10 Client Trends to Watch Out for in 2010

By Andrew Sobel

Here are 10 trends which will very likely impact your business in 2010:

1. Clients will not forget the discounts you gave them. In 2008 and the first half of 2009, a lot of firms either granted discounts or simply gave work away for free. This has set clients' expectations going forward, it will be harder to raise fees or even receive what's fair from those clients who have gorged on a feast of cut-rate work and free samples.

2. Value will have to be added earlier. Demand is still attenuated in many markets, and many clients continue to be the target of intense marketing efforts and calling programs. To cut through the clutter, you are going to have to add value earlier in the business development process—starting with the very first contact, be it a phone call, letter, or in-person meeting. This means being prepared with intriguing examples of prior client work that are relevant to the client's issues, sharing best practices and improvement ideas, and having an incisive point of view.

3. Lack of hiring will drive demand. Unemployment is still extremely high, and despite the uplift in the economy, corporations are barely doing any hiring. Many clients are rapidly finding themselves shorthanded, and they need external service providers to fill the gap. You can identify these opportunities by exploring the specific implementation programs that are required to fulfill your client's agenda of essential priorities; and by illustrating, in concrete terms, how you can tangibly move ahead with a project in a very short time frame—including highlighting the backgrounds of specific staff you have available.

4. Consolidation of service providers will continue. For the last five years, many corporate clients have been consolidating their use of professional service firms and other service providers. They are doing this to increase ease of use, gain more control over funds spent on external resources, reduce costs, and increase overall value. These reasons are even more compelling in the current economy, and we can expect clients to continue to focus their spending on fewer firms. At the same time, individual providers and small firms with truly deep subject matter expertise and experience—and highly personalized service—will continue to find robust markets for their services.

5. Expect short-term competition from the recently laid-off. Many corporate executives who have been laid off are, as they have in the past, trying a stint as consultants. Due to the depth of the cutbacks in this recession, their numbers are greater than usual, and you can expect to find yourself unexpectedly competing against them. They will offer deep, hands-on experience and very low rates. Most will not stay in the market for more than a year or two, because in order to survive beyond a few years you need to build a brand, intellectual capital, and strong client relationships—and they will not have the skill or fortitude to do these things consistently.

6. Some budgets will drive projects, rather than vice-versa. Often, budgets are created around projects. After all, many professional services are highly tailored to each client's particular situation, and you cannot price them like Apples or Oranges. However, we will increasingly see clients who say, "Here's what I want to do. Here is my budget. Tell me what you can accomplish." Instead of having the luxury of telling the client that a certain piece of work will cost $200,000, the client may ask you and several competitors to simply propose an approach for $100,000.

7. High-end work will be strong. Over the last 18 months, I've been amazed at how many times a client has told me that they have stopped all spending on consultants, only to find out later that several high-end consulting firms were earning 8-figure fees for a variety of projects—invariably for the CEO or a member of the company's executive committee. More than ever, in this uncertain environment where so many strategic choices are available to clients, senior executives are looking for advice from individuals who have experience, judgment, and wisdom to offer.

8. Profit improvement and operational efficiency will continue to be important priorities for clients, but the next round will be tougher. Most of the low-hanging fruit has been picked off the tree (and off the grass around the tree…). Going forward, you're going to have to offer clients an innovative, step-change approach to get their attention in this area.

9. People will network more but have no more real relationships. Social networking is just building up steam, and the fervor to increase one's linkedIn and Facebook connections will be undiminished. We will have ever-more connections but not necessarily more in-depth relationships. Professionals need to think about two different, interrelated networks: The Critical Few and the Many. The Critical Few are represented by a handful of relationships—with clients, colleagues, and others—that we are truly investing in. Both are important, but don't confuse them with one another.

10.The ability to reduce clients' risk—of all types—will be in high demand. It is no accident that the risk management and risk consulting practices of the big 4 accounting firms have all grown rapidly in recent years. CEO turnover is higher than ever, according to the firms that study this, and no executive wants to go to their boss or their board with a major surprise. You need to highlight, at the beginning of the relationship, knowledge of the risks ("In my experience, there are 3 things that can go wrong—and here are some strategies my other clients have used to keep things on track…"). It also helps to emphasize factors such as your many years of experience, your familiarity with the specific methodologies being used, your general business acumen, and your specific knowledge of success stories and examples of failure in the industry ("I've studied the mistakes that others have made").

There you are--a few things to think about for 2010. Whether these trends are positive or negative is up to you.

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