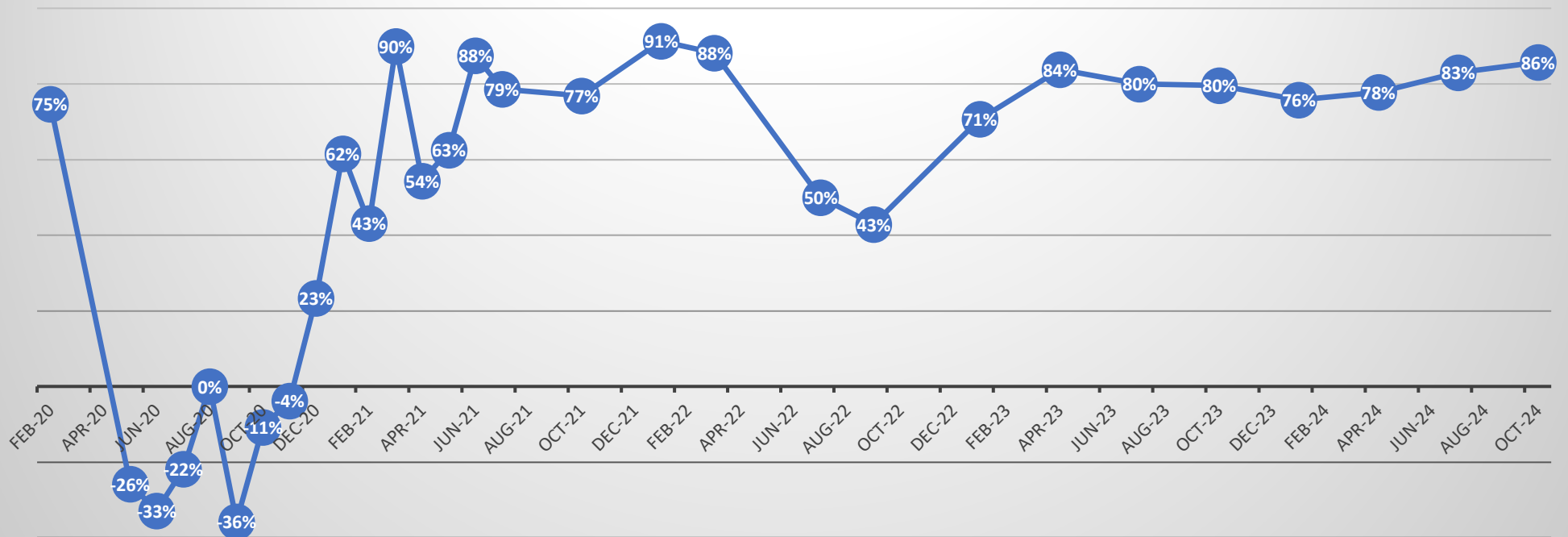




**Managing
Partners'
Forum**

Autumn 2024 Quarterly Sector Trends Tracker of CEOs and C-Suite members at mainly mid-sized professional firms
Completed by 95% of the 90 members of the Forum's Tracker Research Panel between 23 Sep 2024 and 23 Oct 2024

Managing Partners' Forum Confidence Index (2020 to 2024) Net expansion/contraction in projected levels of activity over next year

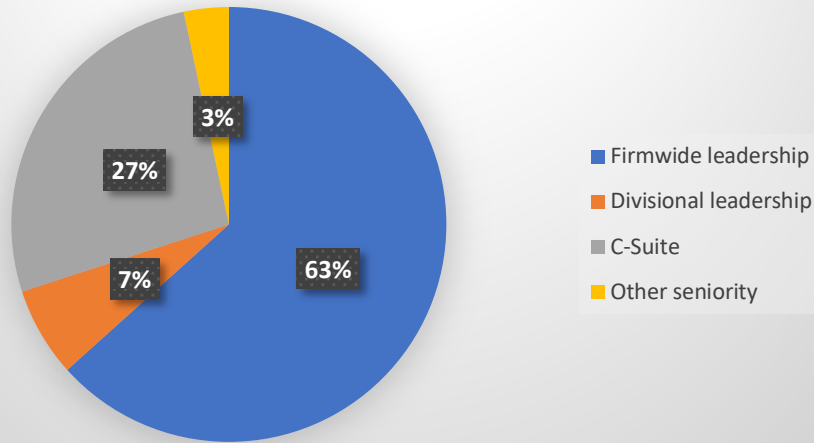


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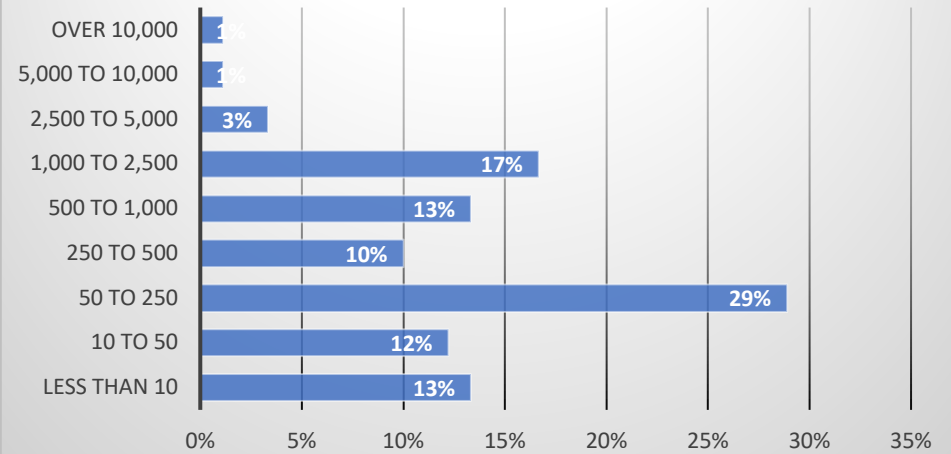
Commentary

1. The Autumn 2024 Sector Trends Tracker was completed between 23 September 2024 and 23 October 2024 by an impressive 95% of the 90 members of the tracker research panel of CEOs and C-Suite members at mainly UK mid-sized professional services firms.
2. The Confidence index has continued to grow from 83% in the last tracker to 86%. The current index is made up of 88% of firms projecting expansion over the next 12 months and 2% contraction. Projected net expansion in new workflow has remained at 86% for three quarters. Headcount projections have also rebounded from net expansion of 50% at the last tracker to 60%, the latter made up of 65% of firms projecting expansion and 5% contraction. This net expansion compares with over 70% for most of 2023.
3. 'People and the firm as an employer' still carries most weight at partner/director discussions (58%), followed by 'Finance & cash flow' at 57%. 'Operational performance' has reverted to fourth place, similar to 2023. By contrast, 'Operational efficiency' continues as the top priority for management (61%), followed by commerciality (55%). As regards the constraints that are preventing firms from achieving optimal performance in the current economic climate, 'Margin erosion' and 'Fee pressures' remain at the top of the list, followed by 'Poor economic outlook' at 41%. 'Political uncertainty' has reduced from 29% to 18%, with 'Regulatory pressures' increasing from 25% to 30%.
4. 'Communicating effectively' and 'Getting the best from the team' (both at 63%) remain the management activities that are seen as contributing most to helping a firm achieve its goals. As regards the dominant management style at their firm, 70% chose 'Challenge & support' with only 5% selecting 'Command & control'.
5. After the 11% fall in their firm being on track for success from the last Tracker (79% to 68%), the gap between firms and key clients remains 7% but with both increasing their scores – 68% to 74% for firms; 61% to 66% for clients. 24% of firms believe that remote working has increased productivity, with 19% saying that it has decreased productivity. This compares with over 50% of firms saying that it had increased productivity in the Autumn 2021 tracker.
6. 27% of firms reported that more than 20% of their services based on invoiced value are being delivered by UK-based partners/employees to internal or external clients based outside the UK, with a further 19% reporting a number between 11% and 20%.
7. 69% of firms are looking for about the same amount of office space over the next 12 months. 85% of employees are working between a quarter and half the time from home – both percentages are the same as the last tracker.

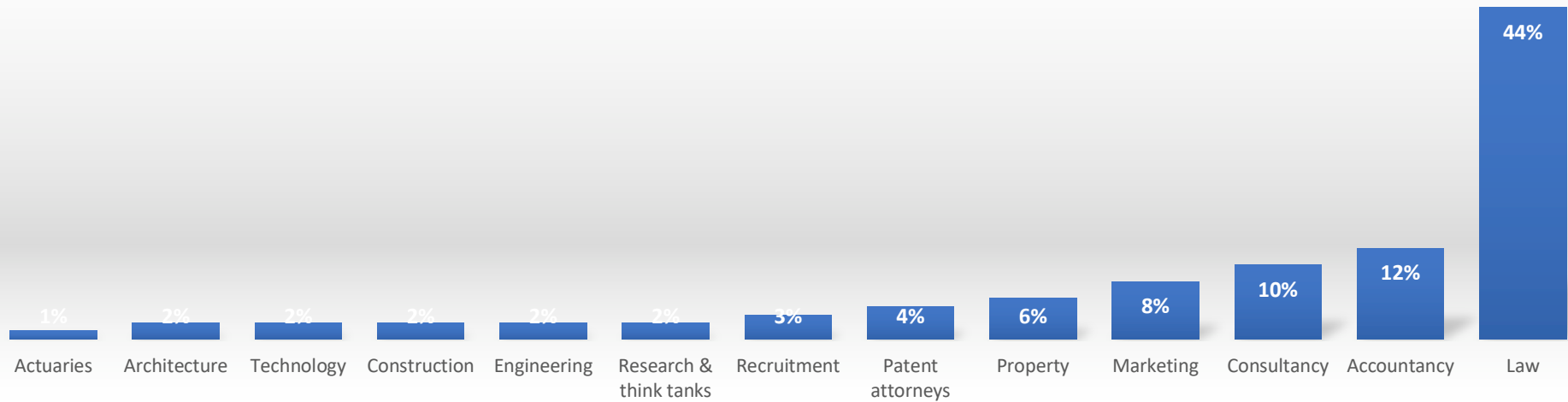
Seniority



Headcount

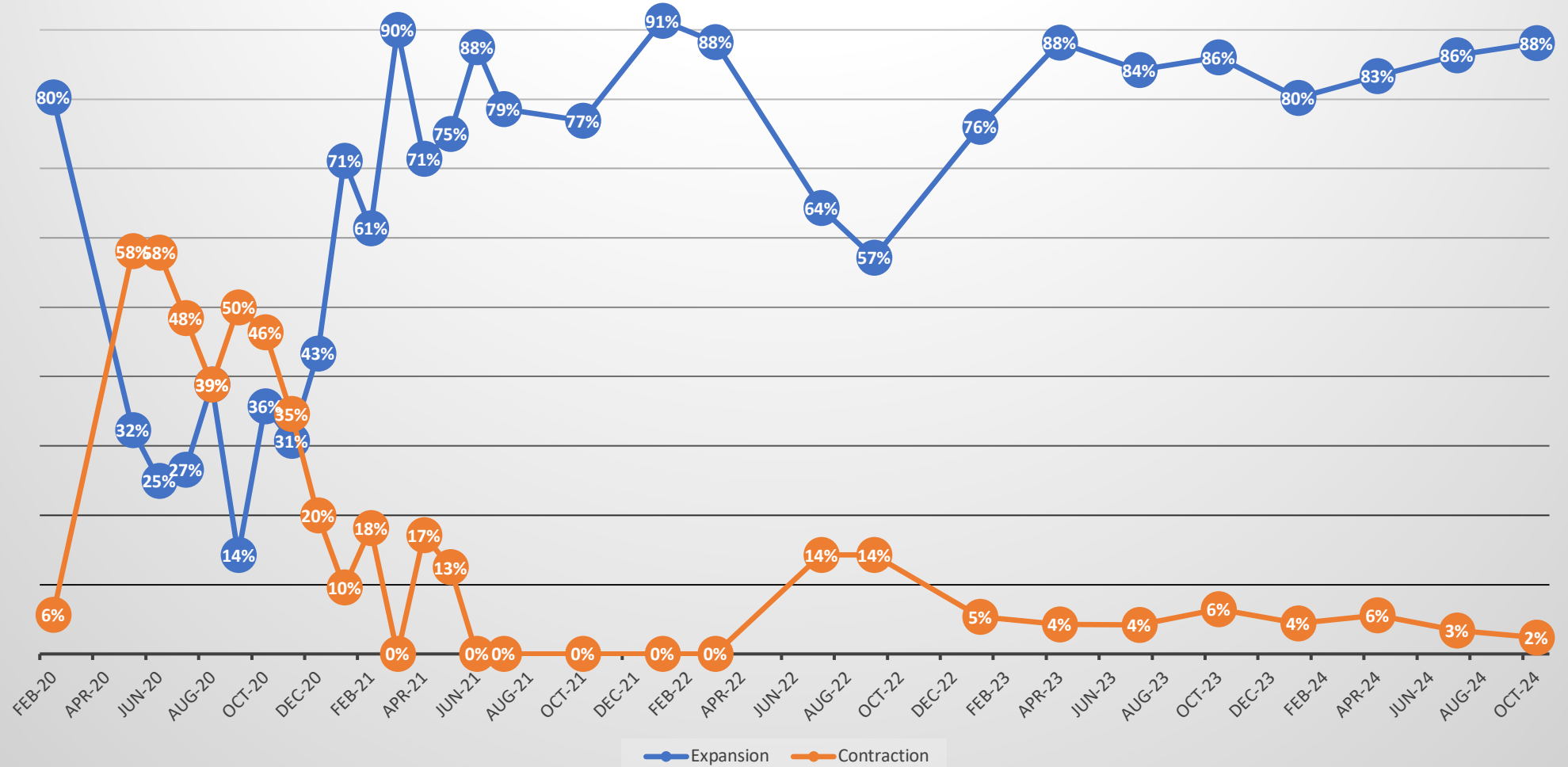


Sector



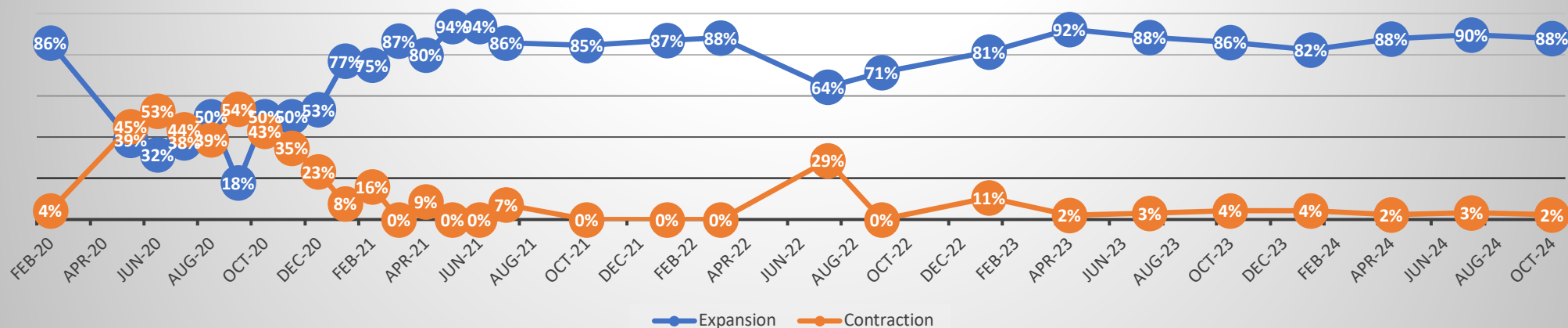
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Do you expect to expand or contract the level of activity at your firm over the next year?

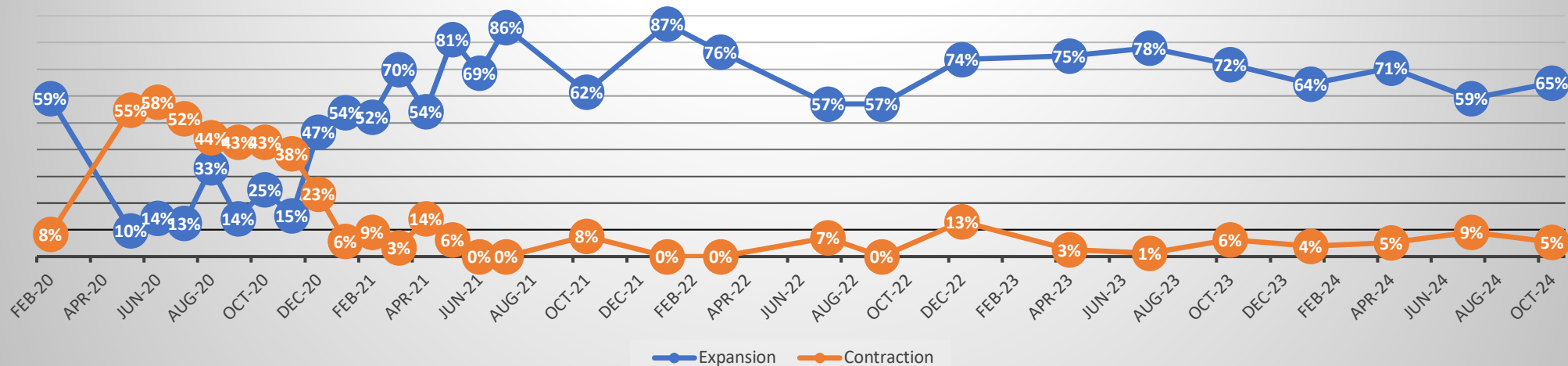


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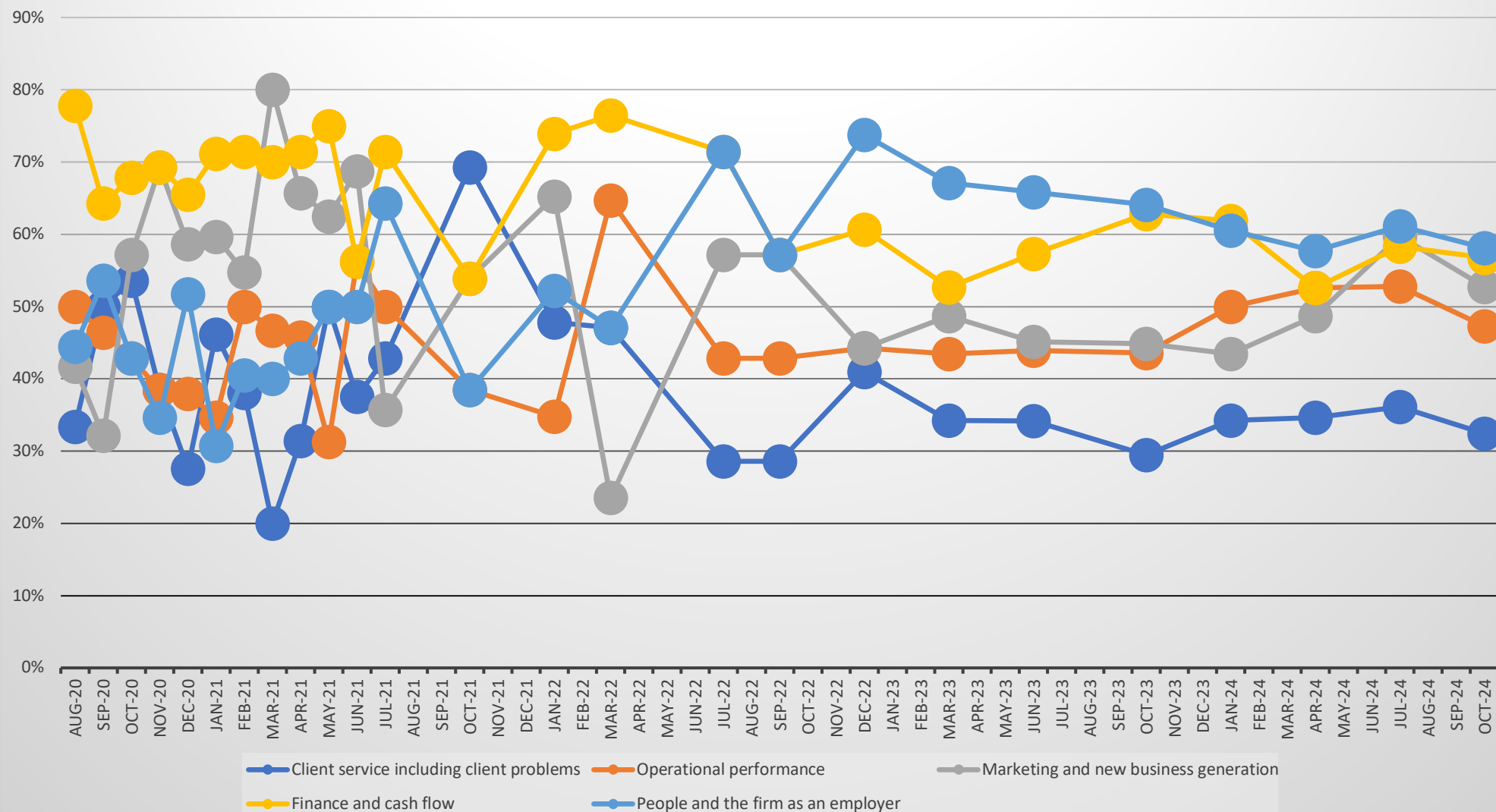
Do you expect to expand or contract the flow of new work to your firm over the next year?



Do you expect to expand or contract the headcount of your firm over the next year?

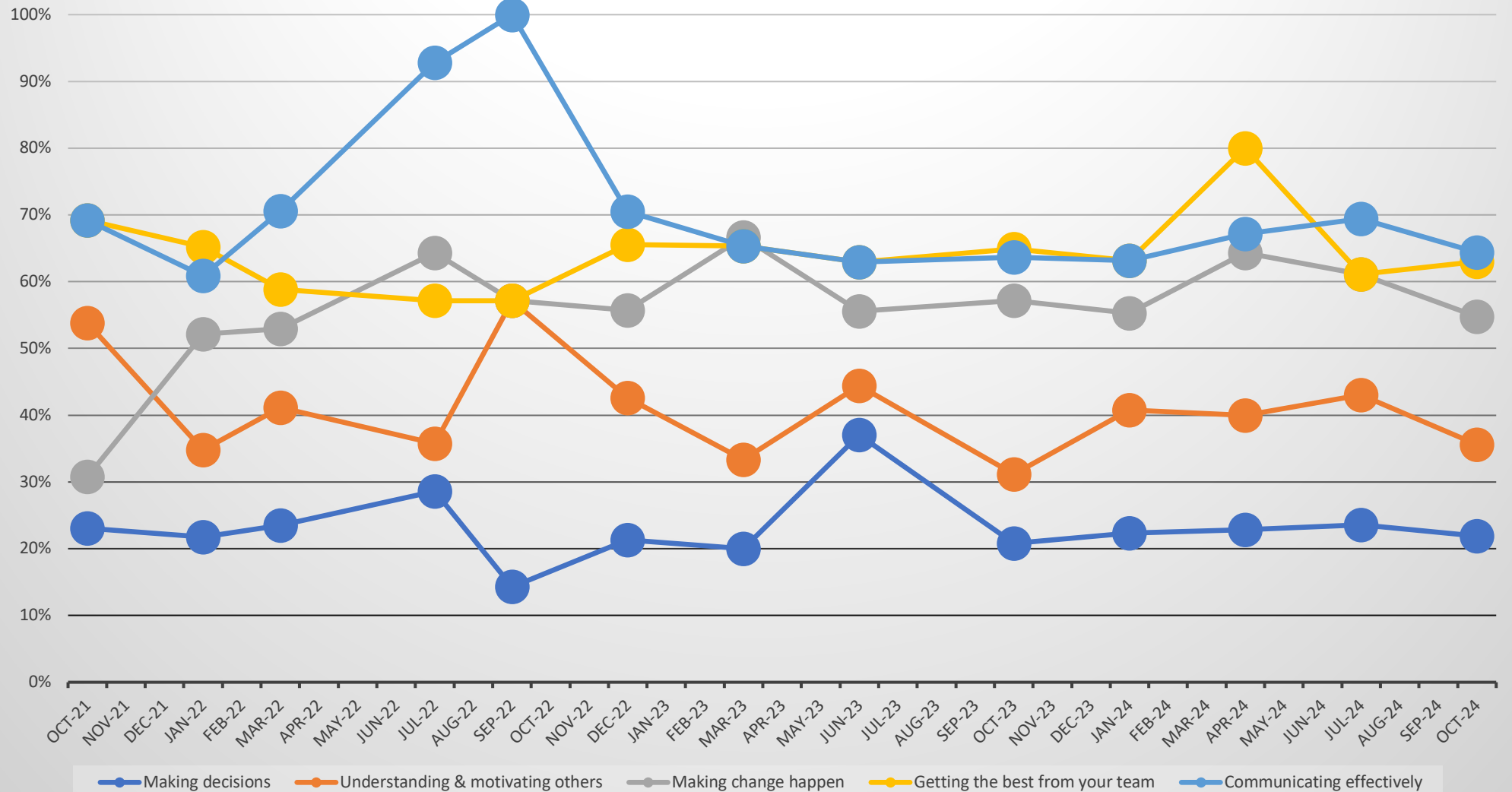


Which are the THREE areas that normally carry the most weight during partner/director discussions?



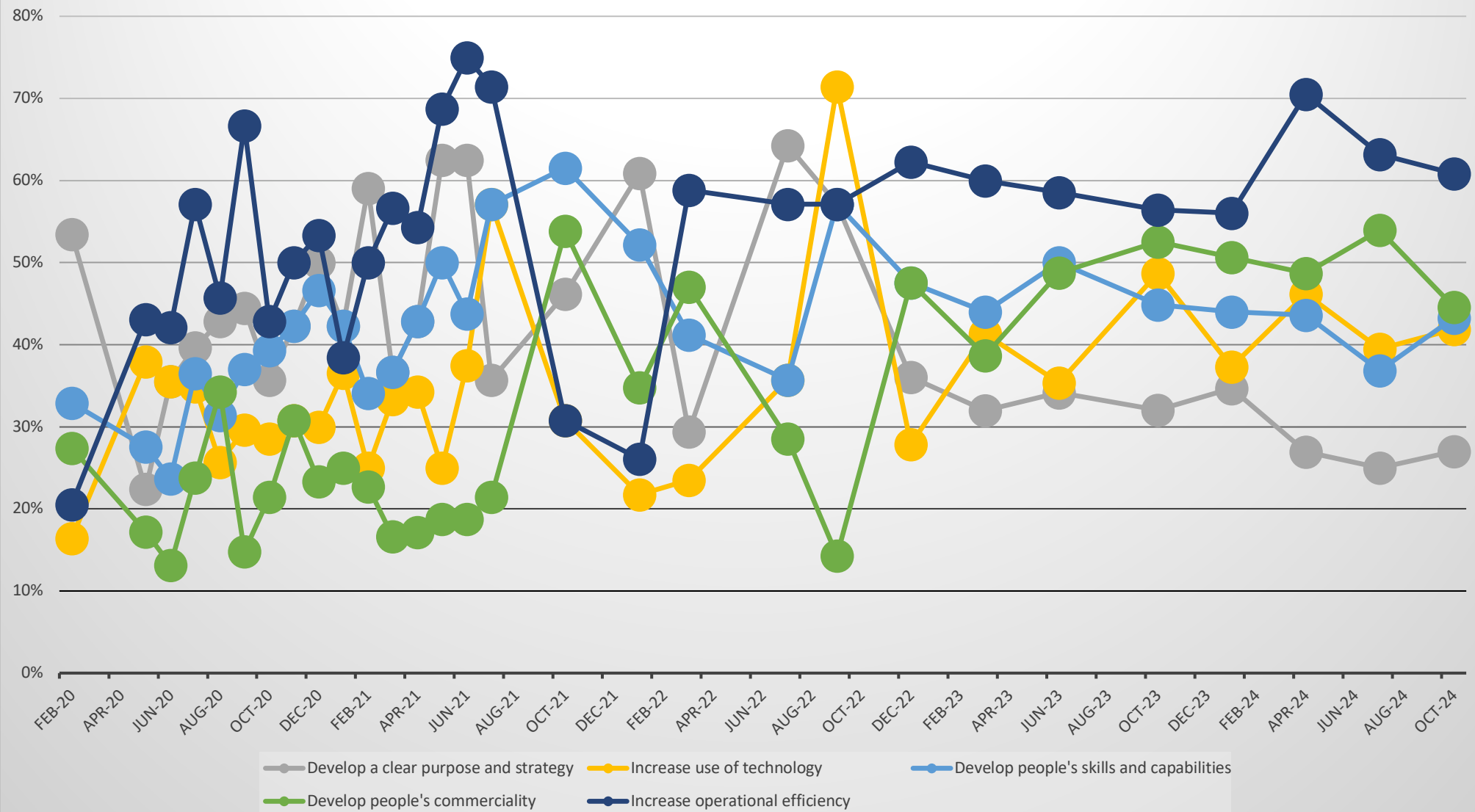
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Which THREE management activities do you consider will contribute most to helping your firm achieve its goals?



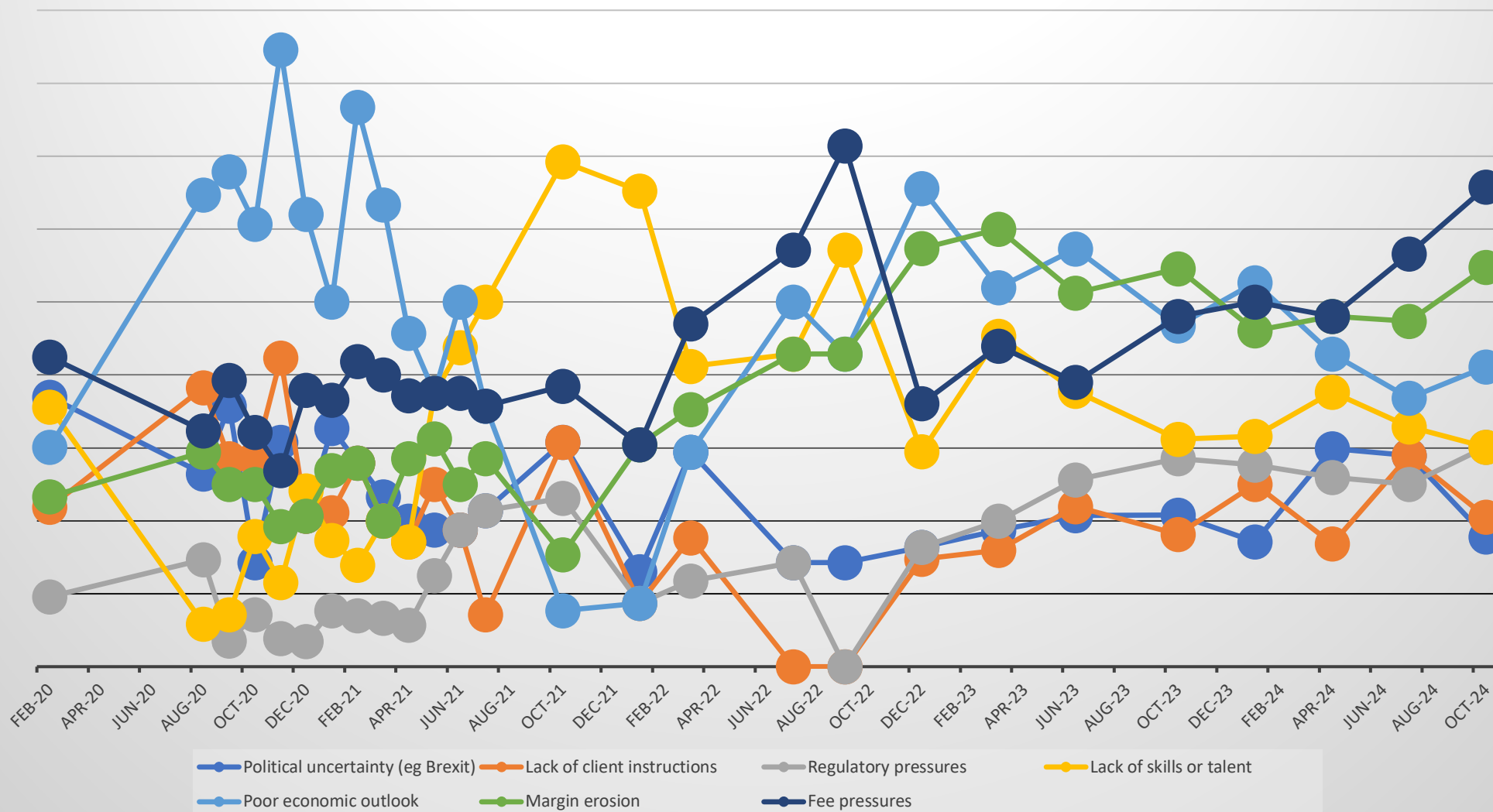
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Select the THREE top priorities for your firm over the next twelve months



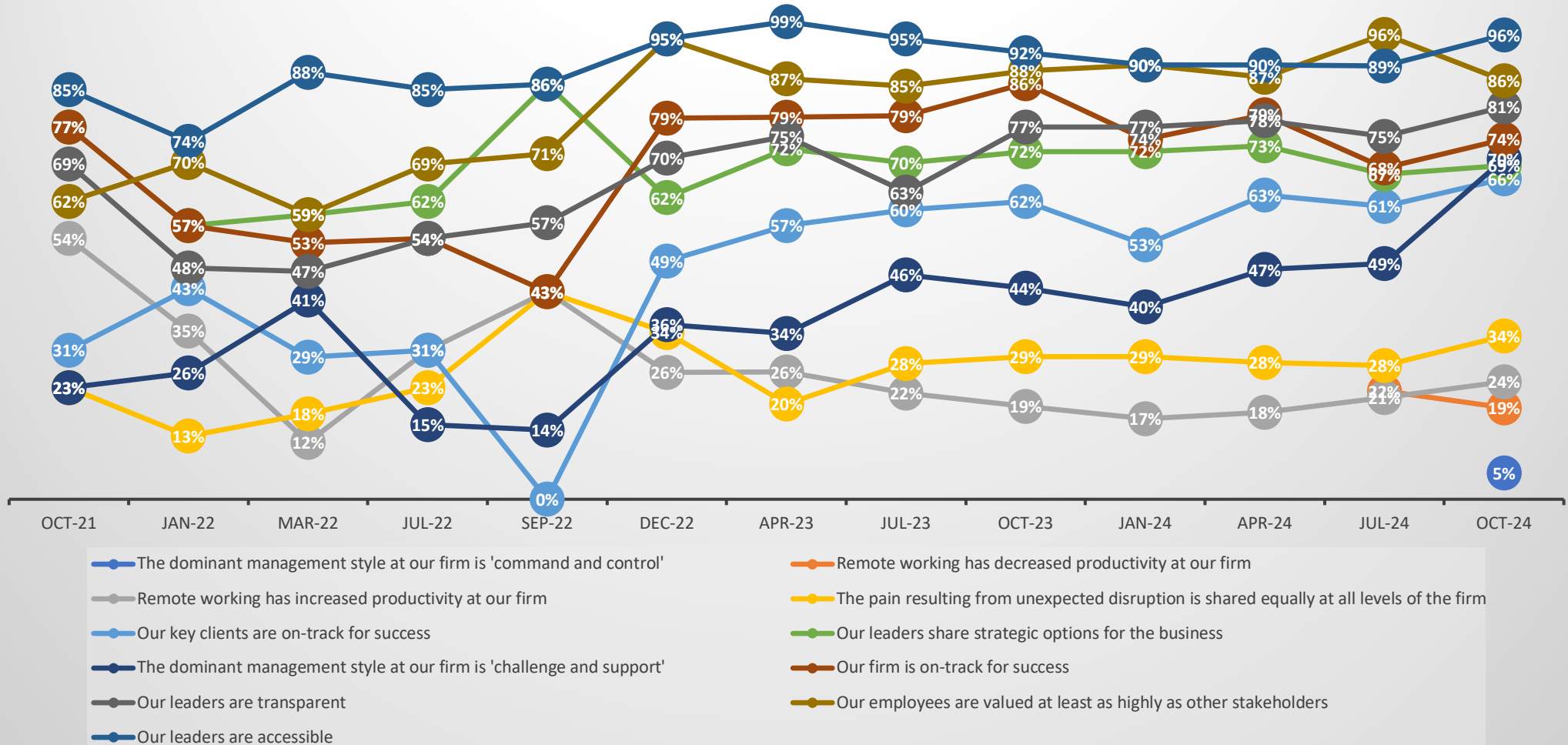
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Which are the THREE constraints that are most preventing your firm from achieving optimal performance in the current economic climate?

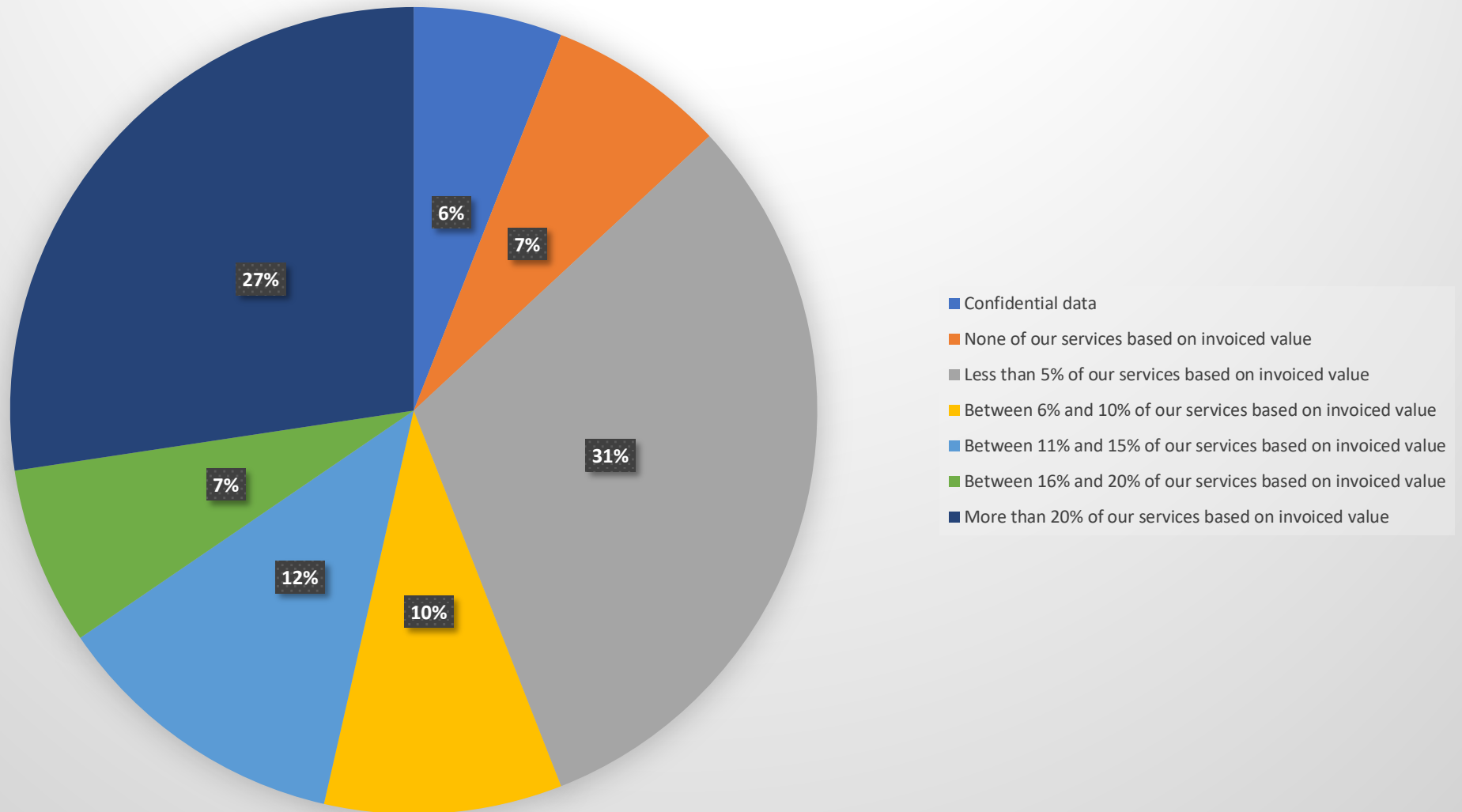


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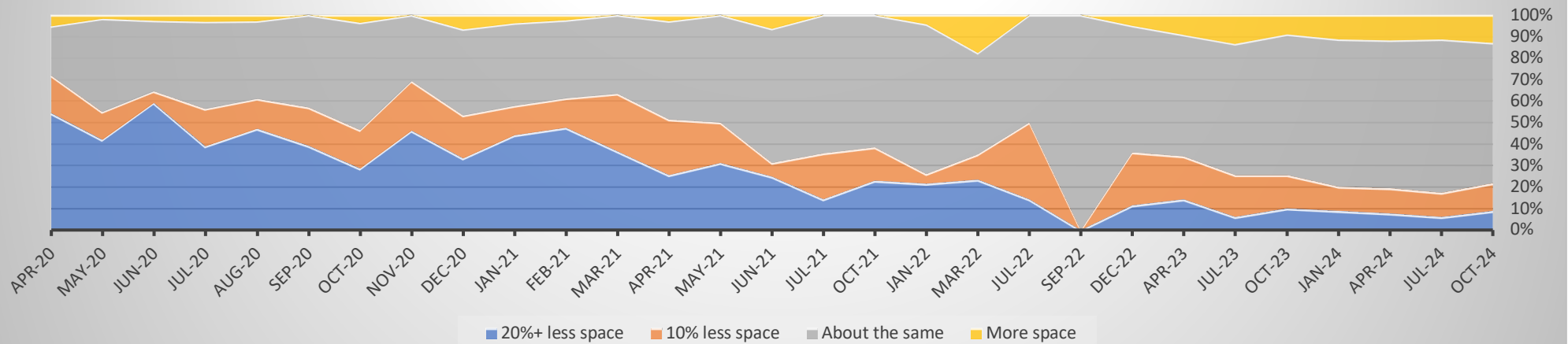
Which of these statements are true for your firm?



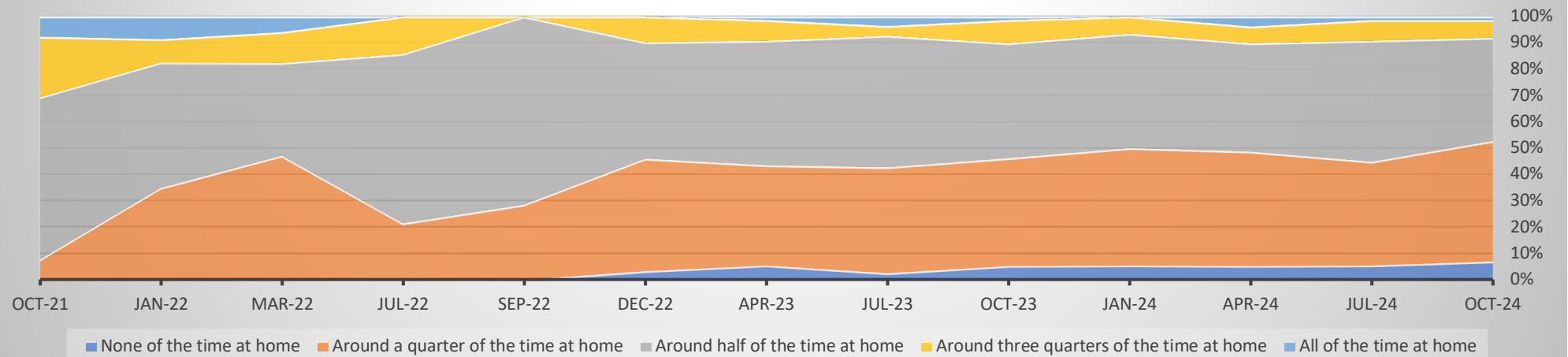
Approximately what percentage of your services based on invoiced value are delivered by your UK-based partners/employees to internal or external clients based outside the UK (October 2024)



Do you anticipate changes to your office space requirements over the next year?



On average, how much of the time are your people likely to be working from home over the next year?



Messages to Government (verbatim)

- We need financial stability within UK plc- and that includes stable and productive workforces- and employers who are willing to take on new staff- significant enhancement of employee rights could risk undermining business objectives and growth across the UK. In addition, UK Gov should be investing more in maintaining skills that spin out of universities - we are often market leaders and then lose that advantage to other nations who invest more in their nascent industries.
- As ever we need reduced regulatory burden and an economic plan for growth and particularly that makes the financial sector available to the SME businesses which are the backbone of the UK tax raising economy!
- Please be aware of the impact on small and medium sized businesses when introducing legislation on workers' rights and (corporate) taxation.
- Improve relations with the EU
- 1. Be explicit on the policies around R&D investment, establishing an AI base, and support for new ventures. 2. Work with the EU to make it simpler for UK service firms to trade in Europe
- Can we please have all party agreed long term planning for how we reach net zero so that we can prioritise and secure long-term investment on our net zero delivery programmes.
- please have a close look at the SRA and the commentary around its fitness against its stated purpose.
- Improve funding opportunities and criteria for female led businesses.
- The operation, challenges and hopes & aspirations of firms in this sector are vital to share with Government to help shape policy to support businesses in the sector
- Just a hope that there will be a focus on the long term, building infrastructure, improving relationship with Europe, and grasping the massive opportunity that net zero is for jobs and growth.
- Stop talking the economy down, be clear and transparent about what you intend to do so that we can adjust/adapt accordingly

- Make the UK an attractive place for small business to grow and invest in new jobs. Otherwise, we will leave for other jurisdictions
- In this uncertain economic outlook new business is becoming increasingly difficult. Running a business now also carries way more challenges from a HR perspective. Staff expectations have changed massively and the 'youth' of today really do think employers need to be grateful that they are working for the business rather than the other way round. It really is disconcerting, and the salary expectations are unsustainable resulting in some businesses not surviving. We need to educate the Gen X coming into the workplace that a job is their springboard to their careers.
- It is hard to correlate remote working as directly having a negative or positive effect on productivity - both will have some bearing on productivity and I think there is a tendency to conflate that home working directly positively or negatively impacts on where productivity levels sit now versus pre-covid - there is a lot more to it - ie; the type of services being provided, the make-up of teams, personal management. Other factors that will impact on productivity also include areas such as administration, operational efficiency, automated processes, technology resilience, personal preference etc.
- Political and economic stability are key and the opportunity to invest back in the business - in terms of efficiency and people.
- The desire to communicate early has left the business world in doubt as to what the actions will be, with huge amounts of conjecture and debate and so a fair degree of paralysis in the business world while we all wait to see. we need clear communication and guidance and not open-ended statements where business need to fill in the blanks.
- Prioritise professional services within the UK's industrial strategy.