The Professional Services Market

The view from 2023

It’s a new year, and it’s time for a new snapshot of the professional services industry. Service Performance Insight’s annual Professional Services Maturity Benchmark™ - now in its 16th year - is the leading analysis of the sector. Here’s some of the most important topline findings from the 2023 report.

PSOs worked harder in 2022 – but not necessarily smarter

Many KPIs have deteriorated since the previous year. Although these are minor slips, they should serve as a wake-up call to leadership.

- Deal pipelines relative to bookings forecast: ↓ 21%
- Employee billable utilization: ↓ 2.5%
- Projects delivered on time: ↓ 4%
- Project margin: ↓ 1.5%
- Annual billable revenue per consultant: ↓ 1%
- % of annual revenue target reached: ↓ 3.5%
- % of annual margin target reached: ↓ 3.3%

Further, the movement to remote working has stalled at around two-thirds of billable hours. (Although this may be the optimum balance for a highly people-focused sector.)

Revenue growth is also down across the sector

But some subsectors are performing better than others: IT consulting leads the pack. Management consulting continues its downward growth trends – and advertising agencies, which peaked in 2020, have returned to pre-pandemic growth levels.

Talent is still a major challenge

Despite redundancies upping the available talent pool, it still takes 10 days longer than in 2021 to hire a new fee earner and for them to become productive.

Many firms are investing heavily in moving to a people-centric model to satisfy both their consultants and their clients as a result. But attrition rates still remain higher than their 5-year average baseline.

All aspects of maturity still depend on technology

The importance of real-time information is now generally understood throughout the industry thanks to its ability to enable employees to perform at a higher level.

Newer technologies are being implemented in professional services: capabilities such as collaboration tools, machine learning (ML), artificial intelligence (AI), and automation are now increasingly being used to boost operational visibility, automation efficiency, performance improvement, and goal achievement.

Want to know more?

For all of SPI’s insights into how professional services businesses perform – and how to perform better – download the Professional Services Maturity Benchmark™ report below.

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