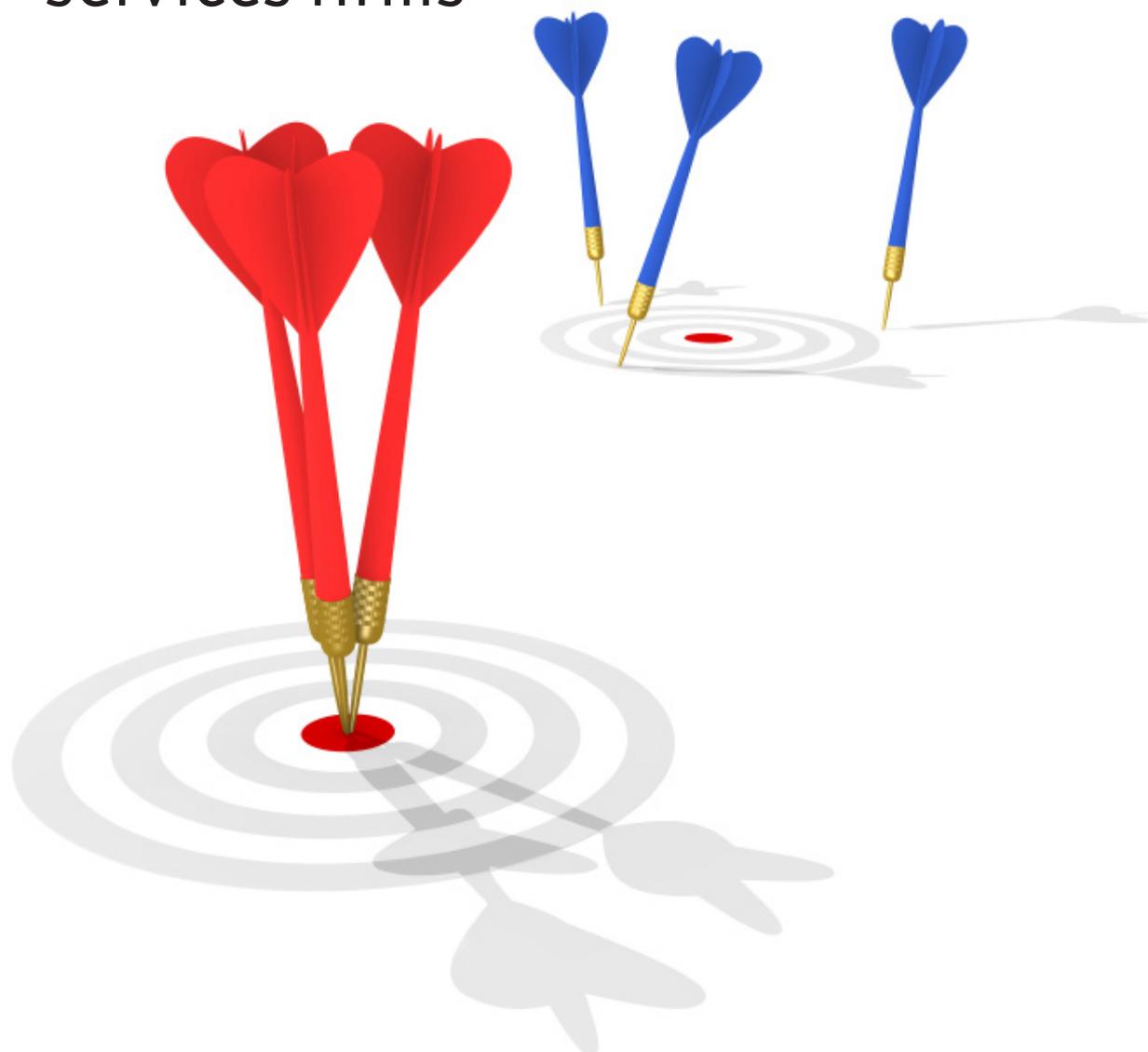


Engaging professional services firms



An executive summary from the Economist Intelligence Unit
sponsored by Google

Preface

Engaging professional services firms is an Economist Intelligence Unit executive summary, sponsored by Google. In November 2007, the Economist Intelligence Unit carried out a survey of senior management executives in the US on the processes, influences and decision criteria they use in engaging professional services firms. The Economist Intelligence Unit executed the survey, conducted the analysis and wrote the report. The findings and views expressed in the report do not necessarily reflect the views of the sponsor. Kim Andreasson was the editor and project manager. Rob Garretson was the author of the report. Richard Zoehrer was responsible for layout and design.

March 2008



Principal findings

Technology has increased the options available to marketers and customers of professional services alike. But what are the perceptions of online and offline marketing communication tools? In November 2007, the Economist Intelligence Unit carried out a survey, sponsored by Google, of senior management executives in the US on the processes, influences and decision criteria they use in engaging professional services firms. The principle findings of the survey are as follows:

- Professional services remain a “high-touch” business, where one-on-one contact with firm representatives and recommendations from peers and colleagues carry significant weight in influencing the reputations of firms.
- Despite the value of referential information, demonstrated competence and expertise in specific areas are the most critical factors in the selection of professional services firms.
- Few executives limit their search to firms they have previously engaged. Rather, most cast a wide net to include new firms with the appropriate specialties.
- Executives use a wide range of media to research professional services for their specific needs as well as to keep abreast of developments within their industry, with online sources proving particularly useful because of their specialised content.
- Despite media attention to increasing legal and regulatory burdens on business—heightened by laws such as Sarbanes-Oxley, HIPAA and others—engagement of professional service firms remains driven primarily by internal business goals and reorganisations, rather than external regulatory or competitive pressures.

Executives use a wide range of media to research professional services for their specific needs as well as to keep abreast of developments within their industry, with online sources proving particularly useful because of their specialised content.

- Executives are surprisingly unfamiliar with the other practice areas of professional services firms they have previously worked with, suggesting that such firms could do a better job of educating their clients on the breadth of their offerings.

Minding the media

The most widespread method of researching firms is through peers and colleagues (65%), followed by existing contacts at professional services firms (43%).

Who took the survey?

A total of 220 executives took part in the survey, each of whom had engaged a firm in the areas of accounting/auditing, management consulting, information technology (IT) consulting or human resources (HR) consulting in the past two years. Nearly 60% of survey respondents were C-level executives or board members, while the remaining respondents were senior vice-presidents, directors, business unit or department heads, or other management. Sixty-eight companies represented in the survey, or almost 31%, had annual sales of US\$1bn or more.

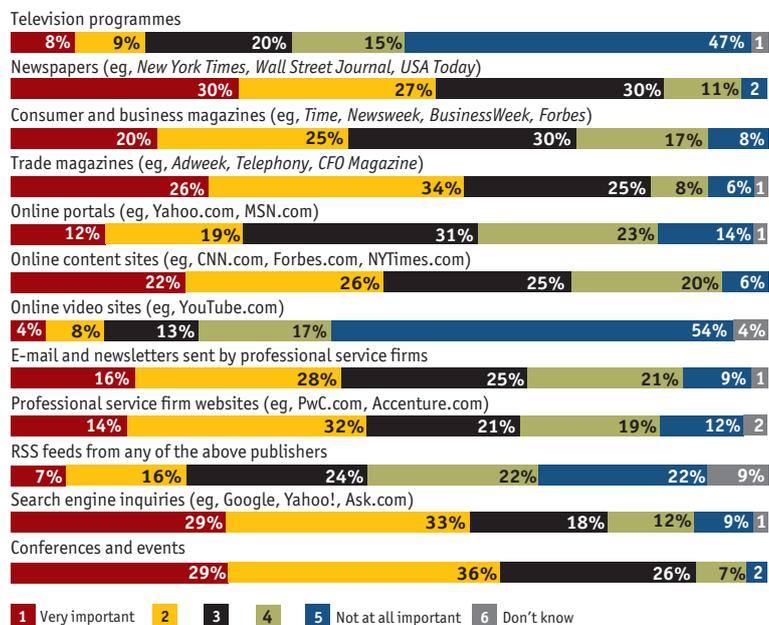


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Despite the value of referential information, demonstrated competence and expertise in specific areas are the most critical factors in the selection of professional services firms.

Yet the need for highly specific information on firm competency and expertise is highlighted by the range of sources used by executives when researching options for a potential engagement. All of these sources garnered double-digit response rates: search engine enquiries (38%), conferences, events and webinars (27%), trade magazines (25%), the websites of professional services firms (24%), online content sites (13%), consumer and business magazines (12%) and e-mail newsletters sent by firms (10%). When asked

How important are these types of media in staying abreast of information relevant to your job? (Rate on a scale of 1 to 5 where 1 = Very important and 5 = Not at all important)



how they would like professional services firms they work with to communicate with them in the future about new ideas, e-mail and newsletters were the top preferences of 57% of respondents, followed closely by contact with firm representatives (53%).

When executives were asked how important various media types are in staying abreast of information relevant to their jobs, the need for highly specific information was underscored by the strong showing of search engines, along with conferences and events. Even among C-suite executives—who are sometimes seen to be less technical and computer-savvy than other management executives—search engine queries are leading the way and rate as important or very important by nearly 64%, compared with 62% for all respondents. By contrast, 62% of the C-suite respondents say that conferences and events are important or very important, compared with 65% of the entire sample. The two were the highest-rated options for both the C-suite and the general survey population.

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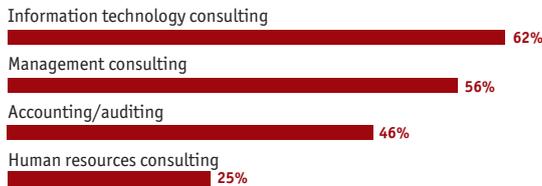
Interpersonal importance

Among the three sources most likely to influence their opinion of a professional services firm's reputation, nearly three-quarters of the executives surveyed (74%) cite one-on-one contact with firm representatives. Online information from firm websites (41%) is the next most frequently cited influence, followed by white papers and case studies (39%), conferences and events (30%), and online search results (21%).

Interpersonal communication is also identified as a key means of researching professional services



Which of the following types of professional services purchasing decisions have you been involved with in the past two years? (Select all that apply)



firms. Nearly two-thirds of respondents say that peers and colleagues are among the three most useful sources on information when researching firms. Existing contacts at professional services firms that have previously served them as clients is cited by 43% of respondents, followed by search engine enquiries (38%), both well ahead of conferences, events and webinars (26%), trade magazines (25%) and professional services firm websites (24%).

Competence and expertise are key

Highly specific information on the specialties and expertise of professional services firms is a key component of the selection process. When asked to name up to three qualities they consider most important in selecting a professional services firm, competence in a particular practice area and a firm’s understanding of their industry or business were the top two responses. More than two-thirds of the executives surveyed (68%) name specific competence among top criteria, followed by 51% who cite industry expertise, while 46% identify value of services relative to cost and 40% reputation as key factors. It appears therefore that respondents select professional services firms based on a variety of pragmatic factors as opposed to relying on a firm’s reputation alone.

Keeping an open mind

Unsurprisingly, the executives surveyed showed a bias towards engaging professional services firms that they

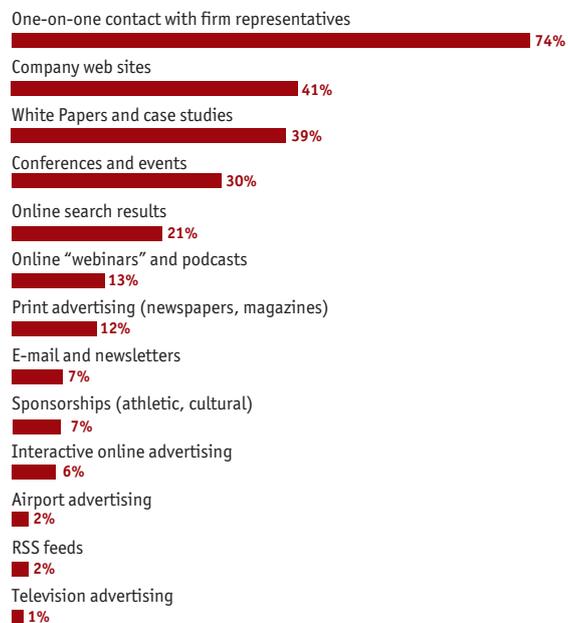
have worked with in the past, yet the vast majority look beyond their current or past providers when seeking new services. Only 13 respondents, or less than 6%, say that they usually depend on one firm for all of their professional services needs, and only 8% consider firms already familiar to them. More than 86%, however, say that they research new firms when considering a professional services engagement, including 66% who first consider past providers but also research new firms that may have relevant specialties.

Executives use a wide range of media to research professional services for their specific needs as well as to keep abreast of developments within their industry, with online sources proving particularly useful because of their specialised content.

Internal goals vs. external pressure

When asked what triggered the need the last time they were involved in engaging a professional service

Which of the following sources are most likely to influence your opinion regarding the reputation of a professional services firm? (Select up to three)





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Executives are surprisingly unfamiliar with the other practice areas of professional services firms they have previously worked with, suggesting that such firms could do a better job of educating their clients on the breadth of their offerings.

es firm, internal business goals and company changes were cited by three-quarters of respondents, compared with only 25% who identified external regulatory changes (such as Sarbanes-Oxley compliance) or external marketplace pressures as the driving force. Specific business goals such as increased sales, cost reduction and the like are cited by 101 executives (or 46%), followed by 63 respondents (29%) who say that an internal change at their company, such as a management change or reorganisation, was the trigger for their last professional services engagement.

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More education is needed

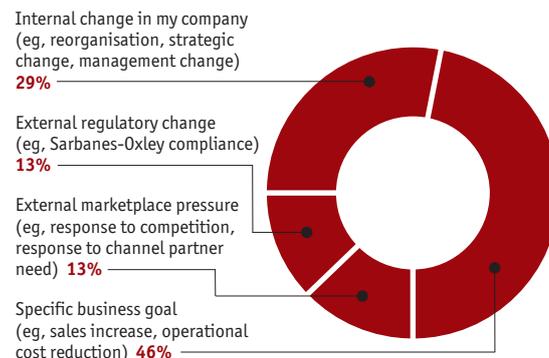
One of the reasons that extensive research is needed when seeking professional services is that professional services firms do not appear to be keeping their clients up to date on their range of services and the extent of their expertise. When asked about their awareness of the capabilities of and information received from their current or past providers, only 11% say that they are very familiar with practice areas outside of those they have worked with directly. Only 13% of respondents say that they are very familiar with case studies and best practices from their pro-

viders, compared with only 18% who are very familiar with their provider's new ideas and research.

Conclusion

In keeping abreast of developments within their industry and when conducting research on professional services for their specific needs, executives often find online outlets and other specialised sources particularly useful. In fact, the survey shows that information on highly specific competency and industry expertise drives the evaluation and selection process of professional services firms. And the findings suggest that such firms could do a better job of educating the marketplace, in particular by

The last time you were involved in the decision to engage a professional services firm, what triggered the need to do so?



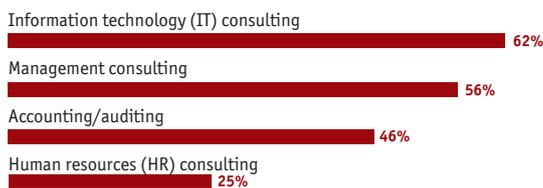
communicating with their existing clients about other practice areas, relevant case studies and best practices fostered by their services.

Bolstering and integrating communication and information resources across multiple channels—from offline interpersonal contacts to print and online media—appear to present a significant opportunity for the professional services industry.

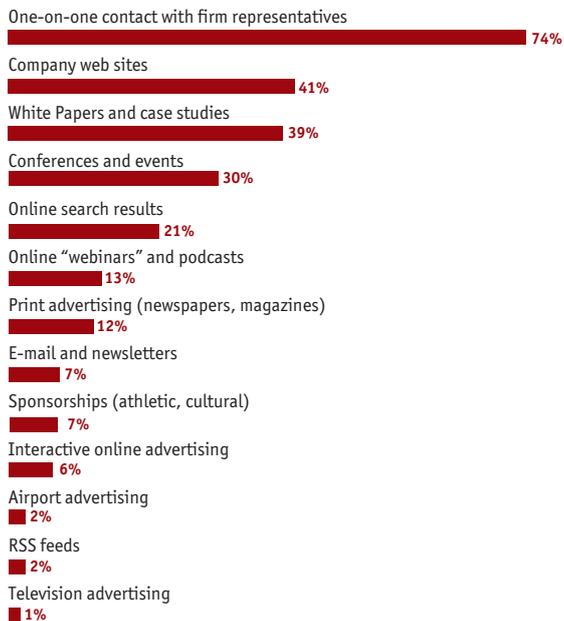
Appendix: Survey results

In November 2007, the Economist Intelligence Unit carried out a survey of 220 senior management executives in the US on the processes, influences and decision criteria they use in engaging professional services firms. Please note that not all answers add up to 100% because of rounding or multiple answers to some questions.

Which of the following types of professional services purchasing decisions have you been involved with in the past two years? (Select all that apply)



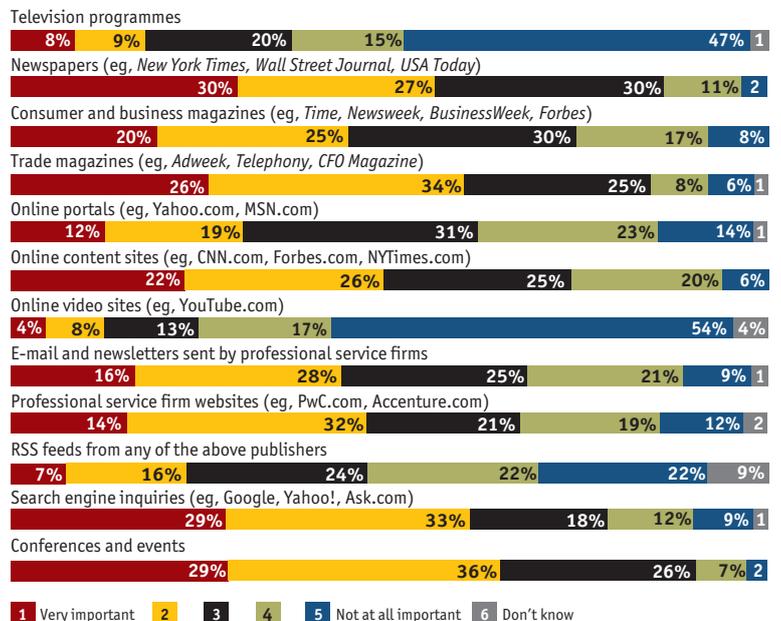
Which of the following sources are most likely to influence your opinion regarding the reputation of a professional services firm? (Select up to three)



In your view, what qualities do you consider most important when selecting a professional services firm? (Select up to three)



How important are these types of media in staying abreast of information relevant to your job? (Rate on a scale of 1 to 5 where 1 = Very important and 5 = Not at all important)

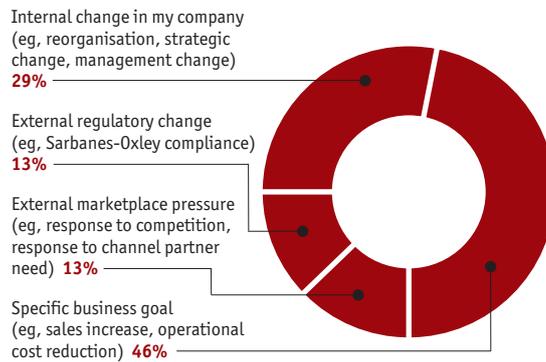


1 Very important 2 3 4 5 Not at all important 6 Don't know

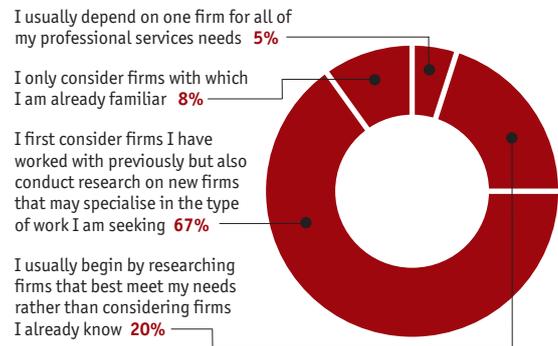
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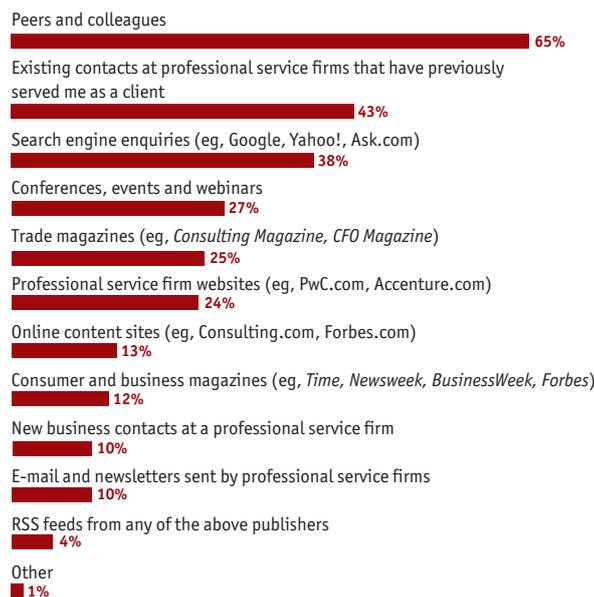
The last time you were involved in the decision to engage a professional services firm, what triggered the need to do so?



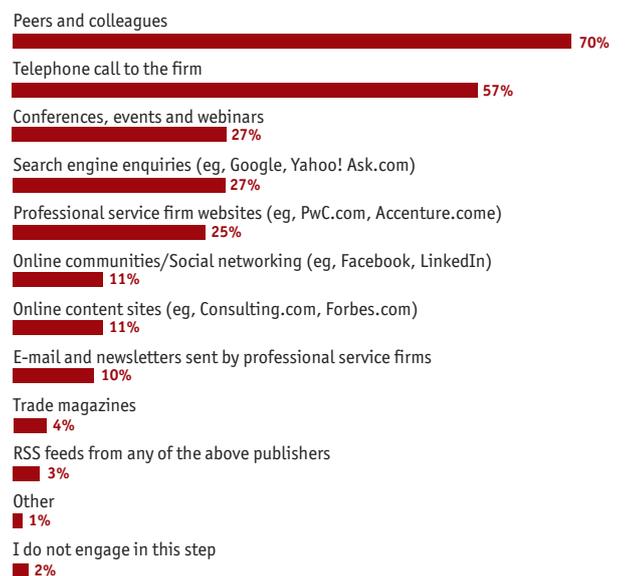
Which of the following statements best describes the set of firms you consider after making the decision to engage a professional services firm?



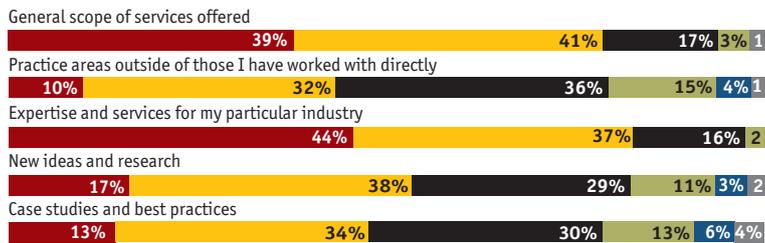
When researching which firms have offerings or competencies in a particular area of need, which of the following sources do you find most useful? (Select up to three)



When you contact a professional services firm with which you have not previously worked, how do you find the appropriate person? (Select up to three)

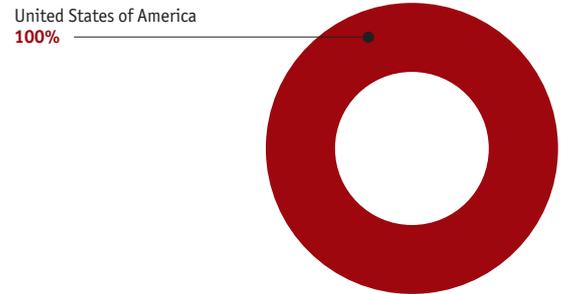


Among the professional services firms that you work with on a regular basis, how aware are you of their capabilities in following areas? (Rate on a scale of 1 to 5 where 1 = Very familiar and 5 = Not at all familiar)

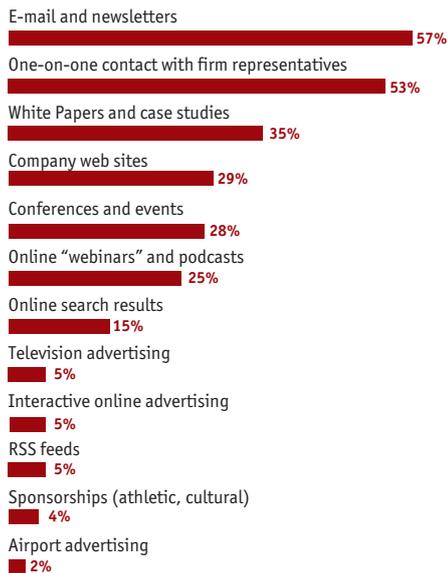


1 Very familiar 2 3 4 5 Not at all familiar 6 Don't know

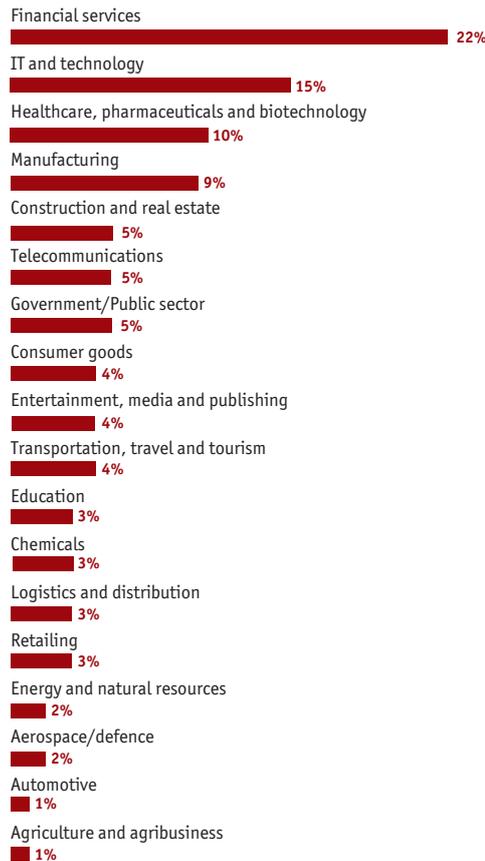
In which country are you personally based?



How would you prefer that the professional services firms you work with communicate with you in the future about new ideas, services and practice areas? (Select up to three)



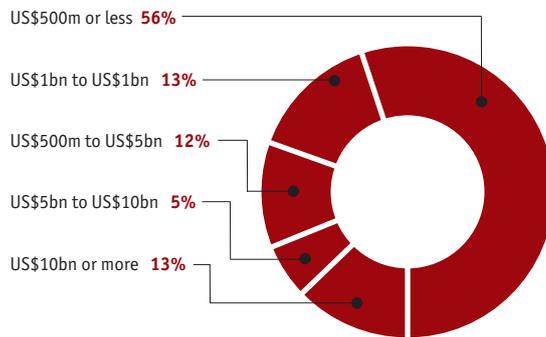
What is your primary industry?



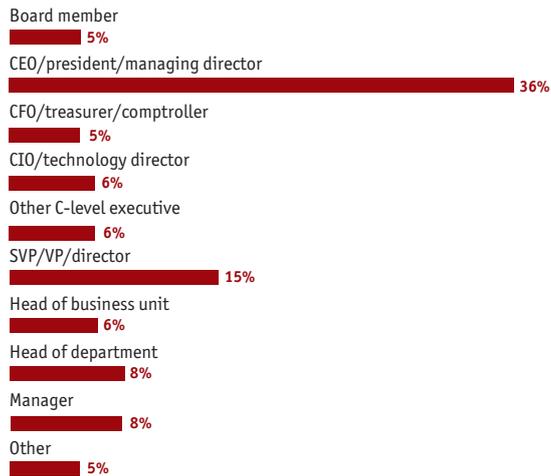
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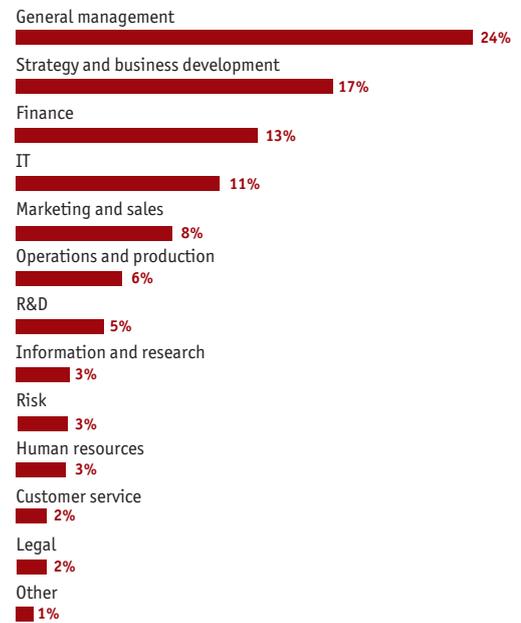
What are your company's annual global revenues in US dollars?



Which of the following best describes your title?



What is your main functional role?



While every effort has been taken to verify the accuracy of this information, neither The Economist Intelligence Unit Ltd. nor the sponsor of this report can accept any responsibility or liability for reliance by any person on this report or any of the information, opinions or conclusions set out in the report.

LONDON
26 Red Lion Square
London
WC1R 4HQ
United Kingdom
Tel: (44.20) 7576 8000
Fax: (44.20) 7576 8476
E-mail: london@eiu.com

NEW YORK
111 West 57th Street
New York
NY 10019
United States
Tel: (1.212) 554 0600
Fax: (1.212) 586 1181/2
E-mail: newyork@eiu.com

HONG KONG
60/F, Central Plaza
18 Harbour Road
Wanchai
Hong Kong
Tel: (852) 2585 3888
Fax: (852) 2802 7638
E-mail: hongkong@eiu.com