

What CEOs really want from consultants

Hint: Four of the top five CEO challenges relate to talent strategy

A study of CEOs reveals their biggest priorities, challenges, where they need help, and what they look for when it comes to outside consultants.

Introduction

In January of 2019, The Predictive Index surveyed 156 CEOs, presidents, and chairpeople. We asked about their top priorities and challenges; where they turn for help on key business issues; and their perspectives on strategy, management, and talent consultants.

This report provides knowledge and insights into CEO perceptions. As the saying goes, knowledge is power—particularly in the world of consulting.

We've broken the report into three sections:

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Each section contains a series of findings and “consultant takeaways.”

SECTION 1

For CEOs, strategy and people come first... and then there's everything else.

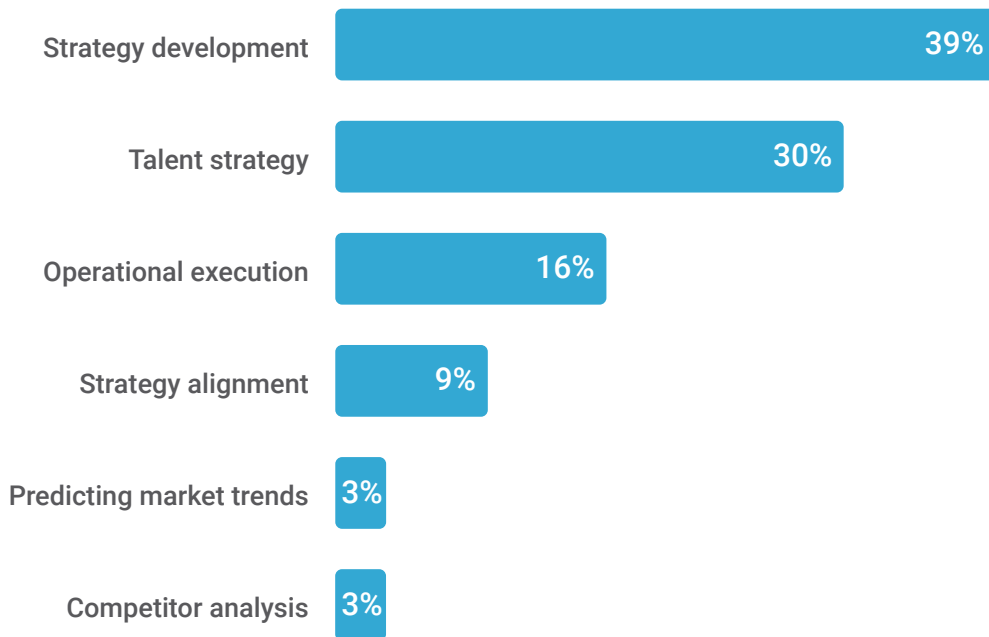
As a consultant, your offer needs to resonate with CEOs. And to resonate, you need to know what matters most to them. Wonder no longer; below we share the answers.



FINDING #1: For CEOs, business strategy development and talent strategy stand head and shoulders above everything else on the priority list.

We asked the question: "Which of the following is your #1 priority as a leader?" The answer: For CEOs, there's strategy development and talent strategy, and then there's the rest.

**As a leader, you have a lot of important areas to focus on.
But of the following, which is your #1 priority?**



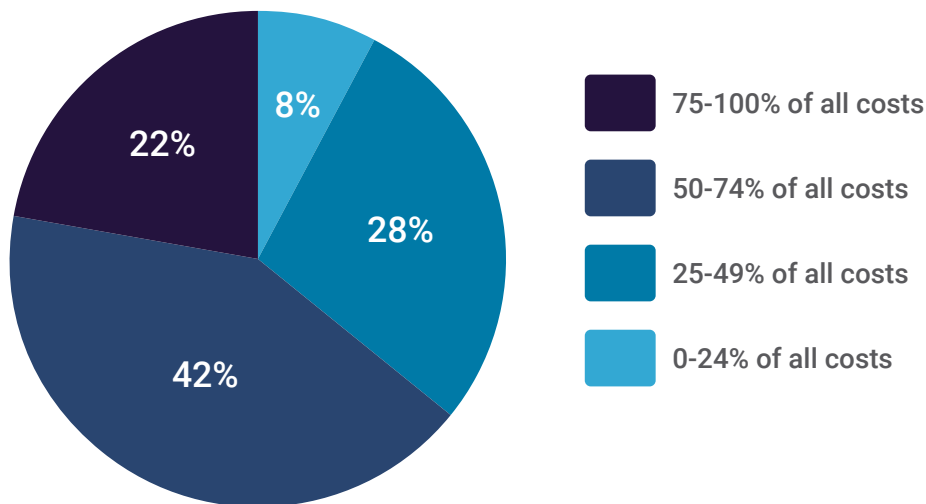
Consultant takeaway #1: Understand that strategy and talent are not only the two most important issues for CEOs; understand that they are inextricably interconnected. Be sure you arrive armed with knowledge and tools to help CEOs on both fronts.



FINDING #2: CEOs are right to rank talent strategy as such a high priority; employees are by far their most costly business asset.

While it can vary depending on the industry, the costs associated with employees are by far the biggest expense for companies. We asked the question: "What percentage of your costs are employee-related/labor costs?" We found that for 66 percent of respondents, labor costs constitute more than half of all their expenses.

Approximately what percentage of your costs are employee-related/labor costs?



And as we continue to march toward a more knowledge-based economy, hiring top tier talent (i.e., more expensive employees) will become an even higher percentage of companies' costs.

Consultant takeaway #2: Dive deep on company's cost structures. If more than 50 percent of their costs are labor-related, be ready to offer them solutions around how to optimize their talent and improve employee productivity.



FINDING #3: Four of the top five CEO challenges relate to talent optimization.

There's the adage that "all business problems are really just people problems." And the survey data echoes this. We asked CEOs to identify their top three biggest challenges. Four of the top five responses had to do with hiring the right people and creating the right environment for them to be highly productive.

As CEO, what are your biggest challenges? (choose up to 3)



Consultant takeaway #3: If you have tools that help companies optimize their talent, you've got something CEOs covet. Of particular value are tools that help companies find the right talent, align employees to the business strategy, inspire people, and create a great work environment and culture.

SECTION 2

CEOs are looking for more than just traditional management consulting.

CEOs aren't famous for lacking confidence. But our survey data shows that the majority have the humility to know when they need help. In this section, we reveal the issues that force them to seek support and where they look for it.



FINDING #4: More CEOs say they need help with talent strategy than business strategy.

Very few CEOs say they don't need any help with business strategy and talent strategy. In terms of where they need the most help, 69 percent said they need some help or extensive help on talent strategy vs. 64 percent on business strategy.

To what extent have you needed help with your...



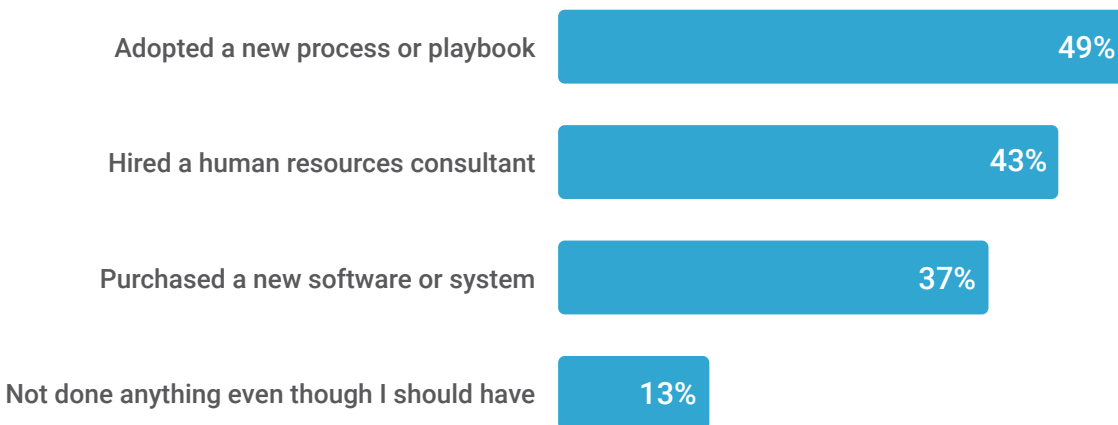
Consultant takeaway #4: CEOs need help with business strategy and talent strategy. Having both competencies will make your service offering more competitive and help CEOs drive real business results.



FINDING #5: When it comes to getting help with business strategy and execution, CEOs prefer new processes or playbooks over consultants.

We were curious to know where the 94 percent of CEOs who said they needed help with business strategy and execution invested their dollars. Roughly half invest in new processes or playbooks, and 37 percent invest in new software or systems. The good news for consultants is that 43 percent have invested in consulting services.

When you needed help with business strategy and execution, which of the following have you invested in? (check all that apply)

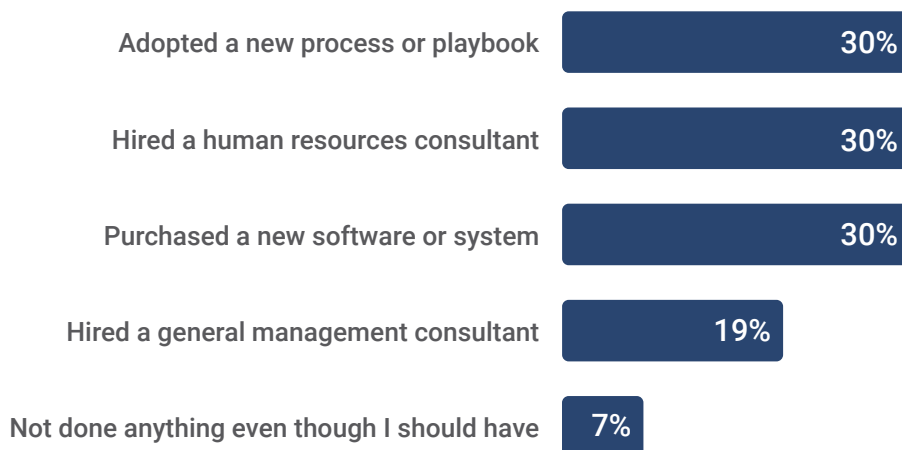


In the chart above, N= 147, representing only CEOs who said that they didn't need much help, needed some help, or needed extensive help with their business strategy and execution.

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The 92 percent who said they needed help with talent strategy and execution invested equally in new processes and playbooks, management consultants, and new software and systems.

When you needed help with talent strategy and execution, which of the following have you invested in? (check all that apply)



In the chart above, N= 145, representing only CEOs who said that they didn't need much help, needed some help, or needed extensive help with their talent strategy and execution.

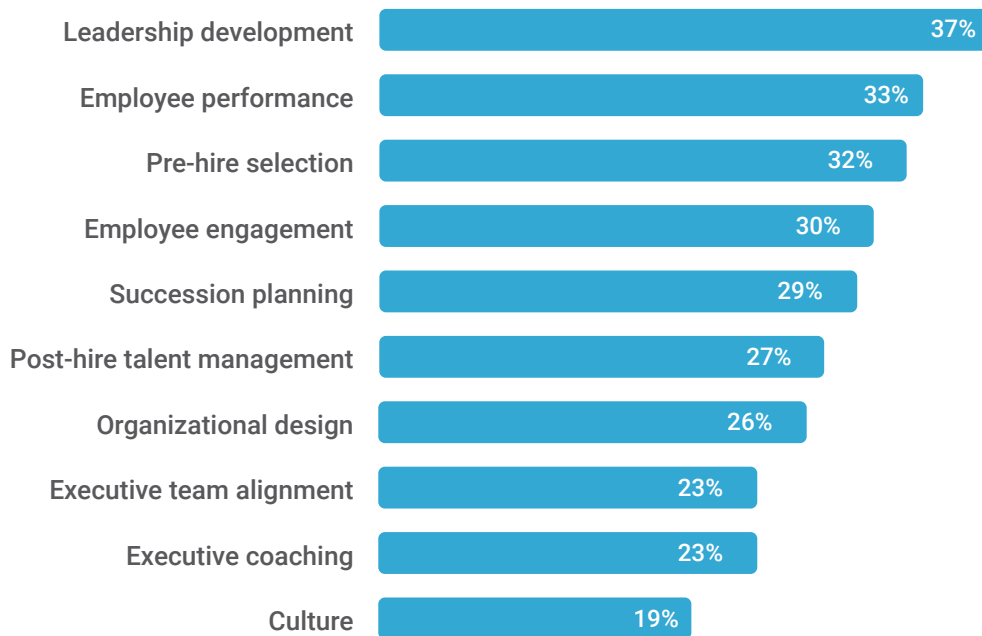
Consultant takeaway #5: Pairing your own knowledge and insights with proprietary playbooks, processes, and software is a winning formula.



FINDING #6: Opportunity abounds for consultants who can address a variety of talent optimization issues.

We were curious to know where CEOs felt they needed help when it comes to talent strategy and execution. It turns out they need help across the board.

Where do you feel like you could use help with your talent strategy?



Consultant takeaway #6: When it comes to making the most of their talent, CEOs need help across the board. As a consultant, the more tools and insight you have to help across the spectrum of talent management issues, the better.

SECTION 3

CEOs are shifting away from expensive, customized consulting projects.

Some CEOs resist consultants; some embrace consultants. In this section, we examine why leaders avoid consultants and what they value most when they're looking to engage with them.



FINDING #7: CEOs' biggest blockers to using consultants: they're too expensive and their value is hard to predict.

We wondered why some CEOs didn't turn to consultants for help. We found two leading reasons: CEOs believe "consultants are too expensive" and "it's hard to predict if consultants will be worthwhile."

Why didn't you hire a strategy or talent consultant? (check all that apply)



In the chart above, N=60, representing only CEOs who did not hire a consultant (38% of the sample).

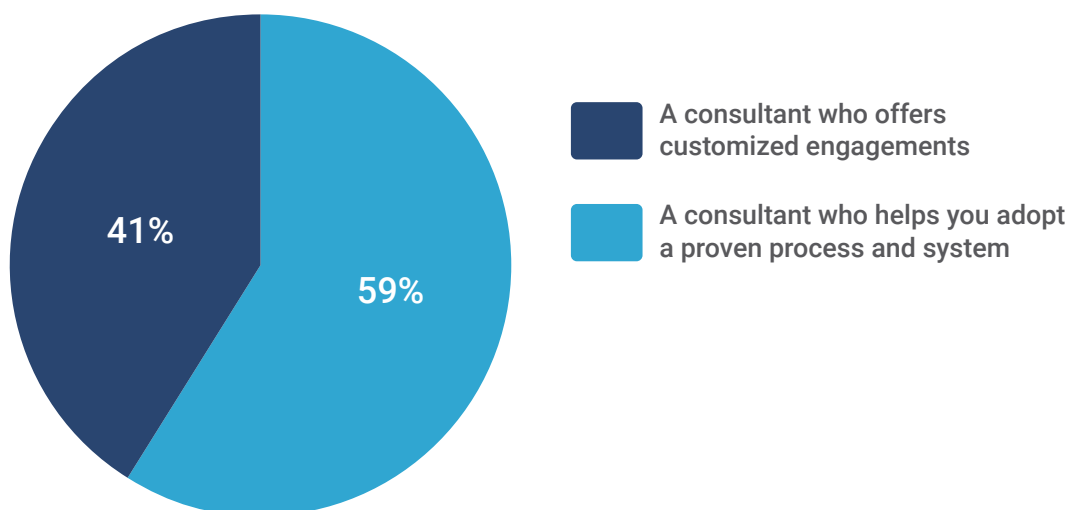
Consultant takeaway #7: The reason CEOs don't hire consultants is they lack confidence there will be an adequate return on a large investment. To win their hearts and minds, it's critical that you can demonstrate the ROI on your services.



FINDING #8: CEOs prefer consultants with a proven process and system.

CEOs have difficulty predicting consultants' value, so it's no huge surprise they prefer consultants who bring proven processes and systems.

Which of the following options would you be most likely to select when you need help with business strategy or talent strategy in the future?



In the chart above, N=140, representing only CEOs who selected a single type of consultant (not both).

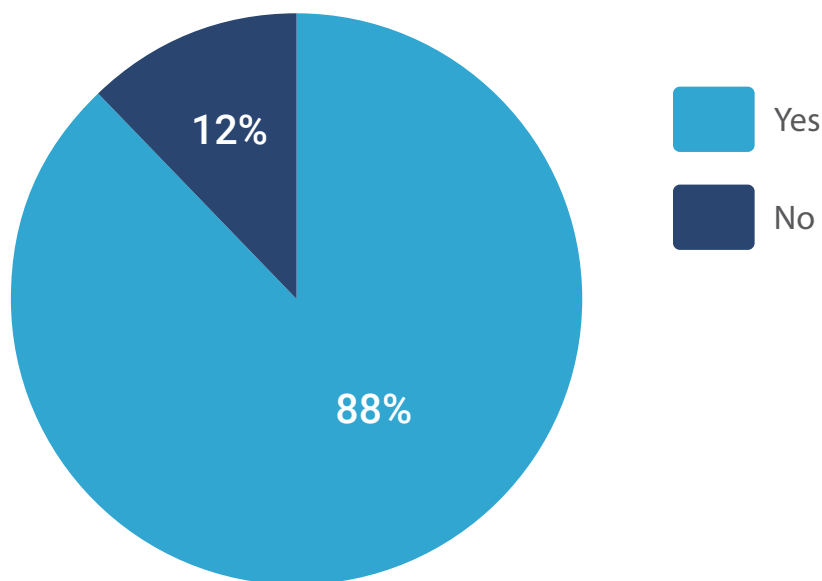
Consultant takeaway #8: Many consultants focus on their ability to create a customized strategy. But the data shows that this approach could be a mistake. CEOs are more inclined to look for a proven system. Consultants should work on creating a proven, demonstrable system for solving business strategy and talent strategy challenges.



FINDING #9: Business strategy support + talent strategy support = a winning formula for consultants.

CEOs overwhelmingly prefer management consultants who can lend expertise on the talent strategy front as well as give business strategy recommendations.

If you're thinking of hiring a general management consultant, would you value their ability to develop a talent strategy in addition to businesses strategy recommendations?



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CEOs look not only for advice and training, but also for tools and data to help them address their talent optimization issues.

Which of the following offerings would be appealing to you when hiring a consultant? (check all that apply)



Consultant takeaway #9: Consultants who focus on strategy and leave people problems for others to solve are missing the opportunity. Be sure that you compliment your strategy consulting solutions with talent strategy solutions.

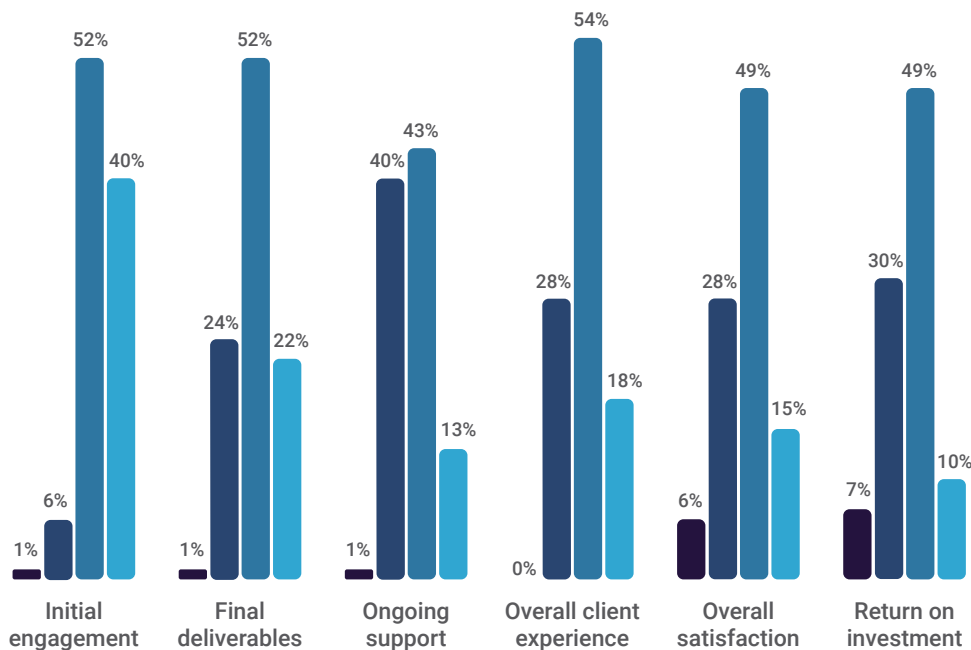


FINDING #10: You can differentiate with ongoing support and demonstrable ROI.

Out of our 156 CEOs, 96 reported that they used a consultant within the last five years. Of those 96, roughly 30 percent reported that the consultant did not meet their expectations in every stage of consulting agreements. When you take out those 30 percent, an interesting trend emerges: From a CEO's perspective, consultants come in like lions and leave like lambs. While they impress during the initial engagement, consultants fall down when it comes to providing ongoing support and showing a return on investment. This represents a huge opportunity for consultants to differentiate themselves with ongoing support and demonstration of ROI.

How would you rate the following parts of the consulting experience?

Completely missed the mark
 Fell short of expectations
 Met expectations
 Exceeded expectations



In the chart, N=67, representing CEOs who hired consultants and whose expectations were not met in every single area.

Consultant takeaway #10: Being strong in the initial phases of engagements is table stakes.

Set yourself apart by providing clients lasting tools and support they can use, as well as demonstrating the ROI of your efforts

SECTION 4

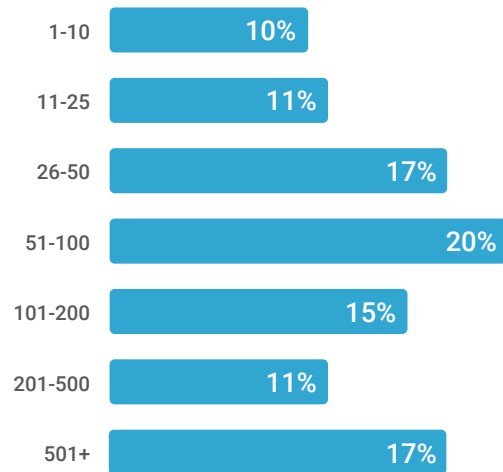
Survey methodology

In January 2019, The Predictive Index conducted a survey of company CEOs, presidents, and chairpeople. We secured respondents through three sources:

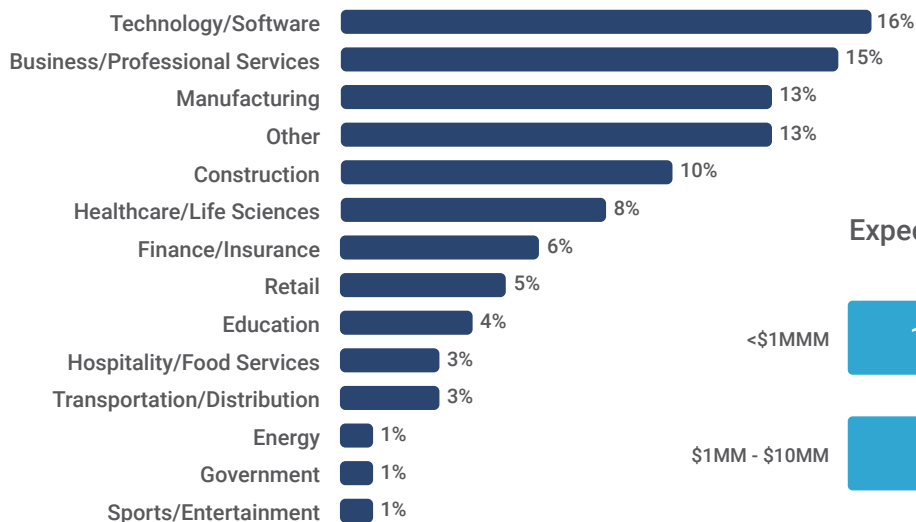
1. Emails to those with the job title “CEO” or “Chief Executive Officer” in our existing contact database (both clients and prospects)
2. Responses from CEOs via a panel provider called Critical Mix
3. Through Respondent.io., which is a platform that connects researchers to reliable and credible respondents

Through those means, we collected 156 completed survey responses. Here is some information about the respondent pool:

Employee count:



Industries:



Expected annual revenue:

