

THE
CONSULTANCY
GROWTH
NETWORK

WOW



EVALUATE YOUR PERFORMANCE IN KEY AREAS

ABRIDGED REPORT

BENCHMARKS FOR CONSULTING BUSINESSES

2023



CONTENTS

- 3 INTRODUCTION**
- 6 GROWTH & PROFIT**
- 14 NEW BUSINESS**
- 19 PRICING**
- 24 WHO COMPLETED THE SURVEY**



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 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 also provides answers to the big questions being asked by consultancy business owners. Based on the results of our survey, you will find links to the latest thinking to help you overcome your current challenges, as well as tips to help you capitalise on the opportunities that are available right now. 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.

GET ACCESS TO THE **FULL REPORT**

This is an abridged report. [Complete the survey](#) to get the full version. The full version is also available to members of [The Consultancy Growth Network](#) - an international community for consulting business owners enjoying access to insights, introductions and actionable advice.

FIND OUT MORE ABOUT

THE
CONSULTANCY
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NETWORK



BOOK A CALL WITH LUKE



THE FULL REPORT
CONTAINS DATA FROM
233 INDEPENDENT
CONSULTING BUSINESSES
WITH REVENUES OF
UP TO £20M

BLIND OPTIMISM OR JUSTIFIED CONFIDENCE?



MARC JANTZEN

FOUNDER

THE CONSULTANCY
GROWTH NETWORK



“I am beginning to realise what an optimistic bunch we are. For the third year running, more than 80% of founder-led consultancy owners based in the UK and Ireland are expecting a growth year. It makes sense. Building a sustainable consulting business is not for the faint-hearted, and I am not sure a pessimistic approach would prevail!

Having said that, when you consider the level of economic uncertainty and the predicted recession, I find myself asking, “is this blind optimism or justified confidence?”

Only time will tell. But the results of our survey suggest that there is much more that most boutique consultancies could be doing to secure a sustainable future.

The pages that follow highlight what the top-performing consultancies are doing in areas such as winning new business, pricing strategies, return on marketing and client development. And they include compelling insights into how consultancies can flip the balance in the direction of ‘justified confidence’. After all, if you look after the inputs, the outputs will take care of themselves.

I would encourage you to act on the insights from this report, not just to help you with the challenges of today but to set yourself up for success beyond 2023.”

THE HEADLINES

GROWTH COMES AT THE EXPENSE OF PROFIT



2022 was a big year for growth: 82% of boutique consulting firms reported an increase in revenue in 2022, compared to just 63% the previous year. 48% reported growth in excess of 25%. Only 39% achieved the same feat the year before.



Profits are significantly down: The average gross margin fell significantly, from 55% in 2020 to 42% in 2022, as rising wages and associate costs squeeze margins. Discounting also contributed to reduced margins, with over half of firms willing to give away 6% or more of their margin.



Owners are earning less than during COVID: The remuneration consulting business owners received in the last 12 months has dropped compared to two years ago. In 2020, 28% of respondents earned over £200k. In 2022, that dropped to 18%.

CONSULTANCIES ARE NOT PREPARED FOR A RECESSION



Impending recession the biggest threat: Nearly half of all independent consultancies view an impending recession as the biggest external threat to their business. Yet many are not doing the things that will increase their chances of success during times of economic uncertainty.



Consultancies are neglecting clients: 55% said that their teams are failing to proactively seek out opportunities with their clients. 70% admit to not having a regular cadence of planning and review with their clients. 87% are failing to measure customer satisfaction often enough. This spells trouble for what lies ahead.

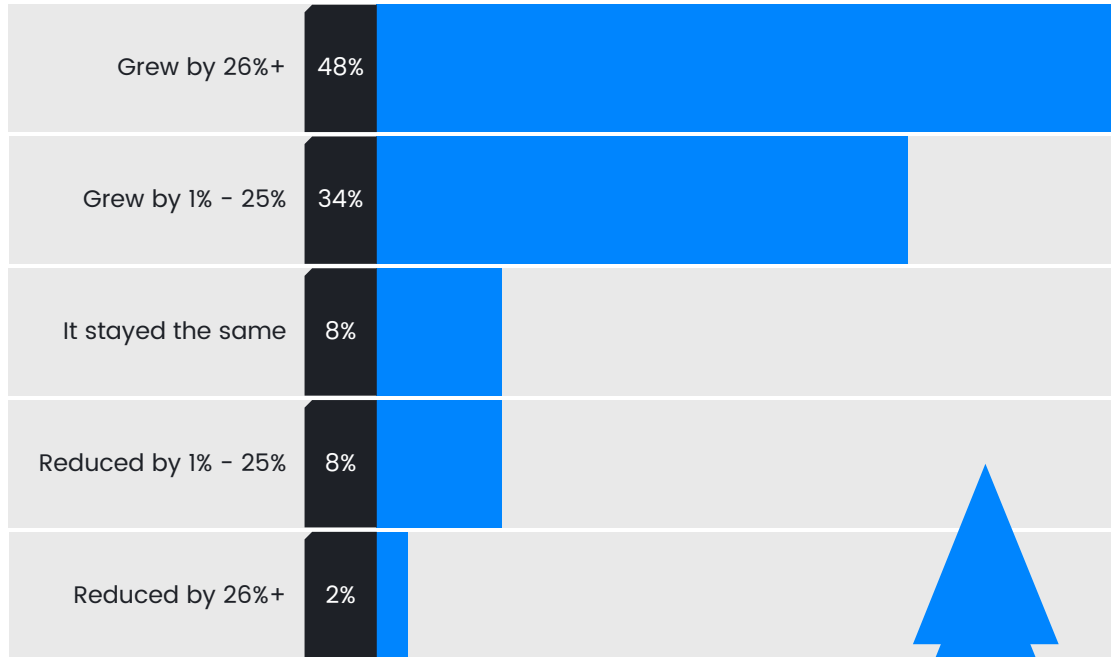


One in five could see revenue halved overnight: 19% of consultancies have a single client that accounts for over 50% of their revenue. In fact, the vast majority of consultancies are over-reliant on a single client, with 78% having a single client that accounts for more than 15% of their revenue.


This abridged report contains a selection of insights. To get the full report, [complete the Consultancy BenchPress survey](#) or [contact Luke Badiali](#) to purchase a copy.

REVENUE GROWTH

HOW MUCH DID YOU GROW REVENUE BY LAST YEAR?



A BIG YEAR FOR GROWTH

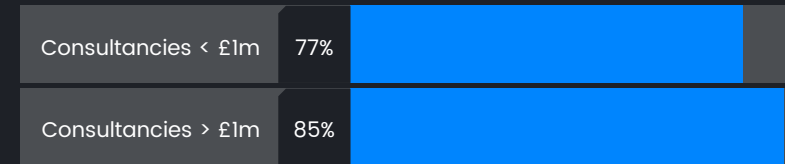


	2021	2022
Consultancies that grew revenue	63%	82%
Consultancies that grew revenue by 26%+	39%	48%



LARGER CONSULTANCIES MORE LIKELY TO HAVE GROWN

Percentage that grew in 2022



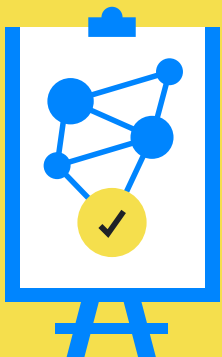
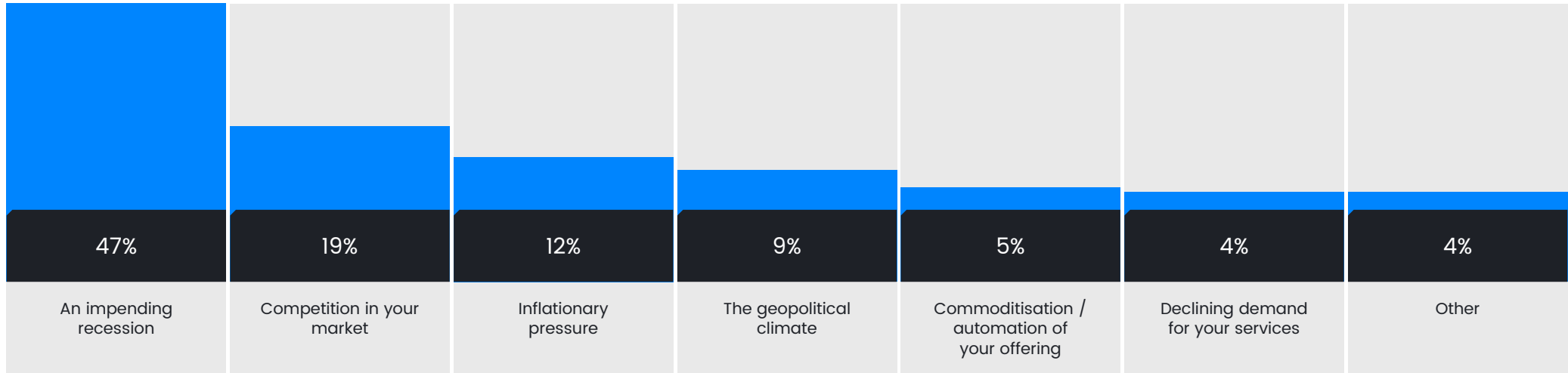
The fact that bigger firms are more likely to have grown than smaller firms, despite starting from a higher base, is really encouraging. Once through the £1m revenue threshold, consultancy firms have got traction and can focus on scaling up their investment in resources. This enables the team to play to their strengths and be more effective as a result.

To understand the drivers of this growth, **complete the Consultancy BenchPress survey** to get access to the full report.

THE BIG CHALLENGES



THE PERCEIVED BIGGEST EXTERNAL THREATS TO BUSINESS SUCCESS



5 KEY LESSONS FROM PREVIOUS RECESSIONS

Insight from Peter Czapp, co-founder of TCGN and The Wow Company

[READ HERE >](#)

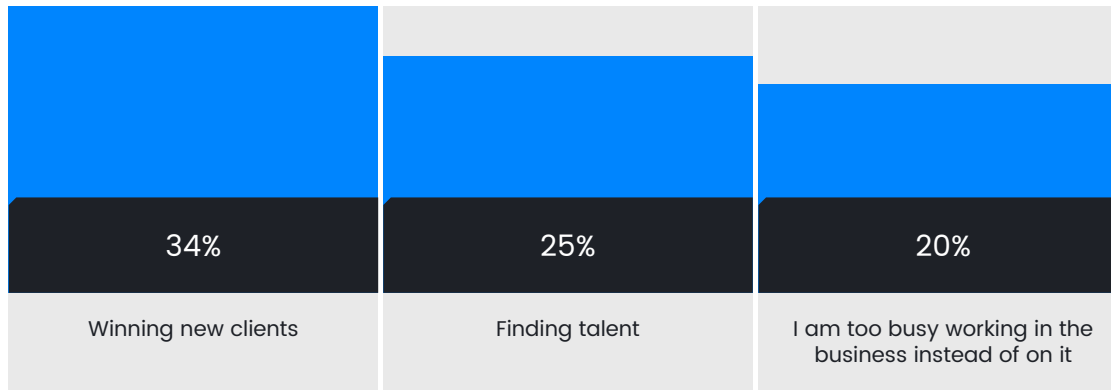


PROTECT YOUR CONSULTANCY FROM RECESSION

Insight from Marc Jantzen, co-founder of TCGN

[READ HERE >](#)

THE TOUGHEST INTERNAL CHALLENGES



WINNING NEW CLIENTS HAS GOT A LOT HARDER

Overall, winning new clients has replaced finding talent as the toughest internal challenge for consultancies. Nearly twice as many consultancies are finding that winning new clients is their toughest internal challenge this year when compared to last year.

FINDING TALENT IS STILL THE TOUGHEST INTERNAL CHALLENGE AMONGST LARGER FIRMS

Amongst larger firms (those with revenues > £1m), finding talent is still the toughest internal challenge. 34% of larger firms reported that to be the case, slightly ahead of winning new clients (32%).

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

ON THE
GROWTH HUB



WATCH THESE VIDEOS TO START SOLVING YOUR CHALLENGES

Start to solve these challenges by accessing content on the TCGN Growth Hub:

[THE ULTIMATE CONSULTANCY SALES STRATEGY](#)



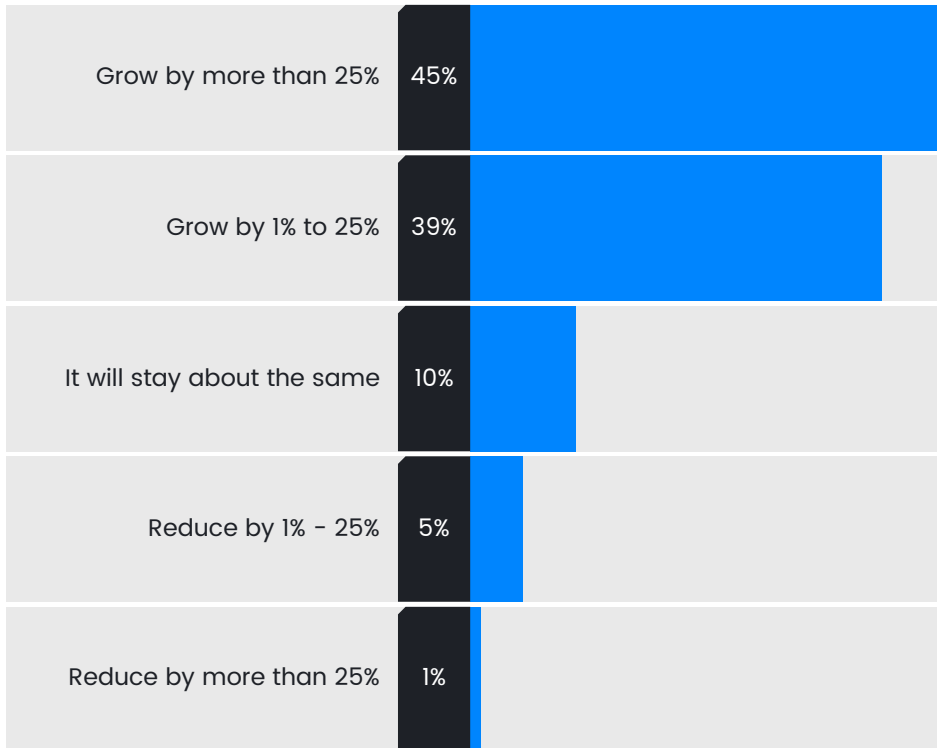
[RISING TO THE RECRUITMENT CHALLENGE - IS YOUR PEOPLE STRATEGY UP TO THE JOB?](#)



[WORK MORE ON YOUR CONSULTANCY BUSINESS](#)



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



FUNDING GROWTH

If you're looking to grow your consulting business this year, it's important that you have the capital in place to fund that growth. With many corporations taking longer to pay as they preserve cash, your cash flow might not be as predictable or fluid as in previous years. That's where Sonovate's finance solutions could help.



“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](#)



OSCAR PHILLIPS

SENIOR BUSINESS DEVELOPMENT MANAGER - SONOVATE

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.



CONSULTING M & A



BRUCE RAMSAY
MANAGING DIRECTOR
CONSULTING M&A

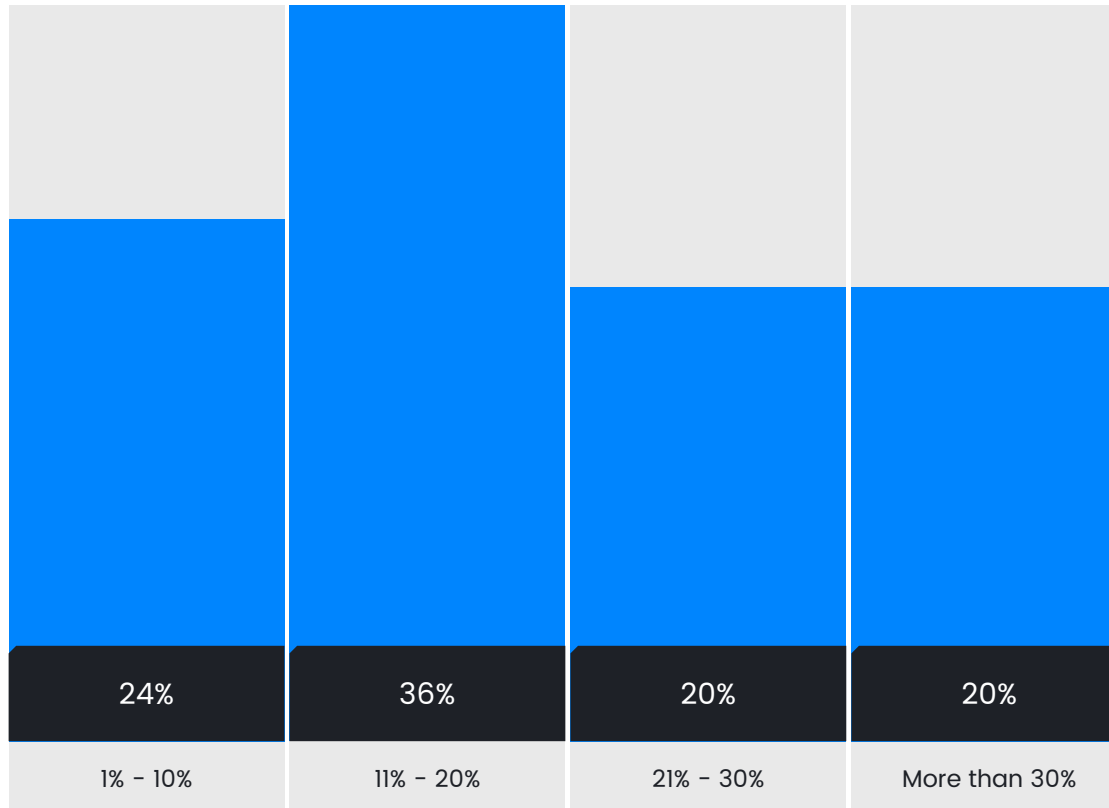
The continued high level of confidence is reflected in the sustained volume of transactions for the sale of consultancies.

If you are at the stage when you would like to realise value from the years of effort you have put into your consultancy, contact Bruce Ramsay at Consulting M&A. The team has over a decade of experience completing company sales in the sector.

[FIND OUT MORE](#) ➔

OVERHEADS

WHAT ARE YOUR OVERHEADS AS A PERCENTAGE OF REVENUE?



AVERAGE OVERHEADS ARE 18%

This is much lower than would typically be expected for a well-oiled consulting business. You would expect this figure to be around 30%. Are consultancies under-investing?

THE DANGER OF UNDER-INVESTING

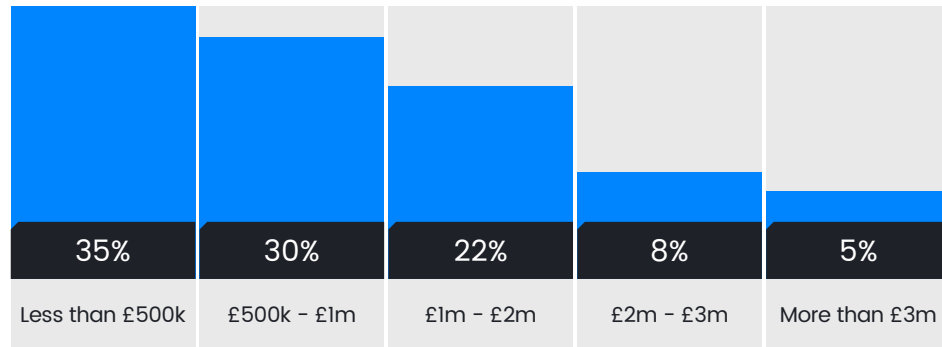
There is no doubt that COVID has created the space for firms to legitimately reduce overheads, in particular with respect to office space, travel, and hiring remote, less expensive staff. Although this has served to protect profit margins to a large extent, the risk is that without smart investment in infrastructure, consultancies will struggle to scale profitably.



**MORE PROFIT-RELATED DATA
IS AVAILABLE IN THE FULL REPORT**

Complete the Consultancy BenchPress survey
to get access to the full report.

HOW MUCH CLIENT REVENUE DO YOU EXPECT AN INDIVIDUAL OPERATING PARTNER TO OVERSEE EACH YEAR WHEN OPERATING AT FULL CAPACITY?



OPERATING PARTNER REVENUE FIGURES ARE DISAPPOINTINGLY LOW

The two main reasons for this are the size of deals sold and the effectiveness of your leverage model in your delivery teams. Prior year data shows that partners spend far too much time delivering due to a lack of capability in their team.

USE EXPERIENCED ASSOCIATES TO UP YOUR GAME

One way of increasing the amount of revenue your partners can oversee is by using experienced associates that need little support when running programmes of change. For access to exceptional talent, speak to WeWhoDo.

**WE
WHO
DO**



FIND, HIRE AND MANAGE YOUR ASSOCIATE BENCH

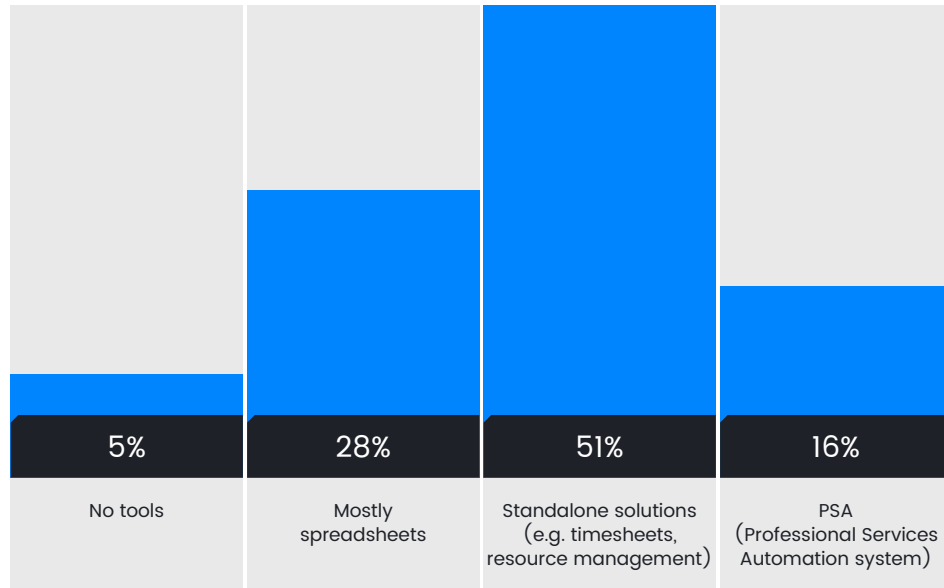
Why work with WeWhoDo?

- 80% of associates are former Big Four, MBB or equivalent
- Associate bench-builder function. Allow associates to join your bench on an ongoing basis
- Dedicated account manager for every client
- We accept 1 in 10 associate applications
- Approved on multiple corporate frameworks
- Government G-Cloud 13 supplier
- Free to access and no obligations

FIND OUT MORE



HOW DO YOU CURRENTLY OVERSEE PROJECT AND RESOURCE MANAGEMENT WITHIN YOUR FIRM?



CAPABILITY AND PERFORMANCE IMPROVE AS TECHNOLOGY IS ADOPTED BY CONSULTING FIRMS

	No tools	Largely spreadsheets	Standalone solutions	PSA
Grew revenue by 26%+	33%	47%	49%	51%
Average utilisation rate of non-Partner roles	48%	66%	71%	73%
Measure gross margin % at least once a quarter	67%	74%	74%	100%
Client revenue an operating partner is expected to oversee each year	£400k	£700k	£1.1m	£1.7m



JON STEAD
STRATEGY DIRECTOR
CMap SOFTWARE

CMap helps consultancies to win more work and deliver it more profitably within a PSA system providing:

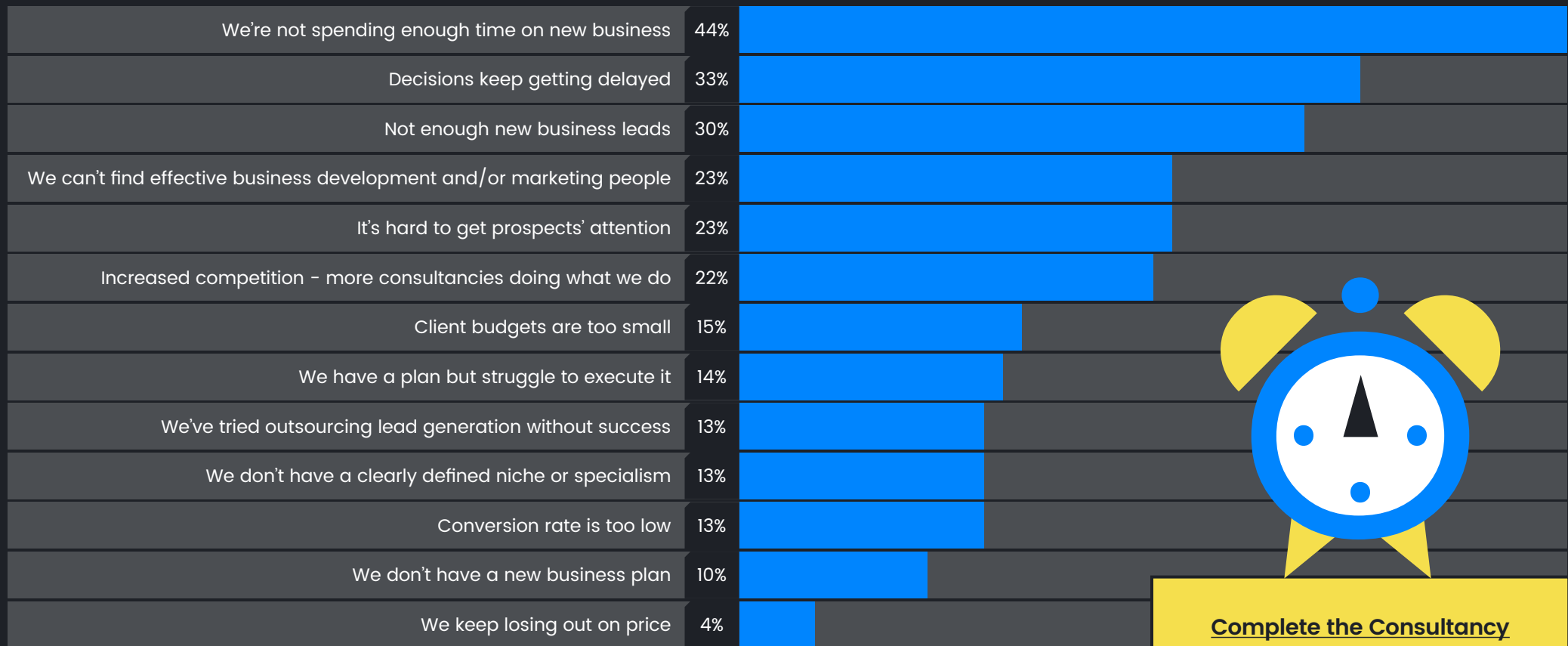
- CRM
- Timesheets and expenses
- Resourcing and HR
- Billing and revenue
- Reporting and dashboards
- Mobile apps and more!

We kill off spreadsheets and failed systems, providing consultancies with business clarity all in one place.

FIND OUT MORE



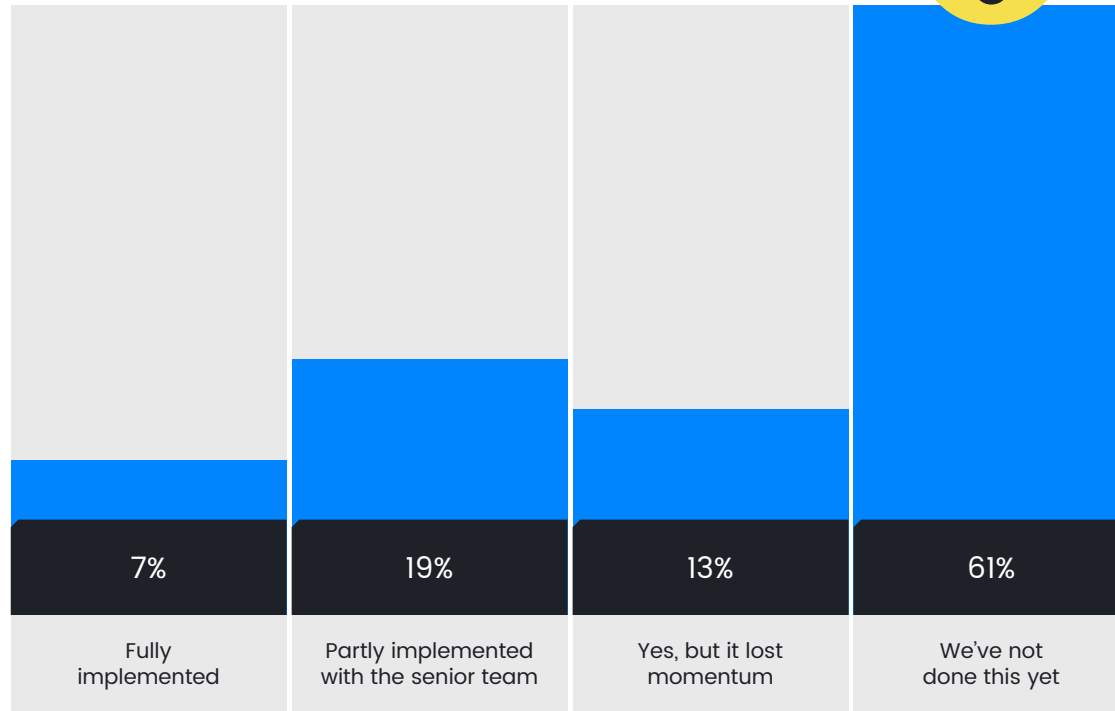
WHAT ARE YOUR BIGGEST CHALLENGES WHEN IT COMES TO WINNING NEW BUSINESS?



Complete the Consultancy BenchPress survey
to access the full report and find out how to solve your biggest new business challenges'

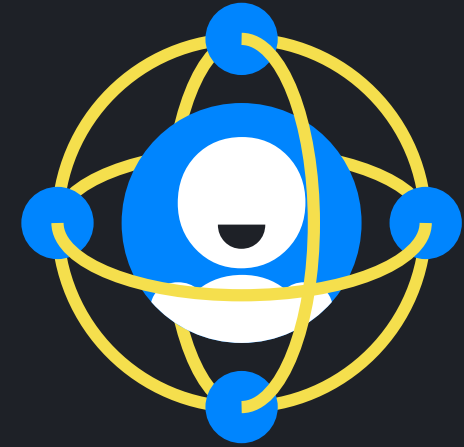
Not spending enough time on new business is the number one challenge for both over and under £1m revenue consulting businesses. However, it is more acutely felt by smaller firms, with 53% saying it's their number one challenge, compared to 38% of larger firms.

HAVE YOU IMPLEMENTED A CLIENT REFERRAL PROGRAM IN YOUR BUSINESS?



LACK OF REFERRAL STRATEGY LEAVING MONEY ON THE TABLE

Despite referrals and introductions being the greatest source of new business, the vast majority of firms are leaving it to chance. 61% of firms have done nothing proactive in this space and only 7% have fully implemented their strategy.



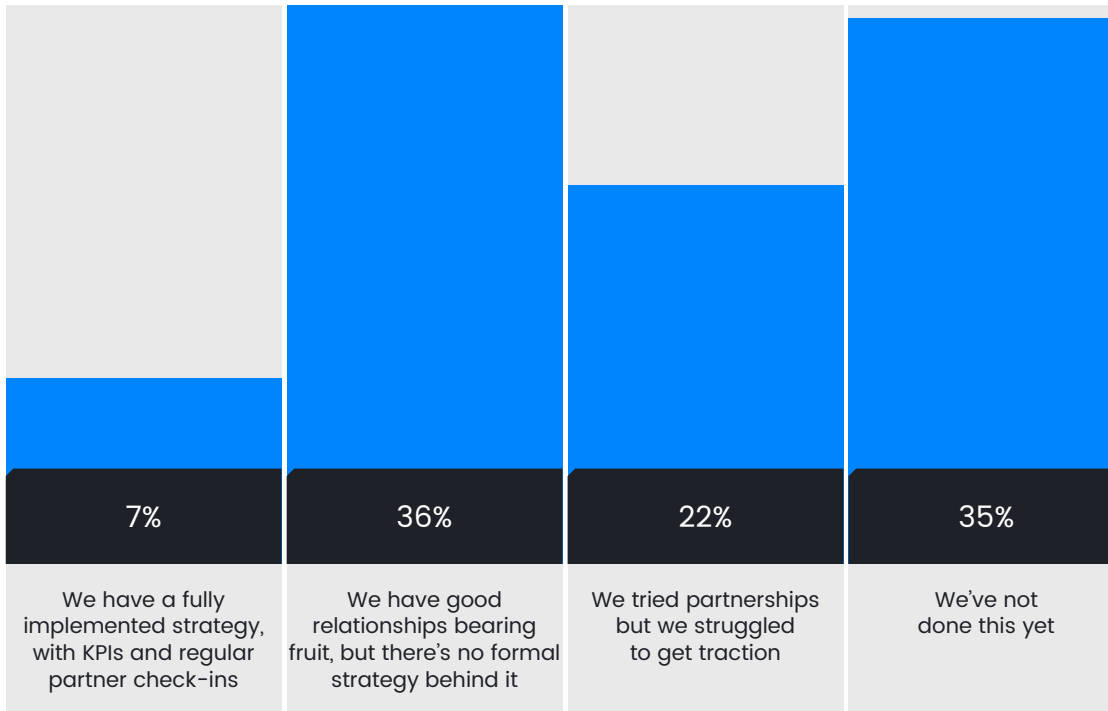
TOP 10 TIPS TO DEVELOP YOUR REFERRAL STRATEGY

[READ HERE](#)

HOW TO GET REFERRALS

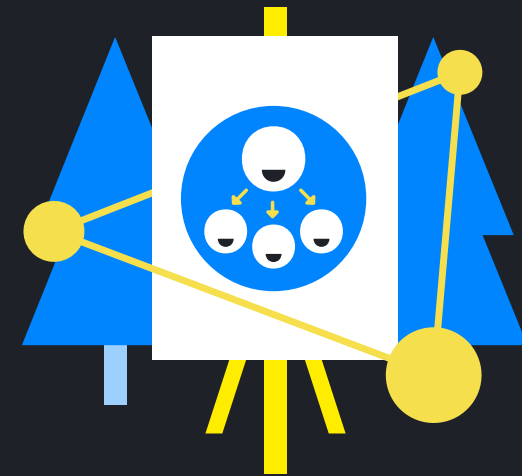
[WATCH VIDEO](#)

HAVE YOU IMPLEMENTED A STRATEGY FOR MAXIMISING THIRD PARTY RELATIONSHIPS?



CONSULTANCIES MISSING A TRICK WHEN IT COMES TO STRATEGIC ALLIANCES

Referrals from other sources (third parties), is equal second on the list of most effective ways to pick up new clients. However, just like referrals from clients, only 7% have a fully implemented strategy. The fastest growing member within TCGN puts their growth primarily down to a relentless focus on strategic alliances. For ambitious consulting entrepreneurs this is not a channel to be ignored.



GUIDE TO STRATEGIC ALLIANCES

DOWNLOAD

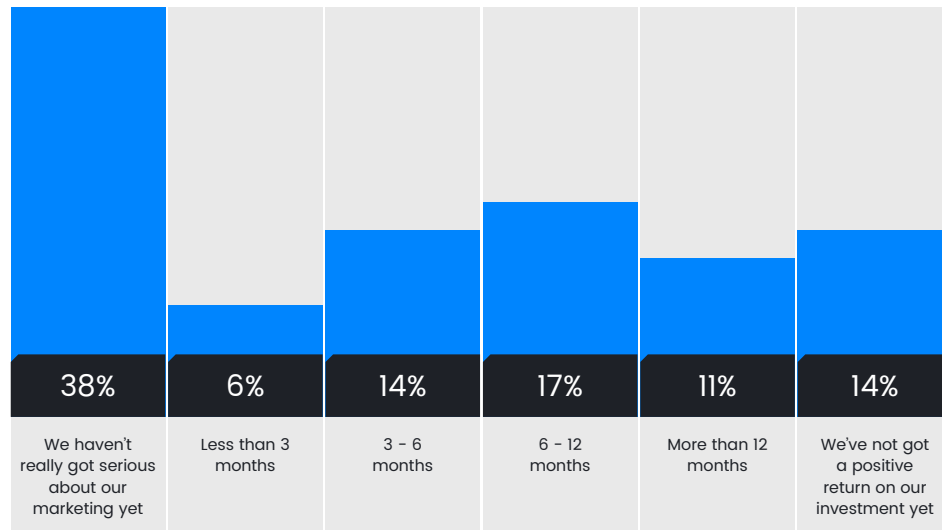


HOW TO IMPLEMENT SUCCESSFUL ALLIANCES

WATCH VIDEO



FROM THE MOMENT THAT YOU GOT SERIOUS ABOUT MARKETING, HOW LONG DID IT TAKE TO GET A POSITIVE RETURN ON YOUR INVESTMENT?



60% SEE A RETURN ON MARKETING WITHIN 12 MONTHS

The above data tells us that, of those that have invested in marketing, 60% have seen a return inside 12 months, 18% took more than one year, and 22% are yet to see a return.

WHAT DOES IT TELL US?

1. A return from marketing is far from guaranteed.
2. It takes time to get it right.
3. Like any discipline, getting serious about it is the first step to delivering a return on investment.



TOTAL
GROWTH
OWNERSHIP®

ATTENTION-GRABBING POSITIONING AND CONSULTANCY MARKETING THAT'S RUN BY THE NUMBERS



MATT HODKINSON

TGO

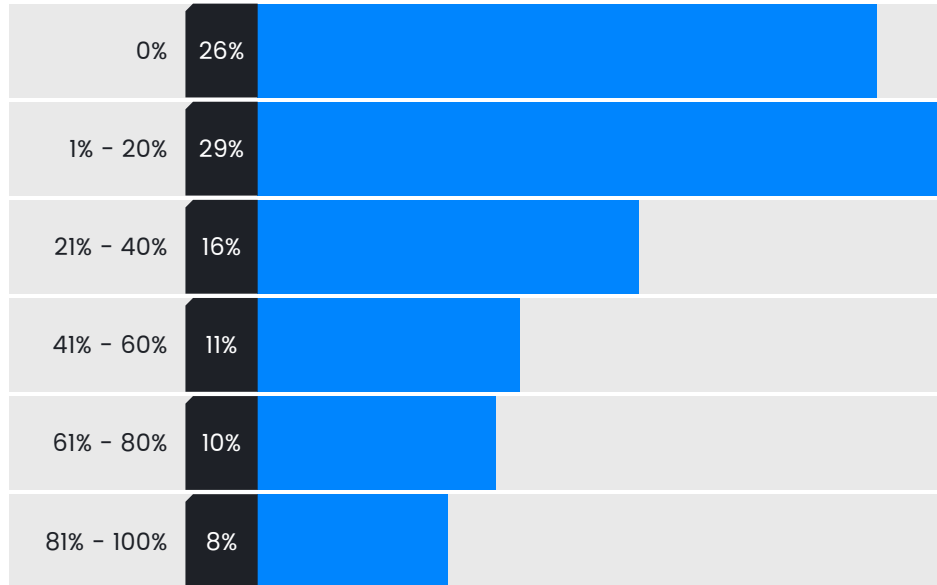
TGO helps you create a competition-less market position and deploy a client acquisition engine in your consultancy. We create pipeline certainty without mass cold outreach tactics.

Visit us to access our free training and find out more about our fully guaranteed programmes.

FIND OUT MORE



WHAT PERCENTAGE OF REVENUE FROM NEW CLIENTS IS GENERATED BY PEOPLE OTHER THAN THE OWNERS OF THE BUSINESS?



THE FASTEST-GROWING CONSULTING BUSINESSES HAD MORE REVENUE GENERATED BY NON-OWNERS

However, for smaller firms, there's still a huge reliance on owners to generate revenue. Nearly half of small firms rely on owners to generate 100% of their revenue.

If your ambition is to scale and create a firm of value, then building sales capability outside the owners is a 'must-do' activity. SBR Consulting can help you do this.

SBR Consulting

LOOKING TO GIVE YOUR SALES A BOOST?



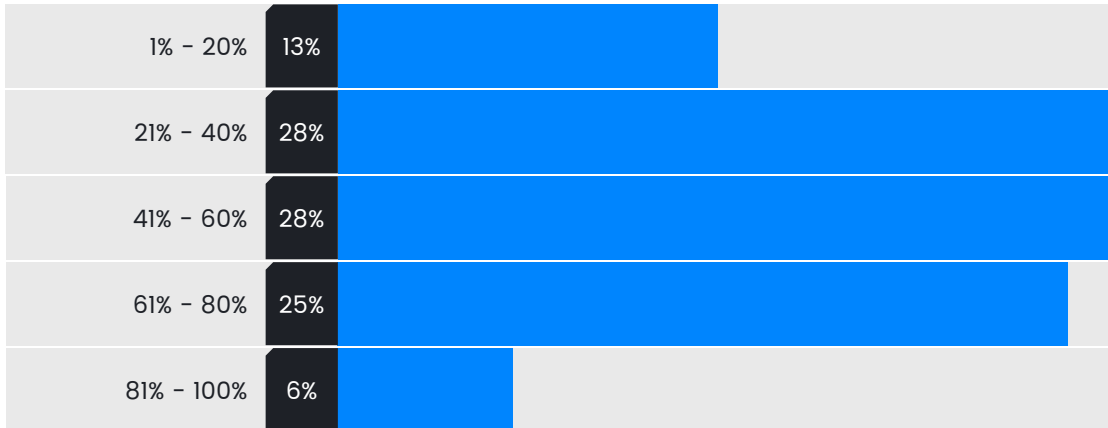
Contact Alan and the team at SBR to help grow your revenues and increase your profits by transforming your sales effectiveness and capability.

FIND OUT MORE



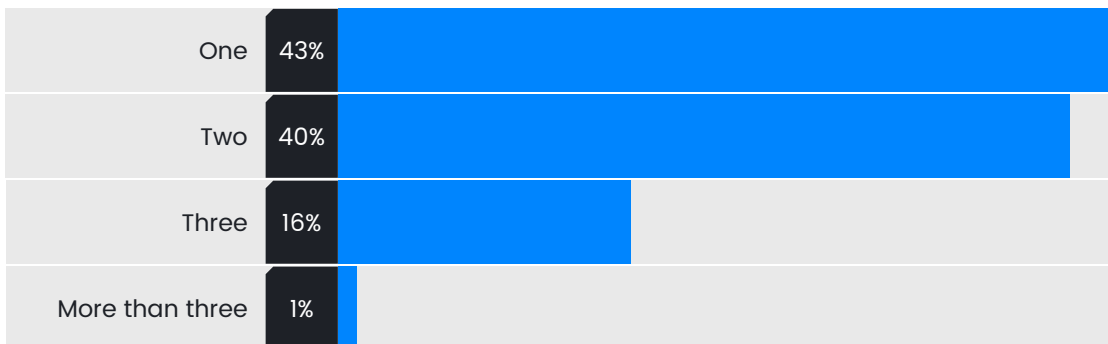
ALAN MORTON
MANAGING DIRECTOR,
SBR CONSULTING

WHAT PERCENTAGE OF YOUR PROPOSALS/PRESENTATIONS TO NEW PROSPECTS CONVERT INTO CLIENTS?



Average conversion rate is 47%

WHEN CREATING PROPOSALS / PRESENTATIONS, TYPICALLY HOW MANY PRICING OPTIONS DO YOU PROVIDE?



GIVE **THREE** PRICING OPTIONS

Those who offered three pricing options were:

- twice as likely to have high conversion rates (above 60%)
- 50% more likely to have a typical client value in excess of £100K in year 1

...than those who only gave one option when quoting.

SOUND FAMILIAR?

Giving three pricing options was one of the tips given by pricing guru, Blair Enns, during one of our members' events. Find out what else he advised consultants to do to increase their conversion rate and average client value.



PRICING CREATIVITY
FOR CONSULTANTS

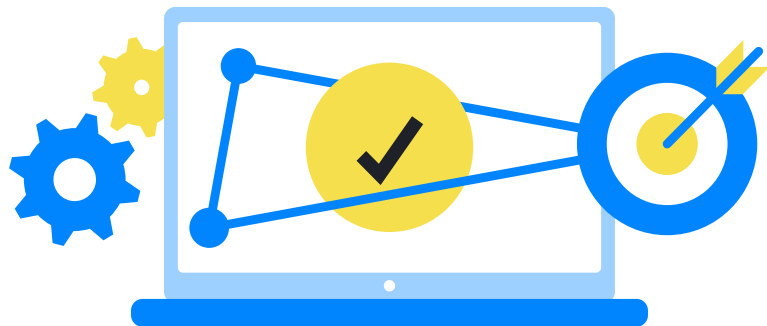
WATCH VIDEO >

THE CONSULTANCY SALES MATURITY ASSESSMENT

Maximising sales is never off the agenda for growing consultancies. But do you know how effective your firm is at selling? And how to improve it?

The Consultancy Sales Maturity Assessment takes **just 5 minutes to complete**. It's a series of short, simple questions that delve into the vital elements of sales excellence for founder-led consultancies.

On completion, you will immediately receive an email containing your results and a customised report full of recommendations for improvement based on your specific scores.



[ASSESS YOUR SALES EFFECTIVENESS](#)



JOIN THE COMMUNITY TO ACCESS EVEN MORE CONTENT

New Business is one of the topics regularly covered during The Consultancy Growth Network's online and face-to-face events. Some of the sessions recently hosted by The Network that are not referenced elsewhere in this report include:

- The art, the science and the psychology of building effective pitches
- Alternative strategies to discounting
- How to get attention with email outreach
- Positioning – how to craft a competition-less message
- Get more (and better) attention online



LUKE BADIALI

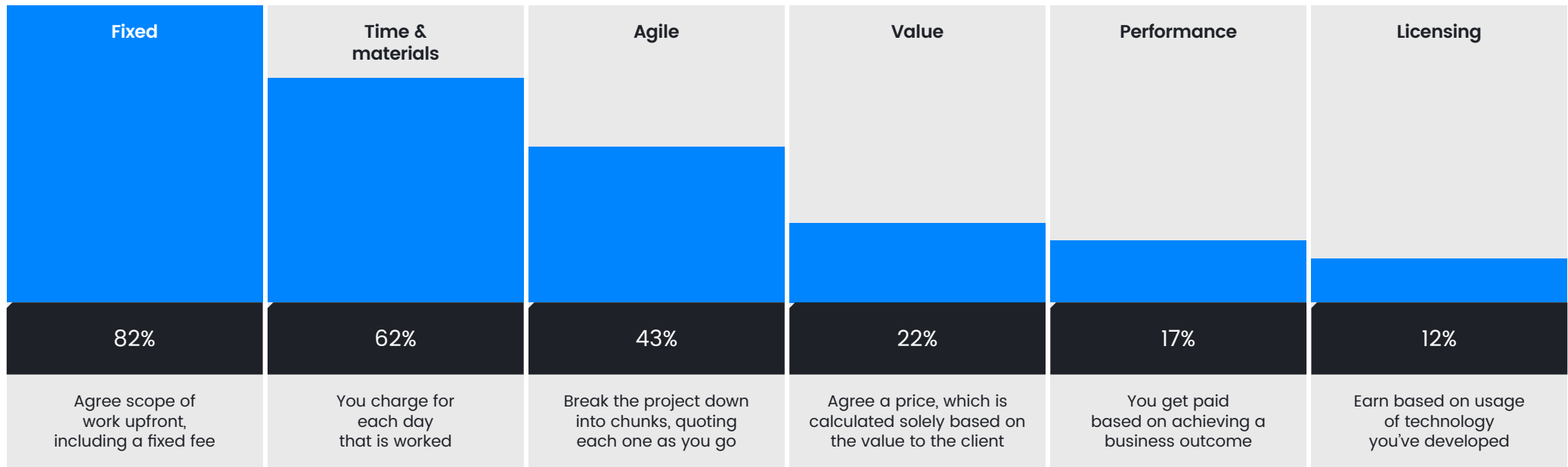
 FOLLOW LUKE

[BOOK A CALL WITH LUKE TO FIND OUT MORE](#)



HOW CONSULTANCIES PRICE

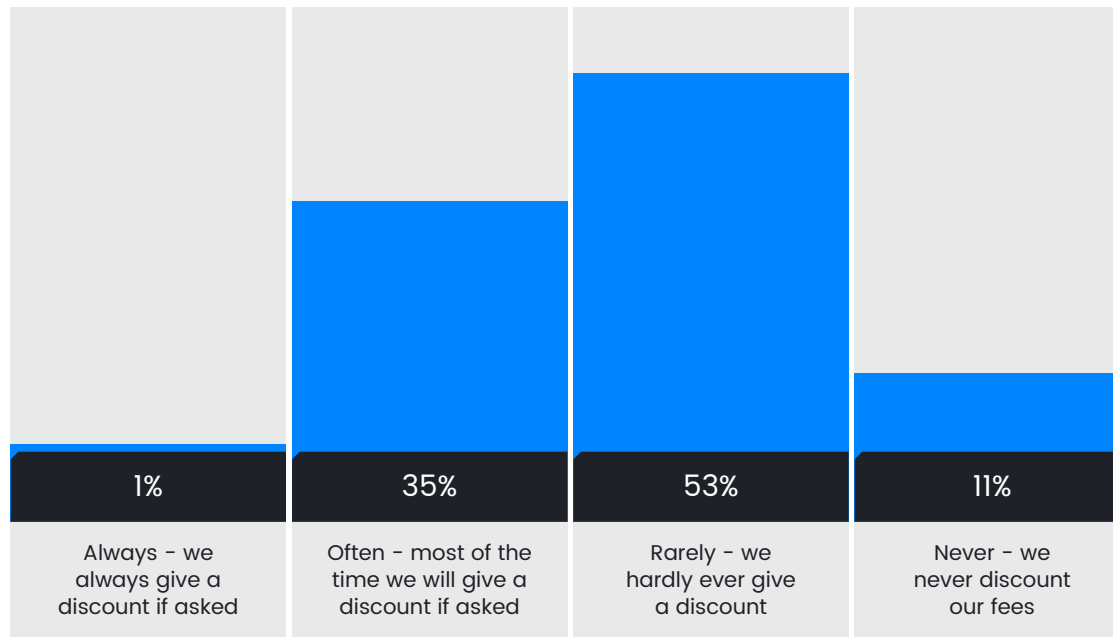
METHODS USED BY CONSULTANCIES TO PRICE WORK



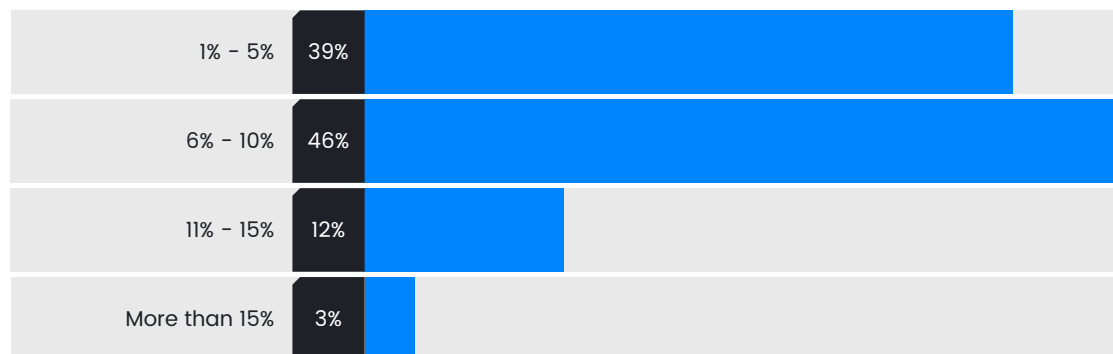
PERFORMANCE PRICING BOOSTS GROWTH OUTLOOK

If you price based on performance, you're more likely to be predicting high growth next year. 68% of firms that use this pricing method expect to see 26%+ revenue growth in the next 12 months, compared to just 40% of firms that don't price on performance.

IF YOU'RE ASKED TO DISCOUNT YOUR FEES WITHOUT REDUCING THE SCOPE OF WORK, DO YOU?



IF YOU DO DISCOUNT, WHAT PERCENTAGE DO YOU TEND TO DISCOUNT BY?



DISCOUNTING WILL REDUCE YOUR PROFIT

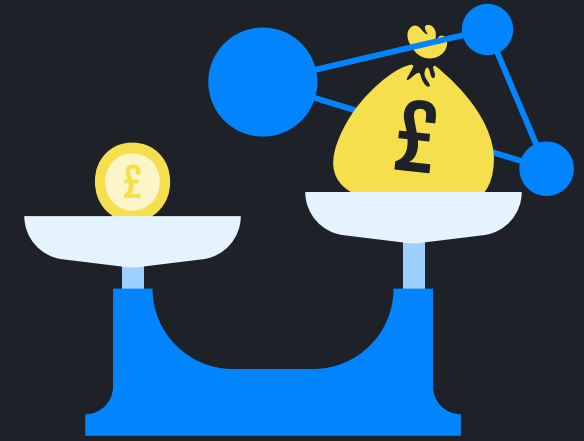
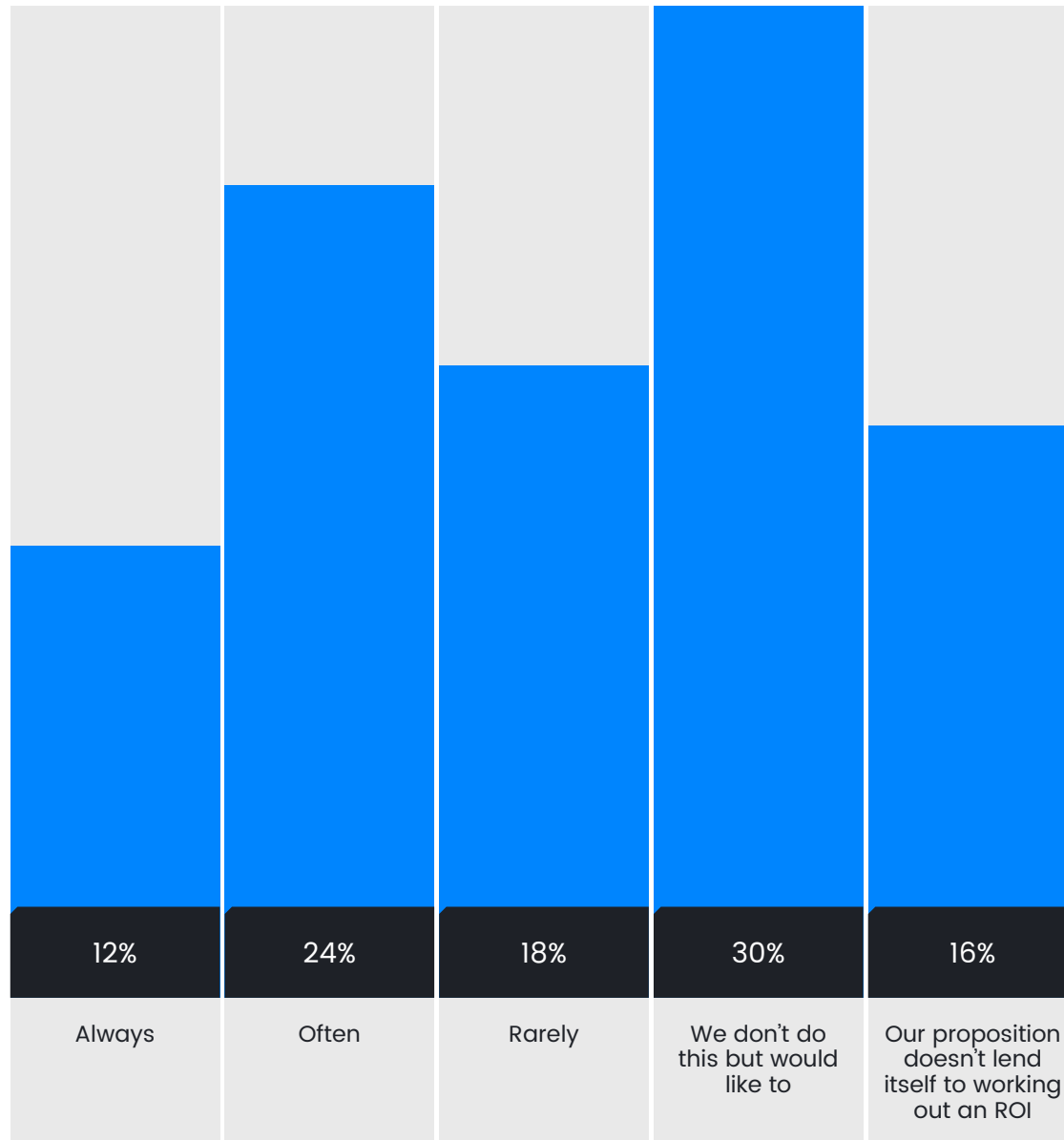
It is encouraging to see that 64% of consultancies rarely or never discount because, in the same way a 5% price increase will on average deliver a 30% increase in operating profit, a 5% discount will reduce operating profit by 30%.

Despite the threat to profitability, discounting is likely to have a role to play in your growth strategy, particularly if you are pitching to procurement functions who are bonused on delivering price reductions.

IF YOU ARE GOING TO DISCOUNT:

- 1 Set volume thresholds and offer them to everyone even if they don't ask - it may encourage them to spend more with you.
- 2 Reduce the size of your discount increments to 2.5% - people usually think in 5% increments.
- 3 Define a 'give to get' strategy so that you get something in return, e.g. better payment terms, a case study / testimonial, or an introduction to other parts of the business.

DO YOU MEASURE THE RETURN ON INVESTMENT (ROI) YOU DELIVER TO CLIENTS?

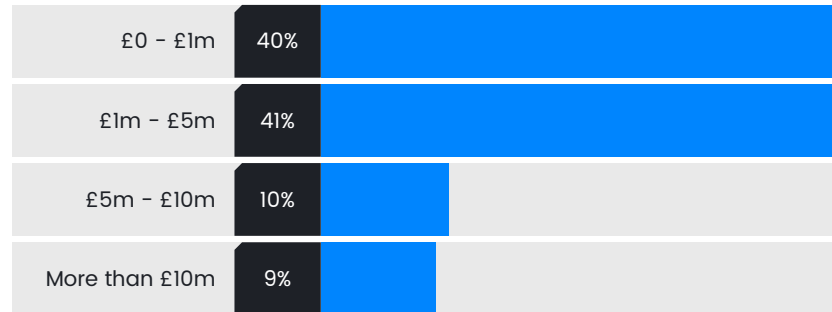


64% OF CONSULTANCIES AREN'T MEASURING ROI OFTEN ENOUGH

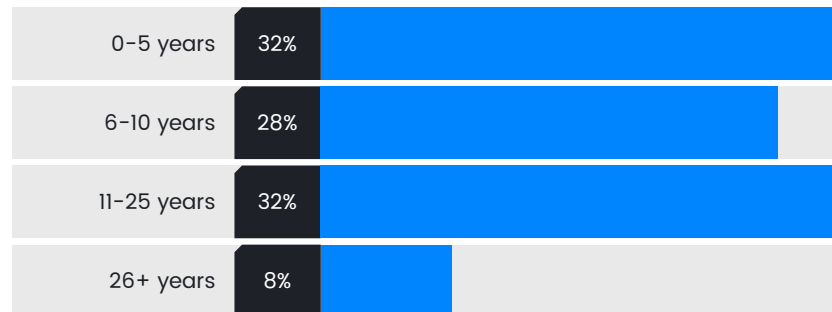
During recessionary times, when clients are looking to save money, the hardest programmes to cut are those demonstrating measurable, financial returns. This means that the 64% of firms that aren't measuring ROI often enough are at a greater risk of losing clients than those that are clearly demonstrating the value that they're adding.

WHO COMPLETED THE SURVEY

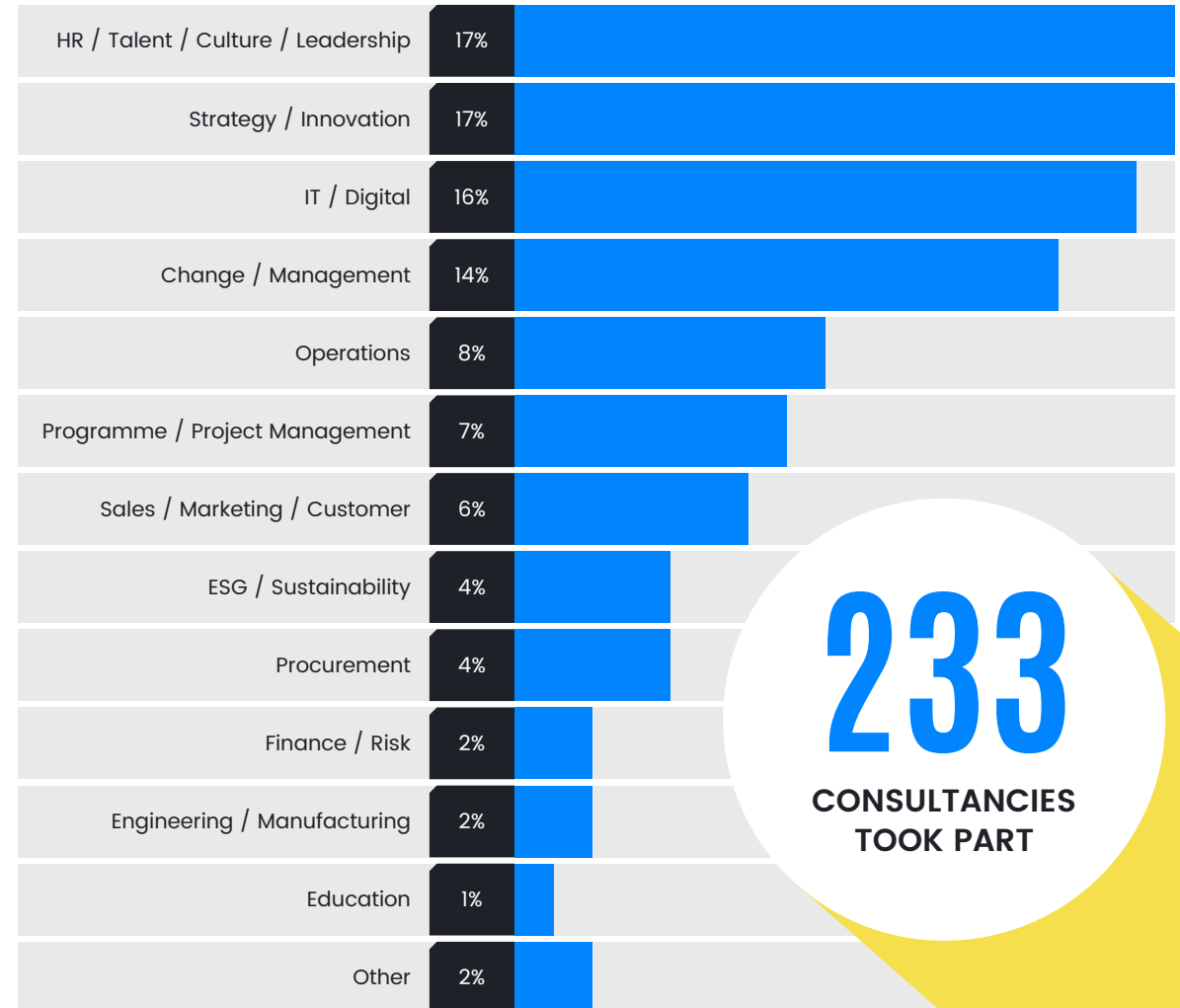
REVENUE IN THE LAST 12 MONTHS



HOW LONG THEY'VE BEEN IN BUSINESS



TYPE OF CONSULTING BUSINESS



233

**CONSULTANCIES
TOOK PART**

GET ACCESS TO THE FULL REPORT

This is an abridged report of the results of the Consultancy BenchPress survey. The full 54-page version is available to those who complete the survey and to members of The Consultancy Growth Network. Here's what you also get in the full report:



What consulting business owners earn and how that has changed since COVID



Why gross margins have dropped so much and how to increase yours



The reasons why consultancies did and didn't grow in 2022



The optimum client value for growth



The biggest risk to your revenue and how to mitigate against it



How gross margin is impacted by an international client base



The sales and marketing metrics that the top-performing consultancies measure to improve their performance



How to solve your biggest new business challenges



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



Utilisation rates for key job roles, and how a 1% improvement will deliver a 20% increase in operating profit

COMPLETE THE SURVEY



ARRANGE A CHAT WITH LUKE



THE CONSULTANCY GROWTH NETWORK



WOW

WE LOVE WORKING WITH CONSULTANCIES

The Wow Company is an accountancy practice that specialises in working with consulting and creative businesses. We'll remove the hassle of staying on top of your finances and provide you with insights so that you can make better decisions.

HERE'S WHAT OTHER CONSULTANCY OWNERS SAY ABOUT US



GURDEEP GAHIR
AD ESSE

"Wow has provided a fantastic service to Ad Esse. As well as providing the standard accounting services, they've helped me and my business partner to make time to think more strategically from a financial perspective, and really look at growing the business. We have a much better understanding of our financials now that we have better metrics that Wow helped us pull together and they're always available for my (sometimes random) questions. I can't recommend them enough!"



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](#)



@THEWOWCOMPANY



GET IN TOUCH

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CONSULTANCY
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NETWORK**

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