

2023

Deltek.

# HIGH GROWTH STUDY

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INSTITUTE

CONSULTING  
SERVICES EDITION



## High Growth Study 2023 | Consulting Services Edition

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# About the High Growth Study

For well over a decade, the Hinge Research Institute has been studying the best performing professional services firms. And in 2016, we released the first annual High Growth Study. This year's study represents the 8th installment of our signature research report.

# Acknowledgments

We would like to thank the following organizations. Without the support of their staff and members, this study would not have been possible.



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# Introduction

The battle for top talent rages on. An unpredictable economy, a war in Europe, and a combative political environment make the road ahead difficult to see. So how do consulting firms like yours deal with so much uncertainty in the world?

Today, clients take longer to close, they want to pay less, yet they expect the same high quality of work. At the same time, consulting firms are fishing in the same pond for the top talent. To catch the best people, you need a great company culture built on transparency, authenticity, and team-focused initiatives.

To help you cope with these challenges, this year's study gives you a clear view into the strategies and tactics used by an elite group of consulting firms that have been able to generate extraordinary growth and profitability despite all this uncertainty.

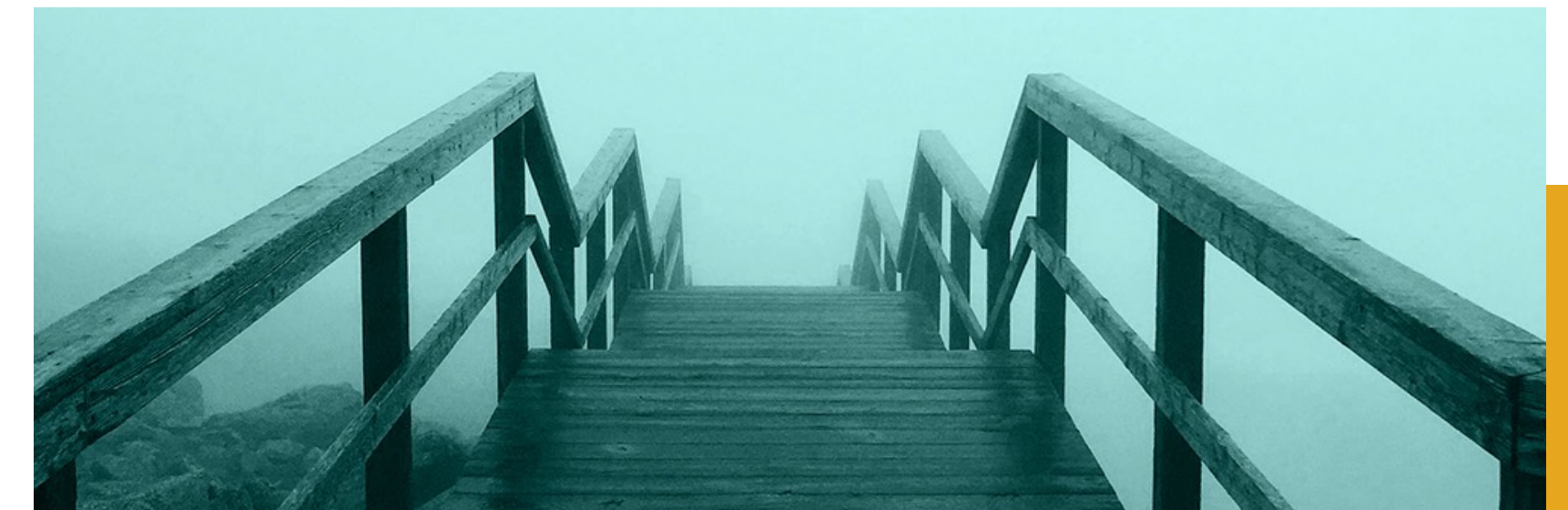
## What Drives Exceptional Growth

In the following pages, we explore how this exceptional group of firms delivers consistent, ongoing success. We examine the technologies they use and how those technologies drive growth. We dive into the role that marketing plays in their organizations and how it impacts their overall performance. We also go deep

inside the war for talent, exploring the role culture plays in attracting and retaining professionals, as well as the kinds of programs that are most likely to make a positive impact.

## The Insights You Need to Thrive

We live in an age of heightened uncertainty. But with uncertainty comes great opportunity. This year's study provides not only a look at what the best performing firms are doing but what specific insights and advice your consulting firm can use to take full advantage of that opportunity. Focusing on what you can control will help you develop a marketing system that delivers powerful results year after year.

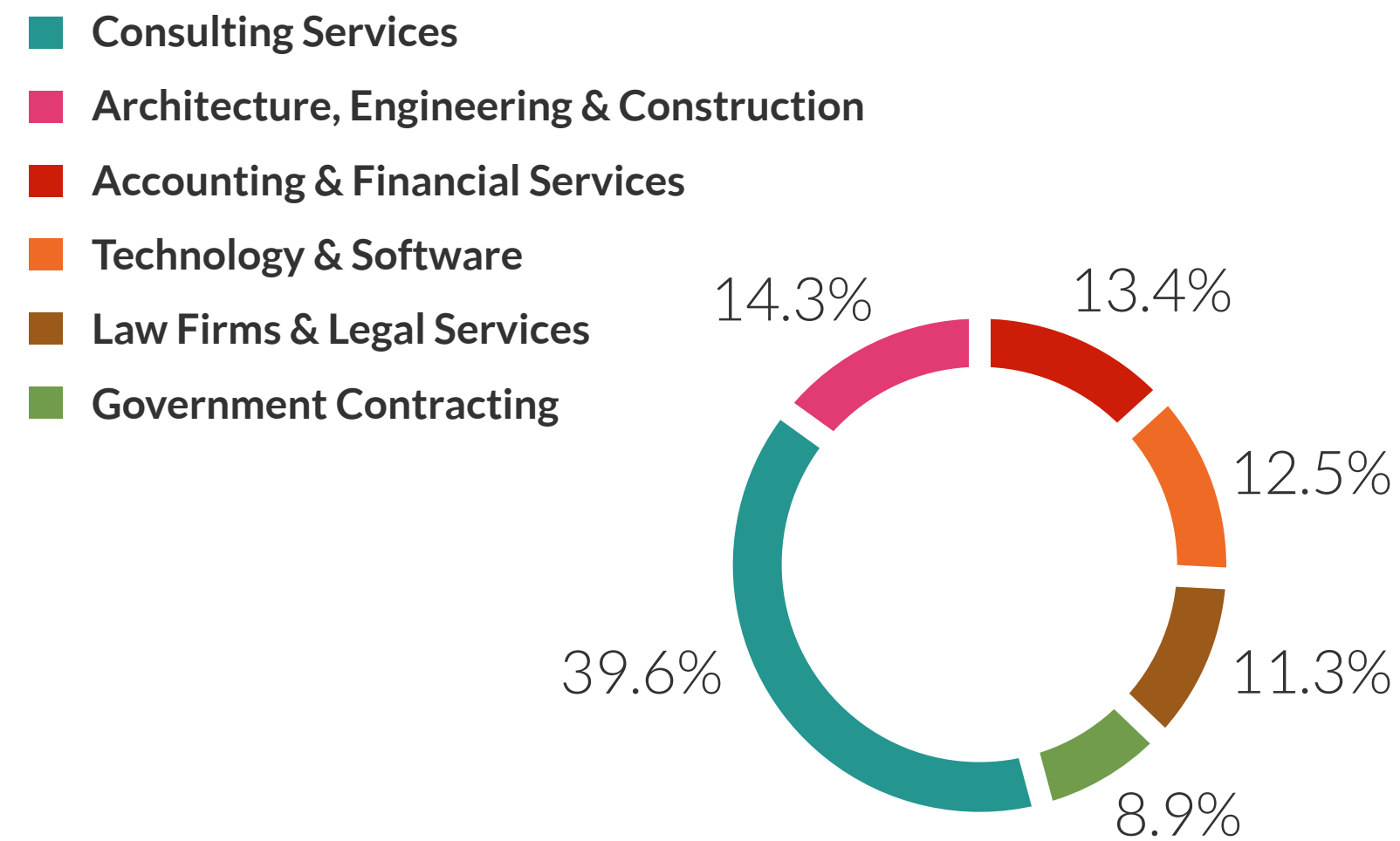


# About the Study

Every year, the Hinge Research Institute conducts a study of professional services firms to identify emerging trends and determine what the fastest growing, most profitable firms do differently. This year's study taps into a robust sample.

**FIGURE 1.**

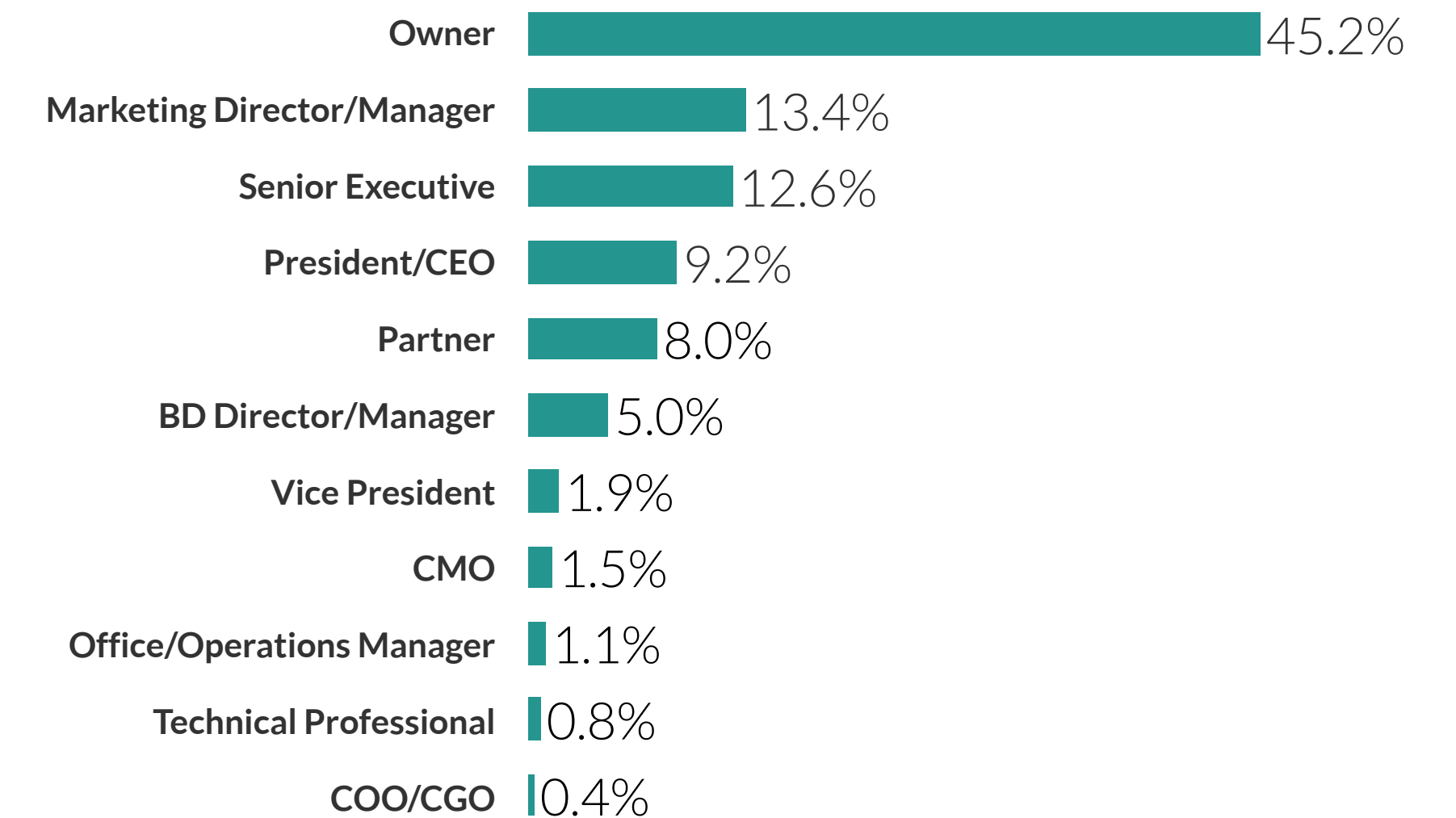
## Industry Composition



As shown in Figure 1, firms across six industry groups participated in the overall study with **300 respondents representing consulting firms**. Full research reports are available for [each of the industries](#).

**FIGURE 2.**

## Respondent Role Within Their Company

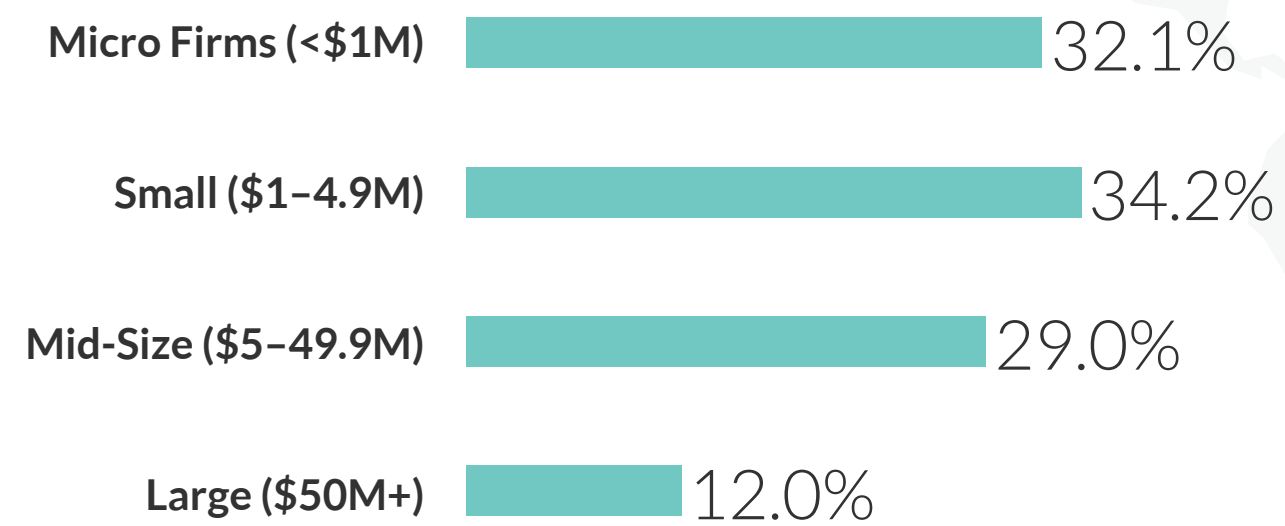


# About the Study

The sample contained firms of various size ranges (see Figure 3) that do business in every region of the globe (see Figure 4).

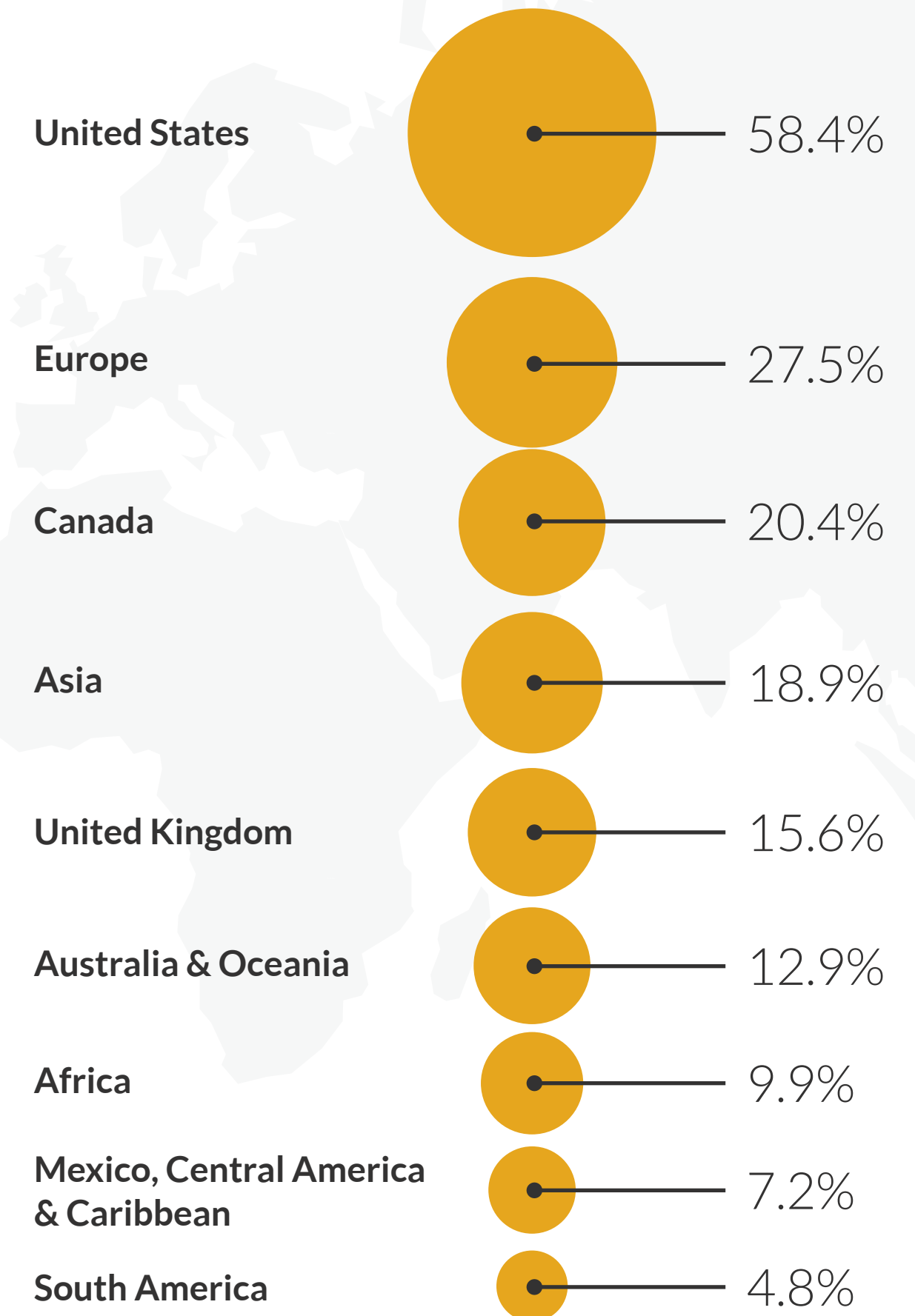
**FIGURE 3.**

## Firm Size Based on 2022 Revenue



**FIGURE 4.**

## Regions in Which Firms Do Business



# Major Trend Analysis

20  
23





20  
23

# Year-Over-Year Trends

# Growth Rates and Marketing Budgets Have Increased

## Growth Returns to Record Levels

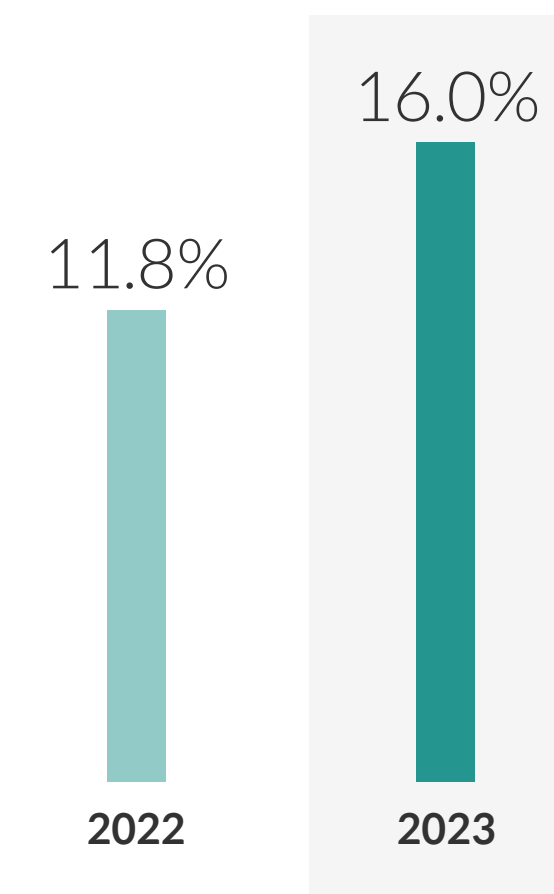
Figure 5 shows the average median growth rate for all consulting firms over the past year. Over the past year, that growth rate has increased over 35%. Clearly, consulting firms are learning to cope with the uncertainty in the marketplace.

## Marketing Spending Continues to Climb

Figure 6 shows the percentage of revenue firms dedicated to marketing (excluding staff compensation). In 2019, consulting firms dedicated only 7% of their revenue to marketing. The rate has risen each year since, and in 2023 it sits at 12%. Much of this rise may be attributed to investments in digital infrastructure that firms had to make during the pandemic. Over the past four years, consulting firms increased their investment in marketing by 71%.

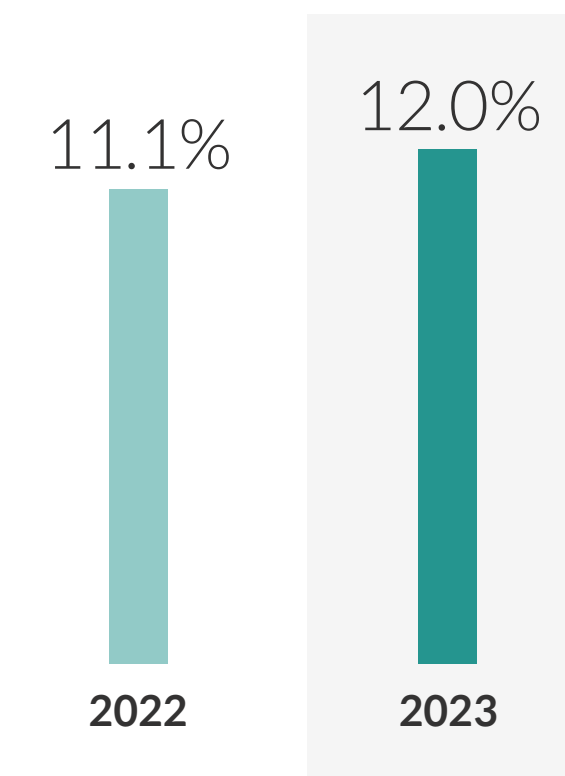
**FIGURE 5.**

### Average Median Growth Rate



**FIGURE 6.**

### Percent of Revenue Dedicated to Marketing (Excluding Compensation)\*



\*These marketing budget percentages are respondent estimates and tend to be higher than actual spend, perhaps because respondents tend to factor in effort or time commitment rather than dollar allocation alone. Also, budgets vary by size of firm and target audience. The budget percentages are best used to understand patterns and trends, rather than exact spending levels.

### PUT THE DATA TO WORK

Figures 5 and 6 provide basic benchmarks you can use to compare your growth and marketing budget against the consulting industry as a whole. We will revisit these metrics later when we look at High Growth firms.

# Unpredictability in the Marketplace Remains the Industry's Most Prominent Challenge

What are consulting firms' top challenges over the next three to five years? They aren't that different from those we saw last year.

Unpredictability in the marketplace remains in the top spot, rising from 40.2% in 2022 to 46.8% in 2023—an increase of over 16%. A shortage of top talent edged out the need for new skills in 2023, climbing from 34.2% in 2022 to 38.0% in 2023—a year-over-year rise of 11%. The need for new skills takes the third spot, slipping ever so slightly since last year.

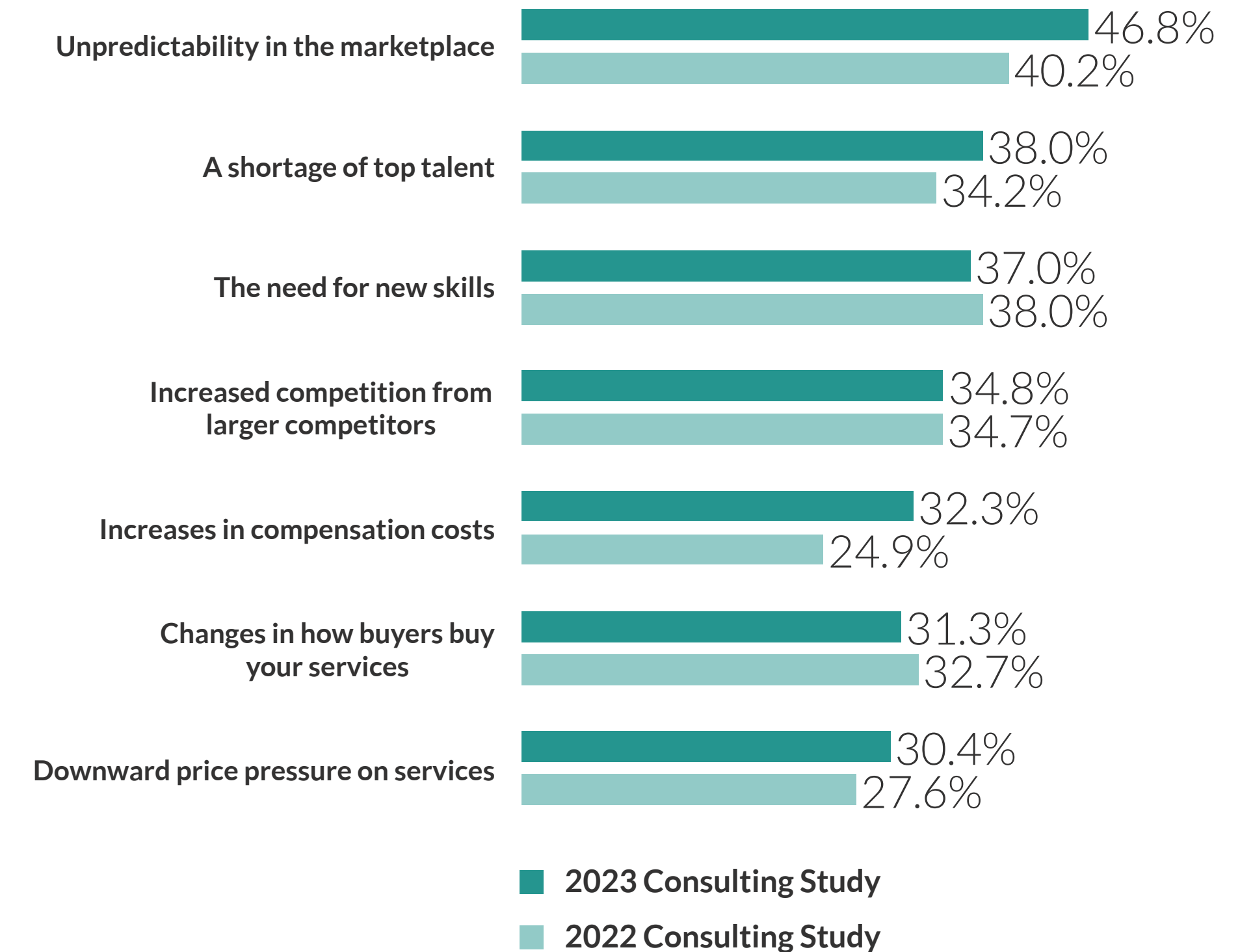
Overall, consulting firms' concerns about the future have remained flat or risen slightly. The three largest increases involve general marketplace unpredictability and firms' anticipated struggles to find and afford top talent.

## PUT THE DATA TO WORK

How to you address unpredictability? One way is to listen to your prospects and clients (we discuss this research later in this report). Depending on what you hear, you may need to change your services or deliverables, offer more flexible payment terms, or offer tiered pricing options that lower the barrier to entry. To find and keep top talent, consider investing in an appealing employer brand, a stronger company culture, and ongoing staff training.

**FIGURE 7.**

### Anticipated Business Challenges in the Next 3-5 Years



# Consulting Firms are Falling Behind when it Comes to Generating Digital Leads

How does the consulting industry stack up against other professional services? In Figure 8, we compare different industries and the leads they generate from digital sources.

## Consulting Firms Are in the Middle of the Pack

The technology & software industry sets the standard for digital lead generation, with over 35% of their leads coming from digital sources. Consulting firms are well behind in fourth place—and 18% lower.

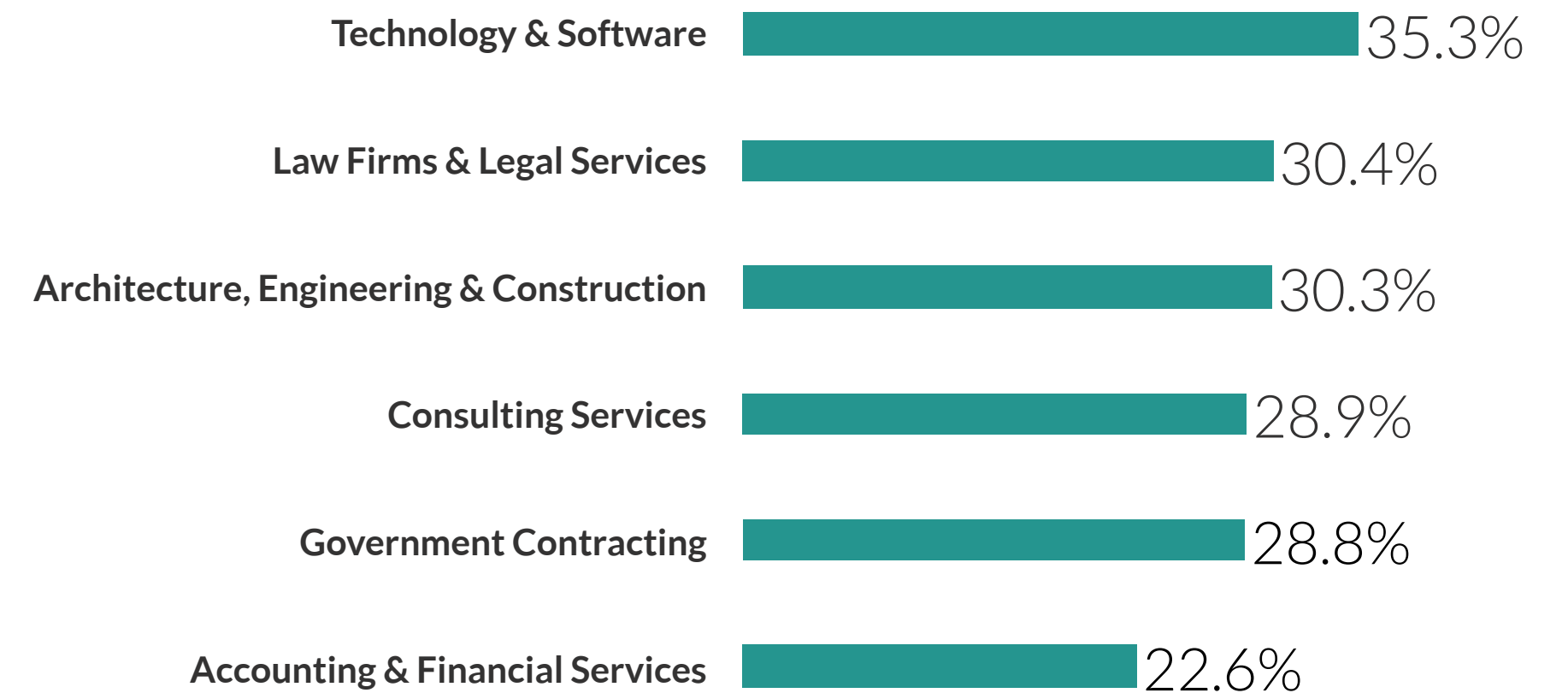
Why is this type of lead generation important? For one thing, digital leads are associated with faster growth and greater profitability. In an increasingly digital world, people are looking online to find and vet consulting firms. That means firms that can attract and nurture prospects online are better positioned for success.

### PUT THE DATA TO WORK

Your digital footprint matters more than you think. Firms that have a strong digital strategy have a distinct competitive advantage over those rely mostly on referrals and traditional lead generation techniques. The insights and advice in this report can help you find ways to improve your efficiency in this area.

**FIGURE 8.**

### Proportion of Leads Generated from Digital Sources



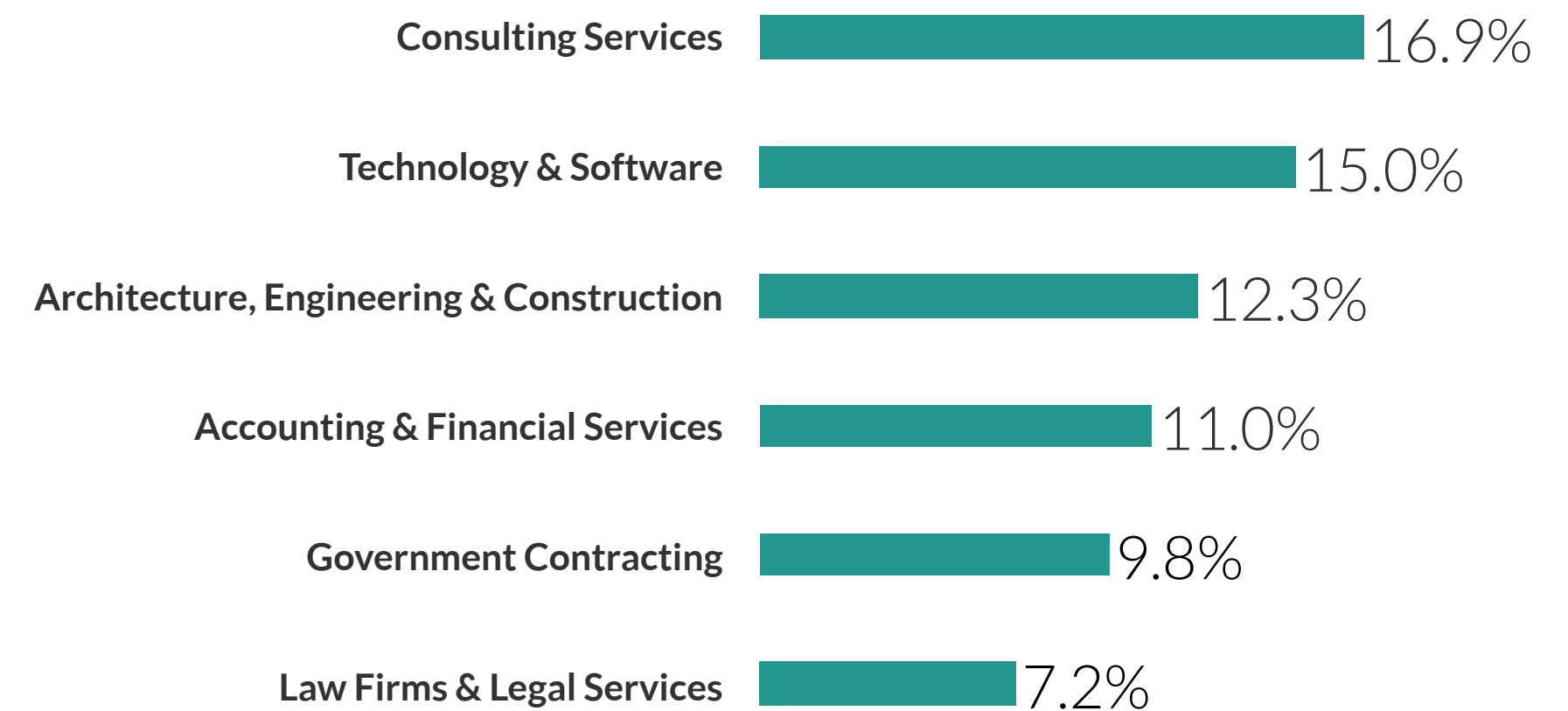
# Consulting Firms Are Outgrowing All Other Industries

Of all the professional services industries in this study, consulting has the highest median growth rate. As we saw on page 10, the industry experienced a more than five percentage point increase over the last year.

In fact, most professional services industries are enjoying positive growth in 2023. But can they sustain it in the face of growing uncertainty? Next, you will meet the High Growth consulting firms that are able to thrive in any economy—and how a unified, sophisticated marketing system helps them achieve consistent, exceptional results.

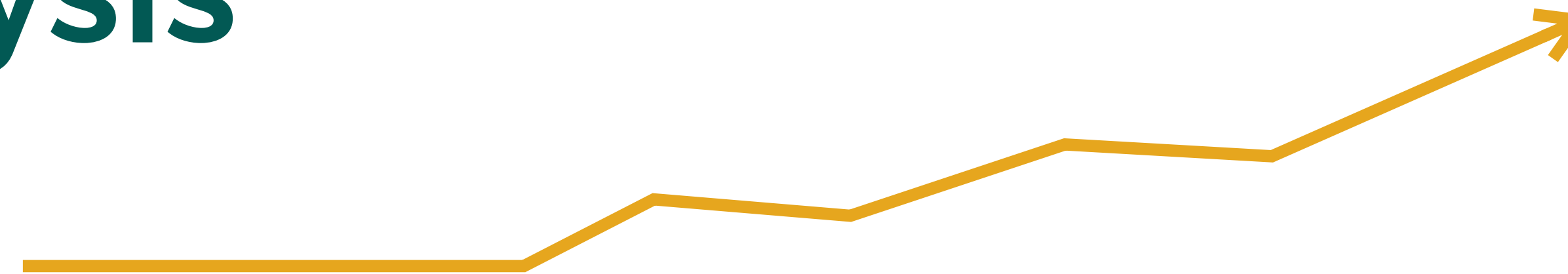
**FIGURE 9.**

## Median Growth Rate by Industry



20  
23

# High Growth Firm Analysis



High Growth firms show us the way forward. They demonstrate how to maintain superior growth and profitability in the face of uncertainty, talent shortages, and intense competition. By following their lead we can learn what actually works to drive superior performance in this challenging marketplace. But what exactly is a High Growth firm?

**We define High Growth firms as those with a minimum of 20% compound annual growth rate over a three-year evaluation period.** When we compare these firms to those that experienced little or no growth over the same time frame, we are able to identify strategies and practices that are associated with faster and more profitable growth.

# High Growth Firms

Just under half (43%) of consulting firms in this year’s study were High Growth firms, (see Figure 10)—those that reported a compound annual growth rate over the last three years of at least 20%.

In Figure 11, you can see how much faster these firms grow compared to their Average Growth and No Growth peers. The High Growth consulting firms reported an exceptional median growth rate of 41%. Average Growth firms, however, reported a significantly lower growth rate of 10%. The No Growth category shrank by 12%.

In this report, we will identify the tactics and strategies that High Growth firms use to achieve those eye-popping growth numbers.

We identified four important factors in High Growth firm success:

- > Technology
- > Talent
- > Marketing and Business Development
- > Strategy

FIGURE 10.

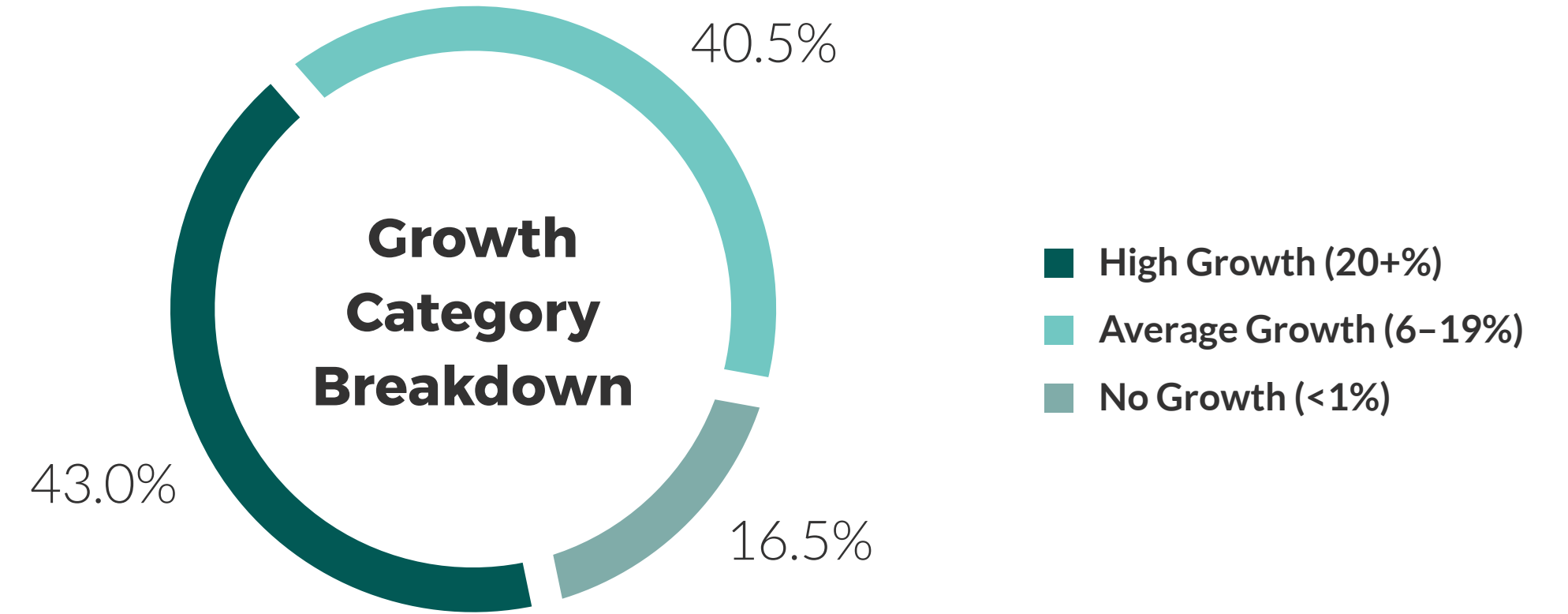
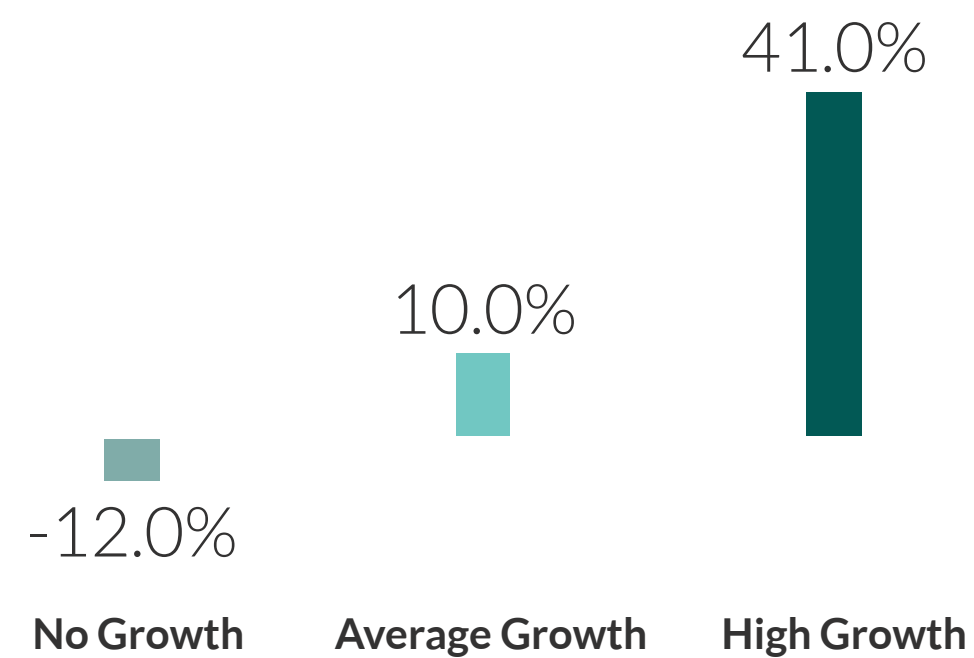


FIGURE 11.

Median Growth Rate by Growth Category



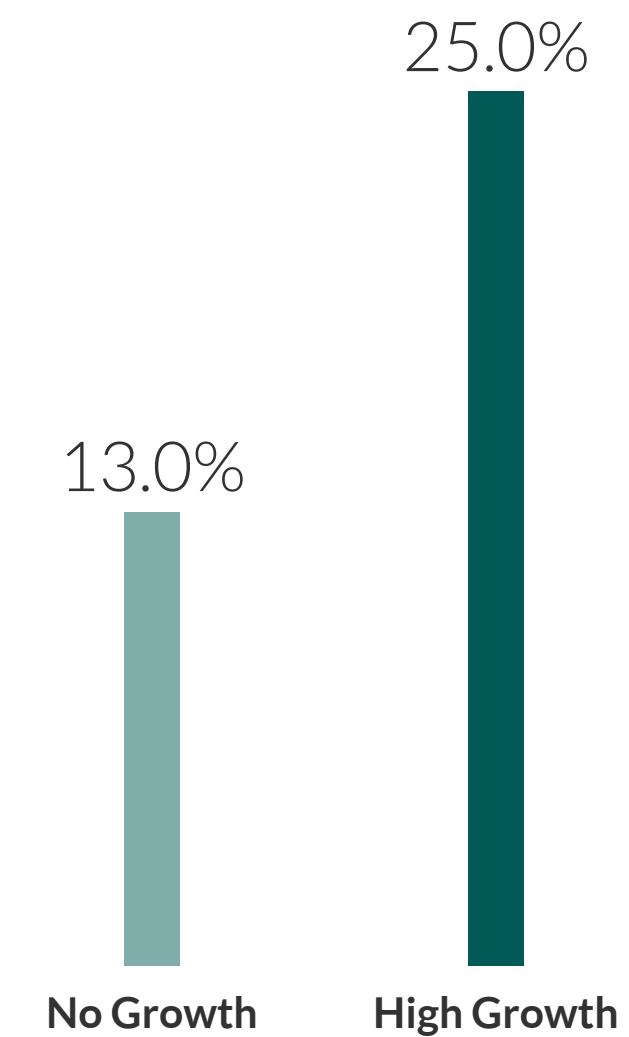
# High Growth Firms are Twice as Profitable

By definition, High Growth consulting firms grow exceptionally fast, but they are two times as profitable, as well. **High Growth consulting firms earned an average profit of 25.0%.** In contrast, their No Growth peers had an average profit of 13.0%. That is a significant difference of 12 percentage points.

Consulting firms can take comfort in the fact that they do not have to sacrifice profitability to achieve high growth. Investing in growth can be highly profitable, too.

**FIGURE 12.**

## Percentage of Profitability Based on Growth (Median)







# Key Advantage: Technology

20  
23

Key Advantage:

# Technology

## High Growth Consulting Firms Have Higher Digital Maturity and Are More Likely to Have Completed a Digital Transformation

Considering some consulting firms specialize in digital transformation, it would make sense that some High Growth consulting firms have a higher level of digital maturity.

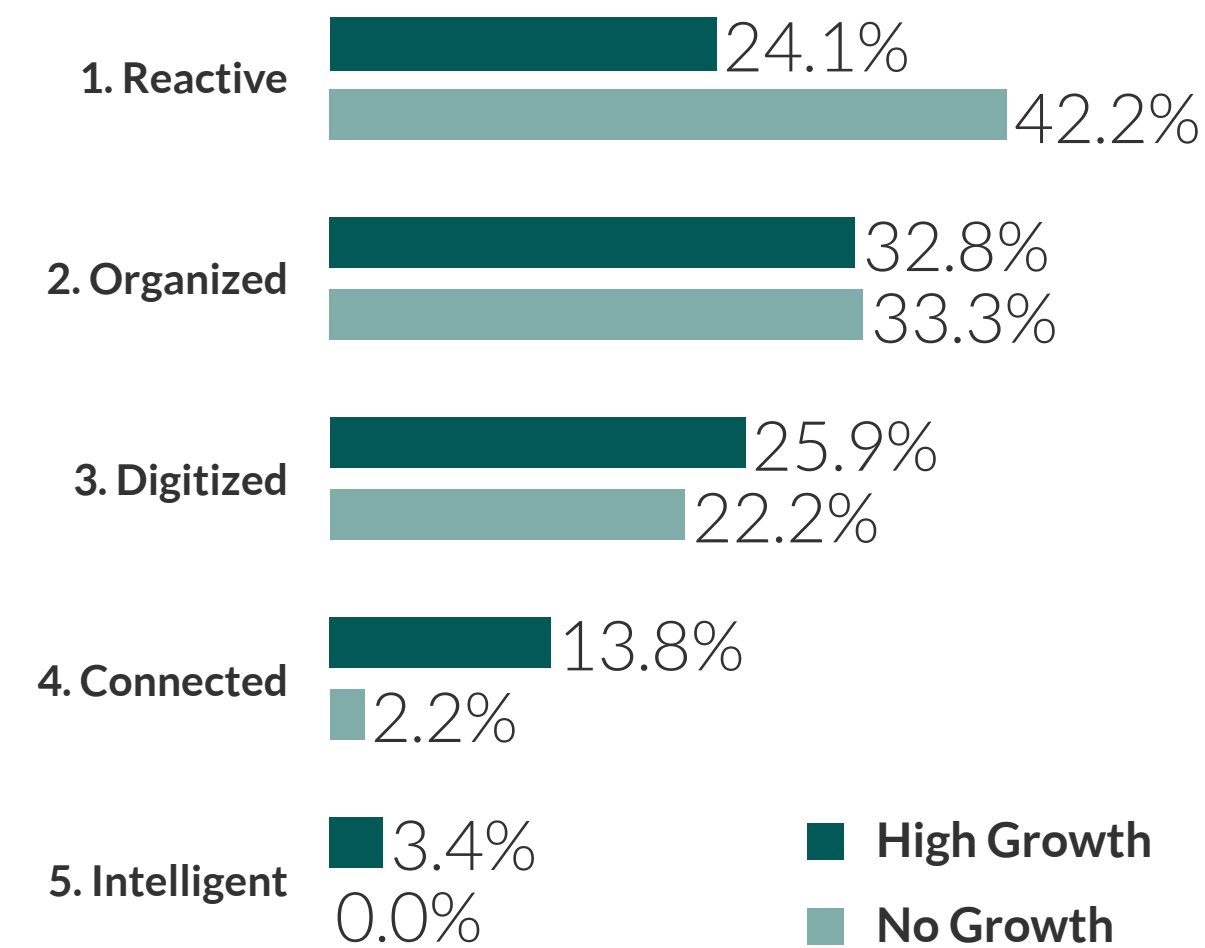
Figure 13 lists the five levels of digital maturity. **Over three quarters of No Growth firms are in one of the two lowest levels.** Their core processes are still largely manual and they react to circumstances as they emerge, or they have begun to store their data in a centralized repository.

In contrast, 43% of High Growth firms are at Level 3 or above. They are starting to enjoy the efficiencies of their automated core processes. At the Connected and Intelligent levels (Levels 4 and 5), High Growth firms' core processes are automated and interconnected, and they can deliver customized experiences that address their clients' specific business challenges.

As you can see in Figure 14, the proportion of High Growth consulting firms that have been through a digital transformation is much greater than their No Growth peers—they are almost three-and-a-half times as likely to have reached this milestone.

FIGURE 13.

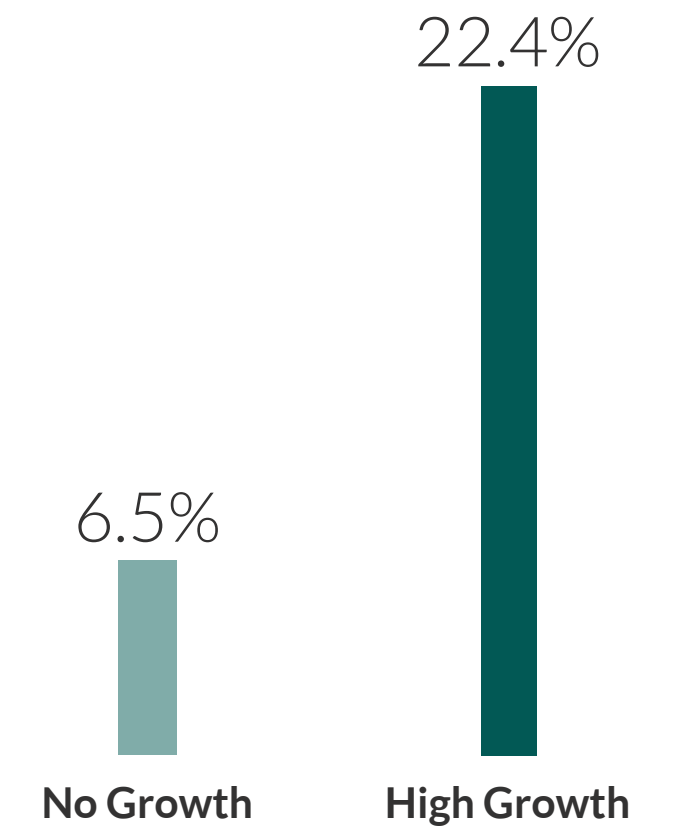
### Current Level of Digital Maturity



\*See page 57 for descriptions of each of these levels of digital maturity.

FIGURE 14.

### Firms that Have Already Gone Through a Digital Transformation



**Key Advantage:**

# Technology

## High Growth Firms' Use More Marketing and Business Development Technologies

No Growth and High Growth firms use accounting and financial management technologies at similar levels—a finding that few people would find surprising. What separates the High Growth firms, however, is their focus on business development technologies. The focus falls into three different categories illustrated in Figure 15:

- **How you market to current and prospective clients**  
(CRM and marketing automation)
- **How you work more efficiently internally**  
(Business process/workflow and ERP)
- **How you make better informed decisions**  
(Knowledge management and business intelligence)

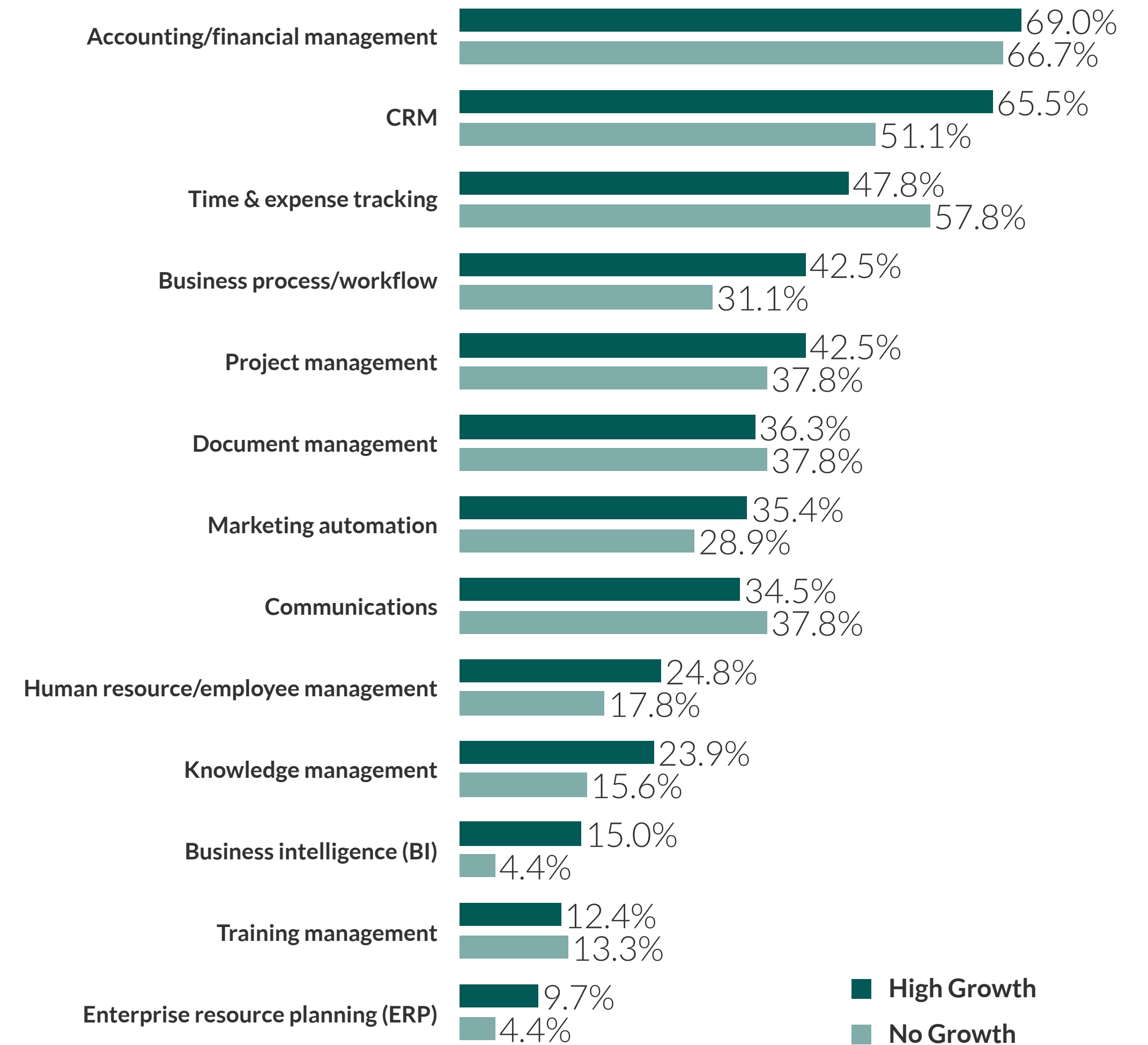
High Growth firms invest in many or all of these technologies—a key to their profitability and growth. No Growth firms have some catching up to do. High Growth firms use these technologies an average of 35% more.

**PUT THE DATA TO WORK**

Compare your firm’s adoption of these technologies to those of High Growth firms. If there are any gaps, consider whether investing in these tools makes sense for your firm. Be sure to budget for training and, where appropriate, implementation support to get the most from your investment.

**FIGURE 15.**

### Use of Business Development Technologies



- High Growth
- No Growth

**Key Advantage:**

# Technology

## High Growth Firms Are Also More Frequent Users of Marketing and Business Development Tracking Technologies

High Growth firms are more likely to actively use business development metrics to make decisions, while No Growth firms are more likely to rely on historical data to set their goals.

According to Figure 16, 46.6% of High Growth firms are using website and social media analytics to develop prospect lists. They are also 34% more likely to track their social media interactions than No Growth firms.

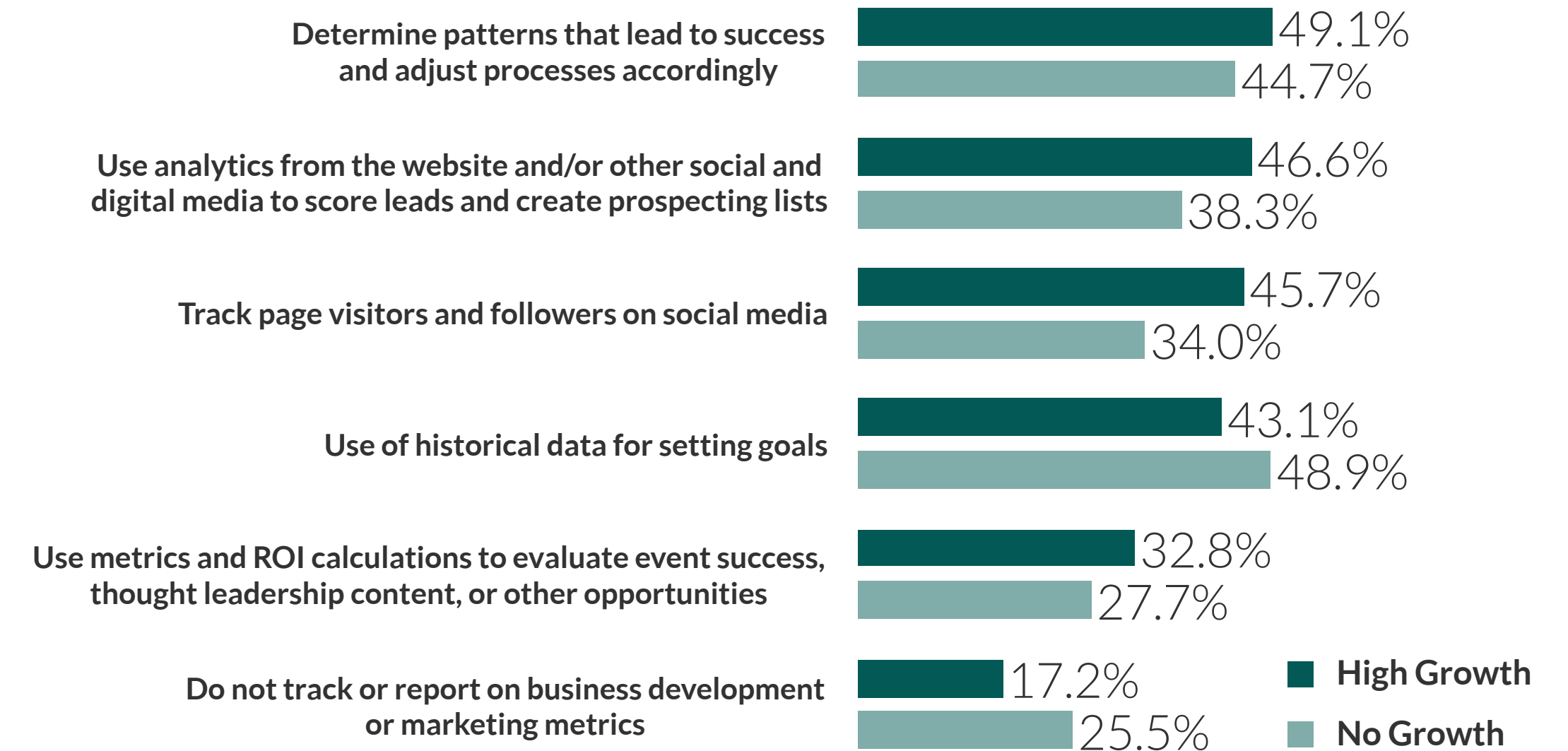
Surprisingly, High Growth firms have only slightly greater confidence in their ability to monitor their marketing and BD metrics than No Growth peers (see Figure 17). This indicates that there is room for improvement across both growth categories.

**PUT THE DATA TO WORK**

Firms with high digital maturity and the discipline to track a wide range of performance metrics are in a stronger position to know where to allocate their marketing and business development dollars and resources. Consider training, hiring, or contracting specialists to help you see emerging problems and opportunities more quickly so you can correct your course along the way.

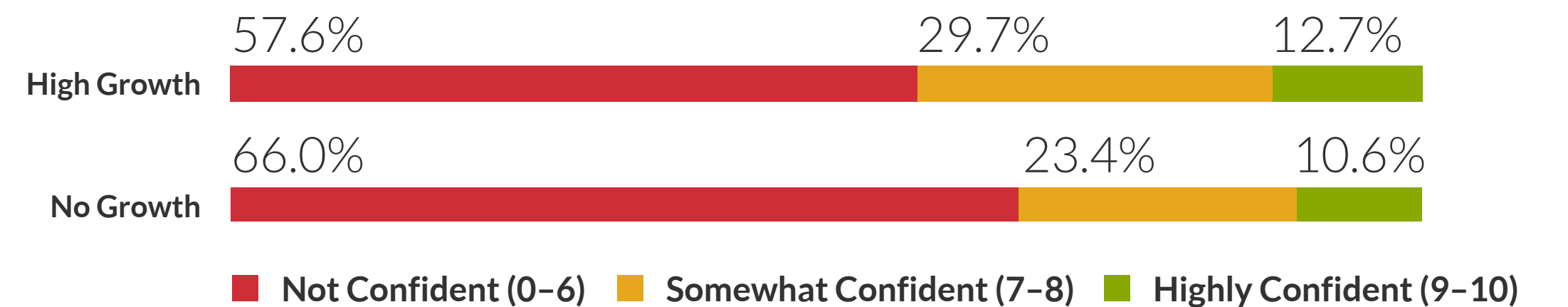
**FIGURE 16.**

### Methods Used to Track Marketing and Business Development Metrics



**FIGURE 17.**

### Confidence in Ability to Track/Monitor Marketing and BD Metrics



**Deltek.**

# Powering Project Success

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See how fast-growing consulting firms use Deltek Vantagepoint to be more efficient at planning, pricing, and managing their projects.

**"Vantagepoint has added a lot more efficiency to our process. More procedures are automatic and with that added efficiency we can maximize the utilization of our staff."**

– CHAD RAHMANI, DIRECTOR OF FINANCIAL SERVICES, S2S

Is your firm interested in becoming more efficient? [Learn more here.](#)





# Key Advantage: Talent

20  
23

**Key Advantage:**

# Talent

## Employees at High Growth Firms Tend to Be More Satisfied with Their Company's Culture

Back in Figure 7, we learned that finding talent is one of the top challenges professional services firms expect to face in the next three to five years. One way firms can attract the best people is by having a strong company culture. In Figure 18, High Growth firms rate their overall satisfaction with their company culture higher than Average Growth and No Growth firms. No Growth firms were far more likely to express dissatisfaction with their culture than the other two growth categories.

The chart shows that there are large numbers of passive supporters (those that gave a rating of 7 or 8) across all three types of companies surveyed. Many of these individuals are likely to support initiatives to improve your company culture.

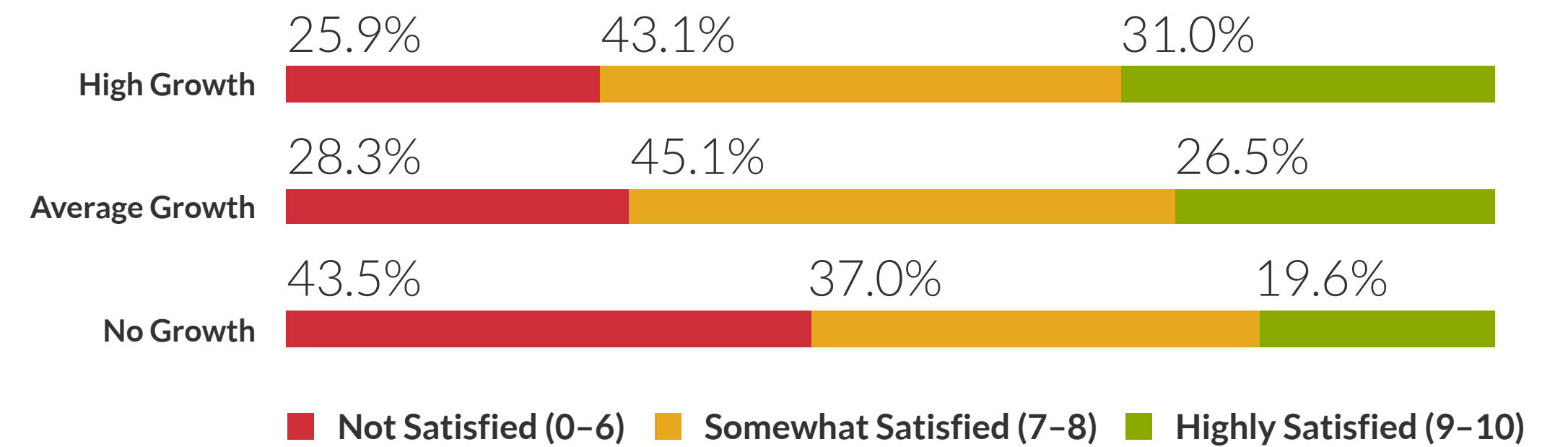
On the next page, we explore what a strong company culture looks like.

**PUT THE DATA TO WORK**

Try to determine how satisfied your employees are with your company culture. The best way to do this is to hire an impartial third party to survey your team and collect the results. You will gain a truer picture of your situation and where you need to invest to attract and keep your best people. Use the insights on the next page to help you determine what questions to ask your team—and as a guide to build a strong, lasting corporate culture.

**FIGURE 18.**

### Overall Satisfaction (0-10) with Company Culture



Key Advantage:

# Talent

## Weekly Status Meetings Are Critical for Strengthening Company Culture at Consulting Firms

When we asked what aspects of company culture employees found most appealing, three themes emerged:

1. **Transparency:** Teams appreciate weekly status meetings, which help today’s often-remote workforce stay aligned and productive. Access to company performance metrics builds trust and can be a source of motivation.
2. **Authenticity:** Social responsibility programs give employees an easy way to support social programs they are passionate about. Regularly reinforcing company values gives the staff confidence that they are doing meaningful work and that management cares about their well-being and the firm’s mission.
3. **Team Building Opportunities:** In-person, work-related social events give employees, many of whom work either from home or at clients’ sites, the opportunity to build relationships with their colleagues. Notes of gratitude and shout outs give teams a way to appreciate their teammates.

**PUT THE DATA TO WORK**

As you consider this chart, keep in mind that employees can only appreciate benefits and activities that are already offered. Go through the list and see how many of these your firm provides. Are there any you might want to consider adding? Are there activities not listed here that your firm may overvalue?

FIGURE 19.

### Most Appealing Company Culture/Employee Experience Programs





**Key Advantage:**

# Talent

## High Growth Firms Have Access to More Highly Skilled Talent than Their No Growth Competitors

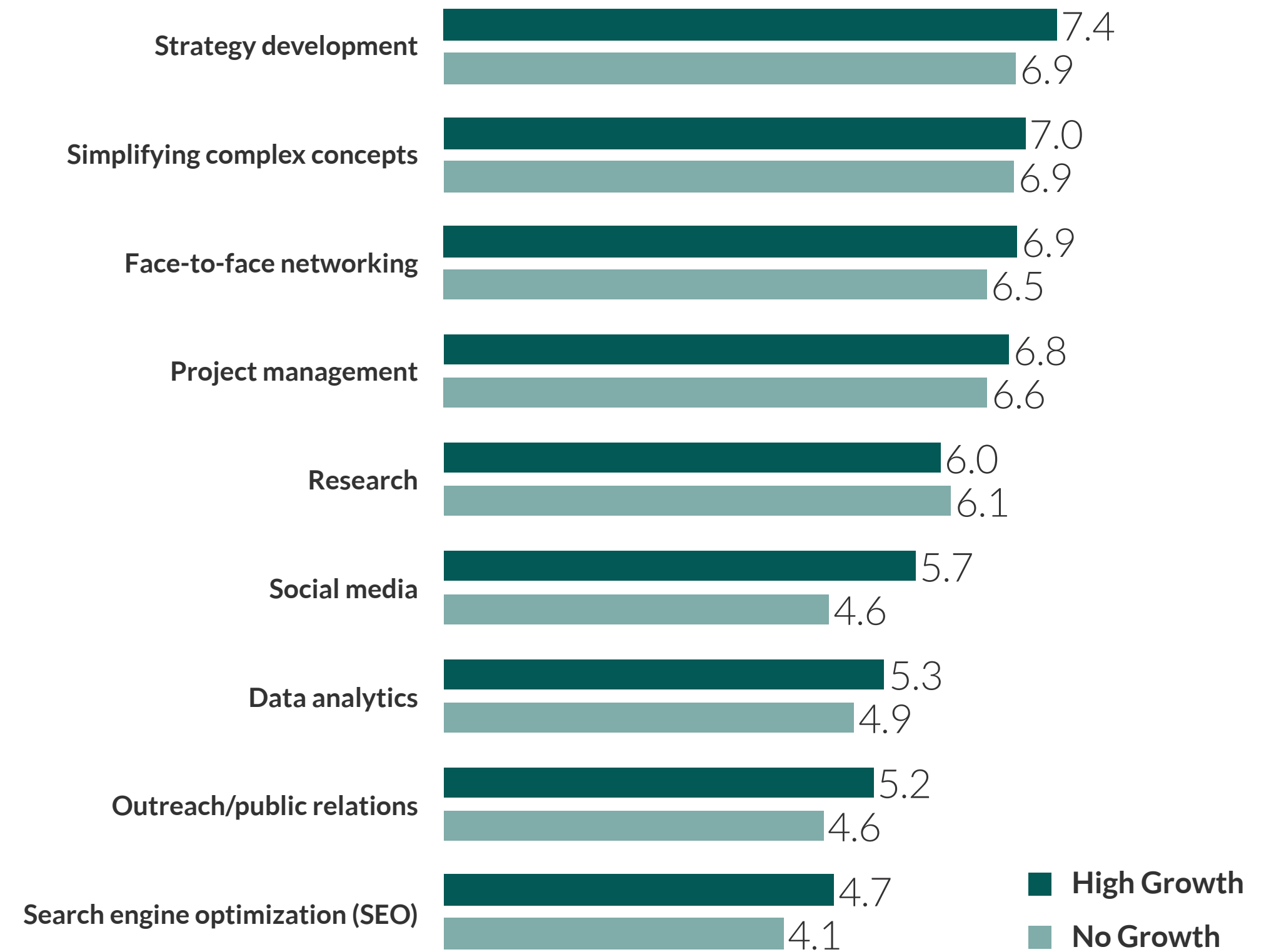
What types of knowledge and skills do High Growth firms have access to? As Figure 20 illustrates, High Growth consulting firms benefit from a wide range of highly developed skills (indicated by ratings of 6 and above). From strategy development and explaining complex concepts in easy-to-understand language to networking and project management, High Growth firms have expertise in critical marketing and business development areas that directly affect business growth.

**PUT THE DATA TO WORK**

You can use this chart to help you evaluate your firm’s skill levels in these nine critical areas. In those areas where you are deficient, consider how you can strengthen them. You have three ways to add new skills: training existing employees, hiring skilled new ones, and contracting out to specialists. High Growth firms use all three strategies.

**FIGURE 20.**

### Average Skill Level Rating (0-10)



**Key Advantage:**

# Talent

## High Growth Firms Are More Likely to Consult with Outside Agencies, Firms, or Freelancers for Nearly All Services

One way to address skill gaps in your organization is to contract outside expertise. As you can see in Figure 21, High Growth firms do this far more often than their No Growth counterparts. Outsourcing is a smart strategy when you need skills for a short time, when finding a talent with specific skills is difficult, or when an outside specialist can do the work more efficiently and at a higher level.

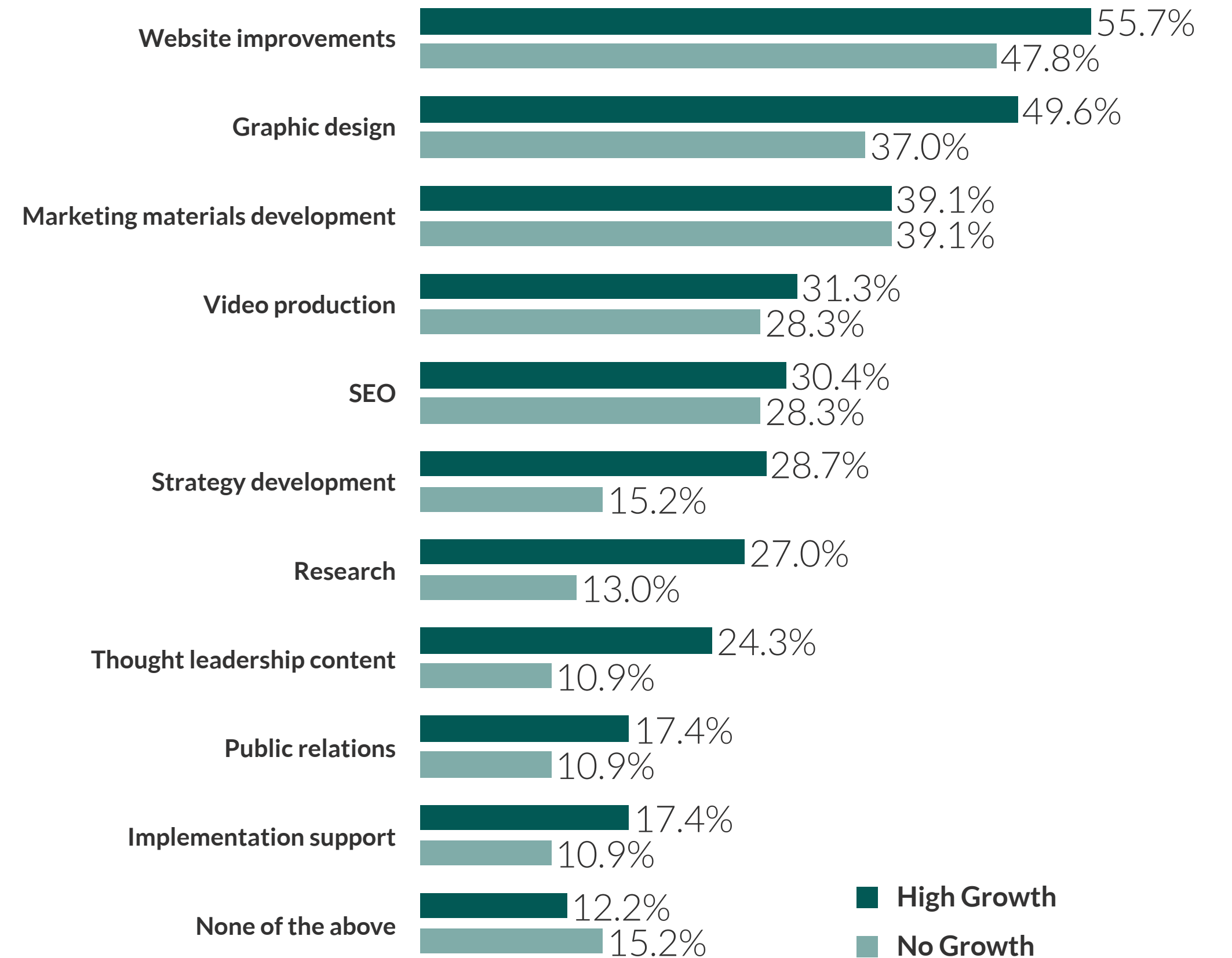
You will notice that High Growth firms invest significantly more often in certain areas, including graphic design, strategy, research, thought leadership content, and public relations.

**PUT THE DATA TO WORK**

Retaining outside talent can be a more flexible alternative to hiring. This is especially true for specialized skills you may not need every day, such as website development, graphic design, or research. When deciding which skills to outsource, consider what potential impact those skills may have if performed at the highest level. Then evaluate your internal resources and try to determine whether their skill levels will be sufficient to deliver enough impact to achieve your goals. If your internal resources are shared by multiple departments or teams, will they be able to dedicate enough time to the task at hand to deliver the results you need?

**FIGURE 21.**

**Services for Which a Firm Consulted with an Outside Agency, Firm, or Freelancer Over the Past 12 Months**





20  
23

# Key Advantage: Marketing and Business Development

**Key Advantage:**

# Marketing and Business Development

## High Growth Firms Are Spending More on Marketing

High Growth consulting firms spent 25% more on marketing than their No Growth counterparts. They are also generating more digital leads—41% more than No Growth firms.

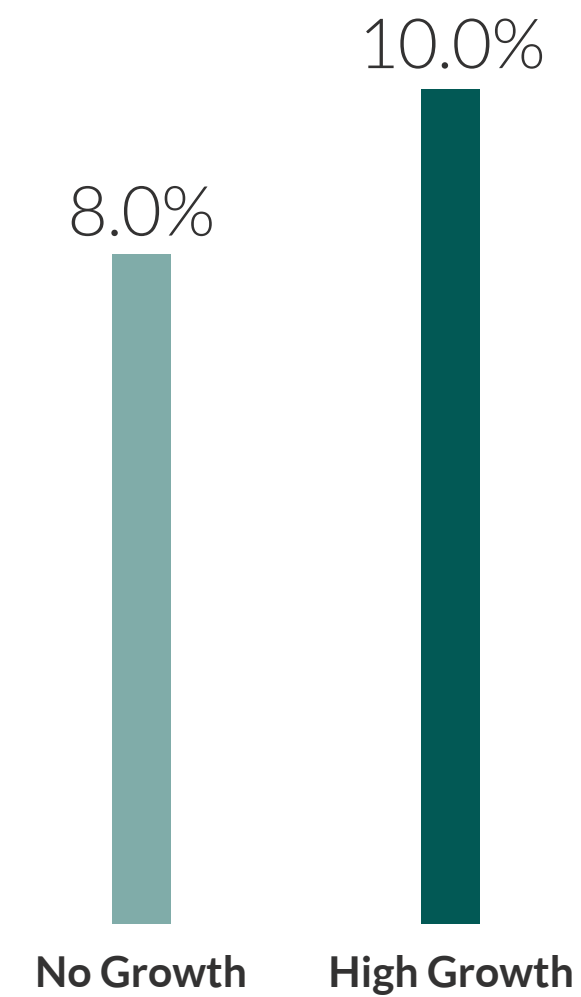
The pandemic forced consulting firm—and all professional services—to invest in digital technologies. High Growth firms quickly learned that digital leads could be an efficient way to generate high-quality new leads. And now that face-to-face business development opportunities are picking up again, High Growth consulting firms are enjoying a flow of leads from both traditional and digital sources.

**PUT THE DATA TO WORK**

Wondering how much you should spend on marketing? Figure 22 should help. And if you aren't getting at least 30% of your leads from digital sources, use the insights on the following pages to see how it's done.

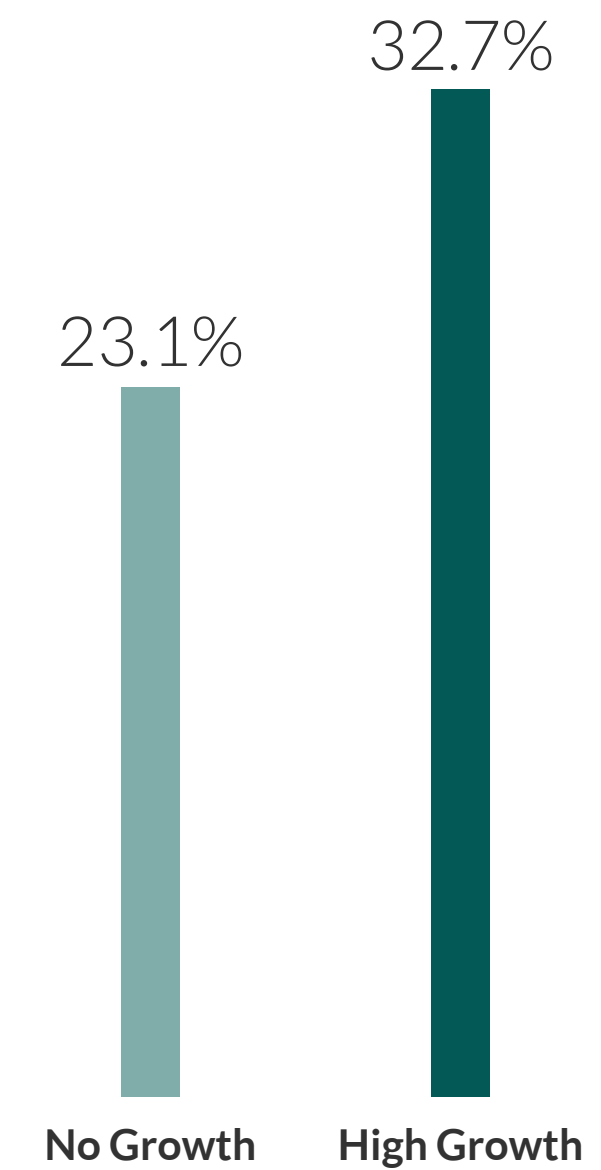
**FIGURE 22.**

**Median Percentage of 2022 Revenue Dedicated to Marketing (Excluding Compensation)**



**FIGURE 23.**

**Portion of Leads from Digital Sources**



**Key Advantage:**

# Marketing and Business Development

## Regardless of Growth Category, Creating Content is By Far the Top Marketing Priority for 2023

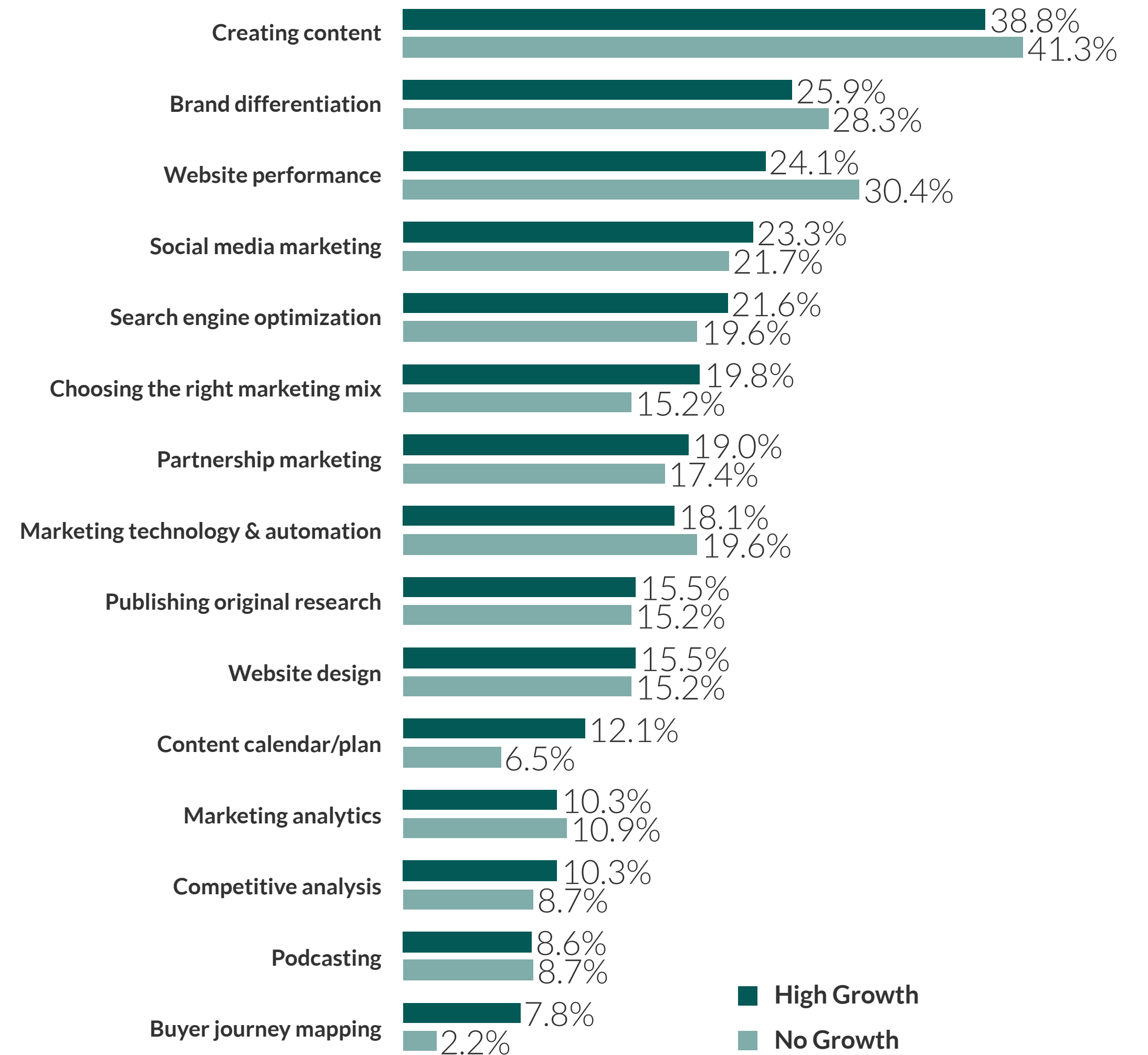
Over the last several years, High Growth Consulting firms have led the way in key marketing strategies such as content creation and research. For the first time, No Growth firms appear to have caught on, and they plan to pursue these activities in 2023. In many areas—including the top three priorities: creating content, differentiation, and website performance—No Growth firms are prioritizing them more than than the High Growth segment.

**PUT THE DATA TO WORK**

Any firm can learn and benefit from this list. High Growth firms tend to invest heavily in creating high-value content, differentiation, website performance, social media marketing, and SEO. You should consider doing the same. If you are not investing in content marketing and the technologies that support it, you are at a huge disadvantage. When you produce thought leadership content, it is important to do it consistently and deliver it in the channels where *your* audience will find it.

**FIGURE 24.**

### Top Marketing Priorities for 2023



**Key Advantage:**

# Marketing and Business Development

## High Growth Firms Are Substantially More Likely to Publish Blog Posts, Use SEO, and Promote Thought Leadership on Social Media

With only one exception, more High Growth consulting firms use the marketing techniques in Figure 25 than No Growth firms. These high performers favor techniques that promote their thought leadership and make it easier to close new business. High Growth firms are also more likely to use digital tools such as blogs, social media, email marketing, and webinars.

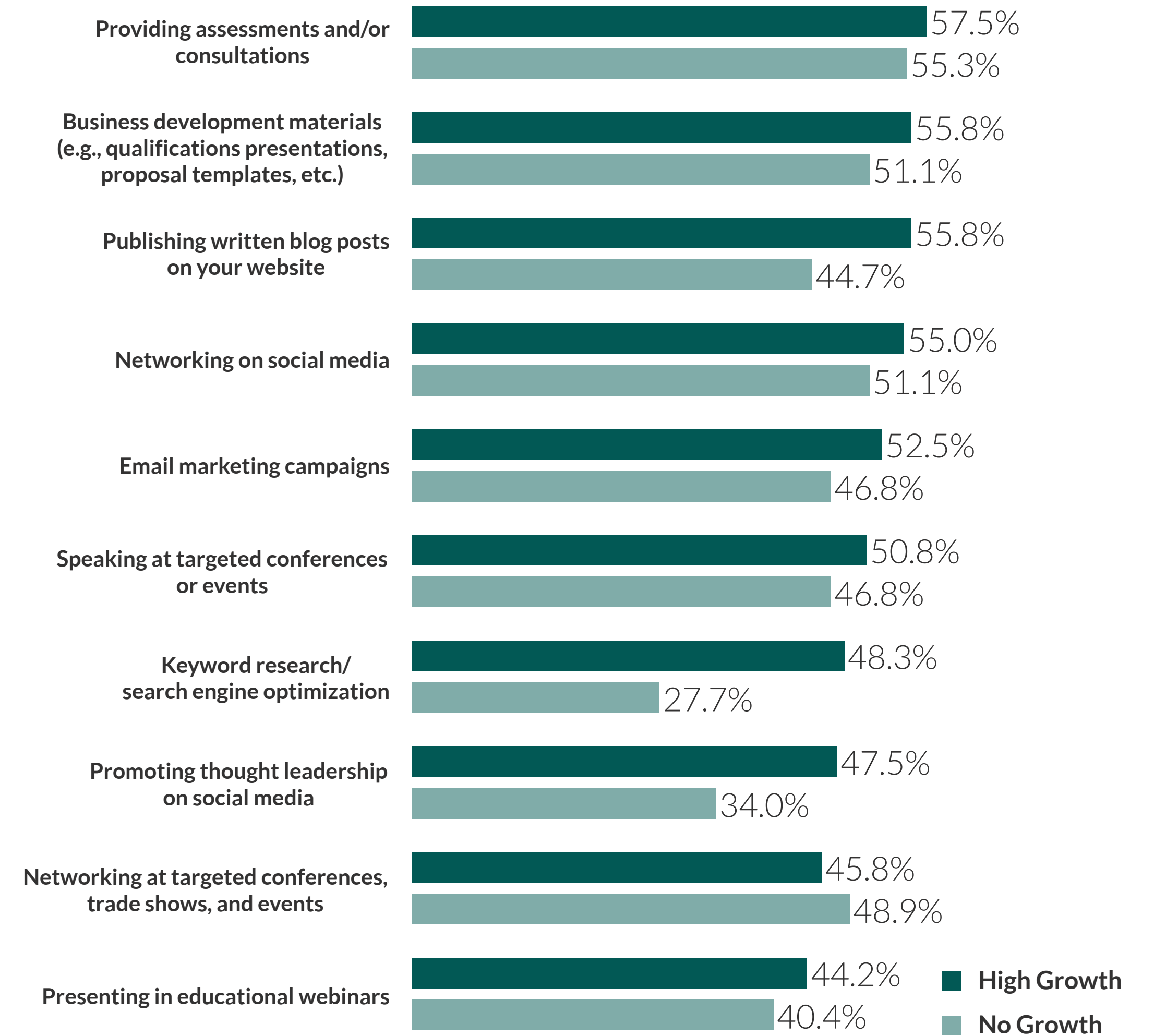
Note that almost half of High Growth firms use keyword research and SEO, while only a little over a quarter of No Growth firms use it. Keyword research and SEO are essential components of any content-based marketing program.

**PUT THE DATA TO WORK**

Look for ways to invest in the three pillars of High Growth marketing: publishing, speaking, and networking. Consult the chart at right for specific ideas to address these areas.

**FIGURE 25.**

### Utilization of Marketing Techniques



**Key Advantage:**

# Marketing and Business Development

## Over Half of High Growth Firms Use Facebook to Market their Products or Services

For both High Growth and No Growth firms, LinkedIn is by far the most popular social media platform, and firms in both growth categories use it in the same proportion. When it comes to other channels, such as Facebook, YouTube, and others, High Growth firms use them somewhat more often than their No Growth peers.

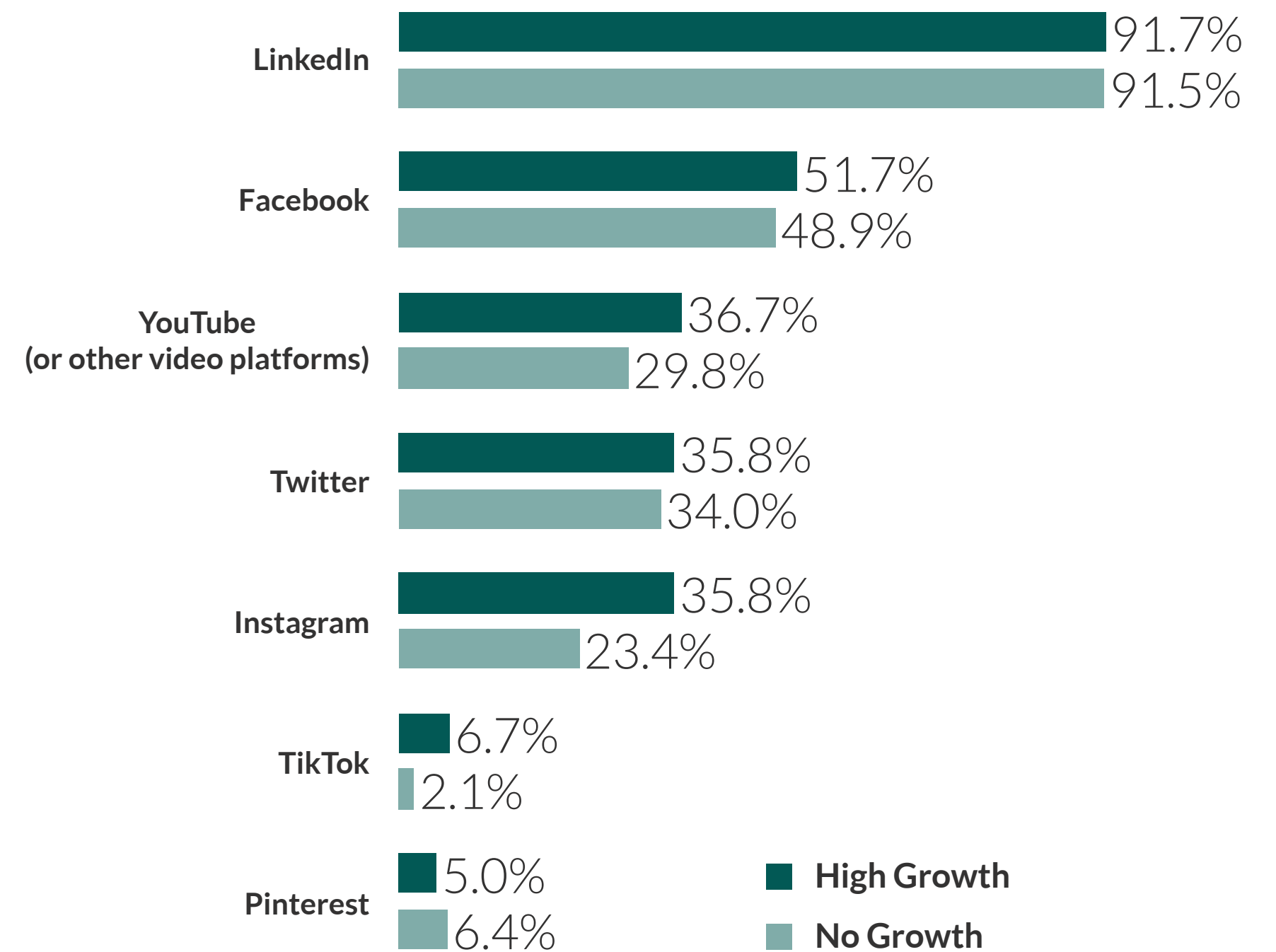
High Growth firms are using Instagram and YouTube significantly more than No Growth firms. This may be because High Growth firms have larger marketing budgets and can afford the costs associated with creating video content.

**PUT THE DATA TO WORK**

LinkedIn is the dominant social media platform for consulting firms. Use it not only to network with others but to actively promote your content, too. LinkedIn is also a robust advertising platform with sophisticated targeting features. But don't necessarily stop at LinkedIn. If you have the bandwidth, consider sharing content and building visibility on Facebook and YouTube, as well. Twitter, despite its recent challenges, is still a powerful platform to communicate a wide range of messages in real time. Its competitors don't yet come close to its ubiquity and reach.

**FIGURE 26.**

### Use of Social Media to Market Products or Services



**Key Advantage:**

# Marketing and Business Development

## Consulting Firms Utilize their Marketing Teams in Many Non-Traditional Ways

The marketing function in professional services has evolved far beyond simple communications and implementation tasks. Today, it often is embedded in a firm’s strategy, lead development processes, and analytics. High Growth firms’ systematic approach to marketing can make it easier to deliver the cross-functional processes and techniques it takes to deliver exceptional performance.

Figure 27 shows how much marketing and strategy are intertwined. Interestingly, in four of the six cases a higher percentage of No Growth firms than High Growth firms report doing these activities. Two are used more often by High Growth firms—implementing growth strategies and tracking campaign performance. And they are related. By tracking campaign performance, firms can generate empirical evidence that informs their growth strategies.

**PUT THE DATA TO WORK**

Does your marketing team work alone, or does it collaborate with other teams to uncover and address your buyers’ evolving needs? Changing this dynamic requires buy-in from the top. Share this research study with your management team. Point out how High Growth firms invest heavily in marketing and how the best performing firms in your industry tightly integrate their marketing, strategy, and business development functions.

**FIGURE 27.**

### Marketing Team Involvement in Non-Traditional Marketing Functions





**Key Advantage:**

# Marketing and Business Development

## Two-thirds of No Growth Firms Are Struggling with Low SEO Maturity

Earlier, we learned that only about a quarter of No Growth firms use search engine optimization. Figure 28 might give us a clue why—and why, despite using roughly the same marketing techniques as their High Growth peers (see page 30), No Growth firms perform at a lower level. SEO can amplify the performance of a content-based marketing program. Performed at a low level, however, SEO delivers relatively little value.

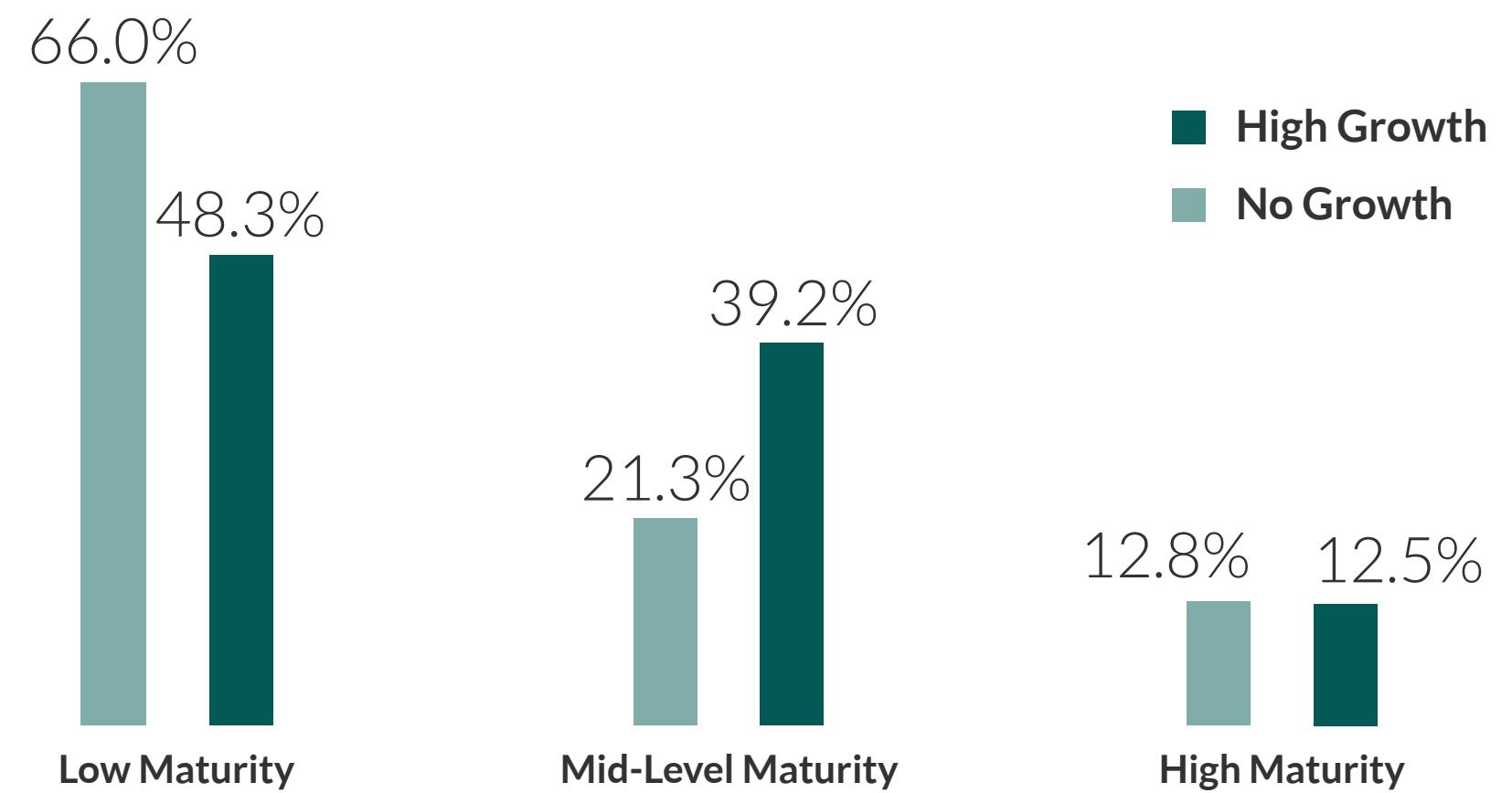
Over half (51.7%) of High Growth firms have either a mid or high level of SEO maturity—51% higher than No Growth firms at those levels.

**PUT THE DATA TO WORK**

Search engine optimization is a fundamental part of any content-based marketing program—and an engine of steady, low-cost digital leads. It is the mechanism that allows people who are interested in the problems you solve to discover your firm and begin the process of building trust in your expertise. If you have not yet achieved at least a mid level of SEO maturity, you may want to begin building these skills—or looking for a partner who knows your industry to handle it for you.

**FIGURE 28.**

### SEO Maturity Level Breakout



\*See page 58 for descriptions of each of these levels of SEO maturity.



# Key Advantage: Strategy

20  
23

**Key Advantage:**

# Strategy

## High Growth Firms Are Preparing for Marketplace Challenges Over the Next Few Years

Figure 29 shows that over the next three to five years High Growth firms are anticipating a host of external challenges, including marketplace unpredictability, steeper competition, and downward price pressures. While No Growth firms are also concerned about unpredictability, they are just as concerned about acquiring new skills. No Growth firms also are much more worried about internal issues, such as managing a remote workforce and generational changes in the workplace, than their High Growth counterparts.

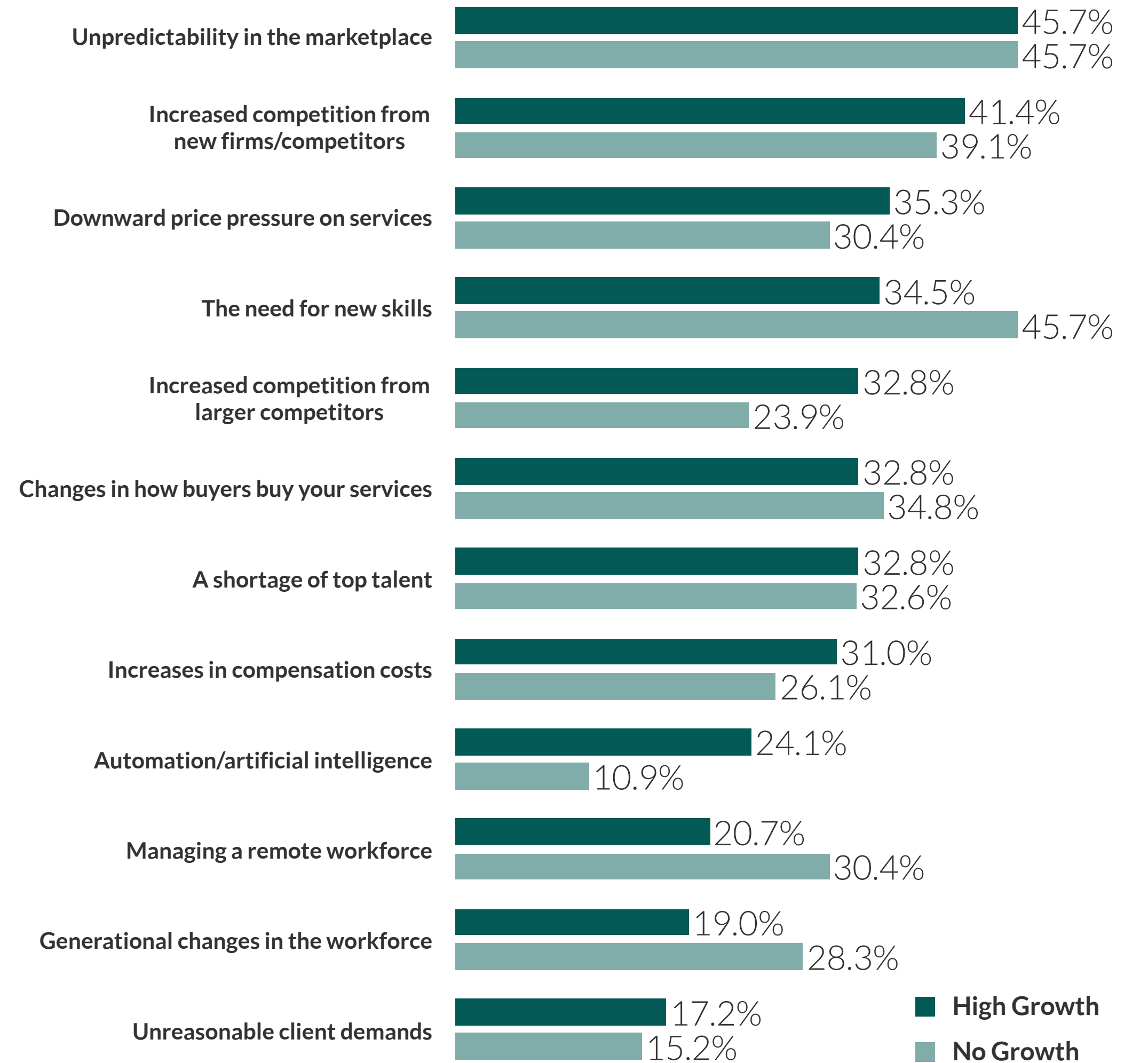
What is driving competition and prices? Mid-size consulting firms often compete against larger "brand name" and Big 4 firms that chase smaller engagements in hopes of growing their business, as well as smaller, newer firms whose team members have left larger firms to start their own practices. These small firms are hungry and willing to charge less to win an engagement.

**PUT THE DATA TO WORK**

What are your biggest challenges in the coming years? How do they compare to those of the High Growth firms? Since every firm has a unique set of challenges, this chart is best used for general reference rather than as a prioritized set of recommendations. That said, it can give you a sense of how your firm's market perceptions stack up against top performers and where those firms may turn their focus in the future.

**FIGURE 29.**

### Anticipated Business Challenges in the Next 3-5 Years



**Key Advantage:**

# Strategy

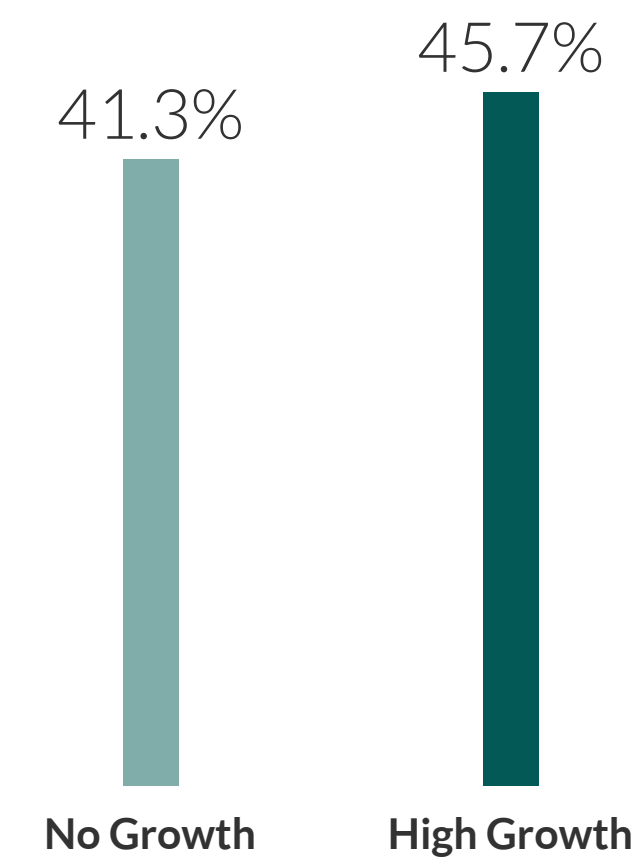
## High Growth Firms Are More Likely to Conduct Research on Their Target Audience

Professional services firms across all industries and growth categories have access to a powerful tool that can address uncertainty in the marketplace. That tool is target audience research. Firms that consistently study, track, and measure the learning and decision-making behavior of their audiences—and then use those findings to inform their marketing and business development decisions—are more likely to grow faster and be more profitable. Why? Because this type of intelligence helps firms address their market’s evolving needs more quickly and directly.

Consulting firms are increasingly focused on researching their target audience. In fact, this interest in research has increased almost 60% in five years. In Figure 30, you can see that High Growth consulting firms are more likely to conduct regular research on their target audiences than their No Growth peers.

**PUT THE DATA TO WORK**

In uncertain times, research is one of the most valuable tools to inform your marketing and business development strategy. Conditions can change quickly, so conducting research at regular intervals (typically quarterly or yearly) can alert you to evolving buyer preferences and behavior.

**FIGURE 30.****Percentage of Firms that Conduct Research on Their Target Audience (Median Percentage)**

**Key Advantage:**

# Strategy

**High Growth Firms Are More Likely to Be Part of a Merger or Acquisition. They Also Attribute More than Twice as Much Revenue to M&A than Their No Growth Peers**

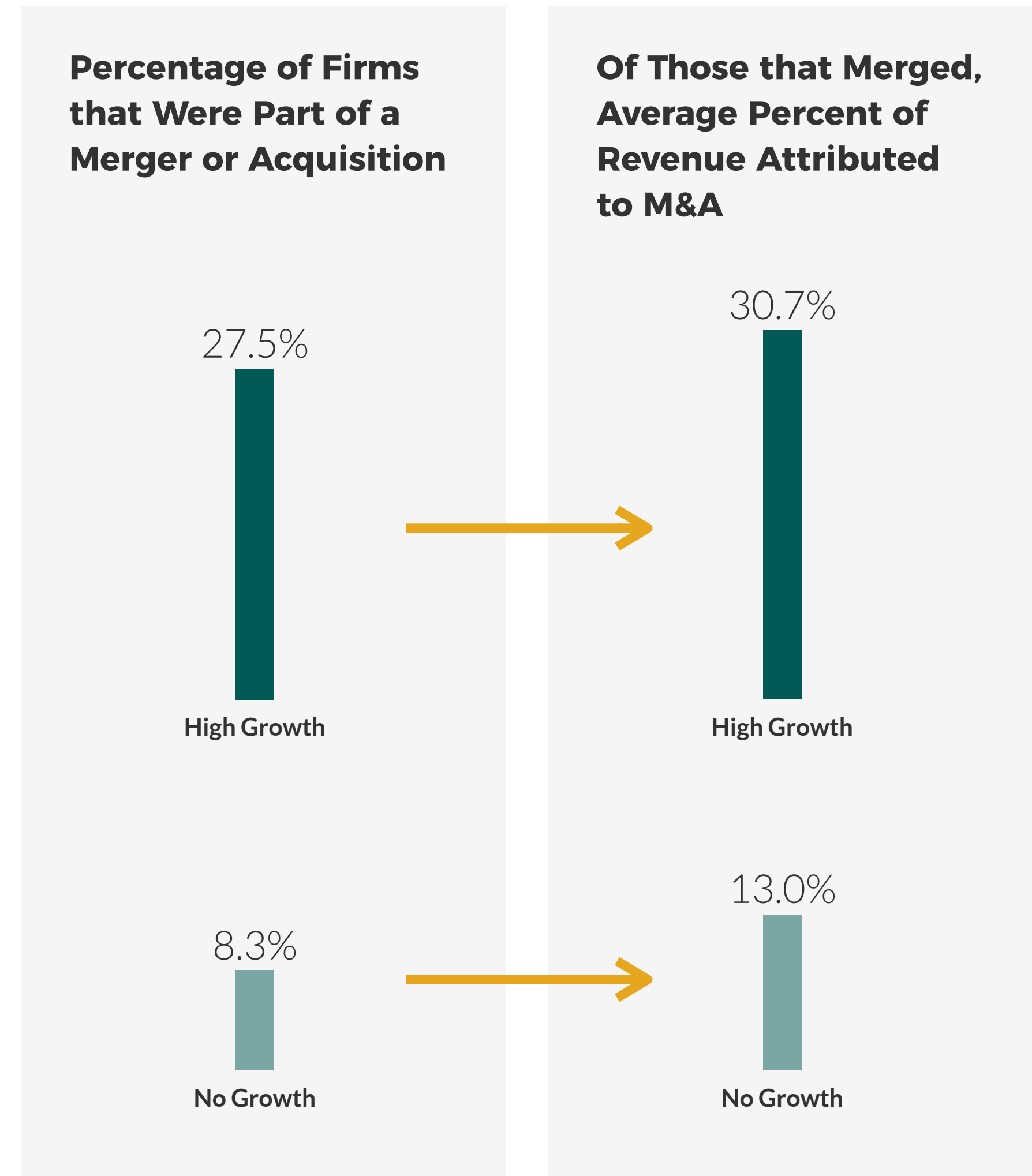
High Growth consulting firms are much more likely (27.5% vs. 8.3%) to be involved in M&A than their No Growth peers. Fewer No Growth firms were part of a merger or acquisition in this year's research than in 2022, when 22% reported M&A activity.

High Growth firms also generated more revenue from mergers and acquisitions. Compared to 2022, however, both High and Low Growth firms attributed a smaller percentage of their revenue to M&A (38.4% for High Growth firms and 28.2% for No Growth firms in 2022). With economic uncertainty can come a slowing of large, risky investments like M&A.

**PUT THE DATA TO WORK**

Is M&A the right growth strategy for your firm? That depends of a variety of factors, such as whether you need to fill a critical gap in your services, are having trouble attracting the right talent, or want to quickly enter a new market. Just keep in mind that acquisitions are risky in *any* economy, and they have a high failure rate. Figure 31 indicates that firms that have mastered organic growth—those that follow the marketing habits of the High Growth firms in this study—are more likely to generate exceptional revenue through a merger or acquisition.

**FIGURE 31.**



**Key Advantage:**

# Strategy

## High Growth Firms Are Nearly 3X More Likely to Have Already Made Changes Related to ESG Issues

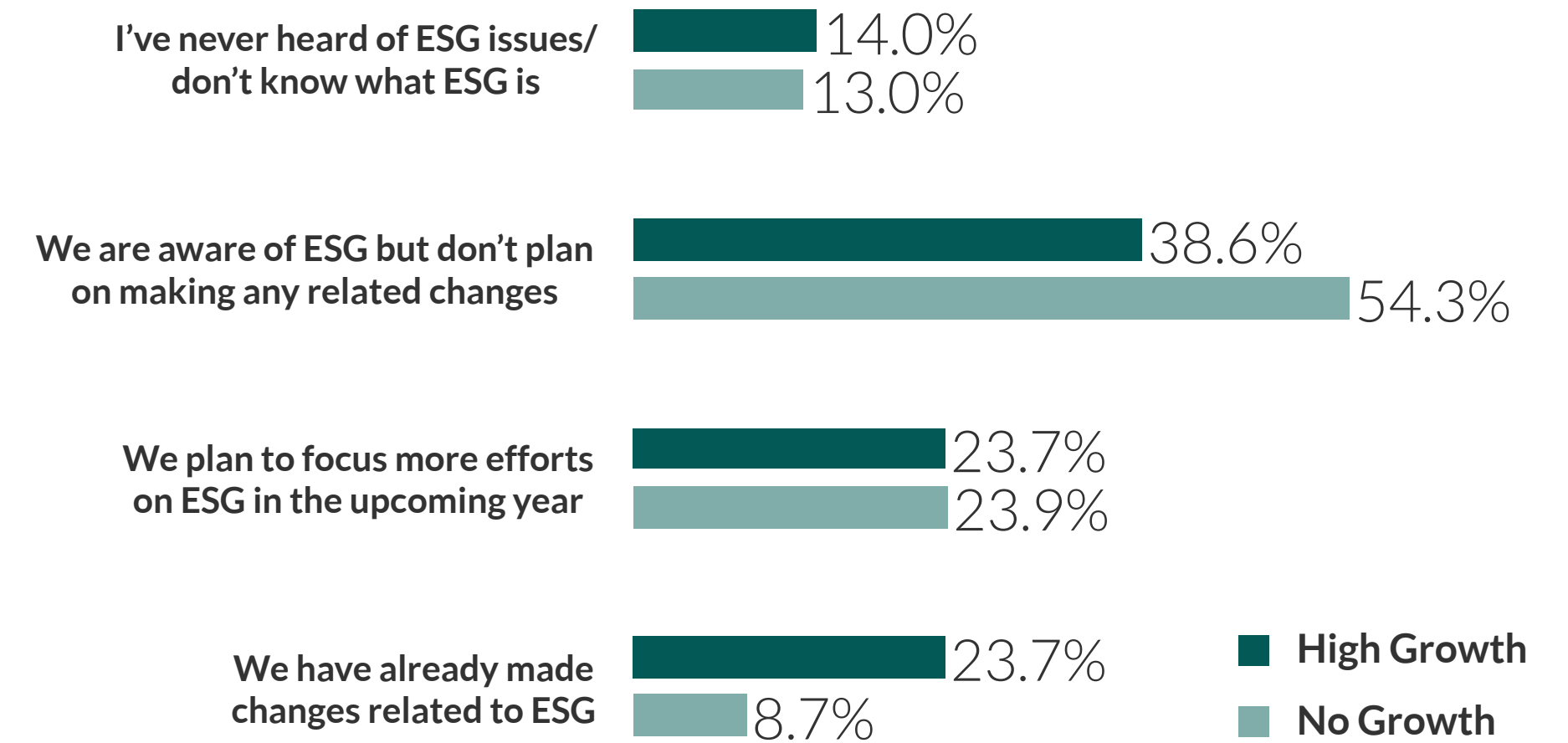
Almost half of all High Growth firms plan to address, or have already addressed, environmental, social, and governance (ESG) issues. The Big 4 and most other large firms have already prioritized these types of initiatives. We expect that ESG will be adopted by more mid-size and small firms over time, albeit at levels they can afford. Unsurprisingly, High Growth firms are ahead of No Growth firms in these initiatives.

**PUT THE DATA TO WORK**

ESG issues are important to many High Growth firms, and about half of them either plan to do more in these areas or already have. In many firms, these issues are of great interest to employees, so ESG may have implications for recruiting and retaining talent, too. If ESG is not already a priority at your firm, think about whether building a more transparent and responsible organization makes sense for you.

**FIGURE 32.**

### Approach to Environmental, Social, and Governance (ESG) Issues



**Key Advantage:**

# Strategy

## Where Are High Growth Firms Looking to Improve in 2023?

In 2023, High Growth firms plan to learn more about strategy (41.7%), digital engagement (40.9%), improving the customer experience, artificial intelligence (35.7%), value pricing (30.4%), and leadership (30.4%). Key themes include learning more about clients and prospects, connecting better with them, and bringing new efficiencies to the business.

No Growth firms’s interests lag their High Growth counterparts in some areas. For instance, digital transformation and automation are issues that many High Growth companies have already addressed. An interesting note is that High Growth firms’ #1 interest two years ago was strategy, the same as this year’s list topper. In 2022, it was workflow & process automation.

**PUT THE DATA TO WORK**

This chart gives you a valuable view into High Growth firms’ interests today—and where they could invest more time and money in the near future. Compare your firm’s business priorities for the next two years against this list and see if you are thinking big enough to compete with the industry’s top performers.

**FIGURE 33.**

### Topics and Trends to Learn More About in 2023



# Conclusion

20  
23



# In an age of uncertainty, try to control what you can.

If you are feeling the challenges of an uncertain marketplace, you are not alone. Uncertainty is the number one business challenge facing professional services firms today—and consulting firms are no different. What separates firms High Growth consulting firms from their No Growth peers is the sophisticated marketing system they've built to drive growth and profitability, year after year.

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Digital technologies offer many opportunities for firms to increase their productivity and flexibility.

## Research and Data Reduce Risk and Uncertainty

Many High Growth consulting firms go to great lengths to collect data on their clients and prospects and use it to make a range of decisions, including strategy, business development, marketing, and hiring. For instance, many conduct regular research on their target audience so they can monitor buyers' ever-shifting concerns and priorities. Research-driven insights help you deliver more relevant messages and address emerging challenges.

## Outsource the Specialized Talent You Need

High Growth firms rely extensively on outsourcing to deliver high-impact marketing services. This can come as a revelation to many firms when they realize they don't have to do everything themselves. Of course, specialists can often deliver superior results, too.

## A Good Corporate Culture Aids Recruiting and Retention

The intense battle for talent has always been present in the consulting world, and this year is no different. Finding and retaining top talent is the second most cited business challenge among consulting firms. Firms are always looking for skilled professionals to handle new engagements and address specific client needs.

The data tells us that High Growth firms have a corporate culture advantage. Compare the features listed in Figure 19 to what your firm has to offer. If you are coming up short—and if attracting and retaining top talent is a priority—start making some changes.



## A High Digital Maturity Level Can Stimulate Growth and Profitability

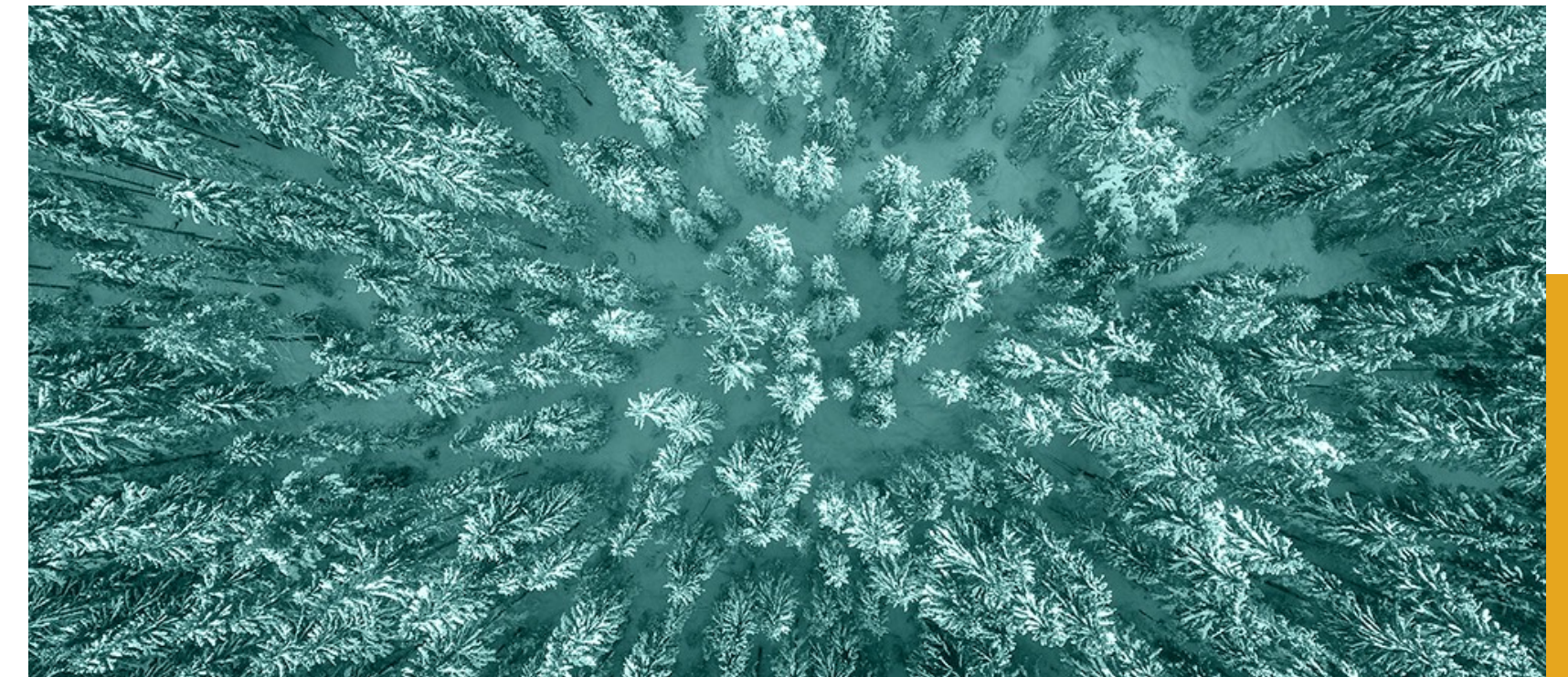
Digital technologies can dramatically increase a firm's efficiency and improve the customer experience. High Growth consulting firms are not only more digitally mature than their slower growing competitors, they are also 3X more likely to have completed a digital transformation. A high level of digital maturity means not only using more digital platforms, but integrating them across multiple business processes and taking advantage of their advanced features to get the most from the talent you have.

The digital advantage enjoyed by High Growth firms is evident in the way they perform marketing. These firms use marketing technology to deliver and increase the visibility of their thought leadership content. They also use tech to automate previously manual tasks and track the performance of their marketing programs. If your firm has not already embraced digital technologies, this report should provide all the motivation that you need.

## Embrace Marketing or Fall Behind

High Growth firms invest 25% more in marketing, which yields 41% more digital leads and 4X faster growth. High Growth firms have also given marketing teams a broader role within the firm, influencing more areas of their businesses.

A robust marketing department, whether internal or outsourced, is also critical to tracking and evaluating campaign performance. Marketing analytics is a core function for any business that wants to achieve sustained success. High Growth Consulting firms routinely measure results and use them to optimize the performance of their marketing and business development programs. Firms that fail to recognize the value of a sophisticated marketing system are at a distinct disadvantage.



## A Strategy that Looks to the Future Provides Control in Uncertain Times

Change is inevitable and difficult to predict, but we can control the way we plan for and react to it. All firms worry about the future, but the High Growth firms in this study are continually thinking about what comes next how they can address it. Many No Growth firms are still wrestling with problems that most High Growth firms have already largely solved, such as how to manage a remote workforce. Instead, High Growth firms are trying to figure out how to harness the power of AI and what the competitive landscape of tomorrow will look like. In other words, they have positioned themselves to be more forward looking and prepared for the future.

They are also more interested in big issues like ESG. As firms rise in the food chain, prospective clients, investors, and top talent are waiting to see how they contribute.

Whether you are hoping to grow faster, enjoy higher margins, or both, building a high-performance firm may seem daunting, especially if you have struggled in these areas for years. But it can be done. And you can look to the High Growth firms in this study to guide your ascent.

The insights in this report can help you address a wide range of challenges and point you to specific strategies, tools, and techniques to focus your attention and marketing dollars. In short, you can look to these High Growth firms as you develop a system that will allow your business to thrive in today's challenging environment.

# Deepen Your Understanding of Six Major Industries

Do your services overlap other professional services industries? Or do you want to get in-depth, up-to-date intelligence on the industries you serve?

**Purchase detailed breakout reports for six key professional services industries.** And get critical insights into your marketplace—information that you can put to use today!

**Here are just some of the things you will get:**

- > Dozens of illuminating industry-specific charts and tables
- > Insights into how each industry is changing
- > Ongoing analysis to help you interpret the data
- > How marketing trends have changed over time
- > And much, much more!

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23

# About Hinge

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

Our ongoing research into **over 40,000 professional services firms** and buyers of their services is changing the way firms go to market.

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## Hinge is made up of three divisions:

### **Hinge Marketing,**

our consulting arm, helps businesses build gorgeous visual brands, deliver powerful marketing programs, and achieve exceptional growth.

### **Hinge Research Institute,**

our research arm, studies the professional services industry, and equips organizations that want to reach and engage this audience with compelling research-based content.

### **Hinge University,**

our online learning platform, teaches high-growth, high-visibility strategies and techniques to marketers, business developers, and professionals across the globe.

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[www.hingemarketing.com](http://www.hingemarketing.com)



# About the Hinge Research Institute

**The Hinge Research Institute, a division of Hinge, has a two-part mission:**

**1. TO STUDY HIGH-GROWTH PROFESSIONAL SERVICES FIRMS AND THEIR CLIENTS.**

We collect data and analyze marketplace trends to discover why some firms grow much faster than average and reap greater profits. We share this knowledge so that every professional services firm can prosper.

**2. TO HELP ORGANIZATIONS ENGAGE THEIR PROFESSIONAL SERVICES AUDIENCE.**

We do this in a variety of ways, such as:

**Creating Custom Research:**

Commission a piece of research once and repurpose it many times in blogs, webinars, articles, social media posts, and more.

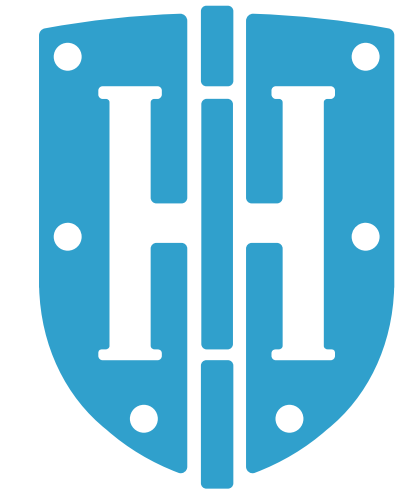
**Licensing Existing Research:**

License our existing research in the form of studies, books, and guides—at a fraction of the price of custom research.

**Co-brand a webinar:**

Co-present a webinar with one of our research analysts and reach Hinge’s database of over 60,000 professionals. Engage your audience like never before.

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For more information about the Hinge Research Institute, please contact:

**Kelly J. Waffle**  
 Managing Director of Hinge Research Institute  
[kwaffle@hingemarketing.com](mailto:kwaffle@hingemarketing.com)  
 703-391-8870



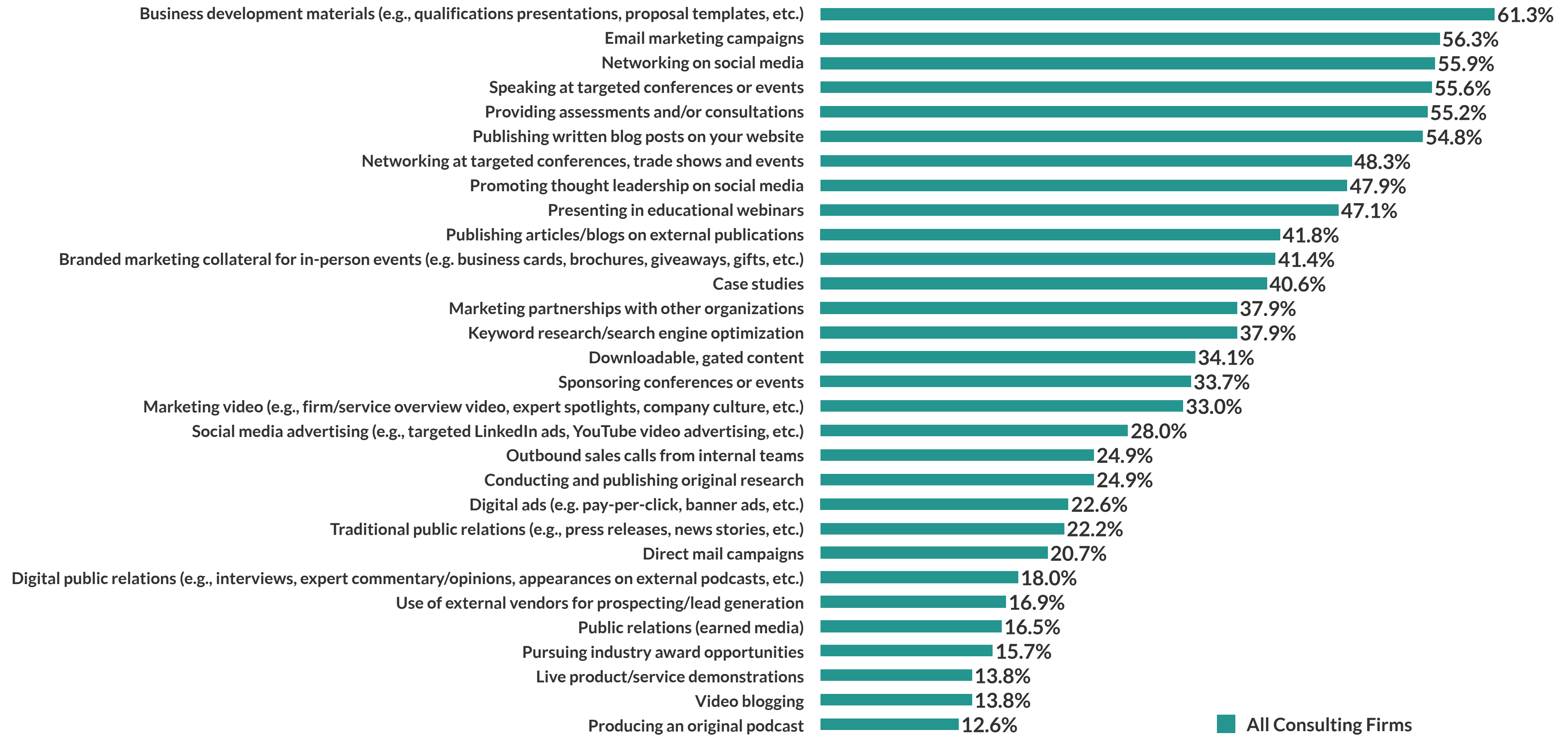
# Appendix

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# Marketing Technique Utilization

## Utilization of Marketing Techniques



# Marketing Technique Investment

Investment (Time and Money) in Marketing Techniques



# Marketing Technique Impact

## Impact of Marketing Techniques



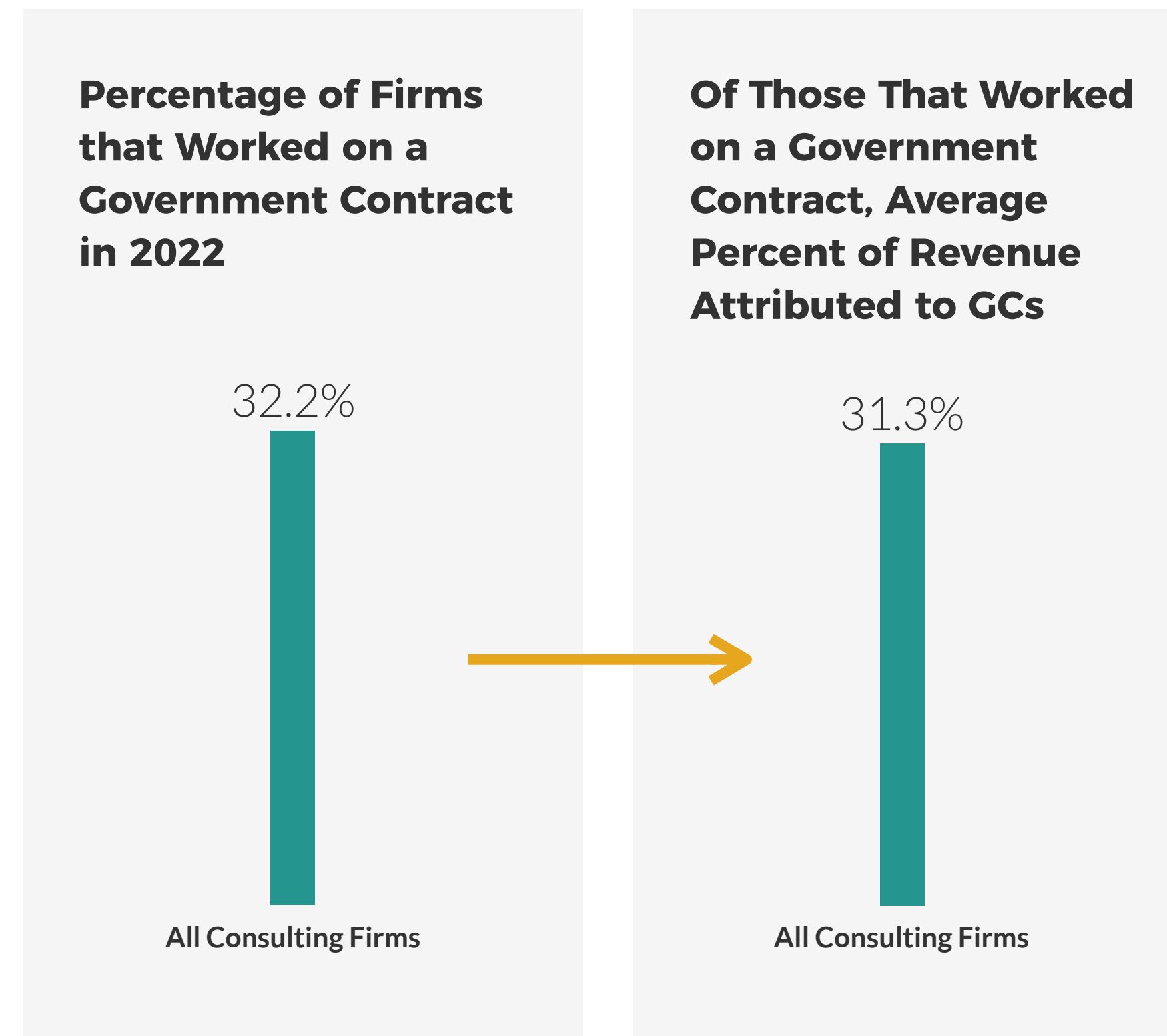
■ All Consulting Firms

# Highest Impact with Least Amount of Resources

Marketing Techniques (Impact - Investment)



# Government Contracting



# Marketing Technique Descriptions

<b>Branded Marketing Collateral</b>	Marketing materials, imprinted with a firm's logo, that support business development (e.g., brochures, sales sheets, giveaways).
<b>Case Studies</b>	Written or video descriptions of a client engagement that explain how the firm solved a problem or produced a positive result.
<b>Cold Call Campaigns</b>	Initiatives in which firms, or subcontracted agencies, call potential clients to promote or sell a product or service.
<b>Conducting and Publishing Primary Research</b>	Producing primary research on topics of interest to a firm's target audience that can be sold or made available as free premium content.
<b>Digital Product/Service Demonstrations</b>	Presentations, often conducted online, that demonstrate key features and benefits of a specific product or service.
<b>Digital Ads (Pay-Per-Click, Banner Ads, etc.)</b>	Electronic advertisements, either text-based or graphical, that promote a product or service online.
<b>Downloadable, Gated Content</b>	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.
<b>Email Marketing Campaigns</b>	Marketing initiatives that use email to deliver educational content, marketing messages, or promotions to prospective clients.
<b>Interviewing on Podcasts or Radio</b>	Using third-party podcasts or radio programs to build an expert's visibility and share thought leadership.

# Marketing Technique Descriptions, Continued

<b>Keyword Research/Search Engine Optimization</b>	Techniques that optimize web pages to improve search engine rankings and attract new web visitors.
<b>Marketing Partnerships with Other Organizations</b>	Mutually beneficial marketing relationships between a firm and another organization (e.g., co-branded educational events).
<b>Marketing Video</b>	Professional quality digital films that promote various aspects of a firm (e.g., overviews, testimonials, speaking videos, etc.).
<b>Networking at Targeted Conferences, Trade Shows and Events</b>	Attending specific conferences, trade shows, or other networking events to build visibility and establish personal connections with prospective clients.
<b>Networking on Social Media</b>	Connecting and engaging with a target audience on social networking platforms.
<b>Nurturing Prospects Through Phone Calls</b>	Using phone calls to expand nascent relationships with prospective clients.
<b>Presenting in Webinars</b>	Developing and presenting live or pre-recorded educational audio/video material to an online audience.
<b>Promoting Thought Leadership on Social Media</b>	Using social networking platforms to promote original thought leadership.
<b>Providing Assessments and/or Consultations</b>	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.

# Marketing Technique Descriptions, Continued

<b>Public Relations (Earned Media)</b>	Using news and media outlets to promote major developments within the firm. Can also be used to mitigate the effects of bad publicity.
<b>Publishing Guest Blogs on External Publications</b>	Securing placements and writing content for outside blogs or other publications.
<b>Publishing Written Blog Posts on Your Website</b>	Producing articles to be published on a firm's own blog.
<b>Pursuing Industry Award Opportunities</b>	Applying for, winning, and showcasing awards won by a firm.
<b>Speaking at Targeted Conferences or Events</b>	Securing speaking opportunities and speaking at events on topics that are relevant to a firm's target audience.
<b>Sponsoring Conferences or Events</b>	Securing brand visibility at an event, usually for a fee or bartered service.
<b>Video Blogging</b>	Using video to deliver short educational content to a firm's blog readers.



# Digital Maturity

## DIGITAL MATURITY SCALE

### 1. Reactive

Processes are immature, data is inconsistent, and paper and spreadsheet usage is prevalent. Company reacts to circumstances as they emerge and projects are often carried out manually.

### 2. Organized

Data is categorized and stored in a centralized repository and organized so it is easily accessible.

### 3. Digitized

Inefficient processes have been eliminated and all main processes are automated and managed with technology, making them fast, efficient, and measurable.

### 4. Connected

All processes are streamlined and fully integrated across departments. Vast amounts of cross-departmental data provide insights across the business. Digital data is an integral part of the company's business model. While data is of higher quality, however, it is still incomplete.

### 5. Intelligent

Data is complete and consistent, processes are fully aligned with business needs, and the company has the ability to include other people, such as customers, into the process. The company's digital ecosystem extends into the consumer journey to deliver customized experiences for current and potential customers.

# SEO Maturity

## SEO MATURITY SCALE

<b>Low Maturity</b>	<b>0. Nonexistent</b>	There is no discernible SEO strategy or tactical implementation.
	<b>1. Ad Hoc</b>	We do some basic SEO, but it tends to be ad hoc with little structure or planning. The skills and work meet minimum industry standards, but the implementation is fairly basic and lacks a clear strategy.
<b>Mid-Level Maturity</b>	<b>2. Opportunistic</b>	We believe in the value of SEO, and we make an effort to dedicate resources to implement SEO strategies into key initiatives. Search implementation is more cohesive and strategic.
	<b>3. Systematic</b>	Inclusion of SEO is an expectation for most marketing initiatives. We have implemented basic best practices into our SEO strategy and are interested in determining ways to improve SEO.
<b>High Maturity</b>	<b>4. Institutionalized</b>	SEO is accepted and widely used throughout the firm and utilized in all marketing initiatives. We have resources and processes in place, and we are knowledgeable and committed to learning more. We actively test and iterate new techniques to improve our search presence. Performance of past initiatives is used to drive next steps.
	<b>5. Optimized</b>	We are operating as if SEO is part of our marketing DNA. SEO processes are continually reviewed and optimized, and our SEO program is evolving as the industry evolves. We are seeking cutting-edge new SEO opportunities to test.



# Thank You

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