

Consulting & Professional Services

Professional Services firms are twice as likely to make changes to their investment or strategic plans over the next 3 months than other sectors.

There is consensus amongst consulting Partners that the recent crisis has accelerated pre-existing trends rather than changed the industry overnight and that double-digit growth will return, as it did after each of the last two recessions.

Through conversations with our clients¹, our network has identified four trends of how firms can emerge successfully from this crisis:

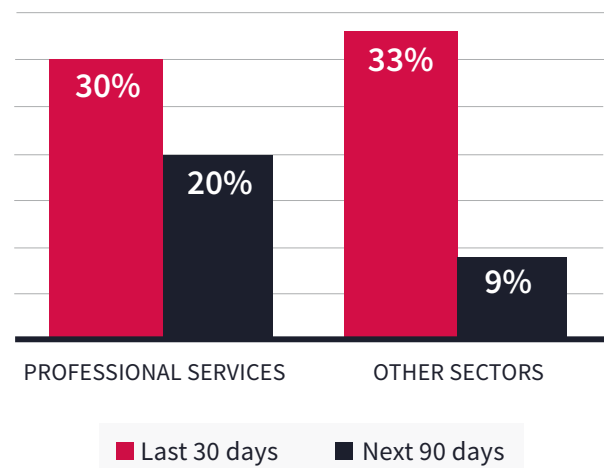
- **Putting fees at risk:** Following pro-bono and reduced-rate interventions, putting fees at risk and sharing in the upside will encourage clients to engage more readily
- **Specialism:** Subject matter expertise will trump big brand assurance – identifying this capability internally and demonstrating it to clients will be key
- **Generating revenue via digital / remote engagement:** Remote ‘digital’ working is now proven so firms must capitalise on these technologies to engage clients, run workshops, steering committees and meetings without loss of revenue momentum or productivity
- **“Productisation”:** Where on-site client interaction is limited and/or less in demand, the ability to “productise” services remotely - such as ‘tracking and metrics’ - and to embed the change is more important than ever

A recent survey² run in collaboration with Independent Consultants, Aneil Rakity & Tal Potishman, has shown that PS firms are in line with other sectors in their immediate response to the crisis, with 30% of PS respondents confirming they have made major changes to their investment or strategic plans in the last 30 days (compared with 33% for all other sectors).

However, when looking at the next 90 days, PS firms are twice as likely to be planning major changes compared to companies in other sectors. There are several possible explanations for this, including what Tal Potishman described as “the need to introduce revitalised business models such as outcome-based fee arrangements” and what Aneil Rakity highlighted as “the creation of new service lines to meet the needs of a changing business environment.”

1. Qual responses. n=450 2. Quant survey. n= 217

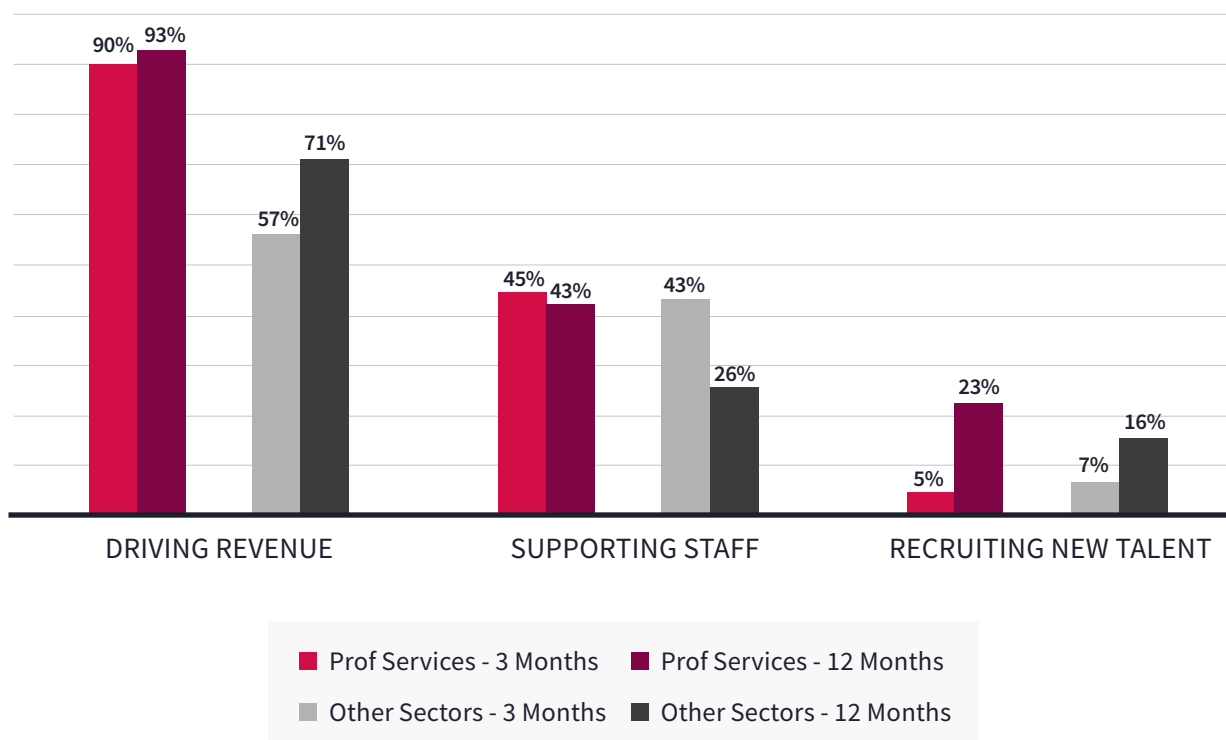
Pace of Change - % making major changes (n = 217)





When looking at the top 3 issues that executives say they will focus on over the next 3 to 12 months, there are some important differences between PS firms and other sectors. Professional Services firms:

Importance of top 3 issues over the next 3 and 12 months (n = 217)



- Showed both an immediate focus on winning new business (90% vs 57%), and a sustained focus in 12 months from now (93% vs 71%). Tal Potishman and Aneil Rakity identified this is likely due to the lack of recurring revenue and the need to constantly deploy staff to generate cashflow, but also a response to new demand from clients to help them navigate an unprecedented crisis.
- Showed an above average focus on the engagement and well-being of their staff over the longer-term (43% vs 26%). With people being their primary asset and with mature human capital functions, Oliver Phoenix, Managing Director at the Barton Partnership, noted that “PS firms appear to be making a strong commitment to their colleague base”.
- Are looking ahead to materially stepping-up their efforts to find and convince new talent to join their firms (from 5% in 3 months to 23% in 12 months) as they restore their bench to full utilisation in the short-term, while building the skills and capabilities to support clients in the future.



The ongoing development of successful recruitment, talent management and onboarding practices will be critical to delivering on this growth and so at The Barton Partnership we considered how a focus on talent can be leveraged to succeed post-Covid.

Employees are currently being retained through furlough and bonus/salary reduction, but as staffing decisions are made as businesses emerge from the crisis, top talent will become available. Here are 5 ideas to ensure you attract the best people:

1. Building culture remotely:

Consultancies where the office culture forms the bedrock of their talent retention will have to re-balance their expectations and embrace new and novel ways to embed culture.

2. Embracing remote hiring:

The remote recruitment and onboarding of talent is no longer a leap of faith. Engaging and winning via video conferencing is crucial and will become a core capability for all consultants to work effectively internally as well as with clients.

3. Sustaining training:

Engaging staff at Analyst and Consultant level - where 'learning and development' are critical to ongoing engagement and productivity - is more important now than ever before. Companies that continue to train and coach their staff and invest in their development regardless of channel and location will attract the best people.

4. SMEs that can sell:

Creating new revenue streams and client relationships is becoming a more critical and prized skill than just having 'functional specialists' whose contribution to new business development is limited - identifying, recognising and attracting candidates with both skillsets will increase your chances of success.

5. Up the ante to attract the best:

The Covid crisis is engendering a sense of loyalty and attachment, particularly at smaller firms, where staff have 'survived together'. Attracting talent from an organisation where they have been well looked after will be more challenging.



ABOUT THE AUTHOR

Managing Director and Professional Services Practice Lead, Olly works with a range of clients - from new entrants in niche areas, to established players within the sector - leading senior searches across Professional Services.



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ABOUT THE STUDY

A collaboration between The Barton Partnership & Independent Consultants Tal Potishman and Aneil Rakity, this insight provides analysis on the actions companies are taking to recover from the impact of Coronavirus.

Our insight is based on The Barton Partnership's qualitative research from more than 160 clients, supported by a quantitative cross-industry survey by Tal Potishman and Aneil Rakity of 217 global senior business executives conducted during April and May 2020.



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