TRENDS in PROFESSIONAL SERVICES
Insights on revenue growth and business development

salesforce
Based on research conducted by Salesforce, this e-book looks into business development in the professional services industry – in a pivotal moment of change. Here are some of the key themes we uncovered:

- In an industry often focused on operational efficiency, digital transformation is now happening at an accelerated rate.
- Rates of digital transformation are reflected in the adoption of business development technology.
- Empathy with clients is more important than ever.
- Human vision and technology can come together as firms get back to growth.

This e-book is part of our attempt to understand how business development in this industry works, and we’ve organized it around five trends.

About the Data
Data in this e-book comes from our double-blind “State of Sales” survey of full-time sales operations, sales representatives, and sales leadership professionals worldwide. Survey was conducted from May 13, 2020 through June 30, 2020 and generated responses from nearly 6,000 sales professionals – including 655 in professional services. See the “State of Sales” research report for full methodology.

Terms Used in This E-book
While survey questions used terms like “sales” and “customers,” this e-book will use “business development” and “clients,” since these are the terms used in this industry. “Business development professionals” refers to those working in professional services in a business development capacity.
TREND #1

Professional services firms face new challenges in maintaining client relationships and driving growth.

Professional services firms have always focused on relationships, often meeting face-to-face. Remote interactions with clients have been a major shift in this industry.

Current market conditions have not impacted professional services firms uniformly. Those that provide ongoing core services such as audit may find that their engagements continue, although in a virtual format. On the other hand, custom project work is more susceptible to cuts when clients take a hard look at budgets.

If a firm’s clients are concentrated in hospitality or other industries that are heavily impacted by the pandemic, they are likely tightening their belts on non-essential spending. When developing a growth strategy or even just a stabilization one, firms need to understand the demand outlook for the sectors where they are the most exposed.

As a result of current economic trends, 80% of business development professionals working in professional services say their success metrics have changed. Similarly, 81% have had to adapt quickly to new ways of selling due to changing social and economic conditions.
Despite this, over a quarter (27%) feel completely confident in their firm’s growth strategy for the next 12 months, and 37% feel mostly confident.

Business development professionals also express confidence in their firm to pivot selling strategies. Thirty-four percent feel completely confident in their business development organization’s agility, while 35% feel mostly confident.
A third feel completely confident in their business development organization’s ability to close deals in the current economic environment.

Professional services firms have had to get more creative in building their profile, exploring tactics such as delivering webinars on Small Business Administration loans or increasing the output of free research around topics relevant to their current and prospective clients during this time.

This content may position the firm as a trusted authority. If the prospect has questions about how this content applies to their specific situation, they may engage the firm to advise their organization on new scenarios.

The current climate has also given rise to certain types of work: for example, mergers and acquisitions, restructuring, bankruptcy, and navigating the intricacies of government loans and payment protection programs.

Most professional services firms are happy to onboard new clients, but it’s even more profitable for them to keep existing clients. Firms that have maintained their relationships during this time have done so thanks to a combination of empathy and a focus on supporting clients who drive the most revenue.
TREND #2

The majority of professional services leaders agree: Digital transformation is here to stay.

Companies often engage professional services firms to optimize their business processes, so it’s perhaps unsurprising that professional services is more likely than other industries to say their own digital transformation has been accelerating.

Top-performing firms have long focused on delivering a comprehensive client experience.

A majority (88%) of business development professionals in professional services say their firms’ digital transformation has accelerated since 2019. The average across other industries surveyed is 78%, showing that professional services is operating on an accelerated digital transformation timeline.

Similarly, 84% of those surveyed say the way their business development organization uses technology has changed since 2019, such as the adoption of video conferencing.

For firms that advise clients on business processes (versus legal or staffing firms), the need for digital transformation is all the more pressing. To stay competitive and credible, those firms need to position themselves as “walking the talk.”
TREND #3

With the imperative for digital transformation, professional services is a star innovator in many areas of technology adoption. That said, some key revenue growth tasks remain manual.

Business developments teams in professional services are ahead of other industries in technology adoption, particularly when it comes to automation and AI. If you’re in professional services, your competition is also probably tech-savvy, so the stakes are high to stay ahead of the curve.

Despite the adoption of technology described above, 45% of survey respondents in professional services say prioritizing leads and opportunities is primarily manual at their company. Even more (48%) say the same for determining what next best action to take on accounts. For both of these tasks, professional services is slightly more likely than other industries to automate, but that’s still a significant number of people investing time in manual activities instead of building relationships with clients.
Sixty percent of business development professionals say they spend too much time logging activities like emails and phone calls. Almost as many (58%) say the same thing about logging sales data and client notes, while 57% say they spend too much time generating quotes and proposals and gaining approvals.

Few firms want to see valuable employee time spent on activities that can be easily automated. Especially in professional services, time is money, and time spent on admin isn’t as valuable as time spent delivering value directly to clients.

When you consider that many consulting firms maintain dozens of active conversations with prospects to reach a signed booking, firms need tools that make it as easy as possible for business development teams to manage those conversations. What’s more, the business development function at these firms is not just the responsibility of a dedicated team, but more often than not undertaken by senior partners across the business. Their time can be better spent on work that drives billings.

Opportunities can get missed when business development professionals don’t have a global view of what’s happening across the business.

Aside from the time wasted on manual input and the potential for human error, opportunities can get missed when business development professionals don’t have a global view of what’s happening across the business. Without a central access point for data – for example, notes from client meetings – there’s no opportunity to understand evolving client concerns or practice areas that should be explored further.

Deal structure, from pricing to billing, is another area that requires a complete view of the client and the business. In a downturn, buyers have the upper hand, so professional services firms often lose pricing power. They have to accept larger project scopes or discount projects to stay afloat. Rather than leaving this to chance or at the discretion of individual reps, pricing and volume relief should be an informed decision made across the entire business.
TREND #4

Despite productivity challenges and market distractions, business development professionals in professional services are finding new ways to connect with clients.

The quality of client interaction matters immensely in an uncertain environment. This is a very challenging time for clients, so showing empathy is key. In most cases, that empathy is genuine. A majority (91%) of business development professionals in this industry say they care about the challenges their clients face. Almost three-quarters (72%) say they connect with clients on a personal level.

When it comes to selling new projects, client budgets are still there, but the bar for projects is higher. Eighty-eight percent of business development professionals in this industry say current economic conditions increase the need to build trust before a sale.

Clients want thoughtful analysis, data-driven insights, and unbiased advice from trusted advisors.

When business development teams and partners reach out to clients, they can’t just forward the same content that anyone can find online. Clients want thoughtful analysis, data-driven insights, and unbiased advice from trusted advisors. Most firms feel they are already doing this. In fact, 84% of survey respondents in professional services say they serve as a trusted advisor to clients. Firms need to consider where they have strong expertise and double down on their perspective when doing outreach.

A majority (91%) say current economic conditions make it important to anticipate clients’ needs. With so many demands on business development professionals’ time, it’s more important than ever for them to focus on the relationships they’re building—both before and after engagements with clients begin.

For many, that approach appears to be working. Sixty percent of business development professionals say their relationships with clients are stronger than they were in 2019. Also, 70% say their leadership encourages them to prioritize long-term client relationships over short-term wins.
TREND #5
The path forward: professional services firms are looking to new growth strategies, processes, and tools as they build and sustain client relationships.

When asked to rank the strategies most important in driving their company’s growth over the next 12 months, business development professionals in professional services chose expanding routes to market (which 76% rate as critically or very important) and expanding inside key accounts (which 79% rate as critically or very important).

Despite being forward-thinking in their technology adoption already, business development teams have significant investments on deck, with particularly aggressive plans for AI.

Professional services business development organizations that use, or plan to use, the following technologies*

<table>
<thead>
<tr>
<th>Technology</th>
<th>Currently use</th>
<th>Plan to use in two years</th>
<th>Projected two year growth rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>AI</td>
<td>45%</td>
<td>32%</td>
<td>+70%</td>
</tr>
<tr>
<td>PRM solution</td>
<td>50%</td>
<td>33%</td>
<td>+66%</td>
</tr>
<tr>
<td>Competitive intelligence</td>
<td>52%</td>
<td>32%</td>
<td>+61%</td>
</tr>
<tr>
<td>Sales process automation</td>
<td>57%</td>
<td>34%</td>
<td>+60%</td>
</tr>
<tr>
<td>CPQ solution</td>
<td>53%</td>
<td>30%</td>
<td>+56%</td>
</tr>
<tr>
<td>Opportunity management</td>
<td>56%</td>
<td>31%</td>
<td>+56%</td>
</tr>
<tr>
<td>Marketing automation</td>
<td>57%</td>
<td>30%</td>
<td>+52%</td>
</tr>
<tr>
<td>Customer insight tool</td>
<td>59%</td>
<td>30%</td>
<td>+51%</td>
</tr>
<tr>
<td>Compensation/incentive management</td>
<td>63%</td>
<td>29%</td>
<td>+47%</td>
</tr>
<tr>
<td>Mobile sales app(s) for employees</td>
<td>59%</td>
<td>28%</td>
<td>+47%</td>
</tr>
<tr>
<td>Sales prospecting tools</td>
<td>64%</td>
<td>27%</td>
<td>+42%</td>
</tr>
<tr>
<td>CRM system</td>
<td>66%</td>
<td>27%</td>
<td>+41%</td>
</tr>
<tr>
<td>Sales reporting/analytics</td>
<td>69%</td>
<td>27%</td>
<td>+39%</td>
</tr>
<tr>
<td>Sales coaching and training solution</td>
<td>68%</td>
<td>26%</td>
<td>+35%</td>
</tr>
<tr>
<td>Sales forecasting tool</td>
<td>70%</td>
<td>23%</td>
<td>+33%</td>
</tr>
<tr>
<td>Account and contact management</td>
<td>73%</td>
<td>22%</td>
<td>+30%</td>
</tr>
<tr>
<td>Video conferencing tools</td>
<td>76%</td>
<td>21%</td>
<td>+28%</td>
</tr>
<tr>
<td>Email/CRM integration**</td>
<td>79%</td>
<td>19%</td>
<td>+24%</td>
</tr>
</tbody>
</table>

*Base: Sales operations and leadership
**Base: Sales operations and leadership at organizations that use a CRM
AI offers real opportunities as firms seek cost-effective growth. Firms can use automation to predict revenue shortfall by client mid-project and generate automated staffing recommendations based on client interactions and consultant performance or availability. Automation can also provide suggestions on how to engage with clients for smarter relationship management. But harnessing the power of data to achieve this is no small feat, which is why licensing a third party solution rather than building it internally can pay off.

At the same time, firms don’t need to jump in at the deep end of sales technology by automating everything at once. Rather, a staged approach starting with basics like opportunity management and email integration can provide internal wins that build momentum. Once teams see the value of automation, they’re better placed to take the next step with more complex integrations.

As firms begin to move beyond stabilization to refocus on growth, they can apply segmentation by spend to their clients. Often it takes a highly targeted approach to engage with clients in this more sophisticated manner. For example, Eide Bailly, a top 25 CPA and business advisory firm, created a program called EB CARES that was targeted to its top 15 clients per advisor. Advisors then reached out to understand how these clients were managing, and if there was any way they could be of service. This program led to nearly 200 new projects within four months of the start of the pandemic.

For bullish firms that wish to develop new practice areas and territories, the growth strategy might involve acquiring firms already active in those areas or territories. But acquisitions are not without their pitfalls. According to Deloitte, 46% of surveyed M&A professionals reported that fewer than half of their deals generated the expected value or return on investment.*

A combination of unintegrated data systems and unfamiliar processes means it’s often painful to join two businesses and cultures. At the same time, executives need a real-time view of revenue to drive the operational efficiencies and revenue expected from an acquisition. This is not to say M&A can’t be a winning strategy, but it stands a greater chance of success with the right systems.

Next Steps

In the current period of uncertainty and a quickly changing environment, there is no single path for all professional services firms to grow their client relationships and their revenue. The stakes are high. However, those firms that set up the right processes and technology will be best positioned to succeed in what comes next.