

Emma Carroll..... 00:00:02

Welcome to the Future of the Firm podcast. I'm Emma Carroll, head of content here at Source, and we've got a special new year edition of the podcast for you today. Over the next 30 minutes, we'll be thinking about and trying to predict the likely trends within the professional services sector for 2025. Plus, we'll be offering some advice on how firms can stay relevant to their clients in the year ahead. I'm delighted to be joined by my colleagues, Fiona Czerniawska, Source's CEO and founder, and by Katherine Anderson, our director of market trends and analysis. A big new Year's welcome to both of you.

Fiona Czerniawska..... 00:00:37

Thank you very much. Love you to be here. Didn't have to quite dig our way through the snow, but I'm hopeful that later today we may have to dig our way out of the office.

Catherine Anderson..... 00:00:44

Yes.

Emma Carroll..... 00:00:45

So I thought we could start with the size and performance of the consulting market. And Fiona, I don't think there's any debate that 2024 was a pretty tough year for the consulting market. The historic norm for growth is around 7 to 8%, but 2024 looks to be more like 3%, with wider professional services just under 5%. How does that shape up against our expectations?

Fiona Czerniawska..... 00:01:11

It's a bit below what we thought. We thought that the start of the year might be a bit difficult, but then things would probably improve somewhat. We weren't ever wildly optimistic about 2024 as a year, but we did think it would get a bit better towards the end. We've quite seen that, particularly in the U.S. so I think probably one of the disappointments here has been the US market not really responding in a way that we expected. Some markets have grown really well, but the US was a disappointment. And I think that's going to be an interesting question then what will happen next year?

Emma Carroll..... 00:01:44

Okay, excellent. And we will move on to that shortly. So we've got the downsides, we've got the US market there. What about the high spots for consulting demand in 2024? Were there any that you could pull out?

Fiona Czerniawska..... 00:01:56

So to answer that question in geographic terms is really quite straightforward because there was one very high spot, which was the Middle east, particularly the Gulf region, that despite all the upheaval that's going on there, there is so much pressure in terms of the need to invest, renewables, demographic change, etc. And of course there is money that it was a magnet for consultants. During the course of last year, we could walk into any meeting and everybody would talk about the growth that they were encountering in the Gulf region. So that was definitely the high spot. I think Asia was much more mixed. So China was not a great market for professional service firms in 2024. If you looked in Europe, mixed as well, but perhaps not as dramatically mixed as Asia was.

Emma Carroll..... 00:02:39

Okay, thank you. And Catherine, anything you'd pull out there in terms of high spots, I guess.

Catherine Anderson..... 00:02:44

I would point to two. One is a service, so managed services has been growing in demand and that's certainly an area that clients are looking for more and more support around their BAU activities. But the other one is cyber. So with all the issues that we've had around AI and data, there have been ransomware attacks, there have been all sorts of security threats. Cyber definitely a high spot in the market and it's seen above average growth all the way through.

Emma Carroll..... 00:03:12

Yeah, definitely agree with that. And I think the other ones maybe to add would be technology risk data and analytics. They performed relatively well, didn't they, compared to some of the others.

Fiona Czerniawska..... 00:03:22

I think there's going to be some interesting questions about technology going forwards because it's grown so much over the last few years. There's a point where you think surely this balloon has got so big, can people pump more air into it or will it just be a bit more hard to make that market grow because just it's so big?

Emma Carroll..... 00:03:38

Interesting. Thank you. So let's do that then. Let's look forward a little bit. What about 2025, Fiona, what are our growth predictions for the year ahead?

Fiona Czerniawska..... 00:03:48

To be somewhat better than 2024, but having, you know, once bitten, twice shy, we're quite cautious and probably this year we would still expect to, I think see improve during the course of the year. But I think we're quite low key in terms of our predictions. So probably growth 4 to 5%, whereas this time last year we would probably been expecting 6 to 7%. So definitely less than it was, but still growing. And I think that's important. A challenging market doesn't mean that there isn't growth. There is definitely growth happening, but it is going to, I think, stay pretty low key.

Emma Carroll..... 00:04:24

Okay, but that hockey stick shape again, we're potentially predicting, well, maybe, but I.

Fiona Czerniawska..... 00:04:30

Think a pretty, maybe more kickback than hockey stick tennis racket. I think, you know, the hockey stick always to me sounds like a really kind of real kind of recovery view. I'm not sure we get that level of pent up demand. It doesn't seem to be sitting in the system at the moment. We know that clients need more outside help than ever, but they're really hamstrung by how much money they want to spend on it. They're very tempted by trying to do things internally and that's dragging the whole market down.

Emma Carroll..... 00:04:57

Okay, thank you. And Catherine, where do you think firms should be placing their bets for 2025? What services, sectors, geographies?

Catherine Anderson..... 00:05:05

Anything technology related, obviously anything that links back to that desire to build up the capability around AI. So doing an awful lot of work around data, for instance, that's all going to be a real interest. But there are some other things too that are worth pointing. One of them is actually risk and using risk in a strategic way to look at opportunities actually in the market for growth for clients. And that's something that a lot of clients are now starting to turn their attention to. And if you can show your expertise in that area, that should be a winner. But the other one is people and change.

Catherine Anderson..... 00:05:43

So it's a service that has seen decline over the last few years. The money has pulled back from that. But what we're now seeing is that clients are really struggling to put the changes through that they need. And they need some support around making that change happen. And now clients are starting to ring fence some money to actually make that work for them.

Fiona Czerniawska..... 00:06:03

It's interesting listening to you there, because both where risk is concerned and people and change, I wonder if some of the new demand will come from new people. In other words, it's not the HR director, it's other people who are facing the consequences of the kind of lack of investment and people and change over the last few years. And the same could be true of risk. We know that there's quite a lot of appetite for risk support outside the risk function. So maybe what we've got here is a world which, despite low growth, clients, needs are changing and changing quite fast, but also who the client is is changing too. Yeah, definitely creates new opportunities.

Emma Carroll..... 00:06:40

Really interesting. And I'm also wondering whether some of that HR people and change work will be coming from that interaction with technology, with kind of maybe resistance to technology upskilling people, to really finding that combination of people in technology within businesses. I think that is something that clients are struggling with a little bit at the moment.

Catherine Anderson..... 00:06:59

Yeah. The other thing that they're struggling with though is hybrid working. And we've seen an awful lot of press around this over the new year. But it's news of working and understanding how they can actually get the results, the collaboration, the creativity, the productivity that they need. And that's going to be a key area too.

Emma Carroll..... 00:07:17

Okay, let's talk about where clients are investing. So we have already touched on AI and that was the market we flagged to watch in 2024. And our data and our conversations do show that they're using it, they're investing in it. But what about spend on consulting here? Fiona, have we reached a tipping point in terms of investment in consulting services around AI?

Fiona Czerniawska..... 00:07:38

I honestly think it's incredibly difficult question to answer. I think tipping point is the right way of thinking about it, which is that it feels a bit as though there's pressure building to need some outside help.

Emma Carroll..... 00:07:49

But.

Fiona Czerniawska..... 00:07:49

But whether we've quite got there yet, as Katherine said, there's been a lot of investment in the technology that sits around AI and also the data preparation for this, which creates more opportunities to start getting things done. But I think in some ways what AI will start to look like perhaps in 2025 as an opportunity is perhaps resembles where we were with digital transformation in 2016-17, which is people have got clear what they kind of want to try and do something and they're looking at quite specific uses of AI and they will want some outside help for those uses. And then over time they start to realize that there's more they can do. So when digital transformation started, we talked at the time about oak trees and acorns. It started as an acorn, it was a very specific use. And then because people thought, well, that's interesting, we could do this, we could expand it, we could do that, it grew into a big oak tree. And perhaps the same thing's going to happen with AI.

Fiona Czerniawska..... 00:08:42

So I think tipping point is still out there in the future. I think there's more to do around those smaller scale opportunities that people can see. But when they start to join the dots between them, that's when we will really see the tipping point. And my guess is that's a little bit way out. But in the short term, there's still going to be more opportunities than there were helping people exploit the point solutions they're going to try and use AI to help with.

Emma Carroll..... 00:09:08

So firms definitely shouldn't be shy about taking on the smaller projects then.

Fiona Czerniawska..... 00:09:11

I think that's exactly right. And small, of course, can be big in scale in some ways, but I meant sort of small by definition, where clients are focused on AI's use in a very specific area. And that starts to go, oh well, that could change how we do many other things here. That's really how digital transformation grew. And the reason why it managed to grow was it was kind of growing into existing budgets. There was Money there, there was kind of it money in the budget to spend and therefore it wasn't just a question of how to find new money, it was just repurposing existing money. And I think that's part of the future for AI.

Emma Carroll..... 00:09:47

Thank you, Katherine.

Catherine Anderson..... 00:09:48

I think I would add to that it'll be interesting to see from a client perspective when they actually stop thinking about using it as point solutions and are thinking about a group strategy for what they're doing with AI. And we're definitely not there yet. A few people are talking about it, but they're not doing anything in this space yet. So it is very much about showing that expertise in those, we'll call them smaller scale, but not necessarily projects at the moment.

Emma Carroll..... 00:10:17

We'll be looking out for that throughout the year, won't we? So, Katherine, quarter four last year, the really big trend that jumped out at us then was about a change in client sentiment and that was the pivot to growth. Clients really said that they were targeting revenue growth. What do you think is behind this?

Catherine Anderson..... 00:10:34

Lots of different things, to be perfectly honest. So I wouldn't point to anything in particular, but it's a combination of factors that have been kind of building up over the last year or two. So with all the geopolitics and macroeconomic situation that clients have been facing, they now realise that this is simply the way that the world is going to be. We've had a huge amount of upheaval as well over the last year with elections that have been going on around the world. What they need to do is move forwards now. And they may be struggling with hybrid working, they may be struggling with productivity, but they've been facing these problems consistently for the last few years and the only way for them to move forward is actually through growth. Now they're countering that with there is a lack of consumer demand out there.

Catherine Anderson..... 00:11:20

Customers are feeling a little bit pinched when it comes to the money in their pockets. So they're looking for new ways to expand in market. So it's not simply a case of bringing out a new product or advancing into a new territory. They're having to be very, very targeted about that growth. But growth is what they're certainly looking for and there are lots of different ways that they're going to be looking for support.

Emma Carroll..... 00:11:43

Okay, what you're saying there to me is also hinting innovation, maybe demand for innovation services, that kind of thing.

Catherine Anderson..... 00:11:49

Yeah. So it's an interesting one. Traditionally what we've seen is that actually clients do not go to consulting firms for Support around growth. It's not something that they think they're necessarily that good at, but what they will go to them are some of those supporting areas. So it could be around supply chain, around technology, around quite simply just market information and knowledge. But innovation is going to be one of those two. And I think some sectors we will see that in a lot more than others.

Catherine Anderson..... 00:12:17

Things like life sciences, for example, they are more used and more comfortable with using consulting firms there for that innovation. And so we should see some growth there.

Emma Carroll..... 00:12:27

Okay, thank you. And Fiona, strategy work is often one of the things that rebounds fastest, and obviously that's really important when it comes to revenue growth. Have you seen any signs of that? Is that something you expect?

Fiona Czerniawska..... 00:12:37

So I think there were some signs of it. I think if the deals market was bigger and more vibrant, we would have seen more signs of that. But I think with the new administration in the us, that's probably going to pave the way for more deals and that's going to drive up strategy further than it has already been driven up. So I think it's improving. And we can also see evidence in our client data that they're expecting to use more strategy work and outside support in the future. So it does feel as though that's looking a bit more positive.

Emma Carroll..... 00:13:07

Catherine, anything else you would add there?

Catherine Anderson..... 00:13:10

Yes, one thing I would add in is that a lot of clients are looking around at their competitive market as well. And what they're really worried about is one of their competitors making the first move and getting a huge advantage out of that. So they're all looking over their shoulders at the moment to see what their competitors are doing. How can they stay apace with them, not even necessarily ahead of them, but how can they stay apace with them? And they're looking at things like supply chains, they're looking at AI, they're looking at new markets, all these sorts of things that their competitors might be doing, and they're getting quite worried. So that's also sitting behind that growth.



Emma Carroll..... 00:13:46

Okay, thank you. And one of the other questions that firms were asking us throughout the whole of 2024 was about how they could stay relevant to their clients, how they could be the firm that is shortlisted for work. And I wondered whether we could each share a tip maybe on for firms who have put staying relevant at the top of their to do list for 2025, what we would recommend they do. And maybe as chair, I could take prerogative and go first, because we did do some research on this in our quarterly survey at the End of last year. And we asked clients specifically what would make a firm relevant to you. And the absolute top of the list was they wanted a firm that understands them and understands their industries. And that definitely comes through in all of the interviews that I do with clients.

Emma Carroll..... 00:14:34

They want a skilled team that really understands them, really understands their industry. Definitely they don't want a team coming in that they then need to train up themselves and teach about their own industry and at all costs. They don't want anyone coming in who's going to give them cookie cutter, one size fits all approach. They want people that really, really understand them. And that's something that can really be done in those initial conversations that you have during a pitch. Really surprising with your level of understanding and knowledge and that background work that you've done. So that would be mine, that really making sure that you've got that credibility around understanding the client of their industry. Catherine, what would be your top tip on being relevant to clients?

Catherine Anderson..... 00:15:18

So I would take that deep expertise and I would say actually it's a combination of that and consulting expertise. So one of the most interesting things that came out of our research for me in the last year was that clients believe that actually they know their sector better than consultants do. And that's changed that. You know, 10 years ago would have been the other way around, but now they believe they actually have that deep industry expertise. So what they're buying when they're looking at firms is it's not just that understanding of their organization and the market, but it's their ability to be a really good, strong consultant as well. It's bringing in the outside perspectives, it's looking at them in a different way and bringing them some fresh ideas and some fresh advice. So it's that combination of industry and consulting skills that they need to bring.

Emma Carroll..... 00:16:08

I found that statistic probably the most interesting one of the year too. And it's really fascinating because clients think they know more about their sector than consultants now. But that doesn't mean they don't wish that their consultant knew more and could give them advice and could be sharing things from across sectors. So maybe there is an opportunity there. Fiona, what would be your top tip?

Fiona Czerniawska..... 00:16:31

I suppose I first of all completely agree with that point. I think it was that statistic took us all by surprise, to be honest. And it really, even when I've mentioned it in the course of doing presentations, things like that, everyone kind of pauses and goes, what? It's almost like going back to the future. This is what consulting used to be about. And suddenly people are not quite getting nostalgic, but they're kind of reaching for something that perhaps isn't there and perhaps we've lost over the last few years. I think one of the other things that comes through from our data, and it will be interesting to see whether the most recent data which we're gathering at this moment will reinforce the trend or change it, is clients scrutiny of the value that's being created.

Fiona Czerniawska..... 00:17:08

So this isn't about value for money, although that's never far from clients minds. It's about what they get for their money and the extent to which outside firms are creating value for their clients business. We know that their perceptions plummeted in 2024, a really significant drop in the proportion of clients who thought that the firm that they'd hired had created value for them. So it's going to be interesting to see whether that was a blip or whether it's part of a longer term trend. Certainly if it is part of a longer term trend, that's coming from the environment that clients inhabit and wanting to scrutinise every tiny piece of expenditure. So what does that mean in terms of staying relevant? I think it means knowing that you can explain to a client what you're going to leave them with and that you can leave that thing with them very quickly. Firm's biggest competitors is always or almost always outside very specialist areas, clients themselves.

Fiona Czerniawska..... 00:18:02

So what is it that the firm can do that the client can't do as well? And I think largely it's part about concrete deliverables, but it's also how quickly those can be delivered. So that makes a firm very relevant.

Emma Carroll..... 00:18:13

And is that delivering small things quickly upfront before larger things. Is there a timing thing there?

Fiona Czerniawska..... 00:18:19

So I think there's certainly an element of trying to break things up so that people get chunks of concrete things being delivered on a regular basis because they can't afford to wait that long. And I think you can see the whole zeitgeist in politics as well. It's the same problem, which is that people seem to have become incredibly impatient about how long it takes to get something done. They want things done very quickly and goodness knows what will happen if they don't get it.

Emma Carroll..... 00:18:39

Interesting. Thank you. And Catherine, you're actually doing some work on pricing at the moment, aren't you? I am, which I'm really excited to read. Emerging Trends report coming first quarter of this year, maybe February.

Catherine Anderson..... 00:18:50

February, excellent.

Emma Carroll..... 00:18:52

So I was going to ask you some questions on that and particularly on fees and service delivery. In our client served at the end of last year, a whole 58% of clients expected fees to decline over the course of this year. What do you think is behind that?

Catherine Anderson..... 00:19:07

Well, I'm going to say actually, I think there's a difference between what clients would like to see happen and the reality of what will happen and actually the reality of what does happen. So clients have consistently been saying for the last few years, the majority of clients have been saying they want to see prices come down. They expect that to happen. That is not actually happening. However, when we look backwards, clients are paying more as the years go by for the work that's being done. And it comes down to a variety of things. I think, you know, clients are under a huge amount of financial pressure at the moment.

Catherine Anderson..... 00:19:44

So from their point of view, they would like to see prices come down and they will be working harder during those pitch stages and the negotiation stages to bring those prices down at more discounts if they can, all those sorts of things. However, the reality is that they need the extra help and support. And they also recognize that consulting firms are facing the same kinds of pressures that they are and they've had to increase their rates. And when we look back, what we've actually seen is that clients paid more for services in 2023 and in 2024 as well. So that's despite wanting those prices to go down, at least half of clients ended up paying more than they expected to. So there is a big difference between what clients are saying they want and what's actually happening in reality.

Emma Carroll..... 00:20:34

Outcomes based pricing. I think I always ask about this one because it's something clients, when we interview them, they always say they want it. But when we speak to firms, they sometimes find it get clients to actually commit. Any likelihood of change of that in 2025?

Catherine Anderson..... 00:20:49

Definitely. So this is good news. And this is a very interesting stat that's come out of that ET research that we're doing at the moment on pricing. So when we looked at this topic a few years ago, probably around 10% of contracts would have been outcome or performance based. That's now gone up to 31%. So that's a big rise that we're seeing. What I would say is it looks like that's not the entire contract is outcome or performance based.

Catherine Anderson..... 00:21:18

But what's happening is that clients and firms are building in clauses to those contracts and they might be penalty clauses. So, you know, things don't get paid if they're not delivered to a certain value or at a certain time. So there will be penalty clauses in there. But there are more, there's more work going on that is actually based on the outcomes and the performance. And it's picking up something that Fiona said earlier about that need for results and fast. So what we are seeing in the market is that contracts are being split up into smaller pieces and clients are expecting to see those results on a regular

basis. And the fees that are paid will be dependent on those being delivered to them. And that's becoming more and more common.

Catherine Anderson..... 00:22:00

And clients find it easier to deal with when it's split up into those smaller pieces. If you have a vast piece of work, then it's very hard to attribute all the gain down to just consulting firm. But if you're able to split it up into those smaller chunks, it's much easier to see who's been responsible for the uptick, whether it's in productivity or in market share. And therefore those kind of contracts are growing in popularity as a result.

Emma Carroll..... 00:22:24

So listening to you, do you think there's more about sharing the risk but not necessarily about sharing the reward?

Catherine Anderson..... 00:22:32

It's an interesting question. I think it's probably fairly evenly split at the moment and it will probably depend on the type of project as well. So. So some of the more strategic projects they can be very much about sharing that reward. A lot of the things that are very time dependent, that's going to be about sharing the risk. So there will be a split.

Emma Carroll..... 00:22:52

Thank you, Fiona. Attributes. We've talked about expertise a little bit already and that was the big attribute that clients were looking for last year, 2025. Do we expect that to change? What do you expect clients to be really seeking out from the firms they work with?

Fiona Czerniawska..... 00:23:07

I can't think it's going to change in some fundamental ways, but I do think there are changes on the horizon. So fundamentally, I think clients still, when they're working out which firm to hire, their starting point is always expertise. Does this firm do this kind of stuff? Well, is what gets a firm on a short list. And it's quite difficult to imagine they could have a starting point that's different to that. They might be interested in trying to buy outcomes, but it's very difficult to buy an outcome. Judge firms on that basis.

Fiona Czerniawska..... 00:23:36

Whereas expertise is something that they feel comfortable judging. That being said, I think that's always about the what the client wants, what the firm's going to do. And I think sometimes I get this sense from listening to clients that they're also getting more interested in how they're going to do this so the what has to be there. But once that's there, how does that raw material, if you like, get converted into something useful? The output they're looking for and how that process happens can have many aspects to it. But I think it's about methodologies, it's about delivery models. I think clients are more interested in those types of things than they have been in the past. And I think that's quite interesting because it's something that consulting firms and other professional service firms thought of as being internal to them.

Fiona Czerniawska..... 00:24:24

Whereas I think some of the how here is coming out in terms of clients saying, well how are you going to do this? How will you do it faster? Show us what you can do and how you apply your expertise to this. So more about methodologies, more about how a firm will work and clients understanding of it.

Emma Carroll..... 00:24:40

Okay, interesting. Thank you. And Catherine, anything you'd add there?

Catherine Anderson..... 00:24:43

I take that word apply. And yes, it's about how they apply that expertise and get the results, actually get stuff done. And that's what I think is going to be really important in 2025.

Fiona Czerniawska..... 00:24:54

I find it very difficult to think that a consulting firm that can get stuff done quickly to a high level of quality, anybody's door is going to be open to that consulting firm. That's really fundamentally what people are after in this current environment.

Emma Carroll..... 00:25:10

So we've talked about 2024, we've talked about 2025. Fiona, can I go a little bit crazy and get you to talk and look maybe 10 years ahead? Anything you'd pull out that you're hearing, you're thinking about where professional services will be in 10 years time, what will be different?

Fiona Czerniawska..... 00:25:26

I really hate these questions. I sometimes wonder if I'm just chronically in the wrong job here. So if we try and extrapolate from current trends, I think some of the big things that we'd see is clearly clients want firms of all shapes and sizes more involved in the delivery of what the client does. Now that could take many forms. Firms talk about operate. There's business process outsourcing that Katherine mentioned earlier. There's managed services.

Fiona Czerniawska..... 00:25:54

It could come in many forms. But what it's telling us is that clients short staffed, without the capability, needing to get things done quickly, need more external support. So that will start, I think to blur the distinction over time between where is a professional service firm start and finish and where does the client start and finish. We'll find firms running stuff, people that you would think, well, they're not really doing advice here. They're literally Part of that business. And I think that will all take money, It'll take technology, it'll take people and skills change for firms to be able to deliver that reconfigured business world. And then there's a question as well. Where does that money come from?

Fiona Czerniawska..... 00:26:34

Professional service firms, many of them are still partnerships, which means that money gets distributed typically most of it to the partners during the course of the year. So it's hard for them to make long term investments. They've also not necessarily done well where they have tried to do this. They're not set up to be performed like a technology firm needs to be. So they're going to have to change some of that over the next few years. So I think I would suggest two big changes, one of which is the world of advice shifting to a world in which there is some advice still very important, still very valuable, but sits alongside a lot more delivery activity in lots of different forms. And that then changes the nature of what the firm needs to look like. One of the questions that we keep being asked at the moment is what does a firm do to become a technology firm?

Fiona Czerniawska..... 00:27:22

How does a professional service firm make that transition from being professional services to technology? And I think that's part of that same question, which is the structure of the firm will need to be different in 10 years time to be able to have the money to invest, to attract the right people and in fact do that kind of work. And that will change everything because you've got new money coming into the industry, different ways of thinking about it. So two changes, one external from a client point of view, lots around delivery, the other internally as firms respond to it. Catherine might disagree.

Catherine Anderson..... 00:27:55

Well, no, I was going to ask a question of you actually. Do you think the types of firms that are out there then will change? Because you can see those big consulting firms just getting bigger and bigger and bigger and the small specialist firms offering that in depth expertise on very particular topics. But what happens to those firms in the middle?

Fiona Czerniawska..... 00:28:15

So historically everyone thought that the future of the mid sized firm was very limited and they've been saying it for 20 years. But mid sized firms are still with us and I think they're still with us because there is still a need for firms that can do some, that are more specialized and can do some things at scale. And I think that remains the case. I don't think the advisory, if we want to use that term area, obviously many mid sized firms are more in the advisory space than they are in the delivery space. I don't think that disappears, but I think they will not grow as fast because they're not doing delivery. So I think there'll still be a place for them. And clients will from time to time want to kind of they'll bounce back from using a big firm to say we just need to go back to basics and use a firm that can do something more specific.

Fiona Czerniawska..... 00:29:02

But I don't think it gives them a lot of growth potential.

Emma Carroll..... 00:29:04

Thank you both. I'm going to throw a final question to both of you. We've talked about so many different trends, so I'm wondering if there are any we haven't talked about. But



can I ask both of you to pull out one trend that you think we haven't mentioned that our listeners should be looking out for in 2025. And Catherine, I will come to you first.

Catherine Anderson..... 00:29:23

So one thing that I would pull out, we touched on it earlier, but it's value. And we've talked about, we've talked about pricing and the fees that are being paid and how clients are looking for more value. And we've also talked about how we've seen clients perception of value drop over the last year. So it's going to be interesting to see how that data changes over 2025. But I think this is an area where firms really need to pay attention. Clients are saying that they're getting good quality work and clients are saying that, you know, generally they do get good value out of the consulting support that they receive, but they don't get great value. And I think any firm that is able to demonstrate that great value is going to be in a very good place for growth in the years ahead.

Emma Carroll..... 00:30:09

Thank you, Fiona.

Fiona Czerniawska..... 00:30:11

Well, I think that's a really, really great point to make and I think adding to that and similarly we did touch on it slightly earlier, but I think just to expand on it, how firms will grow. So they've got to deliver value unquestionably. But the more I was thinking about it as we were speaking, actually they've really got three choices and they're not mutually exclusive, but they're three, if you like, strategies for growth, one of which is they can sell more of their existing services to their existing clients, but they're only going to be able to do that if they work out why clients very clearly why clients can't do those things for themselves. Clients know those services, HR being a really great example of this. They know those services. They can do quite a lot of it. So firms will have to think about value in the context of that and what differentiates their value versus what a client can do for themselves.

Fiona Czerniawska..... 00:31:00

The second strand would be, well, they go to their existing clients with some new services. That's a really difficult thing for firms to do. It means understanding the client need very precisely being able to spot opportunities that are larger than others and invest in those. It's high risk. And the third strand, which we touched on in some recent

research and I think we'll be coming back to again next year, is around who the new clients are for existing work. In other words, they don't have to go through a massive process of innovation and change. What they do need to do is understand who the new buyers are and tailor what they've got to fit those new buyers. So we talked about risk earlier.

Fiona Czerniawska..... 00:31:39

There are new people buying risk services. There are new people buying. We're going to be tax services and they're not experts, but they're going to need some of the existing services that firms have customized somewhat, but being able to sell those services to a new group of clients. So I think the growth choices are going to be super important.

Emma Carroll..... 00:31:59

Fiona, Catherine, thank you so much. And here's to a happy, healthy and successful 2025.

Fiona Czerniawska..... 00:32:06

Thank you very much.

Catherine Anderson..... 00:32:06

Thank you.

Emma Carroll..... 00:32:08

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](https://sourceglobalresearch.com).