Speaker A 00:00:01

Welcome to the Future of the Firm podcast. I'm Emma Carroll, head of Client Voice here at Source, and in this episode, we're going to take a dive into one of Source's most interesting and enduring areas of research. We're going to look at the big messages that are coming out of our Client Perceptions Program so far this year and we'll highlight what firms really need to know about how clients perceive them in 2026. I'm here with my colleague Sophie. I'm really pleased to welcome her to the podcast. Sophie Gunn is senior consultant here at Source, heads up our Client Perceptions Program. Welcome to the podcast, Sophie.

Speaker B 00:00:36

Thank you for having me.

Speaker A 00:00:38

It's nice to have you back again because last year this was one of our most listened to podcasts. So everybody's in for a real treat today.

Speaker B 00:00:45

That's very nice to hear. I'm looking forward to giving everyone an update.

Speaker A 00:00:49

So before we really delve into the detailed findings, perhaps for those who didn't listen last year, can you summarise what the Client Perceptions Program's about? Who we survey, what we ask them?

Speaker B 00:01:01

Yeah. So our insights are based on a survey of nearly 4,000 senior buyers and end users of consulting. And we look to understand what these buyers think about up to 15 leading consulting firms in the market. We analyze the buyer funnel from awareness, familiarity, to the extent to which clients are prepared to shortlist or use a firm. And, and then we also gather views across three core metrics, clients perceptions of the quality of firms work, the attributes that underpin how firms work with clients, and perceptions of value. So we take all that data, we cut and splice that into a number of different regional and sector reports, really digging into the data to find the interesting stories and dynamics for the, for each of those markets.

Speaker A 00:01:54

Okay. And one of the most interesting things and things I leap straight to when I look at the reports is what clients tell us about the attributes that are important to them when they're choosing a firm to work with. So I'd love to hear what stood out for you this year.

Speaker B 00:02:08

Anyone who's familiar with our data will have heard us talk a lot about the importance of expertise when choosing a firm to work with. Clients have consistently told us about the importance of firms demonstrating their relevant leading sector and subject matter expertise ever since. COVID that trend does continue this year. The quality of firm subject matter experts and the sector expertise that firms bring are the top two most important attributes according to clients globally. However, we actually have seen a bit of a shift in, in our data this year. Across certain regions, most notably the UK and France, and among clients in the energy and resources sector specifically, account management has also risen in importance. We explore this in much more detail in our reports, and we explore whether this may reflect a growing need for reassurance in a volatile business environment.

Speaker B 00:03:12

Clients want to know that the firms they're working with will stay close to them in uncertain times. They'll remain in tune with their organization and really look to understand their evolving needs, especially if those needs are changing at quite a rapid pace due to sudden global events. Another attribute that's emerged from bottom of the list in previous years is the methodologies that firm uses across the uk, France and Australia. This attribute now features in the top half of attributes clients consider most important. And again, I think this reflects in uncertain times, perhaps these organizations want to ensure they're partnering with firms that use robust, proven approaches to manage change and transformation. AI could also be playing a bit of a role here. Perhaps they want to better understand the kind of robust methodologies that firms have in this space specifically. And then finally, the other shift that we've seen this year is that firms effectively matching experts to projects has also risen in importance.

Speaker B 00:04:23

It kind of changes a lot, jumps around a lot, year on year. We often see it kind of pop up at the top of the top of the list. But we wondered whether all these three attributes we wondered whether all these three attributes taken together reflects a want for firms to not only highlight their expertise, but how they bring that expertise to projects to ultimately get things done. So our data this year suggests that expertise alone is not enough. Clients now want convincing that work will be delivered in a way that delivers real impact.

Speaker A 00:04:58

That's so interesting because I think probably firms are very used to talking about their expertise. They're very used to talking about the expertise within a team context, but they're talking about the methodologies too. Probably sometimes you think you don't want to talk about that too much. It might get a little boring, for instance, but it sounds like it's actually quite a persuasive thing to talk about at the moment.

Speaker B 00:05:18

Yeah, I think so. And I think another way that we look at kind of what attributes top our list is thinking about how firms can differentiate themselves. And it feels like when, you know, a lot of the leading firms in our study are all perceived to deliver great quality work, actually talking about how you deliver your work could be a real differentiator.

Speaker A 00:05:40

Yeah, totally. To those of you who are listening, if you want to understand more behind the detail of what Sophie said, there or if you'd like access to the specific data for a particular region, maybe the us, the uk, GCC or for a sector TMT and FS have been published within the last month, then do look on our website or reach out to me or to Sophie on LinkedIn for example, because we'd love to update you on that. So Sophie, getting back to the research, we've seen some really interesting trends when we look at clients confidence levels. And I know that's in our client perceptions work, but it's also in all our other research as well. So I'd love to dive into that a little bit with you. A quick aside, I wanted to give a summary for how we define confidence for those of you listening. In our surveys, we ask clients how the macroeconomic and political environment is impacting their confidence to invest in their business.

Speaker A 00:06:36

And there's a whole raft of people who say that their confidence hasn't been impacted. And those are very generally very future focused people looking to get ahead of their competitors, looking to adopt cutting edge technology. And we call those determined clients. There's then those that say their confidence has been really severely impacted and that proportion has been growing this year. And we call those people frightened. They typically actually spend the most on consulting, but they're, and they will invest, but they're doing it for more of a defensive standpoint. And then finally I'd pull out those who say their confidence has only been somewhat impacted and, and we call those undecided. So Sophie, in terms of our client perceptions work, what are we seeing in terms of confidence levels?

Speaker B 00:07:24

Yeah, it's those undecided clients that I actually want to focus on because that's one of the most interesting findings from including that segmentation of clients. In our client perceptions data this year we found that generally undecided clients the least positive about the quality of firms work, the attributes of working with them and the value of their work relative to fees charged. We think that part of the reason why this group of undecided clients are perhaps less positive is because they're less convinced of the need to work with consultants. They are uncertain about the future and worried about the risk to their business if they invest in new projects in case the world shifts around them. In our GCC report specifically, we also explore the possibility that perhaps firms when working with undecided clients are actually sticking quite rigidly to agreed deliverables and project timelines, even if there are shifts that mean that they become less useful for those clients. So perhaps to combat this, firms need to think about how they can be quite flexible with this particular client group, open to changing their approach in response to the wider economic or political changes, but also challenge clients around whether any projects that they are undertaking are even the right projects to be doing. And especially when the context is changing, that conversation is really important because that.

Speaker A 00:09:01

Challenging piece, especially around scope, is a source of value for clients, isn't it?

Speaker B 00:09:06

Yes, absolutely.

Speaker A 00:09:07

And you've got some really interesting stuff to say about clients being advocates of firms this year, haven't you? Can you tell us what you found out about that, please?

Speaker B 00:09:17

Yeah, we've had some really interesting stories around client advocacy this year. So there's a bit of context. In our survey, we ask clients that have used a firm whether they would go on to advocate or recommend a firm to others. And in particular, there are real regions where we've seen advocacy among clients, and among the C suite in particular improve this year, most notably in the GCC and China. One of our really interesting findings was in our Germany data where we saw that some of the relatively smaller firms in our studies study, so firms like Roland Berger, Alex Partners, Kearney Oliver Wyman are more likely to have clients that are open to advocating for their firm than some of even the larger firms, such as the Big four or bigger kind of technology heritage firms. All this kind of really positive data around advocacy presents a clear opportunity for firms to take advantage of their advocates, especially in this environment where working with a trusted firm is really top of mind for clients. And a recommendation from a colleague or a peer can go a really long way when it comes to considering different firms to work with.

Speaker B 00:10:35

And so across our reports, we offer some recommendations around what we think firms can do. And really it boils down to two things. The first is making sure that clients they've done good work with are aware of the full range of your firm services, which means that they can potentially open up conversations in other part of their organizations as they see needs emerge. And then the second is arming your advocates with thought leadership and interesting insights that they can take to others and use as a talking point to really shape conversations that they're having.

Speaker A 00:11:18

Some really practical tips there. Thank you, Sophie. And we always like to end on a really practical takeaway. So for someone listening today, that's looking to improve how their firm is perceived in the market. What's the one piece of data you really think they should home in on and how should they use it?

Speaker B 00:11:36

I am going to slightly repeat myself from last year, but I think it bears repeating. Again, we talked about the increasing importance of impact and how firms deliver work and how clients are looking for specific attributes of firms that really demonstrate the impact that the way a firm can work can have. And we can't really talk about impact without talking about value. We say it all the time, but value really remains the single biggest opportunity for firms to differentiate themselves. When we look at our value data, we define it as the proportion of clients that say a firm added more value than paid in fees. So whilst the vast majority of clients that we speak to and that we survey often say a firm delivers what they paid for, a much smaller proportion say that a firm delivers value kind of beyond that initial requirement. Over the past three years, our data has revealed notable shifts in how clients evaluate a firm's value add.

Speaker B 00:12:49

And this shift seems to have resulted in quite fluctuating perceptions of what they think specific firms can deliver. No firm dominates our value ranking year on year. No single firm or type of firm is seen as consistently strong in this area of our data, which really just suggests that firms are yet to have a standardized approach to measuring, tracking and communicating the value add of their work. And this remains an area that we think firms should focus on and an opportunity for a firm to come through and really consolidate a strong story around the ability of its consultants to create additional value, which again, in a very crowded market could help that firm stand out.

Speaker A 00:13:38

Definitely. Definitely. And Sophie, before we head off, which client perceptions reports are out next and when can we see them in our inboxes?

Speaker B 00:13:48

We are in the middle of writing our service line reports, so covering risk, tax, audit and technology service areas specifically. And all these reports will be published in the autumn.

Speaker A 00:14:01

Brilliant. Thank you so much for your time today. Some really interesting messages.

Speaker B 00:14:05

Thank you so much for having me.

Speaker A 00:14:06

If you found today's discussion interesting, you can find more episodes on Spotify, Apple Podcasts or anywhere else you get your podcasts. To find out more about how we're helping shape the firms of the Future, head to sourceglobalresearch.com.