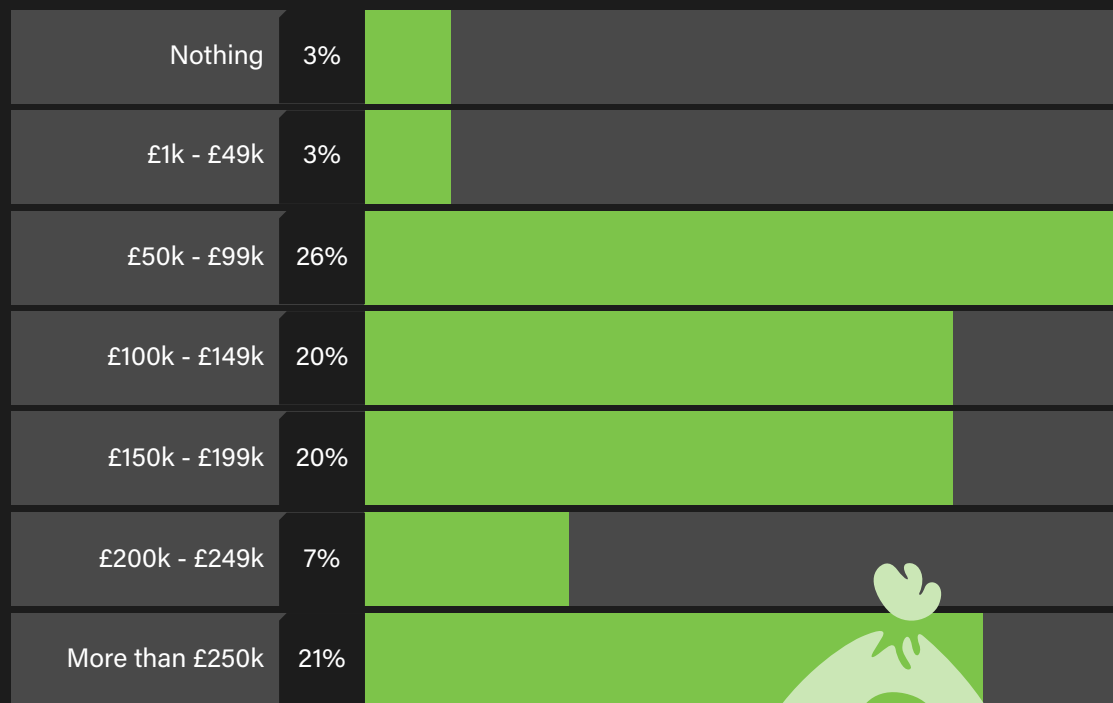
Profit levels in excess of 30% are rarely sustainable alongside revenue growth rates over 30%. You need to invest in your team, processes and technology to ensure your business is set up to enable future growth and that will typically result in lower % profit levels.

2

When valuing your business, buyers will discount excessive operating profit levels as they will consider them unsustainable, and hence you will not get the value for the excessive margin. Far better to reduce the operating profit percentage to invest in more top-line growth and deliver a higher absolute profit number.

WHAT OWNERS OF CONSULTING BUSINESSES EARN

Here's the total compensation consulting business owners received in the last 12 months (total salary, bonus, pension and dividends, before tax)



AROUND ONE IN FIVE CONSULTING BUSINESS OWNERS EARN

→ **£250K PER YEAR** ←

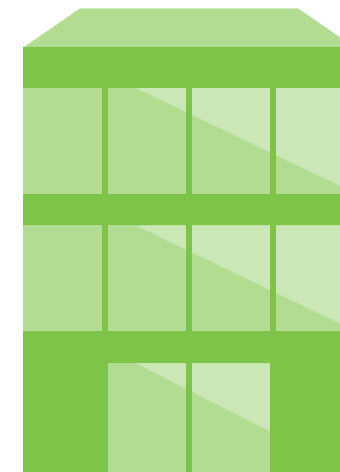


DRAWINGS INCREASE AS YOUR
CONSULTING BUSINESS GETS

BIGGER

Owners earning **more**
than £150k have
average revenue of

£3.2M



Owners earning **less**
than £150k have
average revenue of

£1.1M



DO CONSULTANCY BUSINESS OWNERS EARN MARKET RATES?



40%

ARE PAID **MORE** THAN
THEIR MARKET RATE

The biggest difference was
£600k more.

39%

ARE PAID **LESS** THAN
THEIR MARKET RATE

The biggest difference was
£180k less.

LOOKING TO INCREASE YOUR PROFITABILITY AND REMUNERATION?

Join The Consultancy Growth Network
to get access to successful consulting
business owners, explore valuable
partnerships with fellow owners and
deepen your insight into how to create a
sustainable consulting business.



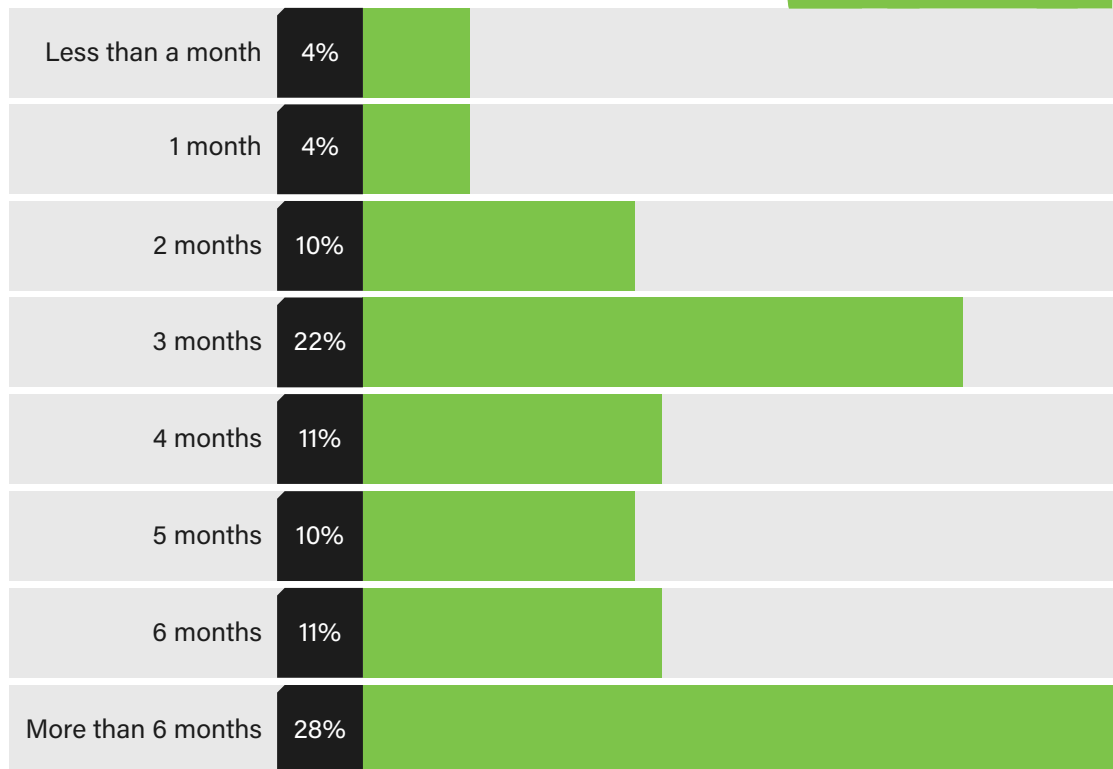
BOOK A CALL WITH GEORGE



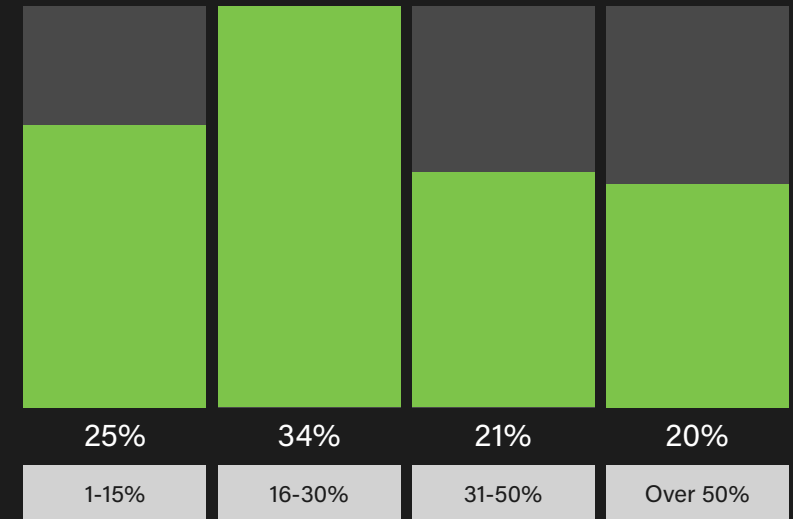
MANAGING RISK



The number of months of total business cost that consultancies have in the bank (including reasonable partner remuneration)



THE PERCENTAGE OF REVENUE THAT YOUR LARGEST CLIENT REPRESENTS



ARE YOU IN THE 15% CLUB?

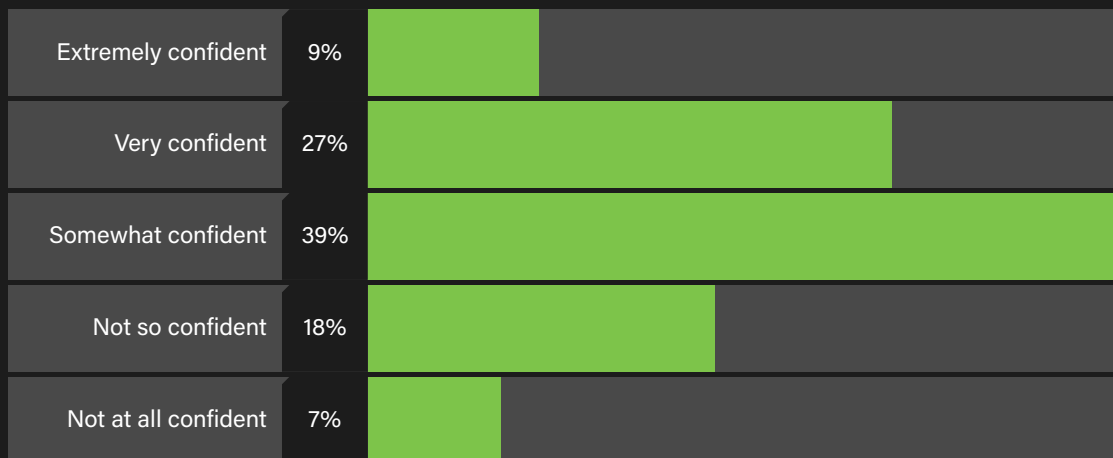
A big part of achieving sustainable growth in your consulting business is ensuring no single client represents more than 15% of your annual revenue. Just 25% are in this bracket.

MEASURING PERFORMANCE



We're constantly asked what consulting businesses should measure to increase their chances of success. A lot depends on where your business is at and what you're trying to achieve. This is why we recommend consulting businesses create bespoke dashboards to monitor their key performance indicators (KPIs).

Here's how confident consultancy owners are that they have the necessary key performance metrics at their fingertips



NEED HELP CREATING YOUR KPI DASHBOARD?



Wow can help you work out what KPIs you need to track to achieve your business goals. We'll then create a dashboard, so it's easy for you to monitor your progress.

Like to find out more?

GET IN TOUCH WITH WOW

DAY RATES AND MARGINS



DAY RATES AND MARGINS



Whether you charge your clients a fixed fee, or time and materials, how much you charge is usually underpinned by a day rate. How to increase your day rate whilst continuing to win work at a similar rate, and thus maximise profitability, is a hot topic amongst our members. There are many levers you can pull to achieve this, two examples are:

- 1) Benchmark your pricing regularly. What are your competitors charging for similar services? It is easy to lose sight of this when you have been in business for many years.
- 2) The other much-talked about, but rarely executed approach is 'selling on value'. The more you can shift your prospects' focus towards the value that will be generated as a result of your work, the less they will focus on the cost of making it happen. Most people will pay more for increased certainty.

**THE TOP 10% HAVE
A MINIMUM DAY
RATE OF **£1,657** AND
CHARGE PARTNERS
OUT AT **£4,780****

Role	Average	Top 10%
Partner (owns equity in the business)	£2,137	£4,780
Client Director (overseeing multiple engagements)	£1,616	£3,460
Senior Manager / Principal (leading major engagements)	£1,369	£2,720
Manager (managing a project/work-stream)	£1,166	£2,186
Senior Consultant (owning key deliverables)	£995	£2,136
Consultant / Analyst (task delivery and support)	£814	£1,657



UTILISATION RATES

AVERAGE UTILISATION RATES FOR EACH ROLE (BASED ON 220 WORKING DAYS EACH YEAR)

Partner (owns equity in the business)

47%

Client Director (overseeing multiple engagements)

54%

Senior Manager / Principal (leading major engagements)

68%

Manager (managing a project/work-stream)

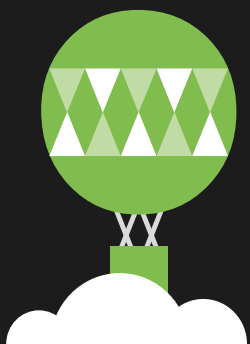
70%

Senior Consultant (owning key deliverables)

77%

Consultant / Analyst (task delivery and support)

67%



**PARTNER
UTILISATION
RATES ARE
TOO HIGH**

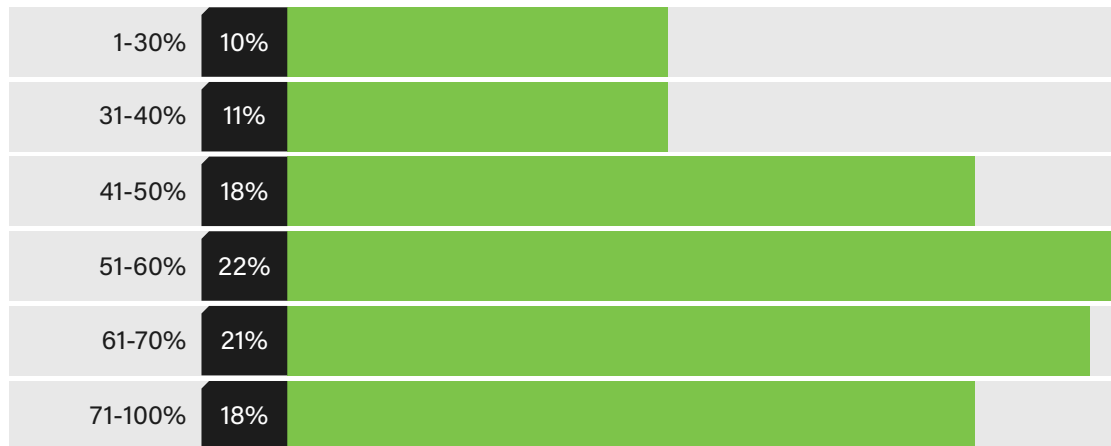
If you're serious about building value in your consulting business, over time you'll need to step back from delivery. While it's often tempting to take on a project for yourself at a high rate, it prevents you from spending time building the business, winning more work, building your team, and improving your processes. In order to build sustainability, your business needs to be profitable without relying on you to complete project work.

GROSS MARGIN %

Your gross margin % is a critical KPI for a growing consulting business. It is calculated as follows:



GROSS MARGIN % FOR CONSULTING BUSINESSES



THE AVERAGE
GROSS MARGIN
% IS

55%

Aim for a gross margin % of between 50% - 70%. Operating below this range means you're missing opportunities to increase profitability and sustainability.

START YOUR JOURNEY TO INCREASED PROFIT

Become a member of The Consultancy Growth Network and, amongst many other insights, get access to top tips on how to improve your gross margin over time. If you don't currently have a strategy in your business to deliver against this objective, you are missing a trick.



BOOK A CALL WITH GEORGE



COMPENSATION VS BILLING

Role	Average compensation	Average billing	Ratio
Partner (owns equity in the business)	£153,745	£220,966	1.4
Client Director (overseeing multiple engagements)	£111,788	£191,981	1.7
Senior Manager / Principal (leading major engagements)	£88,245	£204,802	2.3
Manager (managing a project/work-stream)	£67,103	£179,564	2.7
Senior Consultant (owning key deliverables)	£52,866	£168,553	3.2
Consultant / Analyst (task delivery and support)	£34,108	£119,984	3.5

Some consultancies are obsessed about partners paying their way through billable time and even have compensation schemes linked to such metrics. In many cases, this is a short-sighted strategy that harms the growth of the business.

For senior members of the team, billable revenue is only part of the picture. How much new revenue partners and client directors bring into the business is the key balancing factor. When targeting the perfect shape for your delivery team, these ratios are vital.

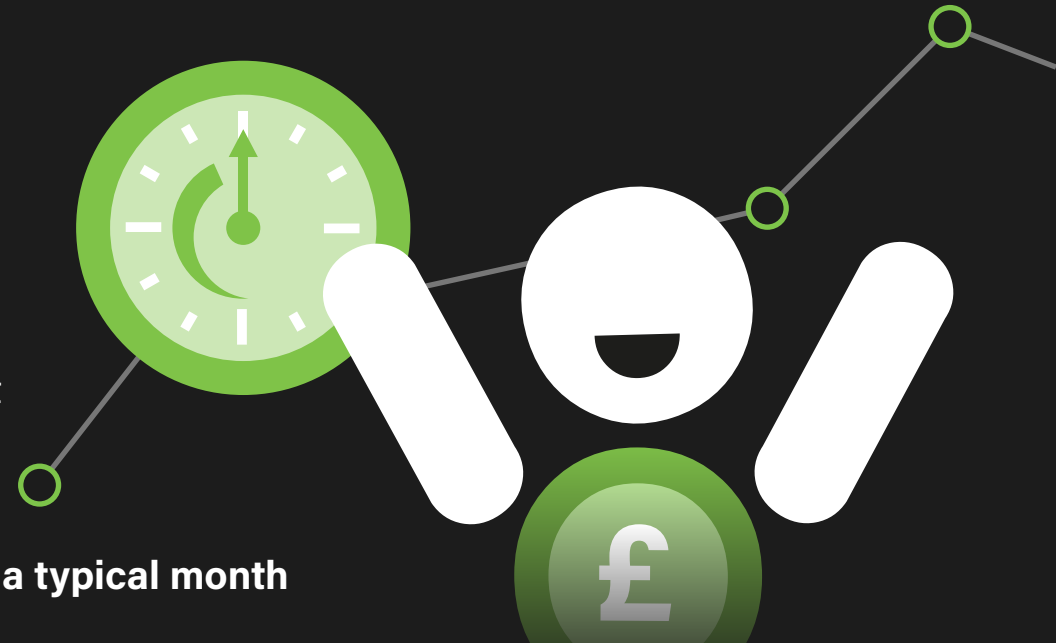
Building on the above insight, members of The Consultancy Growth Network can refer back to the session in which our resident growth expert, Dom Moorhouse, shared his methodology for designing the perfect team shape.

HOW CONSULTANCY OWNERS SPEND THEIR TIME

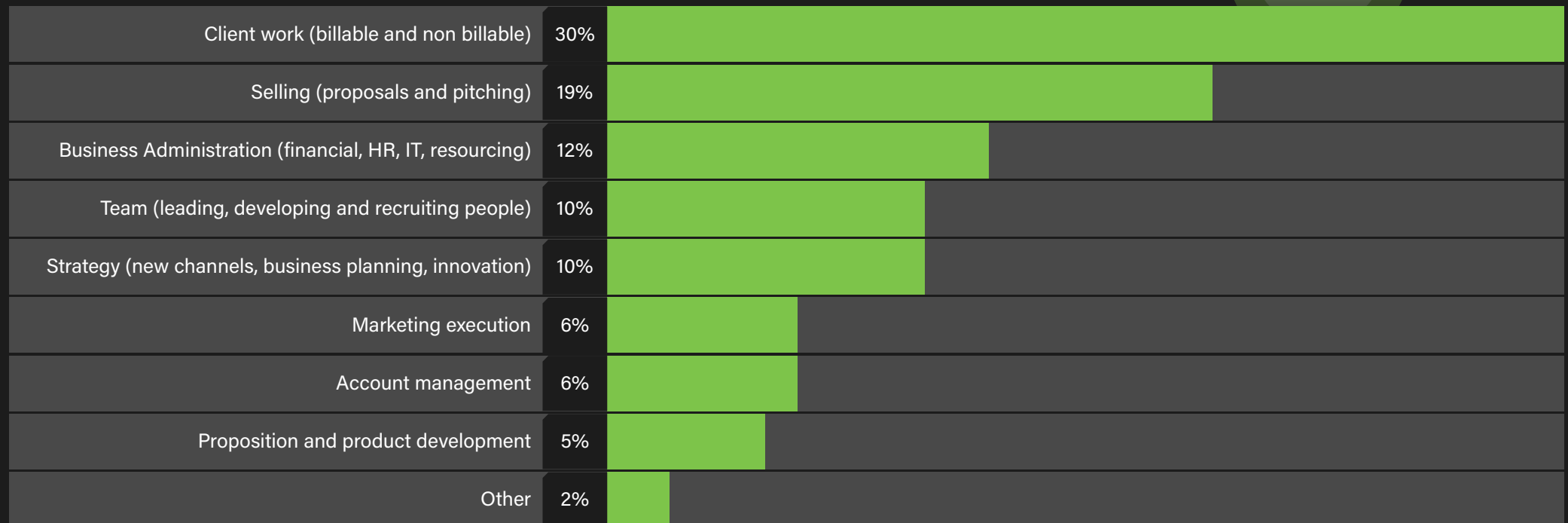


TIME

Time is arguably our most precious resource. How we spend it will determine our success. We wanted to find out how consulting business owners spend their time, and whether that matches what they'd like to be doing with it.

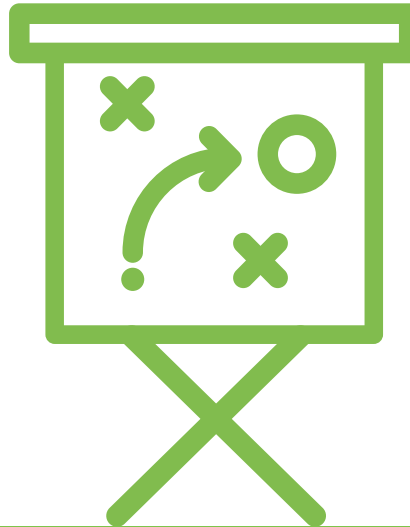


Here's how consulting business owners spend their time in a typical month

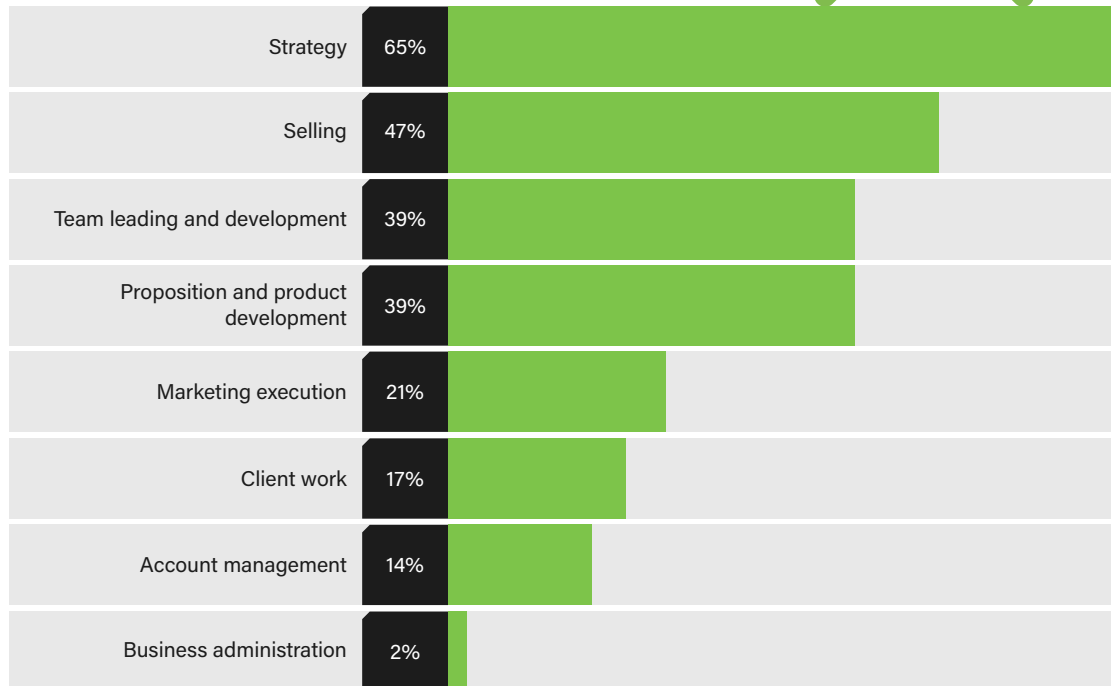


TIME

HOW YOU'D LIKE TO SPEND YOUR TIME



Here's what consulting business owners would like to be doing more of



It's hard to carve out time to work on the business, rather than in it. But that's exactly what 65% of consulting business owners would like to do more of. Here are our top tips to help you spend more time working on strategy:

BLOCK TIME OUT FOR STRATEGY

Put it in the diary and don't move it. You wouldn't move a client meeting, so why move strategic time?

TELL YOUR TEAM WHAT YOU'RE DOING

Let them know why it's important and get them involved in the planning process.

FIND SOME QUIET SPACE

Find a place where you won't be disturbed so you can fully concentrate on what you need to do.

GET INSPIRED

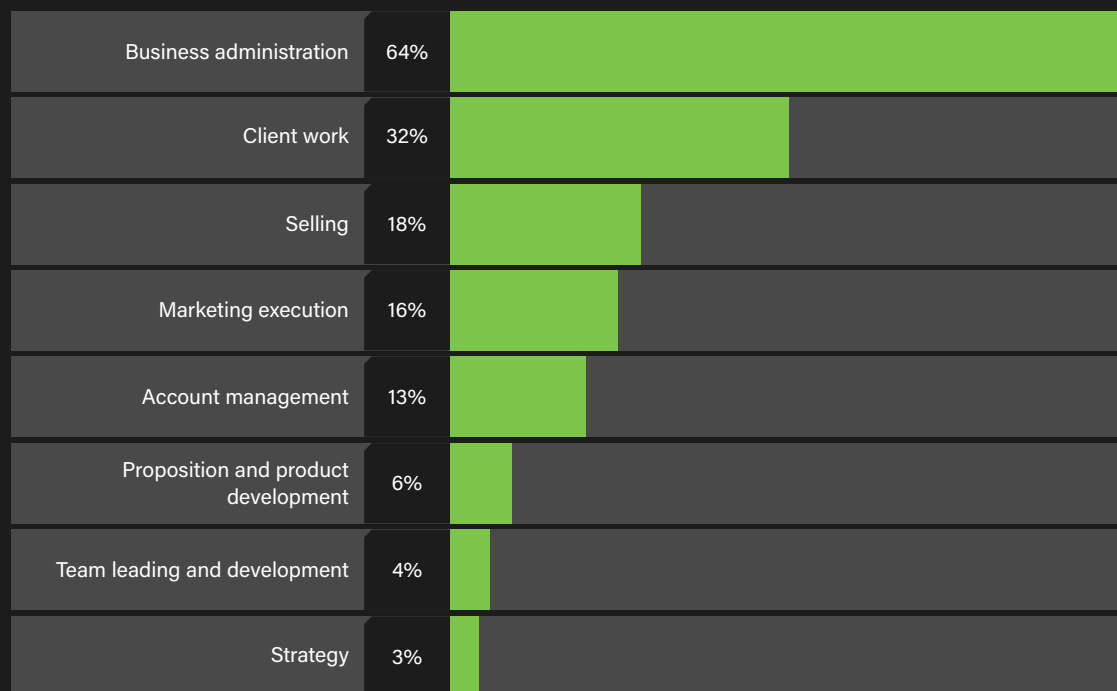
Get ideas from people who have already put together similar strategies, or achieved what you're trying to achieve.

DON'T DO IT ON YOUR OWN

Find a mentor or business coach who can assist you.
Get your accountant to help you put a forecast together.



WHAT WOULD YOU 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 businesses, 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



WHERE OUR TEAMS SPEND THEIR TIME

We wanted to assess the impact COVID has had on where consulting work takes place. As you'll see from the averages below, there's a big shift to working from home that's likely to be a permanent change. Over half of consulting work is expected to be delivered this way from now on.



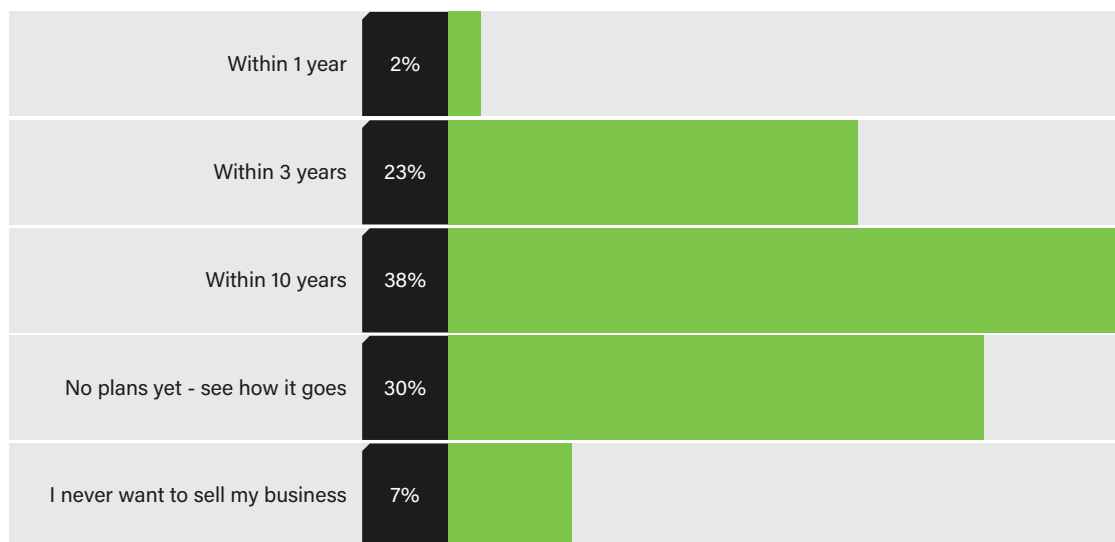
In a typical week, here's the % of consulting time worked at each location

	BEFORE COVID	AFTER COVID
COMPANY OFFICE	41%	23%
CLIENT OFFICE	35%	20%
WORKING FROM HOME	24%	57%

TIME FOR EXIT?



The percentage of consulting business owners with the ambition to sell their business in the future



63%

OF CONSULTING BUSINESS OWNERS PLAN TO SELL THEIR BUSINESS AT SOME POINT IN THE NEXT 10 YEARS

SCROLL DOWN FOR TIPS ON HOW YOU CAN MAXIMISE THE VALUE OF YOUR CONSULTING BUSINESS



7 TIPS TO BUILD VALUE IN YOUR CONSULTING BUSINESS

STANDARDISE

It may be dull. It may go against your entrepreneurial nature. But, consistently applied processes provide the bedrock for businesses to scale fast. What's in the heads of you and your partners is not much use to any acquirer. In fact, it increases risk and decreases value. You need to make yourself dispensable.

SYSTEMISE

To create true value, winning new clients cannot be dependent on your network and an unpredictable stream of referrals. You need to build a sales and marketing machine with predictable outputs derived from well-considered inputs.

ENVISION

Your back story is old news. If you want to create value, then you need to articulate a future that takes your business to 10x where it is today. An acquirer is not buying your past achievements, rather the confidence that the best is yet to come. Use your 'buyer vision' to guide your decision-making and inspire potential acquirers.

MORPH

As your business grows in value, what is required of you as the leader changes. Your mindset needs to shift from doer to manager to leader and, ultimately, to an investor mindset. These shifts require self-awareness and an ability to leave your ego at the door. You will need to enable your team to occupy the space at the heart of your business.

SPECIALISE

Ultimately the value of your business will be dictated by the amount someone is prepared to pay for it. Acquirers like their acquisitions to fit nicely into their organisations. Having a diverse set of capabilities makes that fit more difficult, narrows the field of potential acquirers and, as a result, reduces the potential value of your business.

INVEST

When business is good, owners typically distribute the profits. Fine. But beware; aiming to make money is a very different mindset to one of aiming to build a valuable consulting business. When you make hay, invest in the future to increase the probability of achieving your long term vision.

A-PLAYERS

Do you feel inspired by your team, or are you carrying them? There is only so much you and your partners can do. To maximise the sustainability and value of your business, you need to build a team of A-players. Everyone from your management team to your junior analyst. Consultancies are people businesses, and great teams build great businesses.

JOIN IN. SCALE UP

Whatever your motivations for setting up your business, it's tough growing a sustainable consultancy. In 'normal' times, less than 5% of consulting business owners ever achieve a truly sustainable business. Now, with the pandemic disrupting so many sectors, the chances of success are even lower.

Build a thriving consultancy by being part of an international community for consulting business owners.

[The Consultancy Growth Network](#) will accelerate your journey with a team of strategic advisers, collaborative peers and specialist experts, all with experience that is highly relevant to you. We cover every aspect of the support you need to avoid the pitfalls, forge new partnerships and significantly increase your probability of success.

To help you grow, we have compiled a list of the most effective strategies for growing those all-important existing accounts across sales, marketing, operations and more.



**THE
CONSULTANCY
GROWTH
NETWORK**

**40 WAYS
TO GROW YOUR
EXISTING ACCOUNTS**

START NOW

NEW BUSINESS



41% OF NEW CLIENTS
COME FROM
REFERRALS

Given that referrals are by far the most effective sales strategy, it's important to have a strategy for increasing the number of quality referrals that you generate in your business. Here are three steps that will help:

➔ THREE STEPS TO INCREASING REFERRALS ➔

1

MINDSET

The first step is to decide to put referrals right at the centre of your new business strategy. Some members of your team will be uncomfortable asking for referrals. You need to help them shift their mindset and overcome their fears. Create a culture where it's the norm to ask for referrals and everyone sees it as part of their job.

2

PROCESS

Make it easy for your team to ask for referrals by creating scripts that they feel comfortable using. Consultants often see sales as a dirty word, and they would prefer to focus on solving client problems. Help them craft their approach, then demonstrate how it's done. To get them started, have them approach a friendly client or two.

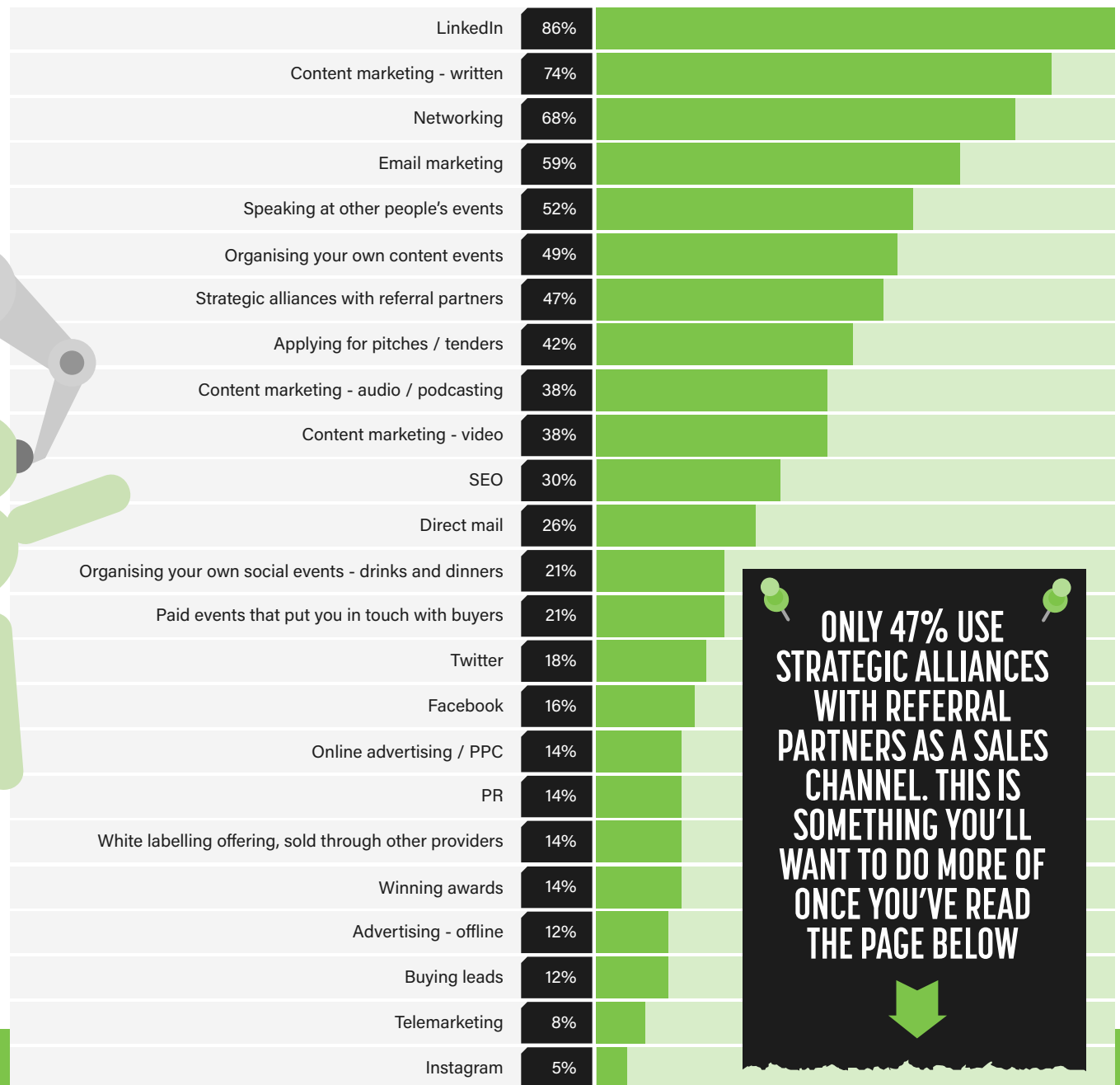
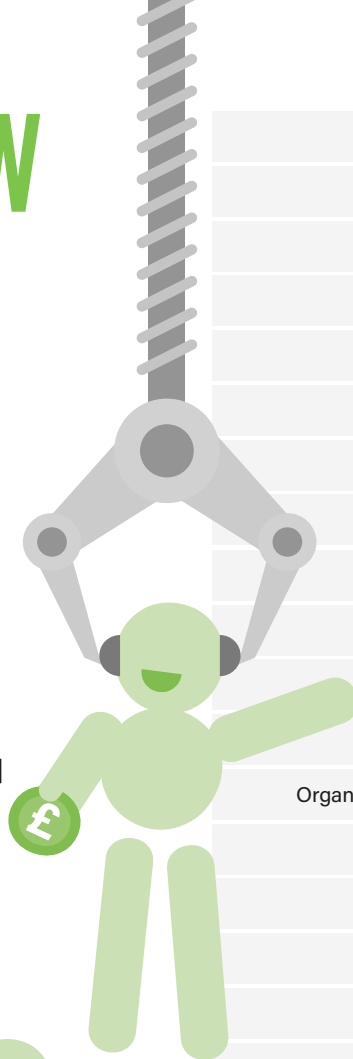
3

VISIBILITY

Set targets for the number of referrals you want to generate each month and publish progress against these targets. Challenge all members of the team to contribute towards this. It's not just something that the senior people within the business are responsible for - the whole team can contribute.

WINNING NEW BUSINESS - WHAT HAVE YOU TRIED?

OTHER THAN REFERRALS, WHAT HAVE YOU TRIED IN THE PAST 12 MONTHS TO PICK UP NEW CLIENTS?



ONLY 47% USE STRATEGIC ALLIANCES WITH REFERRAL PARTNERS AS A SALES CHANNEL. THIS IS SOMETHING YOU'LL WANT TO DO MORE OF ONCE YOU'VE READ THE PAGE BELOW

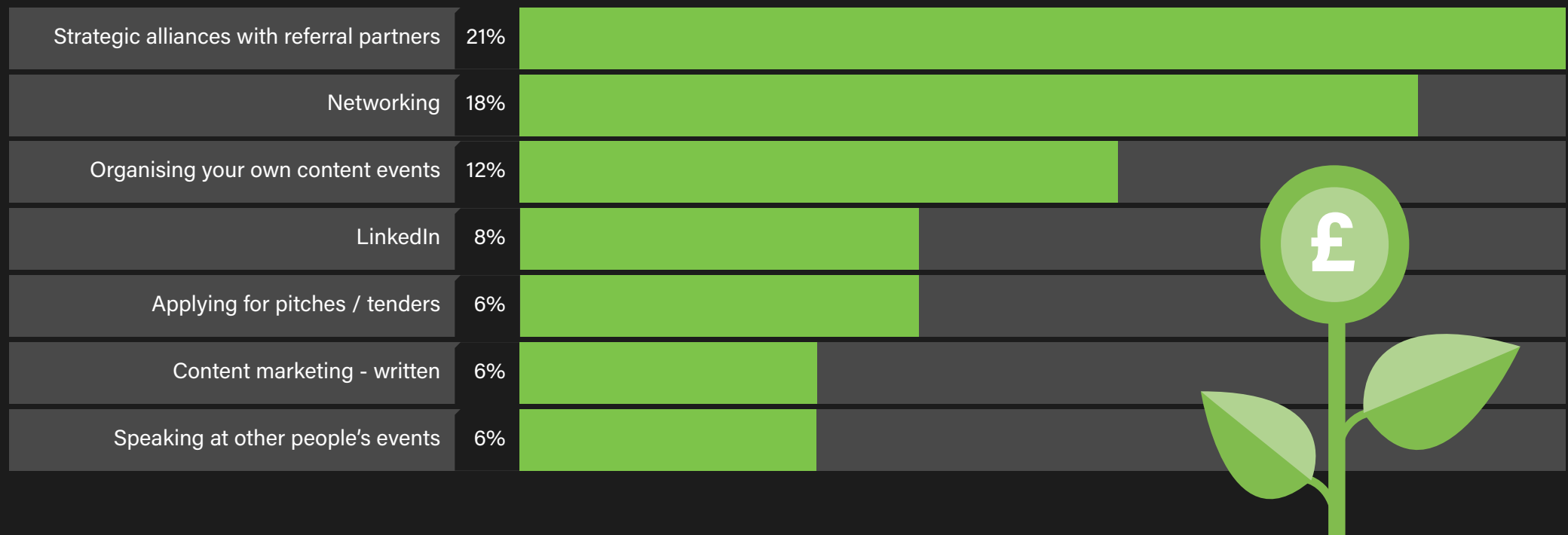


WINNING NEW BUSINESS - WHAT ACTUALLY WORKS?

Stories of failed partnerships are prolific and yet successful partnerships repeatedly appear as one of the primary drivers of accelerated growth. So how do we square the circle? What is the secret to making partnerships work? Here are three top tips:

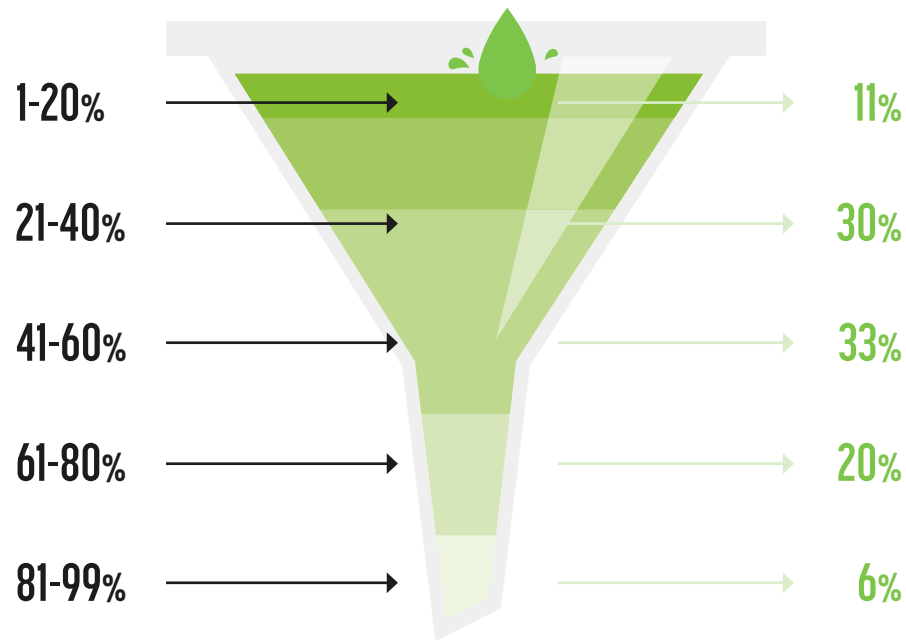
1. The partnership must be complementary - both parties have as much to gain by making it work, and the potential gain must be material.
2. Each organisation must assign someone responsible for making the partnership work, supported with internal accountability for the performance of the partnership.
3. Partnerships die because they take too long to bear fruit; people get busy and start focusing on other things. The trick is, start small so you get traction fast.

OTHER THAN REFERRALS, HERE ARE THE MOST EFFECTIVE WAYS OF PICKING UP NEW CLIENTS (TOP 7)



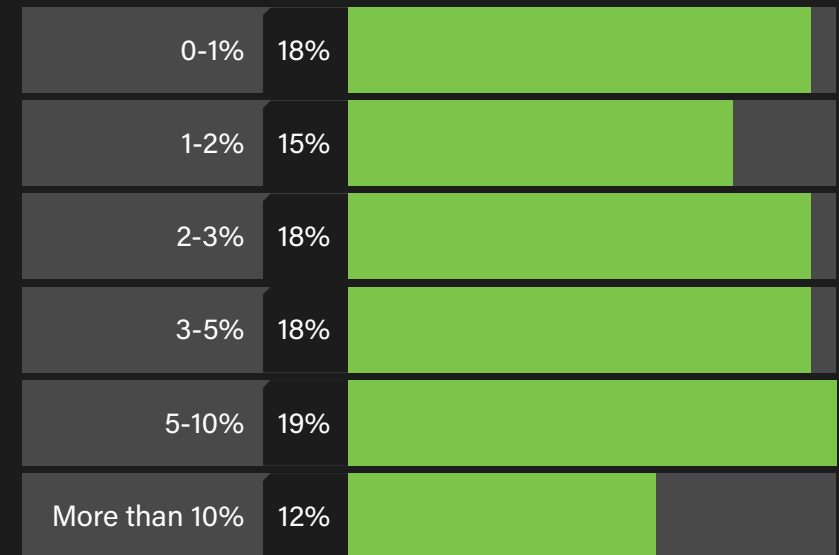
WHAT'S YOUR CONVERSION RATE?

The percentage of proposals that convert to clients.



The top-performing consultancies are constantly working on their pitch process to increase their chances of success, ensuring that both conversion rate and average deal value both increase over time. What could you do to better demonstrate the value that you add to clients?

PERCENTAGE OF REVENUE SPENT ON SALES AND MARKETING



WHAT YOU DO IS MORE IMPORTANT THAN HOW MUCH YOU SPEND

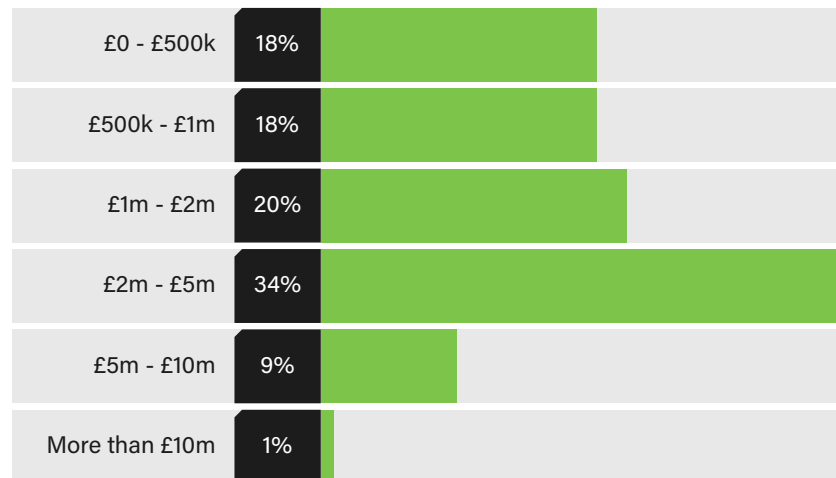
The average consultancy spends 4.7% of revenue on sales and marketing. There is no correlation between spend on sales and marketing and rate of growth. This serves as a timely reminder that what you do is more important than how much you spend when it comes to sales and marketing.

WHO COMPLETED THE SURVEY

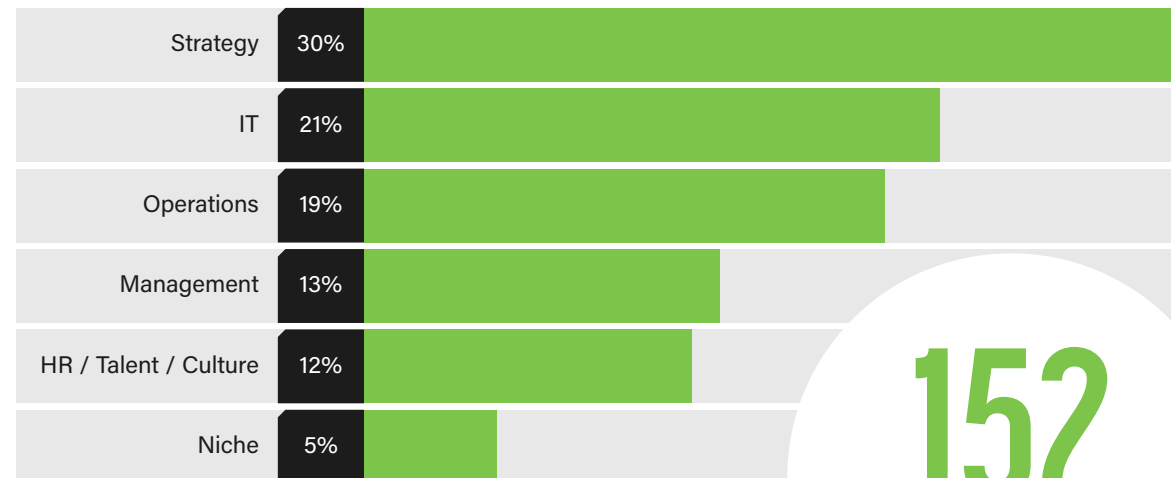


WHO COMPLETED THE SURVEY

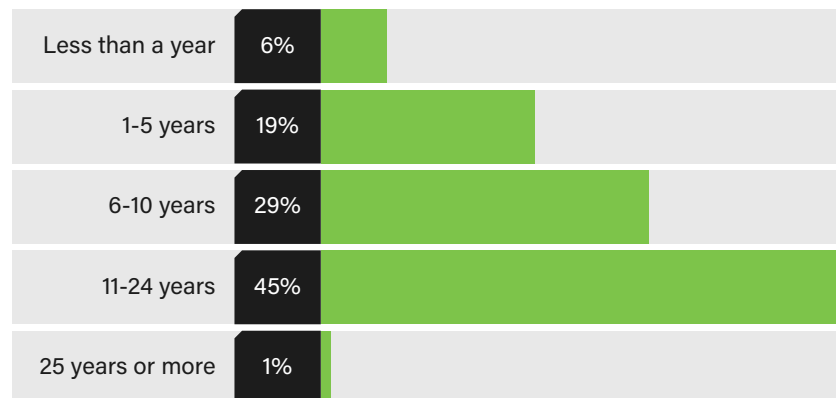
REVENUE IN THE LAST 12 MONTHS



TYPE OF CONSULTING BUSINESS



HOW LONG THEY'VE BEEN IN BUSINESS



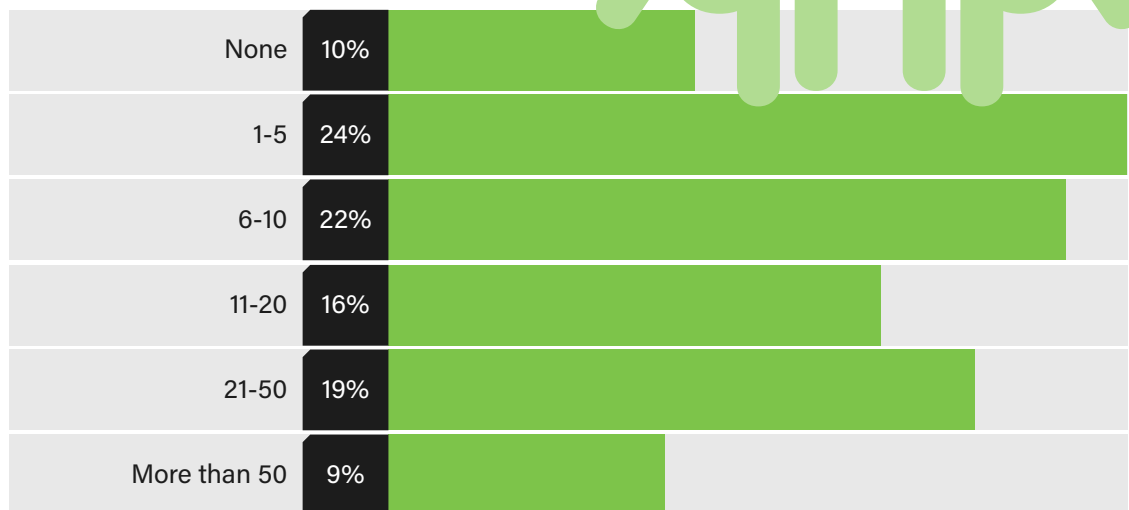
152

CONSULTANCIES
TOOK PART

90% OF FOUNDERS
STILL OWN AND RUN
THEIR CONSULTING BUSINESS

PEOPLE

EMPLOYEES

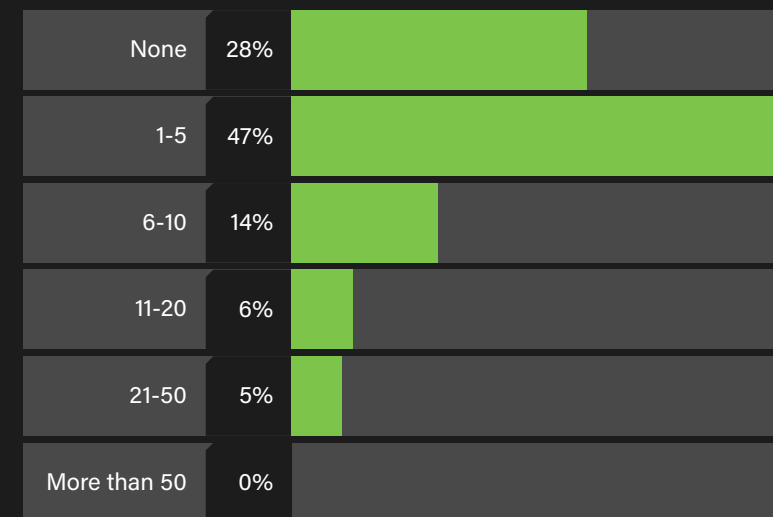


17% PERCENTAGE OF STAFF THAT LEFT THE BUSINESS IN THE PAST 12 MONTHS

These staff were replaced by new hires. In fact, employment amongst consulting businesses has increased in the past 12 months.

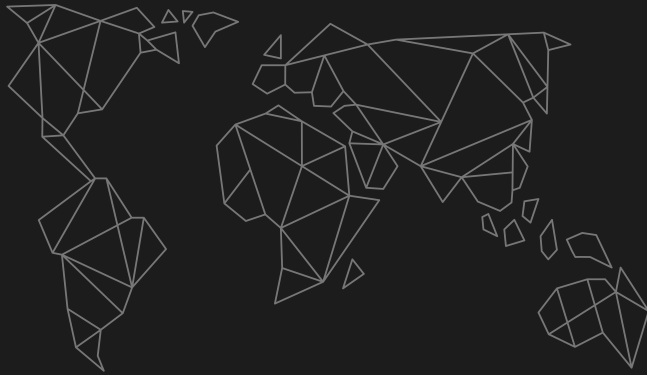


AVERAGE NUMBER OF ASSOCIATES (FULL-TIME EQUIVALENT) ENGAGED IN THE LAST 12 MONTHS

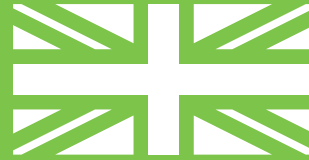


In consulting businesses, on average, employees outnumber associates by a ratio of 4-to-1.

COUNTRIES WORKED IN



UK
85%



USA
42%



FRANCE	19%	SWITZERLAND	7%
GERMANY	17%	CANADA	7%
AUSTRALIA	13%	UAE	6%
SPAIN	11%	SOUTH AFRICA	4%
IRELAND	11%	CHINA	4%
NETHERLANDS	10%	BELGIUM	4%
ITALY	10%	NORWAY	4%

WOW



WE LOVE WORKING WITH CONSULTANCIES

- Helping you grow profitably and sustainably - we believe this should be at the heart of growing a business
- Giving you meaningful information at your fingertips so you can make informed business decisions with confidence
- Removing the hassle of staying on top of your finances, so you can focus on what you love doing

The Wow Company is an accountancy practice that specialises in working with consulting and creative businesses. We love providing consultancy owners with insights and best practices, so they can make better decisions.

HERE'S WHAT OTHER CONSULTANCY OWNERS SAY ABOUT US



AL CATTO
BEYOND

"The team at Wow made the transition from our previous accountants painless. They worked closely with us to both gain a deep understanding of our business, and also the individual motivations of our directors. Every time we have needed advice or a new service, Wow has been able to rise to the challenge quickly and efficiently. Wow has definitely given us greater control of our financial metrics, but ultimately the greatest benefit is that they have given us time back, enabling us to focus on growing the business"

WANT TO GROW YOUR CONSULTANCY PROFITABLY AND SUSTAINABLY?

Running a consulting business is fun, but it can also be tough. Whatever your journey throws at you, we'll be with you every step of the way. We'll make your life easier and offer great advice as you grow.



BOOK A CALL WITH RORY

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GET IN TOUCH



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