



**Survey of the European Management Consultancy**

**2008/2009**



**feaco**



# October 2009

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# Introduction by the FEACO CHAIRMAN

I am pleased to introduce the 2008/2009 edition of the Feaco Survey of the European Management Consultancy Market. Seeing it in perspective, 2008 was a most challenging year for the world's economic development. We have experienced the severest economic crisis since the 1930's that has had an unprecedented global dimension and has affected all markets. It has been a year of extreme volatility and has seen the collapse of the world's financial markets. This severe recession has re-adjusted the value of assets after several years of great value growth. The large and diverse European economy, of course, has been no exception. The financial markets have been affected as well as the real economy by this crisis and most economies have entered into a recession.

Within this general context, the 2008 Management Consultancy Market grew an average of 8.2% on a yearly basis in Europe. This growth has been mainly driven by the demand in the first part of the year, the continuity of the larger projects and the change in the type of projects. In the report, there are detailed descriptions of the market developments by country in the different areas of service.

The adverse effects of the economic crisis on Management Consultancy have been starker in 2009. Negative growth is expected in the European markets after several years of two-digit growth in many countries. However, Management Consultancies have been quickly adapting to the demands and needs of client companies and organizations. Today right sizing, efficiency, cost reduction and control, and short-term returns of every initiative are essential. The approach and nature of projects are changing and adjusting to seek short-term returns. In line, economic terms of the projects are related to results.

Independently of the global crisis, consultancy has also been going through major industry changes. Projects and demand for services have become increasingly global and pan European. In the last several years, project size and complexity have grown exponentially. This growth is requiring a multidisciplinary integrated approach and a strong economic structure of the consultancy companies. Consultancy has truly become global and borderless.

The structure and approach of consultancies' offerings have also changed. Many projects and services are being delivered from several locations. Today offshore and near-shore have new dimensions and are utilized well beyond the traditional areas of technology. Consultancy companies have restructured and adapted their operating models to be more competitive. Developing countries are crucial for competitive delivery. Market players have also changed and, in technology areas, far east competition is stronger than ever.

Feaco offers a unique platform for European networking and exchange for larger and smaller consultancies. Feaco as a European Federation has not been exempt from the economic crisis and has also adapted to the new era. Feaco has tailored products and services to the demand, reorganizing in a leaner central organization and working closer with the countries' National Associations and with the consultancy companies through the different working groups.

The world has certainly changed and a new cycle is underway. Europe is taking steps to become stronger and revitalized in order to play a major role in the new multipolar global economy. New challenges, new visions, new structures, new interconnections and new operating models are creating opportunities in almost every industry.

The world economic crisis and the industry changes have altered consultancy for years to come. Innovation, knowledge, multidisciplinary approaches, globality, commitment to returns and client service are the basis for responding to client needs and demands. More than ever before, consultancies have to lead in these areas in order to help clients become more competitive in the new cycle.



A handwritten signature in black ink, appearing to read 'Gil Gidron'. The signature is stylized and fluid, with a long horizontal stroke extending to the right.

Gil Gidron  
Feaco Chairman

# Executive Summary

## Key Figures 2005 – 2009

The 2008-2009 FEACO survey of the European consulting market conducted in collaboration with the national management consulting associations in Europe shows that the size of the consulting market increased from 81 billion € in 2007 to 86.2 billion € in 2008, which means a growth rate of 8.2% compared to the 2007 base

year. A slight decline in revenues is forecasted for 2009.

The distribution of the revenues among the different consulting service lines in the total European consulting market is presented in Table 1.:

Table 1.  
Key Figures 2006 – 2009

|                           | 2006   | 2007   | 2008     | 2009 est. |
|---------------------------|--------|--------|----------|-----------|
| Market size               | €74 bn | €81 bn | €86.2 bn | €85.7 bn  |
| Growth rate               | 10.7%  | 9.5%   | 8.2%     | -0.59%    |
| Total staff (thousand)    | 450    | 583    | 561      | n.a.      |
| Breakdown of Key services |        |        |          |           |
| Business Consulting       | 39.1%  | 42.0%  | 42.0%    | n.a.      |
| IT Consulting             | 17.0%  | 15.0%  | 14.0%    | n.a.      |
| Dvt& Integration          | 19.0%  | 20.0%  | 21.0%    | n.a.      |
| Outsourcing               | 19.0%  | 20.0%  | 17.0%    | n.a.      |
| Other services            | 5.9%   | 3.0%   | 6.0%     | n.a.      |

Business Consulting services remains the largest segment at a stable 42%. followed by Development and Integration at 21%, slightly higher than 2007 and Outsourcing at 17% which represents a 3% decline from the previous year.

The aggregate data from the European consulting industry in 2008 by country or by region is presented in Table 2.:

Table 2.  
Key Figures in Selected Countries and Regions

|                          | 2006                        |                                       | 2007                        |                                       | 2008                        |                                       |
|--------------------------|-----------------------------|---------------------------------------|-----------------------------|---------------------------------------|-----------------------------|---------------------------------------|
|                          | Total turnover in billion € | Business & IT Consulting in billion € | Total turnover in billion € | Business & IT Consulting in billion € | Total turnover in billion € | Business & IT Consulting in billion € |
| Germany                  | 21.6                        | 14.7                                  | 24.1                        | 16.4                                  | 26.5                        | 18.2                                  |
| UK                       | 18.3                        | 11.1                                  | 19                          | 11.1                                  | 20                          | 10.3                                  |
| Spain                    | 7.6                         | 1.6                                   | 8.5                         | 1.7                                   | 9.5                         | 1.8                                   |
| France                   | 6.9                         | 3.8                                   | 7.8                         | 4.9                                   | 8.3                         | 5.3                                   |
| Nordic Region            | 7.1                         | 4                                     | 7.6                         | 4.5                                   | 7.9                         | 5.7                                   |
| Central & Eastern Europe | 1.8                         | 1                                     | 2.15                        | 1.3                                   | 2.4                         | 1.7                                   |
| Western Europe           | 10.5                        | 6.1                                   | 11.6                        | 6.9                                   | 12.2                        | 8.8                                   |

\* Major players in the European MC market.

Nordic Region: Denmark, Finland, Norway, Sweden.

Central&Eastern Europe: Czech Republic, Hungary, Romania, Poland, Slovenia, Greece, Cyprus, Bulgaria, Bosnia, Croatia.

Western Europe: Belgium, Switzerland, Netherlands, Austria, Italy.

Germany remains the largest consulting market in Europe followed by the United Kingdom, Spain and France. This country ranking has remained stable over the last few years as have annual increases in market size in these leading consulting markets. Regarding the year 2009, a year of international economic crisis, the consulting companies in

Europe are forecasting small decrease in turnover. According to the data we received and comparing it with 2008 data it is expected that the European consulting market will decline by 0.59% to an estimated value of 85.7 billion euro. The industry is also predicting that the best performers will be public sector and IT consulting.

# 1 Scope of the Market and Methodology

The objective of FEACO is to present objectively and as accurately as possible a picture of the activity in Europe in the Management Consulting sector, aiming for the maximum level of reliability in the aggregation of the figures which represent the different elements of the services which companies in the Management Consulting market offer.

The results are reflected by the aggregated data presented in this report which are a result of the effort of all the companies, large and small, which participated in it and continue to contribute to build a prosperous, competitive and exciting European management consultancy market. FEACO member companies provide a broad spectrum of management consulting services. Depending on the market these may be at different levels of maturity. The array of services management consultancies offer is very dynamic; it is continuously evolving and changing. Defining the framework of activity of our sector is therefore not an easy task, mainly because it concerns a basket of services which in certain cases are very different.

From that perspective and with the objective of improving our report, FEACO proposed in 2005 a new definition of the scope of services offered by management consultancies in Europe and a new way of segmenting these services.

This exercise resulted in the following division of the main services:

- Consulting, which we divide into Business Consulting and IT Consulting,
- Development and Systems Integration (excluding software development),
- Outsourcing of value added services,
- Other services.

These segments are described in detail in the subsection "Analysis by Service Line".

This new framework implied a change in methodology for the collection and aggregation of the quantitative and qualitative data, which are provided by the companies.

The methodology consists basically of the collection by our member associations of the data on the sector via the aggregation of the figures from the individual consulting companies. In

2007, FEACO decided to distinguish between associations with an in depth knowledge of their domestic market – for instance, because they publish their own often very detailed annual market report and associations from countries whose markets are less known.

As a result, quantitative data were collected on two levels:

#### **Key countries were asked to provide:**

- Volume of turnover for the year 2008
- Data on staffing
- Business volume per service area
- Business volume per major client sector
- Daily fee rates for 2008
- General forecasts for 2009

#### **Non key countries were asked to provide:**

- Volume of turnover for the year 2008
- Data on staffing
- General forecasts for 2009

In parallel, qualitative data were solicited in a separate questionnaire on companies' views on the development and the future of the sector in selected areas of activity, the results of which are summarised in the chapter on trends in the sector. It should be noted that the management consulting sector is a dynamic sector. Every year new consulting companies appear, others merge (which give rise to spin-offs) or reorganize themselves. Because the data are provided on a voluntary basis, the sample of companies surveyed in each European country varies from year to year. The latest edition of the survey allows us to redefine retroactively some of the data obtained in previous years.

Twelve Feaco member Associations participated in the FEACO Survey 2008/2009 and contributed with their effort to this final report. Although the total number of the FEACO members that responded to the questionnaire is relatively low, the FEACO Report 2008/2009 is considered to be representative, because the countries delivering data cover almost 80% of the total European Management Consulting Market. Data were evaluated on a statistical basis, using data and variance analysis to prove the reliability of the results. The estimated data were calculated on an average weighted score and incorporating the particular economic data of the countries analyzed.

## 2 Europe – Market Size, Forecast & Analysis

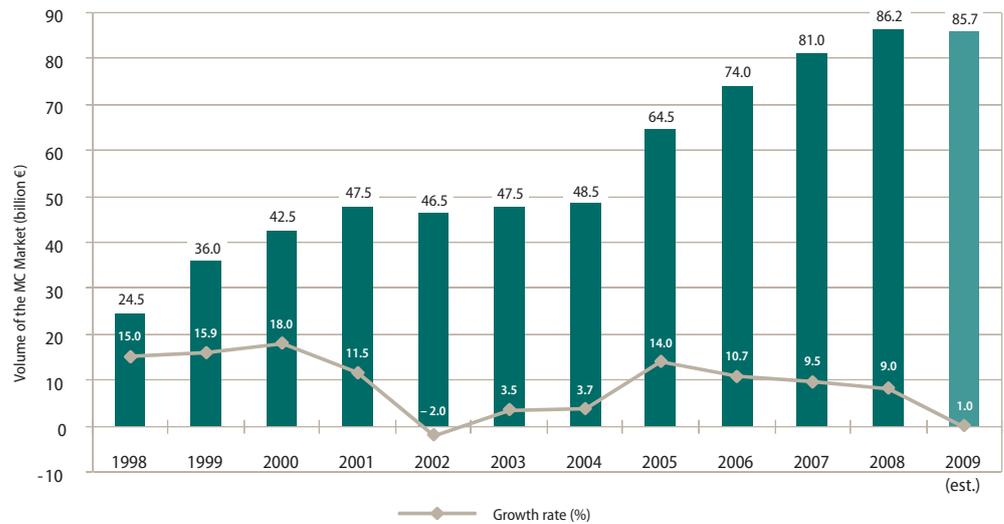
### 2.1 History and Projections

#### 2.1.1 Size of the European MC Market, 1998-2009

In 2008 the industry's growth rate, after three years of strong growth, slowed down. The industry's total sales present, in comparison to 2007, a weighted average growth rate of 8.2%

and reached a volume of €86.2 billion. For 2009, European MC companies are forecasting a slight decrease (0.59%) in total turnover. Since this is the result of only 12 countries' estimations for 2009, this forecast should be considered cautiously although the countries considered hold almost 80% of the European MC market share. Growth estimations for 2009 vary widely from -20% in Romania and 0% in Finland to 7.7% in Greece.

Figure 1.  
Size of the European MC Market  
1998-2009

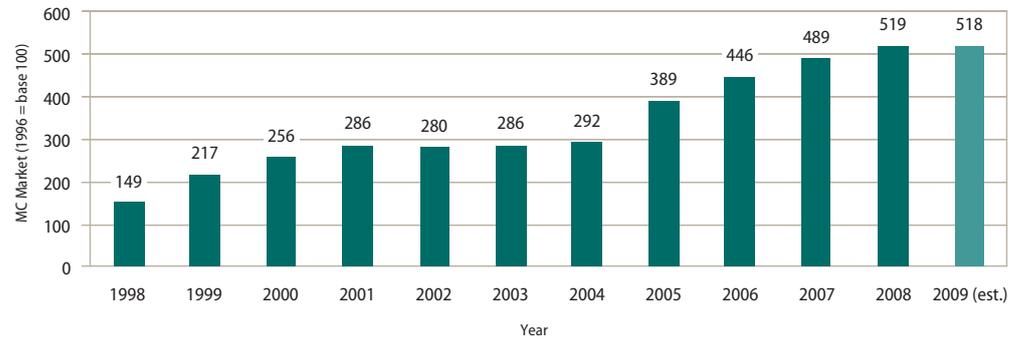


#### 2.1.2 Evolution in % of the MC Market Turnover 1998-2009

According to Figure 2. below, based on the 100 index of 1996, the total turnover of the MC market has multiplied by 5.2 since 1996. In the

years of the global slowdown (2001-2002) and until 2004 the European MC market maintained a fairly stable position. However in 2005, a significant change in growth tendency appeared and the MC market displayed strong growth until 2008.

Figure 2.  
Evolution in % of the MC Market  
turnover 1998-2009



### 2.1.3 MC Market as % of GDP, 1998-2009

In 2008, the volume of MC turnover, measured as the contribution by the sector to the European GDP (source: Eurostat 2008) has followed the previous years trend increasing to 0.65%. For

2009, due to the downturn of the economy the share of the European MC market in the GDP appears to stay stable at 0.65%. In 2009 due to unpredictable changes in the European GDP we could not have a clear picture of this data. It might be that the larger decrease in the GDP will cause a slight rise in the share of MC.

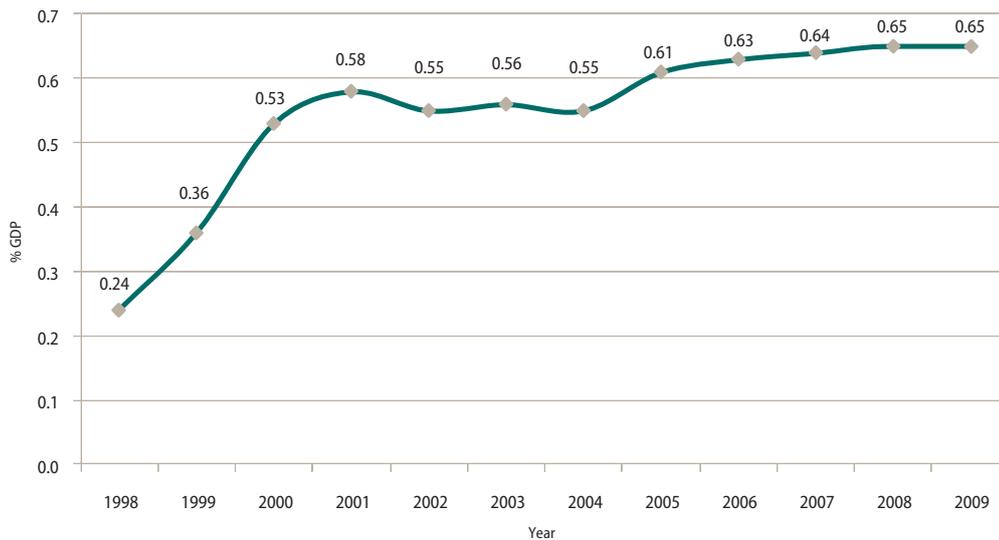


Figure 3. MC Market as a % of GDP 1998-2009

### 2.1.4 Average Growth Rate by Size Of Consultancy

The growth rate varies also by size of consulting company. In 2008, the medium sized MC-companies reached the highest growth rate (11%) similar to 2007 rate, while major players

achieved 6% and small companies 4%. These results for 2008 are based on data delivered from only five countries (France, Germany, Greece, Switzerland and the United Kingdom), so statistically they cannot be considered representative for the whole European MC market.

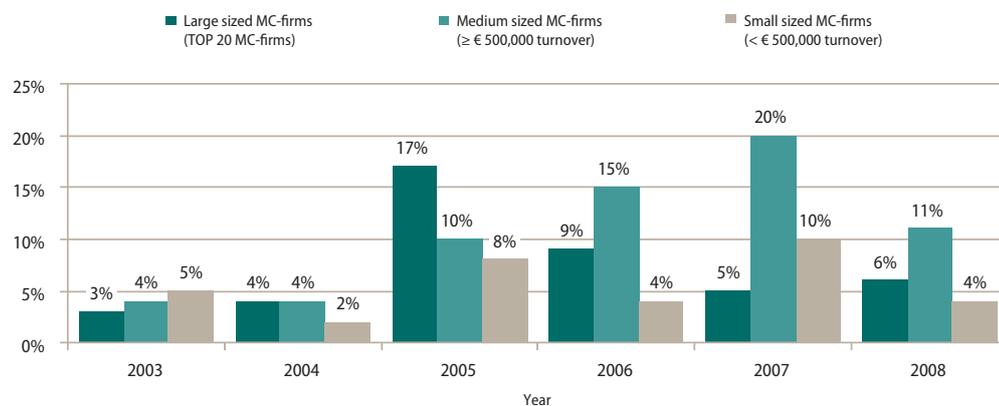


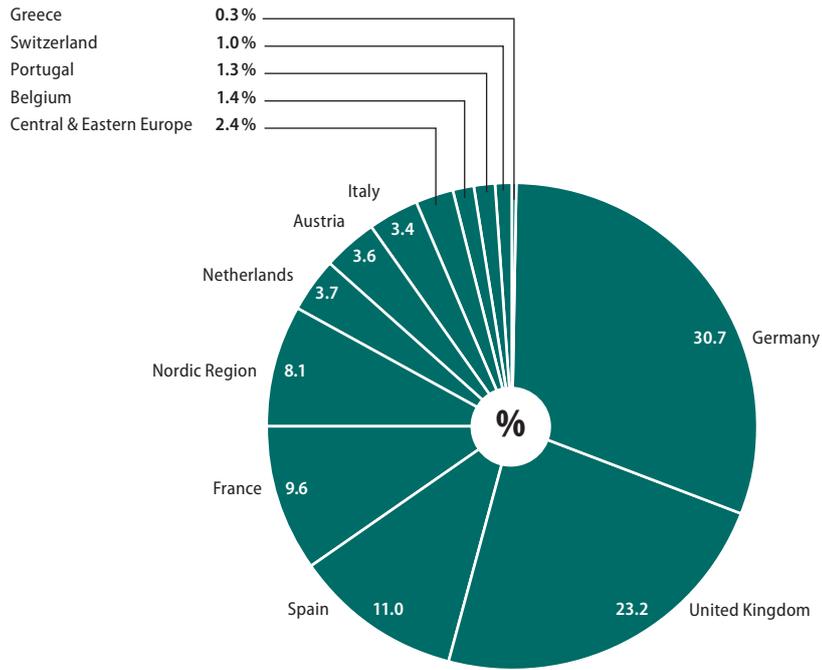
Figure 4. Average Growth Rate by Size of Consultancy Company 2003-2008

### 2.1.5 Size Of European MC Market (Total Turnover) By Country-Region, 2008

The MC market share distribution by country or region is in line with the previous year's ranking.

Considering the total turnover of consulting companies, the two largest national markets are Germany and the United Kingdom with a total turnover of €26.5 billion and €20.2 billion respectively, followed by Spain (€9.5 billion) and France (€8.3 billion).

Figure 5. Size of the European MC Market (total turnover) by Country-Region 2008

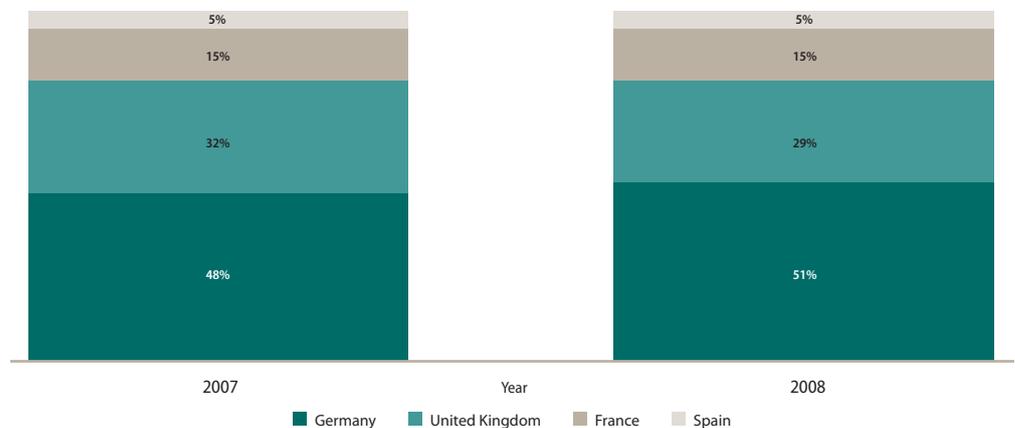


### 2.1.6 Breakdown of the European Consulting Market (Business & IT Consulting) by Main Countries, 2007-2008

As in 2007, Germany tended to consolidate, with €18.2 billion, its domination of more than half of

the European MC market (51%), when looking at the Business and IT consulting segments together. Germany gained an additional 3% market share in 2008 while the UK lost 3%. The other important players France and Spain appeared to hold the same market share as in the previous year, 2007.

Figure 6. Breakdown of the European Consulting Market (Business & IT Consulting) by main Countries 2007-2008



## 2.2 Analysis by Service Line

According to the new segmentation introduced by Feaco in 2005, the MC market is divided into four segments: Consulting, Development and Integration, Outsourcing and Other services. The Consulting segment is subsequently divided into two sub-segments: Business Consulting (BC) and Information Technology Consulting (ITC).

**1. Consulting.** These services help private and public organisations to analyse and redefine their strategies, to improve the efficiency of their business operations and to optimize their technical and human resources.

**1a. Business Consulting (BC),** which includes: Strategy Consulting (SC), which targets the improvement of the long-term, strategic health of a company: strategic planning development; mergers & acquisitions; sales; marketing; corporate communication; financial advisory; HR strategy;

- Organisation/Operations Management (OM), which aims at the integration of business solutions through Business Process Re-engineering (BPR); customer/supplier relations management (CRM); turnaround/cost reduction and purchasing & supply management as well as advise on outsourcing;
- Project Management (PM); The application of knowledge, skills, tools and techniques to a broad range of activities in order to meet the requirements of a particular project;
- Change Management (CM), this consists of services which, on top of any other type of consulting service, help an organisation deal with the effects that change has on the human element of the organisation;
- Human Resources Consulting (HR): Consulting services which target the improvement of the 'people' element of an organisation through performance measurement and management, reorganisation of benefits, compensations and retirement schemes, HR strategy and marketing, the development of talent strategies and executive coaching.

**1b. Information Technology Consulting (ITC)** helps organisations to evaluate their IT strategies with the objective of aligning technology with the business process. These services include strategic planning and conceptions, operations and implementations.

**2. Development and Integration** which concerns:

- the development of applications (excluding software);
- the creation of new functionalities through, often tailored, process developments. Usually these developments integrate or unite internal or external business processes and can involve a conversion of applications so that they can be used for different platforms or conceptions,
- the design of services which integrate applications which were created in different existing IT applications or infrastructures (systems integration -development)
- the deployment and integration of applications:
- the implementation of new applications or infrastructures, which may concern the installation of hardware and/or software, their configuration or adaptation and the testing of their interoperability; and of services which integrate applications which were created in different existing IT applications or infrastructures and the management thereof (Systems integration)

**3. Outsourcing,** which consists of three types of activities:

- IT management services; among these are services for the operation of infrastructures (operation of systems, administration and security, follow up of cost-effectiveness, configuration management, management of technology, etc.) applications management, and help desk management.
- Applied Management Services (AMS); this concerns the outsourcing of the development and implementation of support services for hardware, applications, CRM and infrastructures (tools for the development of applications and middleware, as well as software for information management, storage or systems and networks).
- Business Process Outsourcing (BPO). This service supposes the externalisation of a complete business process.

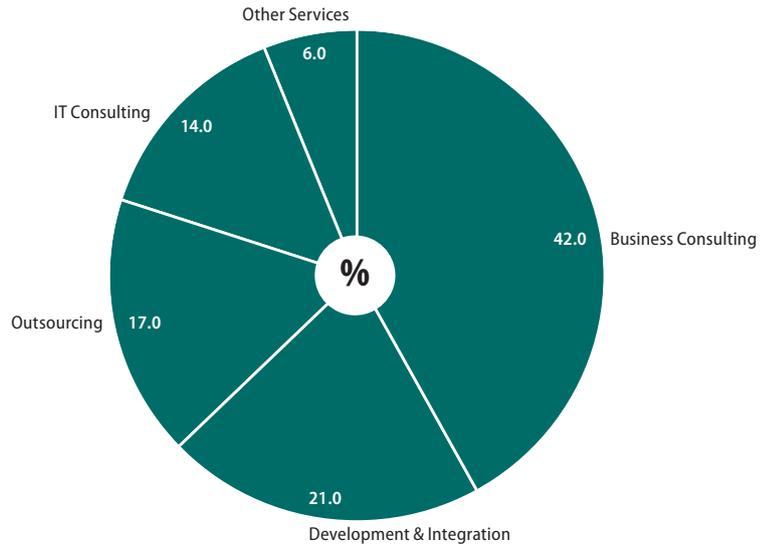
**4. Other services,** which consist of a variety of services provided by many MC companies often complementary to Consulting, Development and Integration and Outsourcing services, such as: Training, Engineering consulting, Studies, Outplacement, Executive selection and recruitment and Audit and Accounting.

### 2.2.1 Composition of MC Market by Service Line, 2008

No significant changes have appeared by analysing the Service Line structure of the MC market in 2008 compared to the year 2007. The proportion of the Consulting Service line decreased by 1%

accounting for 56% compared to 57% in 2007. Business Consulting remained stable, Development & Integration increased by 1% to 21% from 20% in 2007 and IT Consulting decreased from 15% in 2007 to 14% in 2008. The proportion of the Outsourcing Service Line accounted for 20% in 2007 with a 3% decrease in 2008. Other Services accounted for 6%.

Figure 7. Breakdown of Turnover by Service Line 2008



### 2.2.2 Breakdown of Business Consulting Turnover, 2008

Analysing the breakdown of Business Consulting revenues, the most stable market share, at 27%, comes from Strategy. Compared to 2005 the market share of Organisation/Operations Management

doubled in the year 2007, but a 10% decrease has been reported for 2008. After a two year downturn both in Project Management and in Change Management market share, 2008 brought 9% growth for Project Management and 6% increase in Change Management. The downward trend in HR Consulting has continued in 2008.

Figure 8. Breakdown of Business Consulting Turnover 2005-2008



### 2.2.3 Breakdown of Consulting Turnover, 2008

In 2008 the breakdown of Consulting turnover showed a 1% market ratio movement to Business Consulting from IT Consulting.

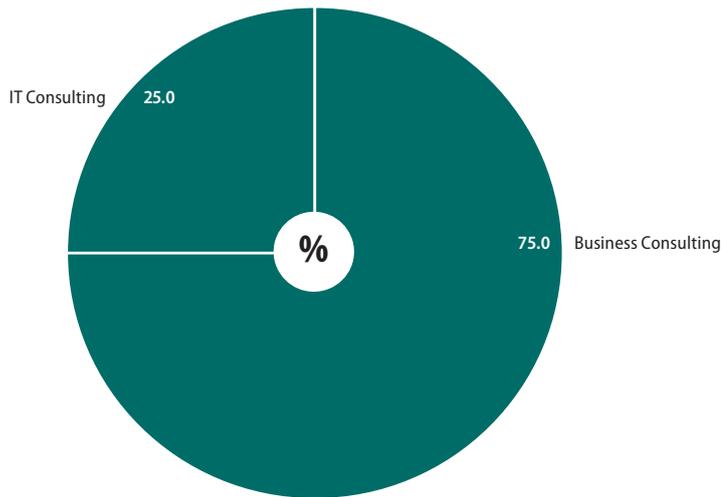


Figure 9. Breakdown of Consulting Turnover 2008

### 2.2.4 Breakdown of Turnover from Other Services, 2008

Regarding Other Services provided by MC companies, Audit increased from 12% in 2007 to 16% in 2008. Engineering Consulting went from 2% in 2007 to 6% in 2008, while Training decreased

from 6% in 2007 to 2% in 2008. The turnover realized in market surveys increased significantly to 14% from 2% in 2007. On the other hand, the service, Executive Selection/Recruitment/Outplacement which stood at 68% in 2007 was reduced to 59% in 2008.

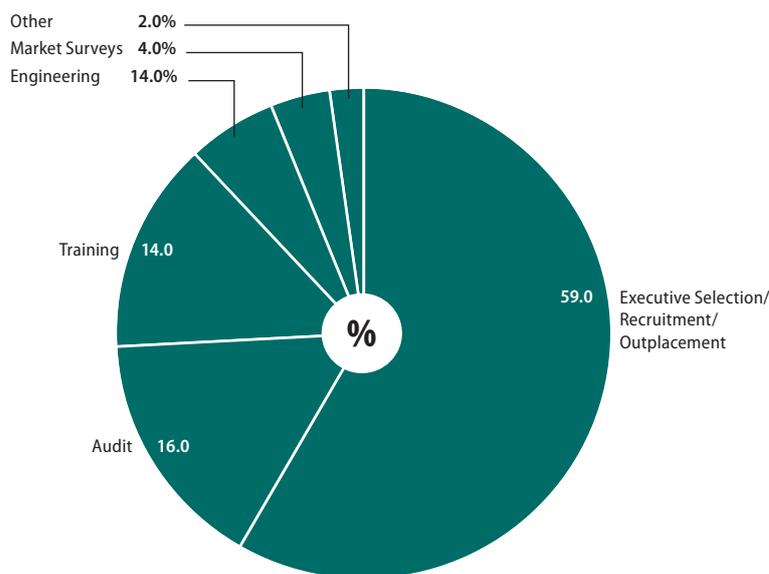


Figure 10. Breakdown of Turnover from Other Services 2008

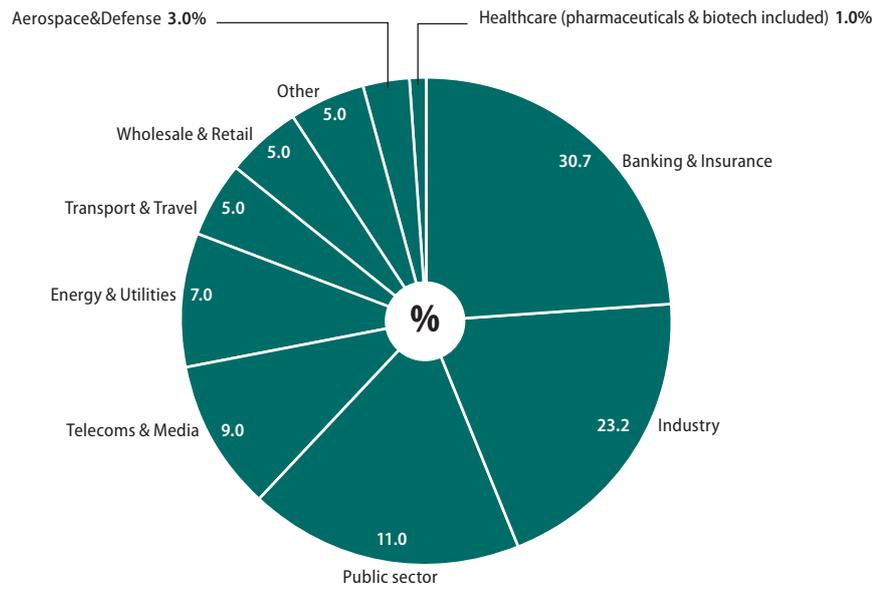
## 2.3 Analysis by Client Sector

### 2.3.1 Composition of MC Market by Client Sector, 2008

In 2008, the distribution of the Client Sector's services has changed. In 2008, the Public Sector

increased its ratio to 18% that meant a 4% increase compared to 2007. The demand arising from the Industry and the Banking & Insurance Sector have remained almost stable. Despite the above mentioned changes, the demand coming from the three above listed sectors remained significantly larger – accounting for 62% – compared to the other sectors.

Figure 11.  
Composition of MC Market  
by Client Sector 2008



# 3 Selected European MC Markets

## 3.1 Analysis by Country

The European average weighted growth rate is 8.2% in 2008 but the growth by country varies greatly.

The growth rates are presented below.

High growth: Romania 30%, Slovenia 17%.

Moderate growth: Spain (11%), Germany (10.7%), Greece (8.8%), Poland (8.7%\*)

Modest growth: France (6%), Portugal (5.7%), United Kingdom (5%), Netherland (4.7%\*), Austria (4.3%\*), Finland (1.9%), Italy (2.1%\*), Switzerland (0,7%),

\*estimated data

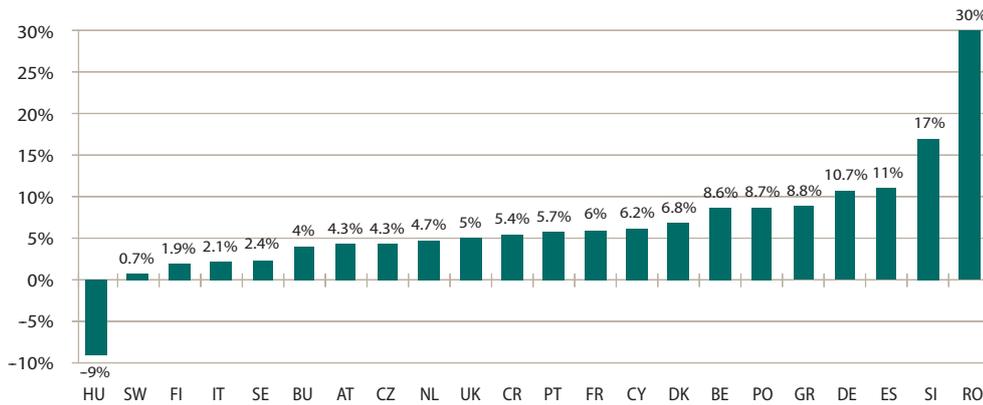


Figure 12. Growth Rates – Breakdown by Country 2008

Figure 13 shows the 2009 growth rate forecast for the countries which reported their estimations. The forecasted growth of the MC market in 2009 varies widely from country to country. In 2008 Romania posted a 30% growth in total MC turnover in 2008, but in 2009 a significant drop to a negative -20% has been forecasted. In 2008 Slovenia also belonged to the high growth category with 17% growth rate, but for 2009 the growth rate estimation is 3%. In 2008, Spain, Germany and Greece realized moderate growth at 8-11%, thus Germany is forecasting a

3% increase in total turnover of the MC market. Greece estimated the smallest downturn in demand, and forecasted a growth rate of 8.8%. In 2008, according to the growth rate ranking, France, Portugal, United Kingdom, Finland and Switzerland belonged to group of modest growth countries (growth rate lower than 6%). In 2009 France and the United Kingdom expected a decrease of -5% in total MC turnover, Switzerland -4%, while Portugal estimated a slight upward growth of 2% and Finland aimed to hold the 2008 volume of total turnover stable.

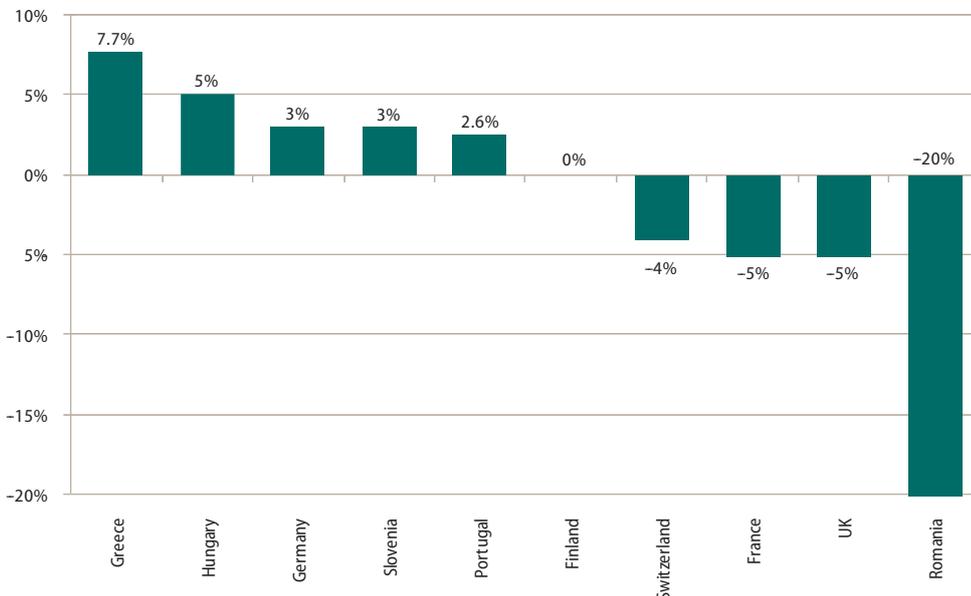


Figure 13. Growth Rates estimations – Breakdown by Country 2009

### 3.1.1 Growth Rates – Breakdown by Country Region, 2008 & 2009\*

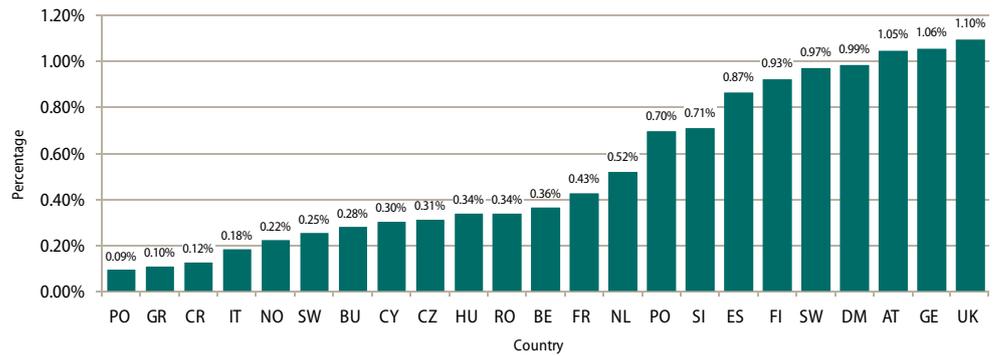
### 3.1.2 Management Consulting as a Percentage of GDP, 2008

countries, Germany and the United Kingdom presented a percentage of MC to GDP exceeding 1%. In 2008, Austria entered the group of 1% ratio. The second percentage range was between 0.2% to 1% listing 16 countries and below 0.2% there are 4 countries.

Figure 14 shows the contribution of the MC sector relative to the listed countries' GDP. In 2007 two

\* 2009, based on estimation

Figure 14.  
Management Consulting  
as a Percentage of GDP 2008



### 3.1.3 MC Turnover and GDP in Selected European Markets, 2008

relative to the GDP. The European market of MC firms can be described as dynamically improving as the MC growth rates are higher than the GDP growth rates for the respective countries.

Table 3 assesses the main economic characteristics of the selected MC markets, listing the GDP data and growth, and some ratios of MC market firms

This trend is in line with the overall tendency of Management Consulting to grow at a faster rate than the European average GDP growth.

Table 3.  
MC Turnover and GDP  
in selected European Markets  
2008

| Country                            | GDP (million €)   | Share of total Economy of countries considered | GDP growth 2008 | MC growth 2008 | Total turnover of MC firms 2008 | Total turnover of MC firms as % of GDP |
|------------------------------------|-------------------|--|-----------------|----------------|---------------------------------|--|
| Germany                            | 2 495 800         | 19.4%  | 1.3%            | 11%            | 26 500                          | 1.06%                                  |
| France                             | 1 950 085         | 15.2%  | 0.4%            | 6%             | 8 309                           | 0.43%                                  |
| United Kingdom                     | 1 816 086         | 14.1%  | 0.7%            | 5%             | 20 023                          | 1.10%                                  |
| Italy                              | 1 572 243         | 12.2%  | -1.0%           | n.a.           | 2 967                           | 0.19%                                  |
| Spain                              | 1 095 163         | 8.5%   | 1.2%            | 11%            | 9 504                           | 0.87%                                  |
| Netherlands                        | 595 883           | 4.6%   | 2.0%            | n.a.           | 3 205                           | 0.54%                                  |
| Poland                             | 362 095           | 2.8%   | 5.0%            | n.a.           | 324                             | 0.09%                                  |
| Belgium                            | 344 206           | 2.7%   | 1.1%            | n.a.           | 1 245                           | 0.39%                                  |
| Switzerland                        | 341 330           | 2.7%   | 1.8%            | 0%             | 854                             | 0.25%                                  |
| Sweden                             | 328 322           | 2.5%   | -0.2            | n.a.           | 3 382                           | 0.97%                                  |
| Norway                             | 309 875           | 2.4%   | 2.1%            | n.a.           | 722                             | 0.23%                                  |
| Austria                            | 281 868           | 2.2%   | 2.0%            | n.a.           | 3 084                           | 1.05%                                  |
| Greece                             | 242 946           | 1.9%   | 2.9%            | 9%             | 255                             | 0.10%                                  |
| Denmark                            | 232 499           | 1.8%   | -1.2            | n.a.           | 1 819                           | 0.78%                                  |
| Finland                            | 184 728           | 1.4%   | 1.0%            | 2%             | 1 098                           | 0.59%                                  |
| Portugal                           | 166 276           | 1.3%   | 0.0%            | 6%             | 1 163                           | 0.70%                                  |
| Czech Republik                     | 148 556           | 1.2%   | 3.0%            | n.a.           | 475                             | 0.32%                                  |
| Romania                            | 137 035           | 1.0%   | 7.1%            | 30%            | 460                             | 0.34%                                  |
| Hungary                            | 105 843           | 0.8%   | 0.6%            | n.a.           | 315                             | 0.30%                                  |
| Croatia                            | 47 365            | 0.36%  | 2.4%            | n.a.           | 60                              | 0.13%                                  |
| Slovenia                           | 37 126            | 0.28%  | 3.5%            | 17%            | 265                             | 0.71%                                  |
| Bulgaria                           | 34 118            | 0.26%  | 6.0%            | n.a.           | 97                              | 0.29%                                  |
| Cyprus                             | 16 949            | 0.13%  | 3.7%            | n.a.           | 52                              | 0.31%                                  |
| Bosnia                             | 15 211            | 0.12%  | 5.0%            | -10%           | 50                              | 0.33%                                  |
| <b>Total of selected countries</b> | <b>12 861 608</b> | <b>100%</b>                                    |                 |                | <b>86 227</b>                   |  |

### 3.1.4 Breakdown between Management Consultants and Support Staff, 2008

Concerning the nine countries listed below, Management Consultants presented 80% (median) of

the European MC companies' total staff in 2008. The mean of Consultants accounted for 76% in 2008. A remarkable difference can be seen in Finland, where more than half of the employees belong to support staff group. Portugal also shows a significant variance from the mean, with its 60-40 ratio.

|               | Germany | UK     | France | Switzerland | Slovenia | Portugal | Greece | Finland | Romania |
|---------------|---------|--------|--------|-------------|----------|----------|--------|---------|---------|
| Consultants   | 72%     | 87%    | 90%    | 84%         | 87%      | 60%      | 86%    | 47%     | 80%     |
| Support Staff | 28%     | 13%    | 10%    | 16%         | 13%      | 40%      | 14%    | 53%     | 20%     |
| Total staff   | 180 000 | 64 662 | 50 780 | 4 110       | 3 105    | 15 256   | 1 990  | 12 352  | 10 000  |

Table 4.  
Breakdown between Management Consultants and Support Staff 2008

### 3.1.5 Key Figures of Selected European MC Markets

The country rankings have remained practically the same since 2005, when Germany achieved the first position overtaking the United Kingdom.

In 2008 the median turnover per employee for the listed countries equals €119 291 in comparison to 2007, which stood at €125 500. The mean was €124 549 (2007: €138 000). The lowest turnover level per employee was realized by Romania at €46 000 (2007: €38 800) and the highest level was generated in the Swiss MC market at €207 786 (2007: €183 300) in 2008. The countries are grouped in the following turnover per employee categories:

A turnover per employee equal or less than €60 000 are in 4 countries (Czech Republic, Bosnia, Poland,

Romania) which together accounts for 1.5% of the European MC market in 2008. Previously in 2007 there were 5 countries listed in this category, but Bulgaria was able to step up to the second category.

In 2008 a turnover per employee between €60 000 and €150 000 was realized in 14 countries: Germany, Greece, Spain, Denmark, Hungary, Portugal, Poland, Slovenia, Finland, Bulgaria and Croatia. In 2007 thirteen countries belonged to this group including France.

In 2008 the turnover per employee rate exceeded €150 000 in 6 countries – the same as in 2007: Austria, Belgium, Denmark, France, Italy, Sweden, United Kingdom, Netherlands, Norway and Switzerland.

| Country                            | Total turnover of MC firms 2008 (million €) | Share of MC market in Europe 2008 | Total turnover of MC firms 2007 (million €) | Share of MC market in Europe 2007 | Total staff    | Turnover per employee (€) |
|------------------------------------|---|-----------------------------------|---|-----------------------------------|----------------|---------------------------|
| Germany                            | 26 500                                      | 30.73%                            | 24 150                                      | 30.0%                             | 180 000        | 147 222                   |
| United Kingdom                     | 20 023                                      | 23.22%                            | 19 070                                      | 23.7%                             | 64 662         | 160 759                   |
| Spain                              | 9 504                                       | 11.02%                            | 8 561                                       | 10.6%                             | 89 900         | 105 717                   |
| France                             | 8 309                                       | 9.64%                             | 7 840                                       | 9.7%                              | 50 780         | 163 636                   |
| Sweden                             | 3 382                                       | 3.92%                             | 3 124                                       | 3.9%                              | 16 704         | 202 488                   |
| Netherlands                        | 3 205                                       | 3.72%                             | 2 960                                       | 3.7%                              | 20 416         | 156 975                   |
| Austria                            | 3 084                                       | 3.58%                             | 2 848                                       | 3.5%                              | 19 952         | 154 547                   |
| Italy                              | 2 967                                       | 3.44%                             | 2 740                                       | 3.4%                              | 18 560         | 159 838                   |
| Denmark                            | 1 819                                       | 2.11%                             | 2 150                                       | 2.7%                              | 15 248         | 119 291                   |
| Belgium                            | 1 245                                       | 1.44%                             | 1 150                                       | 1.4%                              | 8 074          | 154 219                   |
| Portugal                           | 1 163                                       | 1.35%                             | 1 100                                       | 1.4%                              | 15 256         | 76 232                    |
| Finland                            | 1 098                                       | 1.27%                             | 1 680                                       | 2.1%                              | 12 352         | 88 892                    |
| Switzerland                        | 854   | 0.99%                             | 803   | 1.0%                              | 4 110          | 207 786                   |
| Norway                             | 722   | 0.84%                             | 667   | 0.8%                              | 3 898          | 185 283                   |
| Czech Republik                     | 475   | 0.55%                             | 439   | 0.5%                              | 8 621          | 55 133                    |
| Romania                            | 460   | 0.53%                             | 340   | 0.4%                              | 10 000         | 46 000                    |
| Hungary                            | 315   | 0.37%                             | 346   | 0.0%                              | 4 454          | 70 717                    |
| Poland                             | 324   | 0.38%                             | 299   | 0.4%                              | 5 568          | 58 141                    |
| Slovenia                           | 265   | 0.31%                             | 226   | 0.3%                              | 3 105          | 85 185                    |
| Greece                             | 255   | 0.30%                             | 234   | 0.3%                              | 1 990          | 127 990                   |
| Bulgaria                           | 97  | 0.11%                             | 90  | 0.1%                              | 1 392          | 70 002                    |
| Croatia                            | 60  | 0.07%                             | 55  | 0.1%                              | 557            | 106 948                   |
| Cyprus                             | 52  | 0.06%                             | 48  | 0.1%                              | 742            | 70 002                    |
| Bosnia                             | 50  | 0.06%                             | 80  | 0.1%                              | 928            | 53 879                    |
| <b>Total of selected countries</b> | <b>86 227</b>                               | <b>100.00%</b>                    | <b>81 000</b>                               | <b>100.00%</b>                    | <b>557 268</b> | <b>124 549</b>            |

Table 5.  
Key Figures of Selected European MC Markets

### 3.2 Analysis by Daily Rates

#### 3.2.1 Average Daily Fee Rates of Selected European MC Markets

It proved difficult to obtain information on daily fee rates. Only four countries (Greece, Finland, France and Germany) were able to provide information on average daily fee rates in their markets, among which France and Germany appeared fairly comparable, which may give an idea of the average daily fee rates for the MC Consulting market in Western Europe. Greece reported an average daily fee rate of €450 which is 50 € higher than last year. Following the logic mentioned before, data from Finland is reasonable as their rate is located

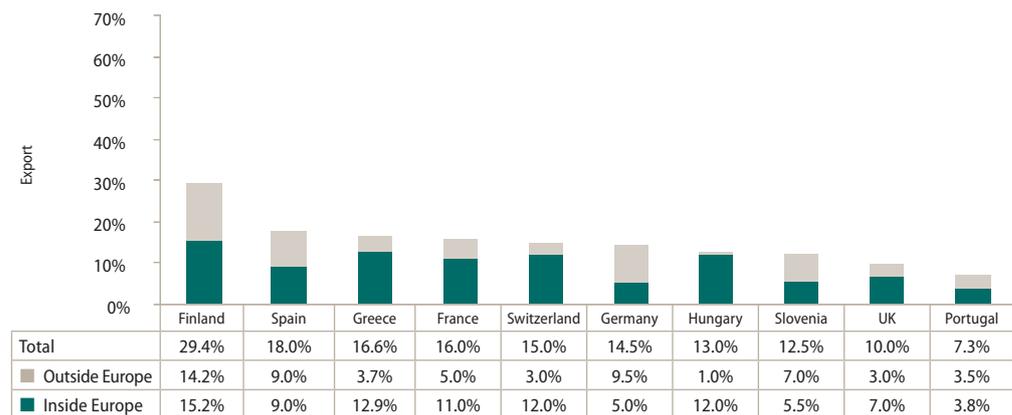
halfway between the French/German and Greek rates. These rates should be considered cautiously, as the average daily fee rate is merely an indicator and not representative of actual fees invoiced by consultants, which tend to vary according to sectors, service lines and profiles. German consultants appear to receive the highest daily fee rates for MC Consulting. In Greece, the average daily fee rates for MC Consulting range between €400 and €500 per day depending on the sector.

Table 6.  
Average Daily Fee Rates of Selected European MC Markets 2008

| Daily rates of Management Consulting |         |
|--------------------------------------|---------|
| Greece                               | 450 €   |
| Finland                              | 900 €   |
| France                               | 1 500 € |
| Germany                              | 1 600 € |

#### 3.2.2 Export of MC Services by Selected Countries, 2008

Figure 15.  
Export of MC Services by Selected Countries 2008



With an average weighted market share of 14.81%, MC export rates vary considerably, from Finland (almost 30%) to Portugal (7.3%). Finland, Spain, Slovenia and Portugal export approximately as

much to countries outside the EU as inside the EU. Only Slovenia and Germany export more services to countries outside the EU than inside.

### 3.3 Analysis by Service Lines

#### 3.3.1 MC Market Composition by Service Line (% Of Turnover)

Consulting accounts for, on average, 63.77% of the European consulting companies' turnover. Three types of countries can be distinguished:

For half the countries considered, the market share of Consulting activities represents more than 70% of the total MC Market: UK (100%), Bosnia & Herzegovina (80%), Slovenia (79%), Greece (78%), Switzerland (70%). In the UK, Slovenia and Greece Organisation/Operations Management, Strategy and Project Management are the major activities.

The countries where Consulting represents between 60% and 70% are France (64%), Finland (64.6%) and Germany (68.5%). While for France and Germany Development & Integration comes after Business Consulting (16% and 19.8%), for Finland Other services total up to 26.5%.

The countries where Consulting represents a market share of less than 50%: are Portugal (42.9%) and Spain (19%). In the case of Portugal Other Services' account for 57.1% is higher than BC which stands at 40.4%, while in the case of Spain, Development & Integration with 44% and Outsourcing at 37% are the main activities.

Table 7.  
MC Market Composition  
by Service Line 2008 (% of turnover)

|                                     | Germany       | UK            | Spain         | France        | Portugal      | Finland       | Switzer-land  | Hungary       | Slovenia      | Greece       | Bosnia &Herze-govina |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|----------------------|
| Total turnover (million €)          | 26 500        | 20 023        | 9 504         | 8 309         | 1 163         | 1 098         | 854           | 315           | 265           | 255          | 50                   |
| <b>Major service lines (%)</b>      |               |               |               |               |               |               |               |               |               |              |                      |
| Business Consulting (BC)            | 53.7%         | 71.7%         | 6.0%          | 53.0%         | 40.4%         | 51.4%         | 0.0%          | 51.0%         | 64.0%         | 73.0%        | 50.0%                |
| IT Consulting                       | 14.8%         | 28.3%         | 13.0%         | 11.0%         | 2.5%          | 13.2%         | 70.0%         | 34.0%         | 15.0%         | 5.0%         | 30.0%                |
| Development & Integration           | 19.8%         | 0.0%          | 44.0%         | 16.0%         | 0.0%          | 8.9%          | 30.0%         | 10.0%         | 7.0%          | 4.3%         | 0.0%                 |
| Outsourcing                         | 6.3%          | 0.0%          | 37.0%         | 13.0%         | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 1.0%          | 5.3%         | 0.0%                 |
| Other services                      | 5.4%          | 0.0%          | 0.0%          | 7.0%          | 57.1%         | 26.5%         | 0.0%          | 5.0%          | 13.0%         | 12.4%        | 20.0%                |
| <b>Total</b>                        | <b>100.0%</b> | <b>73.0%</b> | <b>100.0%</b>        |
| <b>BC Details</b>                   |               |               |               |               |               |               |               |               |               |              |                      |
| Strategy                            | 16.2%         | 18.3%         | 0.0%          | 10.0%         | 9.4%          | 21.2%         | n.a.          | 15.0%         | 27.0%         | 17.5%        | n.a.                 |
| Organisation/ Operations Management | 16.8%         | 24.1%         | 3.0%          | 20.0%         | 26.4%         | 13.2%         | n.a.          | 19.0%         | 23.0%         | 17.0%        | n.a.                 |
| Project Management                  | 7.2%          | 19.4%         | 2.0%          | 13.0%         | 1.3%          | 0.0%          | n.a.          | 10.0%         | 3.0%          | 33.5%        | n.a.                 |
| Change Management                   | 6.5%          | 4.5%          | 0.0%          | 7.0%          | 0.0%          | 0.0%          | n.a.          | 4.1%          | 5.0%          | 3.0%         | n.a.                 |
| HR Consulting                       | 7.0%          | 5.4%          | 1.0%          | 3.0%          | 3.3%          | 17.0%         | n.a.          | 3.0%          | 6.0%          | 2.0%         | n.a.                 |
| <b>Total</b>                        | <b>53.7%</b>  | <b>71.7%</b>  | <b>6.0%</b>   | <b>53.0%</b>  | <b>40.4%</b>  | <b>51.4%</b>  | <b>n.a.</b>   | <b>51.0%</b>  | <b>64.0%</b>  | <b>73.0%</b> | <b>n.a.</b>          |

### 3.3.2 MC Market Composition by Service Line (million €)

|                                     | Germany       | UK            | Spain        | France       | Portugal     | Finland      | Switzer-land | Hungary    | Slovenia   | Greece     | Bosnia &Herze-govina |
|-------------------------------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|------------|------------|------------|----------------------|
| Total turnover (million €)          | 26 500        | 20 023        | 9 504        | 8 309        | 1 163        | 1 098        | 854          | 315        | 265        | 255        | 50                   |
| <b>Major service lines (%)</b>      |               |               |              |              |              |              |              |            |            |            |                      |
| Business Consulting (BC)            | 14 231        | 14 340        | 570          | 4 404        | 470          | 564          | 0            | 161        | 170        | 186        | 25                   |
| IT Consulting                       | 3 922         | 5 660         | 1 236        | 914          | 29           | 145          | 598          | 107        | 40         | 13         | 15                   |
| Development & Integration           | 5 247         | 0             | 4 182        | 1 329        | 0            | 98           | 256          | 32         | 18         | 11         | 0                    |
| Outsourcing                         | 1 670         | 0             | 3 516        | 1 080        | 0            | 0            | 0            | 0          | 3          | 13         | 0                    |
| Other services                      | 1 431         | 0             | 0            | 582          | 664          | 291          | 0            | 16         | 34         | 32         | 10                   |
| <b>Total</b>                        | <b>26 500</b> | <b>20 000</b> | <b>9 504</b> | <b>8 309</b> | <b>1 163</b> | <b>1 098</b> | <b>854</b>   | <b>315</b> | <b>265</b> | <b>255</b> | <b>50</b>            |
| <b>BC Details</b>                   |               |               |              |              |              |              |              |            |            |            |                      |
| Strategy                            | 4 293         | 3 660         | 0            | 831          | 109          | 233          | 0            | 47         | 72         | 45         | n.a.                 |
| Organisation/ Operations Management | 4 452         | 4 820         | 285          | 1 662        | 307          | 145          | 0            | 60         | 61         | 43         | n.a.                 |
| Project Management                  | 1 908         | 3 880         | 190          | 1 080        | 15           | 0            | 0            | 32         | 8          | 85         | n.a.                 |
| Change Management                   | 1 723         | 900           | 0            | 582          | 0            | 0            | 0            | 13         | 13         | 8          | n.a.                 |
| HR Consulting                       | 1 855         | 1 080         | 95           | 249          | 39           | 186          | 0            | 9          | 16         | 5          | n.a.                 |
| <b>Total</b>                        | <b>18 200</b> | <b>14 340</b> | <b>570</b>   | <b>4 404</b> | <b>470</b>   | <b>564</b>   | <b>0</b>     | <b>161</b> | <b>170</b> | <b>186</b> | <b>25</b>            |

Table 8.  
MC Market Composition  
by Service Line (million €)

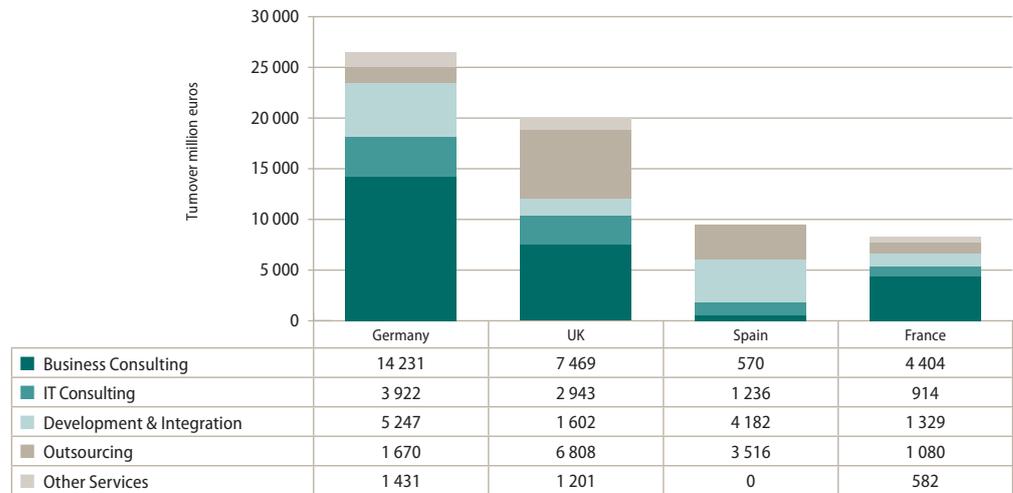
### 3.3.3 Breakdown of MC in Selected Key Countries 2008

Considering the turnover in volume, the four key countries show that:

- regarding total Business Consulting turnover only, France comes in third position after Germany and the UK, while Spain comes in third place when regarding the total turnover; for IT
- the Outsourcing market is by far the largest in the UK;
- the Development & Integration market is realised mainly by Germany and Spain (85,4%).

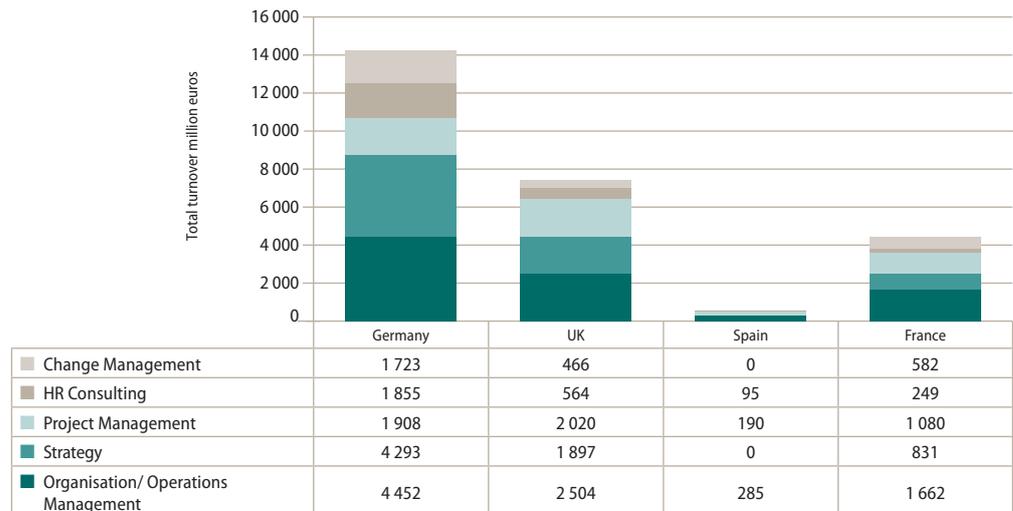
Consulting, Germany dominates the market, very closely followed by the UK with €3.92 bn and €2.94 bn respectively.

Figure 16.  
Breakdown of MC in Selected Key Countries 2008 (million €)



### 3.3.4 Breakdown of Business Consulting in Selected Key Countries

Figure 17.  
Breakdown of Business Consulting in Selected Key Countries (million €)



The composition of business consulting activities in key countries is presented below

- Organisation/Operations Management and Strategy are the main fields of Business Consulting in Germany (31% and 30% of domestic Business Consulting turnover);
- In France Organisation/Operations Management dominates as well with 38%, followed by Project Management at 25%.

- In the UK there are three main fields (Organisation/Operations Management, Project Management and Strategy), accounting for 34%, 27% and 26% of the Business Consulting activities, covering in all 87% of the BC activities.

### 3.4 Analysis by Client Sector

Considering the whole of Europe, in 2008 the most important client sectors were Banking & Insurance (25%), Industry (20%) and the Public sector (18%).

The Public sector is the major client in Greece and in the UK. In France, Spain and Switzerland the Banking & Insurance sector occupies the first position, while Finnish, German and Slovenian companies work mostly for the Industry sector.

#### 3.4.1 MC Market Composition by Client Sector (% of turnover)

|   | Germany       | United Kingdom | Spain         | France        | Finland       | Switzerland | Hungary       | Slovenia      | Greece        |
|---|---------------|----------------|---------------|---------------|---------------|-------------|---------------|---------------|---------------|
| <b>Total turnover (million euros)</b>           | <b>26 500</b> | <b>20 023</b>  | <b>9 504</b>  | <b>8 309</b>  | <b>1 098</b>  | <b>854</b>  | <b>315</b>    | <b>265</b>    | <b>255</b>    |
| Industry  | 33.8%         | 5.8%           | 8.0%          | 19.0%         | 37.0%         | 23.0%       | 9.0%          | 32.0%         | 12.5%         |
| Banking & Insurance                             | 23.7%         | 21.6%          | 27.0%         | 31.0%         | 8.8%          | 30.0%       | 24.0%         | 11.5%         | 4.5%          |
| Public sector                                   | 9.4%          | 32.5%          | 16.0%         | 11.0%         | 11.2%         | 7.0%        | 42.0%         | 15.0%         | 52.0%         |
| Aerospace&Defense                               | 0.0%          | 1.8%           | 0.0%          | 5.7%          | 0.0%          | n.a.        | n.a.          | 1.0%          | 0.1%          |
| Telecoms & Media                                | 7.9%          | 10.5%          | 18.0%         | 10.5%         | 11.7%         | n.a.        | 4.0%          | 11.0%         | 5.1%          |
| Wholesale & Retail                              | 3.9%          | 5.0%           | 4.0%          | 7.0%          | 10.3%         | n.a.        | 10.0%         | 8.0%          | 4.3%          |
| Energy & Utilities                              | 7.0%          | 10.3%          | 11.0%         | 10.0%         | 4.2%          | n.a.        | 4.0%          | 11.0%         | 5.8%          |
| Transport & Travel                              | 5.9%          | 3.3%           | 7.0%          | 3.0%          | 6.4%          | n.a.        | 1.0%          | 3.0%          | 3.5%          |
| Healthcare (pharmaceuticals & biotech included) | 3.5%          | 3.3%           | 5.0%          | 2.0%          | 0.0%          | n.a.        | 3.0%          | 5.5%          | 2.3%          |
| Other   | 4.9%          | 5.9%           | 4.0%          | 0.8%          | 10.4%         | n.a.        | 3.0%          | 2.0%          | 9.9%          |
| <b>Total</b>                                    | <b>100.0%</b> | <b>100.0%</b>  | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>n.a.</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |

Table 9.  
MC Market Composition  
by Client Sector (% of turnover)

Beyond these three majors sectors (Industry, Banking & Insurance, Public Sector), some other specificities by country can be noted.

Finland and Spain: Telecoms & Media are the second largest national sector in both countries, it accounts for 11.7% in Finland and 18% in Spain of the MC total turnover, while in other countries it is in fourth place (except the UK, where this sector is third place)

In France, Switzerland and Germany the Industry and Banking & Insurance sectors exceeded 50% of the MC total turnover in 2008.

Greece: The public sector alone represents 52% of the total turnover of the MC market in 2008.

UK: The Public sector and the Banking & Insurance sector together make up more than 50% of the MC total turnover.

### 3.4.2 MC Market Composition by Client Sector (million €)

Table 6.  
Average Daily Fee Rates of Selected  
European MC Markets  
2008

|   | Germany       | United Kingdom | Spain        | France       | Finland      | Switzerland | Hungary    | Slovenia   | Greece     |
|---|---------------|----------------|--------------|--------------|--------------|-------------|------------|------------|------------|
| <b>Total turnover (million euros)</b>           | <b>26 500</b> | <b>20 000</b>  | <b>9 504</b> | <b>8 309</b> | <b>1 098</b> | <b>854</b>  | <b>315</b> | <b>265</b> | <b>255</b> |
| Industry  | 8 957         | 1 160          | 760          | 1 579        | 406          | 196         | 28         | 85         | 32         |
| Banking & Insurance                             | 6 281         | 4 320          | 2 566        | 2 576        | 97           | 256         | 76         | 30         | 11         |
| Public sector                                   | 2 491         | 6 500          | 1 521        | 914          | 123          | 60          | 132        | 40         | 133        |
| Aerospace&Defense                               | 0             | 360            | 0            | 474          | 0            | n.a.        | 0          | 3          | 0          |
| Telecoms & Media                                | 2 094         | 2 100          | 1 711        | 872          | 129          | n.a.        | 13         | 29         | 13         |
| Wholesale & Retail                              | 1 034         | 1 000          | 380          | 582          | 113          | n.a.        | 32         | 21         | 11         |
| Energy & Utilities                              | 1 855         | 2 060          | 1 046        | 831          | 46           | n.a.        | 13         | 29         | 15         |
| Transport & Travel                              | 1 564         | 660            | 665          | 249          | 70           | n.a.        | 3          | 8          | 9          |
| Healthcare (pharmaceuticals & biotech included) | 928           | 660            | 475          | 166          | 0            | n.a.        | 9          | 15         | 6          |
| Other   | 1 299         | 1 180          | 380          | 66           | 114          | n.a.        | 9          | 5          | 25         |

### 3.4.3 Key Market Composition by Client Sector

Considering the four key countries, analysis of the turnover in volume shows that:

The Industry sector is the number one purchaser of consulting services in Germany while for Spain and France it is Banking & Insurance and for the UK it is the Public sector;

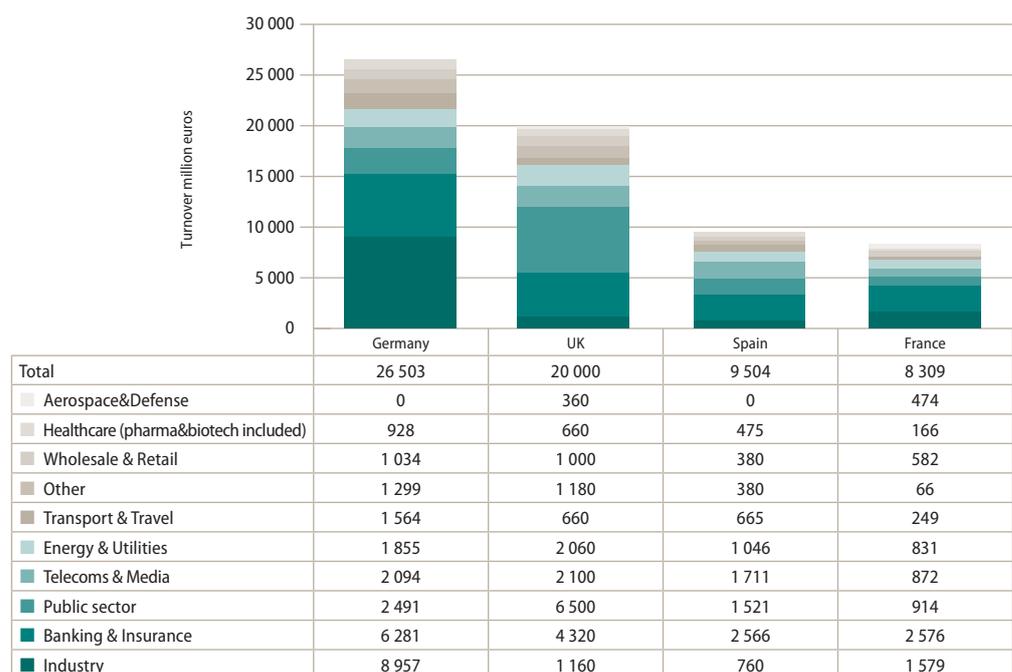
Demand for MC market services from the German Industry sector is 3.9 times more than demand

from the French industries,, 8 times more than from the Spanish industry and 10.2 times more than in the UK;

The German turnover of MC firms in Banking & Insurance equals 1.67 times the French activity, 1.68 times the Spanish and 1.92 times the UK;

The Public sector in the UK generates twice the turnover in the MC market than the German Public sector, 2.22 times that of the Spanish Public sector and 3.7 times that of the French.

Figure 18.  
Key Market Composition  
by Client Sector



## 4 Main Trends in Management Consulting in 2008/2009

### 4.1 Bosnia and Herzegovina

The total turnover of the MC market in Bosnia and Herzegovina accounted for €50 million in 2008. The negative effects of the economic crisis have appeared in the Bosnian MC market, partly causing a downturn of 10% in growth rates. Concerning the structure of the key service lines, the main drivers for demand are Business Consulting accounting for €35 million turnover, followed by IT Consulting at €15 million turnover and the remaining €10 million turnover came from other services. The MC market in Bosnia and Herzegovina holds an insignificant market share. Big international companies dominate the Bosnian MC business, even large domestic companies – telecoms, banks, public institutions – are served by global players.

| Bosnia and Herzegovina                |           |
|---------------------------------------|-----------|
| <b>Total turnover (million euros)</b> | <b>50</b> |
| <b>Growth rates</b>                   |           |
| Growth rate 2007                      |           |
| Growth rate 2008                      | -10.0%    |
| Growth rate 2009 (prevision)          |           |
| <b>Key service lines (%)</b>          |           |
| Business Consulting                   | 70.0%     |
| IT Consulting                         | 30.0%     |
| Development & Integration             |           |
| Outsourcing                           |           |
| Other Services                        | 20.0%     |
| <b>Key sectors (%)</b>                |           |
| Industry                              |           |
| Banking & Insurance                   |           |
| Public sector                         |           |
| <b>Export (%)</b>                     |           |
| EU                                    |           |
| Countries outside the EU              |           |
| <b>Number of consultants</b>          |           |
| <b>Total staff</b>                    |           |
| Income / Consultant (euros)           |           |

### 4.2 Finland

In 2008 the total turnover of the MC market in Finland increased by 1.9%. In former years slight growth was characteristic for the Finnish market. Concerning the structure of the Service lines, similar to the other European countries, Management Consulting takes the biggest proportion of the market share at 64% – including Strategy (21.1%), Operations Management (13.2%), HR Consulting (17%), and IT Consulting (13.2%). Assuming the Finnish consultants perspectives for 2009, an overall increase in demand is expected. In 2008 there were no significant changes in the client sector. The highest demand still comes from Industry (37%). The financial sector accounts for 8.8% and the Public sector seems to hold a stable position at 11.2%. For 2009 Finnish consulting firms have positive expectations, probably a slight rise in all sectors. An interesting note about the Finnish MC market is that the microsize companies are diminishing. Most of the MC companies belong to the medium size turnover category of €2-10 million. Regarding the year 2008, the effects of the economic situation started to restructure the Service Lines by specializing into functions, sectors and target countries. The largest growth in turnover was gained from Russia, as a target country. The biggest three growth rates in functions appeared in Training & Coaching, IT and Sales & Marketing. The biggest two growth sectors were Forrest & Paper and Healthcare.

| Finland                               |               |
|---------------------------------------|---------------|
| <b>Total turnover (million euros)</b> | <b>1 098</b>  |
| <b>Growth rates</b>                   |               |
| Growth rate 2007                      | n.a.          |
| Growth rate 2008                      | 1.9%          |
| Growth rate 2009 (prevision)          | 0.0%          |
| <b>Key service lines (%)</b>          |               |
| Business Consulting                   | 51.4%         |
| IT Consulting                         | 13.2%         |
| Development & Integration             | 8.9%          |
| Outsourcing                           | 0.0%          |
| Other Services                        | 26.5%         |
| <b>Key sectors (%)</b>                |               |
| Industry                              | 37.0%         |
| Banking & Insurance                   | 8.8%          |
| Public sector                         | 11.2%         |
| <b>Export (%)</b>                     |               |
| EU                                    | 15.2%         |
| Countries outside the EU              | 14.2%         |
| <b>Number of consultants</b>          | <b>5 819</b>  |
| <b>Total staff</b>                    | <b>12 353</b> |
| Income / Consultant (euros)           |               |
|                                       | 188 692       |

### 4.3 France

After four years of strong growth, 2008 was a year of modest growth decreasing to 6%, bringing the total market turnover to €8.3 billion. The financial services sector continues to account for 31% of the MC market in France and the industrial sector for 19%. However, the fast growth in public sector demand means that this now accounts for 11% of the total MC market. While financial services and distribution grew in line with the overall market, demand for consulting among energy companies and in the public sector grew more dynamically compared to the average MC market. The most important driver was the telecoms sector, where demand decreased to 6%.

In terms of service lines, Organizational/ Operational accounted for 20% of the total MC turnover in 2008. IT Consulting, Strategy and Project Management cover 30% of the market in equal proportion. The Service line Development & Integration remained at the 2007 16% level in 2008. The turnover obtained from Outsourcing fell by 1% to the level of 16% in 2008. In the case of France the weight of export at 16% is more dominant compared to the other European countries analyzed in the report.

Looking at performance in terms of size of firms indicates that smaller firms' IT consulting practices have decreased in 2008 but those of the 'majors' have grown. By contrast, mid-sized and smaller firms' revenues from operational consulting has grown at the expense of that of the 'majors', suggesting that the recession is making clients see this as an increasingly specialized area of consulting.

Clients have unquestionably become more circumspect in terms of their use of consultants. This varies from market to market: in less mature markets or when dealing with relatively new issues, the scarcity of specialist knowledge means that consultants still have a role to play. However, for topics or issues with which people are comparatively familiar, the case for external help is less compelling.

In organizations where there is less money to spend and which are focused on a smaller number of more critical projects, decisions are made by more senior people. That changes the dynamics of the sales process: senior managers are more likely to look for highly experienced consultants.

| France                                |                |
|---------------------------------------|----------------|
| <b>Total turnover (million euros)</b> | <b>8 319</b>   |
| <b>Growth rates</b>                   |                |
| Growth rate 2007                      | 13.7%          |
| Growth rate 2008                      | 6.0%           |
| Growth rate 2009 (prevision)          | -5.0%          |
| <b>Key service lines (%)</b>          |                |
| Business Consulting                   | 53.0%          |
| IT Consulting                         | 11.0%          |
| Development & Integration             | 16.0%          |
| Outsourcing                           | 13.0%          |
| Other Services                        | 7.0%           |
| <b>Key sectors (%)</b>                |                |
| Industry                              | 19.0%          |
| Banking & Insurance                   | 31.0%          |
| Public sector                         | 11.0%          |
| Energy                                | 10.0%          |
| <b>Export (%)</b>                     |                |
| EU                                    | 11.0%          |
| Countries outside the EU              | 5.0%           |
| <b>Number of consultants</b>          | <b>45 701</b>  |
| <b>Total staff</b>                    | <b>50 779</b>  |
| <b>Income / Consultant (euros)</b>    | <b>181 817</b> |

#### Prospective for MC market in France for 2009

Organizations in this situation will cut their consulting budgets substantially and will perhaps only spend money on consultants where the costs will be completely covered by the money saved. The only exceptions to this gloom were firms specializing in cost reduction work. Two factors make it highly unlikely that the consulting industry will see any significant improvement before the end of the year. The first is that many private corporations have already set their capital investment budgets for the year. Even if the economy does improve, their expenditures, especially on large-scale consulting and technology projects will continue to be constrained. A second factor is the lack of flexibility in the labor market in France, compared to some other countries, particularly those with sizeable consulting industries such as the US and UK. In the current environment, organizations, unwilling to break the social contract with their employees or breach legislation, will prefer to keep on their staff, leading to surplus internal staff who can be deployed on projects instead of consultants. Against these two factors which are likely to depress growth in consulting is the pressure organizations will be under to innovate in anticipation of economic recovery. Although focused on more immediate cost-cutting concerns at the moment, organizations will need to start thinking about how they will position themselves for the upturn.

## 4.4 Greece

The effects of the global economic downturn in 2008 did not really impact the MC market in Greece until the third and fourth quarters which allowed for a relatively good year with a growth rate of 8.8%. This growth rate however was much lower than the estimated (16.2%). In 2008 the total turnover accounted for 254.7 Millions of Euro which slightly exceeded the last year's turnover (234 Millions €). 83.4% out of total turnover was generated in the domestic market. In 2007, the export incomes accounted for a larger proportion 21.6%, of the total MC turnover.

In 2008, a significant driver for growth was the increased demand from the public sector, due to projects related to the support of the procedures required for the completion of the 3rd Community Support Framework and the launch of the National Strategic Reference Framework 2007-2013. The main barrier to growth is the economic crisis that has affected the consulting sector from the end of 2008 and will be more evident in 2009.

In 2008, the main client sectors were the Public sector and Industry. There have been some remarkable changes in both positive and negative directions in the following sectors: The Public sector has increased its role, the client demand grew to 52% compared to the 38% in 2007. The other sectors like Industry and Banking & Insurance lost almost half of their market share in 2008.

In 2008 the main challenges for Greek MC firms were the competition from local and international players and the availability of qualified staff. Significant market pressure has emerged from the clients' side with the cutting back of consultant fees. In the last three years consulting fees followed an upward trend but they are expected to remain stable due to the financial crisis in 2009.

| Greece                                |              |
|---------------------------------------|--------------|
| <b>Total turnover (million euros)</b> | <b>255</b>   |
| <b>Growth rates</b>                   |              |
| Growth rate 2007                      | 15.8%        |
| Growth rate 2008                      | 8.8%         |
| Growth rate 2009 (prevision)          | 7.7%         |
| <b>Key service lines (%)</b>          |              |
| Business Consulting                   | 73.0%        |
| IT Consulting                         | 5.0%         |
| Development & Integration             | 4.3%         |
| Outsourcing                           | 5.3%         |
| Other Services                        | 12.4%        |
| <b>Key sectors (%)</b>                |              |
| Industry                              | 12.5%        |
| Banking & Insurance                   | 4.5%         |
| Public sector                         | 52.0%        |
| <b>Export (%)</b>                     |              |
| EU                                    | 12.9%        |
| Countries outside the EU              | 3.7%         |
| <b>Number of consultants</b>          | <b>1 720</b> |
| <b>Total staff</b>                    | <b>1 990</b> |
| Income / Consultant (euros)           | 148 081      |

The main objectives of clients will be cost reduction, general company growth and globalisation. Many firms have already expanded their activities in Eastern Europe and plan to maintain their presence in those countries.

In 2008, Project Management remained the major service line at 33.5% compared to 2007 at 25.5%. During the year there were no significant changes in the Service lines – Management Consulting (2008: 73%; 2007: 65%); Development & Integration (2008: 4.3%; 2007: 7%); Outsourcing (2008: 5.3%; 2007: 5%); Other Services (2008: 12.4%; 2007: 15%).

The MC sector consists of three groups of firms. In 2008, the market share distribution of the three categories did not change significantly compared to 2007: large firms hold 83.7% market share, medium sized firms: 14.3%, small firms: 2%. (2007: large firms: 83.3%, medium sized firms: 14.5%, small firms: 2.2%).

## 4.5 Germany

The total turnover of the German MC market grew at €2.3 billion reaching a level of €26.5 billion (2007: €24 billion) in 2008. Out of the total turnover the Business Consulting market generated €18.2 billion turnover (2007: €16.4 billion; 2006: €14.7 billion) at 10.7% increase. For 2009, despite the worldwide economic conjuncture risk the prognosis of the German consultancy sector is quite optimistic. German consultancy firms aimed to increase their turnover by 3% – mainly generated by the demand growth in the public sector, energy sector and healthcare.

Consultants recognized particularly high client demands on projects for cost reduction, risk management and differentiation among business models. Clients' expectations have moved to shorten the time period of the consultancy process and to realize the effects and results of the process in the short- or mid-term. Concerning the consultancy firms' estimations for 2009, the highest overall growth by 7.1% is predicted for the medium-sized MC firms (€1 000 000–2 500 000 turnovers), 6.7% increase in growth rate for small MC firms (€500 000–1 000 000 turnover). Approximately 75% of the small- and medium sized players on the MC market will attain turnover surplus in 2009. MC firms with more than €45 million total turnover indicated a more moderate prognosis with a growth rate of 1.7% for 2009. In general German consulting firms have positive expectations, many plan to recruit more staff, only few reported lay-offs. Highest cut-backs at 13% appeared in the field of major MC players (€5–45 million turnover).

The changes in turnover in 2008 differed considerably between the various market segments. In the first three quarters of 2008 the demand for MC services remained stable; the first signs of the economic downturn were recognized in the last quarter. The firms in the sector of 5–45 million turnover reported an average 12.5% growth (2007: 14%; 2006: 10.1%), as well firms in the category of €1–2.5 million turnover with an average 12.3% (2007: 7.8%). Companies with a turnover of over €45 million indicated a 10.6% increase (2007: 11.1%; 2006: 8.5%).

The largest service line remained Management Consulting which accounts for 68.5% of the market (2007: 68.1%; 2006: 68%). There were no significant changes in other service lines (Development & Integration 2008: 19.8%; 2007:

| Germany                               |                |
|---------------------------------------|----------------|
| <b>Total turnover (million euros)</b> | <b>26 500</b>  |
| <b>Growth rates</b>                   |                |
| Growth rate 2007                      | 11.6%          |
| Growth rate 2008                      | 10.7%          |
| Growth rate 2009 (prevision)          | 3.0%           |
| <b>Key service lines (%)</b>          |                |
| Business Consulting                   | 53.7%          |
| IT Consulting                         | 14.8%          |
| Development & Integration             | 19.8%          |
| Outsourcing                           | 6.3%           |
| Other Services                        | 5.4%           |
| <b>Key sectors (%)</b>                |                |
| Industry                              | 33.8%          |
| Banking & Insurance                   | 23.7%          |
| Public sector                         | 9.4%           |
| <b>Export (%)</b>                     | <b>14.5%</b>   |
| EU                                    | 5.0%           |
| Countries outside the EU              | 9.5%           |
| <b>Number of consultants</b>          | <b>130 000</b> |
| <b>Total staff</b>                    | <b>180 000</b> |
| <b>Income / Consultant (euros)</b>    | <b>140 000</b> |

19.9%; 2006: 21%; Outsourcing 2008: 6.3%; 2007: 6.6%; 2006: 7%; Other Services 2008: 5.4%). Management Consulting service line includes the following service sectors: Strategy (16.2%), Organisations/Operations Management (16.8%), HR consulting (7%), IT consulting (14.8%). Except for the ratio of Organisations/Operations Management the other sectors held a stable position with no significant changes compared to former years. In 2006 (23%) and in 2007 (30%) Organisations/Operations Management had included the Projects and Change Management sectors, but in 2008 these segments have been handled separately. Projects Management's market ratio accounts for 7.2% and Change Management equals 6.5% for 2008.

There has been no remarkable shift in industry sector's distribution. From 2006 (39%) the sector of Industry has continued to lose market share which holds for 2008 as well (33.8%). The Banking & Insurance sector held its proportion of MC market at the level of 24% (the same % in 2007 and 2006). The Public sector obtained 9.4% in 2008 (2007: 9.2%; 2006: 9%). The highest demand still came from the Automotive Industry, Machinery, and the financial sector accounted for one quarter of total demand.

For more detailed information on the German MC market see the Bundesverband Deutscher Unternehmensberater's (BDU) report: "Facts & Figures zum Beratermarkt 2008/2009" – <http://www.bdu.de/Managementberatung.html>.

## 4.6 Hungary

In 2008, the total turnover of the Hungarian MC market accounted for €315 million which represents a 9% decrease in total turnover compared to 2007. For 2009 a slight decrease of 5% is forecasted for the Management Consulting market in Hungary. The income distribution has remained the same in 2008. Small firms generate almost half of the total Hungarian MC turnover at 45%. They are followed by the major players accounting for 32%, and by the medium-sized firms obtaining 23% of total turnover. In 2008, medium-sized firms experienced the greatest decrease at 12%, an average of 10% drop in MC turnover characterized the major players' operations and small firms decreased by 7%. Concerning the key service lines, the highest demand came from IT Consulting at 34%. In 2008 the other main driver was Organization/Operational Management at 19% a significant 10% increase compared to 9% in 2007. Strategy lost 7% and decreased to 15% of total MC turnover on the Hungarian market in 2008. Project Management (10%), Change Management (4%) and HR Consulting (3%) have maintained a stable position in 2008. Development & Integration holds 10% of total turnover and the remaining 5% comes from Other services. In the private sector, demand for most consulting services has fallen - due to the deep recession. Clients are committed to carry out only projects of vital importance, in almost each case related to cost cutting and increasing of efficiency. The lack of commitment to long-term development was the characteristic client behaviour in 2008. In the public sector, spending on consulting is getting more cautious due to scandals (corruption cases cast a shadow on the profession). The only driver has been the availability of EU funding - though it can have only a limited impact on our profession.

| Hungary                               |              |
|---------------------------------------|--------------|
| <b>Total turnover (million euros)</b> | <b>315</b>   |
| <b>Growth rates</b>                   |              |
| Growth rate 2007                      | 15.0%        |
| Growth rate 2008                      | -9.0%        |
| Growth rate 2009 (prevision)          | -5.0%        |
| <b>Key service lines (%)</b>          |              |
| Business Consulting                   | 51.0%        |
| IT Consulting                         | 34.0%        |
| Development & Integration             | 10.0%        |
| Outsourcing                           | 0.0%         |
| Other Services                        | 5.0%         |
| <b>Key sectors (%)</b>                |              |
| Industry                              | 9.0%         |
| Banking & Insurance                   | 24.0%        |
| Public sector                         | 42.0%        |
| <b>Export (%)</b>                     |              |
| EU                                    | 12.0%        |
| Countries outside the EU              | 1.0%         |
| <b>Number of consultants</b>          | <b>4 800</b> |
| <b>Total staff</b>                    | <b>5 500</b> |
| Income / Consultant                   | 65 625       |

Concerning the 2009 estimations, only Operational/Organization Management is expected to grow, Strategy and IT Consulting are set to decrease and all other service lines to remain stable. Analyzing the Industry Sectors the main driver was the Public Sector producing 42% of total MC turnover in 2008. This ratio consists of 20% EU level, 12% National level and 5-5% Regional and Local level services. 24% of demand arose from Banking & Insurance which meant a 5% decrease compared to 2007. The sector of Industry accounts for 9%, Wholesale & Retail for 10%. In 2008 the average daily rates for all activities was €430. The average daily rates in Management Consulting and in IT consulting reached the level of €600, in Banking & Insurance Sector and in the Industry sector €500 was reported and in the Public sector €300.

## 4.7 Portugal

In 2008, the Portuguese economy faced the same problems as the rest of the world. The positive perspectives at the end of 2007 – with expectations of a strong increase in the export activities – has turned into moderate growth for 2008 due to the economic crises, that affected the Portuguese economy as a whole.

The government implemented a large program to support SME's, to protect the status of employment and another program – based on public investment – was announced for infrastructure recovery, accelerating some investments in the fields of schools and health centres rehabilitation and in renewable energies.

Large public works previously foreseen (namely the new Lisbon Airport, high speed railway network, new Tagus bridge) experienced some delays, but a final decision is expected in the beginning of next year. These big investments, based on a PPP philosophy, are expected to have a positive impact in consulting activities.

Facing the crises, in general the companies launched restructuring processes, sometimes affecting employment, but giving them improved conditions to face the opportunities in the recovery phase.

In 2008 the Portuguese MC market obtained an €1.15 billion turnover almost the same as in the previous year (2007: €1.1 billion). Despite the crisis the growth rate exceeded the estimated 4.8% totaling a 5.7% real growth in 2008. Analyzing the key service lines the main demand arises from Business Consulting (2008: 40.4%) – including Organizations/Operations Management at 26.5% and Strategy at 9.4% – and from the segment of Other Services which account for 57.1% – assessing Audit services (28%).

| Portugal                              |                |
|---------------------------------------|----------------|
| <b>Total turnover (million euros)</b> | <b>1 163</b>   |
| <b>Growth rates</b>                   |                |
| Growth rate 2007                      | 4.8%           |
| Growth rate 2008                      | 5.7%           |
| Growth rate 2009 (prevision)          | 2.6%           |
| <b>Key service lines (%)</b>          |                |
| Business Consulting                   | 40.4%          |
| IT Consulting                         | 2.5%           |
| Development & Integration             | 0.0%           |
| Outsourcing                           | 0.0%           |
| Other Services                        | 57.1%          |
| <b>Key sectors (%)</b>                |                |
| Industry                              |                |
| Banking & Insurance                   |                |
| Public sector                         |                |
| <b>Export (%)</b>                     |                |
| EU                                    | 3.8%           |
| Countries outside the EU              | 3.5%           |
| <b>Number of consultants</b>          | <b>9 154</b>   |
| <b>Total staff</b>                    | <b>15 256</b>  |
| <b>Income / Consultant (euros)</b>    | <b>127 048</b> |

The Portuguese MC market is dominated by multinational companies that have experienced some need of restructuring from 2008.

The managing consultants as a whole started to implement new innovative strategies stressing the importance of the prioritization of the long term development versus the solution of the short term problems (credit, shortage of new projects, etc).

The small and medium sized firms have started to carry out their processes more flexibly as they realized that the crisis is not tolerant for these companies in terms of process rigidity.

Nevertheless crisis is an opportunity for new businesses; the management companies have found new client demand by providing more cost efficient business implementations and management methods for cost reductions.

## 4.8 Romania

2008 was a more prosperous year for the vast majority of the Romanian management consulting firms than the previous ones. In 2008 the total turnover of the Romanian MC market accounted for €460 Millions (2007: €340 Millions).

The Romanian management consulting market continued its constant growth of about 30% mostly due to the increased value of foreign investments, EU integration programs and macroeconomic stability. The bureaucracy, the legislative instability and the import of management consultancy services remained the main barriers. Another problem management consulting firms are facing is the lack of specialized and committed personnel.

The main client sectors for the consulting industry in 2008 were the Public (due to the EU funds), the Automotive, Banking, Industry and Commerce. The most consulting services most in demand by customers were: training programs, HR consulting, financial consulting services and strategic consulting.

Although the atomized structure of the Romanian MC market did not change too much over the last year (80-90% of the management consulting firms still have an annual turnover less than €200 000 and staff of one or two consultants, while only 2% of the firms have a turnover of more than €1 million.) the perception towards the management consultants and their services improved. The increased level of the consulting fees that clients agree to pay the consultants stands as testimony, even if there is a long way to go until the Romanian consulting fees can be compared with the ones paid in the consolidated MC markets.

| Romania                               |               |
|---------------------------------------|---------------|
| <b>Total turnover (million euros)</b> | <b>460</b>    |
| <b>Growth rates</b>                   |               |
| Growth rate 2007                      | 30.0%         |
| Growth rate 2008                      | 30.0%         |
| Growth rate 2009 (prevision)          | -20.0%        |
| <b>Key service lines (%)</b>          |               |
| Business Consulting                   |               |
| IT Consulting                         |               |
| Development & Integration             |               |
| Outsourcing                           |               |
| Other Services                        |               |
| <b>Key sectors (%)</b>                |               |
| Industry                              |               |
| Banking & Insurance                   |               |
| Public sector                         |               |
| <b>Export (%)</b>                     |               |
| EU                                    |               |
| Countries outside the EU              |               |
| <b>Number of consultants</b>          | <b>8 000</b>  |
| <b>Total staff</b>                    | <b>10 000</b> |
| <b>Income / Consultant (euros)</b>    | <b>57 500</b> |

AMCOR (Association of Management Consultants in Romania) has carried out during the last years a lot of conferences and events in order to inform the clients about the purpose and benefits of Management Consultancy services and the results are beginning to appear. The client-consultant relationship is based more on an active communication and many of the clients know what they can expect from a consultancy assignment.

The last year, AMCOR, Romanian Association improved its communication with the market stakeholders; AMCOR has also become member of the National Union of Liberal Professions and consolidated its stature as a national profession body.

## 4.9 Slovenia

In 2008, the Slovenian MC market continued to grow – mostly in the first half of the year, while in the autumn there appeared a considerable downturn in demand. Positive impact from the past year (already concluded agreements; ongoing projects etc) allowed the majority of MC companies to realize good results at the end of the year. The growth rate of the turnover of MC firms was at 17% (2007: 19.5%), which was more than expected. As mentioned, it is more a result of previously signed project agreements than an increase in demand in 2008. The majority of MC companies thus evaluated the 2008 results as good or at least average, while some 20% of them already felt the negative impact of the economic downturn and decreased demand (and/or cancelled or postponed projects) in some sectors. The greatest demand comes from the Industry sector (2007: 36%; 2008: 32%), followed by the Public sector at 15% (2007: 15%) and the Financial sector at 11.5%. There have been no significant changes in the Service lines structure: Management consulting represents 64% of the MC market in 2008 – inclusive strategy and organizational/Operational Management one quarter each (2007: 61%), IT consulting 15% (2007: 17%). Regarding the 2009 perspective, Business Consulting still remains the determining service line, but an increasing demand for Change Management (2008: 5%) and for HR Consulting (2008: 6%) is expected. Development & Integration account for 7% (2007: 8%), and this proportion appears to remain stable for 2009.

Among the factors that stimulated demand for consulting services were:

- a need for more competitive business processes and organization;
- a need for new markets;
- a need for more innovative approaches in companies; development optimism in some sectors ( i.e. energy);
- a need for restructuring of companies, M&A; a need for process optimization;
- a need for highly skilled management;
- projects in difficulties ( due to recession impact, a lack of finances etc.); reorganization and/or implementation of standardized and quality processes in the public sector.

The factors that had a negative impact in the market arose from restrictive measures on the clients' side – cutting budget for outside services including MC; change in decisions and/or postponement of projects; more competition in the MC market; increased non-loyal non quality competition with low prices. On the MC companies' side – they had difficulties hiring quality and experienced

| Slovenia                              |               |
|---------------------------------------|---------------|
| <b>Total turnover (million euros)</b> | <b>264</b>    |
| <b>Growth rates</b>                   |               |
| Growth rate 2007                      | 19.5%         |
| Growth rate 2008                      | 17.0%         |
| Growth rate 2009 (prevision)          | 1 - 3%        |
| <b>Key service lines (%)</b>          |               |
| Business Consulting                   | 64.0%         |
| IT Consulting                         | 15.0%         |
| Development & Integration             | 7.0%          |
| Outsourcing                           | 1.0%          |
| Other Services                        | 13.0%         |
| <b>Key sectors (%)</b>                |               |
| Industry                              | 32.0%         |
| Banking & Insurance                   | 11.5%         |
| Public sector                         | 15.0%         |
| <b>Export (%)</b>                     |               |
| EU                                    | 5.5%          |
| Countries outside the EU              | 7.0%          |
| <b>Number of consultants</b>          | <b>2 710</b>  |
| <b>Total staff</b>                    | <b>3 105</b>  |
| <b>Income / Consultant (euros)</b>    | <b>97 601</b> |

consulting staff. In total, average fees did not change considerably but most successful MC companies were able to increase them in 2007/008 – at least by some percents. Now, the situation has changed and most of MC companies expect lower prices.

The prospects for MC market 2009 are mainly not optimistic in Slovenia in spite of the fact that a need for consulting in many companies is growing. But there is an increasing lack of finances and liquidity in sectors that were mostly touched by recession and/or a very restrictive approach for any cost. Cost budgets are definitely being cut. Basically the main priorities of clients – as consultants expect – would be:

- Cost reduction;
- Risk management;
- (new) markets and competition;
- CRM and supply optimization;
- Growth and innovation.

The situation differs from industry to industry and from client to client, but generally it is not promising. Public sector as well does not seem to play an important role as a driving factor (2007: 15%; 2008: 15%) – the government imposed very strict measures and cost cutting as well and this is going to limit hiring outside experts, consultants considerably. It is very difficult to evaluate a growth rate in MC in Slovenia this year – after high rates in past years. To retain the same level of income on average as in 2008 would be a success. A most optimistic view would be an approx. 2-3% growth rate. But quite a MC firms are expecting a negative growth. There will be more and more competition in the MC market, a strong pressure on fees.

## 4.10 Spain

The positive trend has continued in 2008 (2007: 13.1%, €8 561 billion), regarding the Consulting market in Spain with an overall growth of 11% that has favored a €9 504 billion turnover. Most of this growth is due to the development of projects signed during 2007 and the beginning of 2008. These projects are mainly related to IT Services. However, the present economic crisis has changed the situation to an extent that puts today's clients in a consolidation and maintenance period, which makes it necessary to delay new projects of investment. One of the drivers of this market growth during 2008 comes from cost optimizing policies that bring about services related to IT Outsourcing, Development and Integration, and, to a smaller extent, Business Consulting, all of them pointing to the fundamental goal of being more efficient. As the economic situation has turned worse, clients have delayed their investment projects. This trend will probably remain throughout 2009 and part of 2010.

Some of the main clients of the Consulting market are Financial Services Companies, which represented a 27% market share in 2008 (2007: 27%), and the Telecom industry, which stand for a 15% of total turnover (2007: 16%) and the Industry sector totals 8% (2007: 10%). The Public Sector has shown a massive growth in 2008, as it has doubled its market share from the former 8% in 2007 to 16% in 2008. The main part of the services offered to these three markets is related to cost reduction, infrastructure consolidation, application management, business process re-engineering, efficiency and customer relation management.

Regarding the consulting fees, these are similar to those of 2007 and, in some cases, lower due to the competition of companies and the existing pressure of cost reduction. These issues have become more and more important as the crisis has grown. This implies for services providers that they need to constantly renew their practices, processes and tools in order to improve their productivity and reduce internal operational costs. This is the only mean by which margins will

| Spain                                 |               |
|---------------------------------------|---------------|
| <b>Total turnover (million euros)</b> | <b>9 504</b>  |
| <b>Growth rates</b>                   |               |
| Growth rate 2007                      | 13.1%         |
| Growth rate 2008                      | 11.0%         |
| Growth rate 2009 (prevision)          |               |
| <b>Key service lines (%)</b>          |               |
| Business Consulting                   | 6.0%          |
| IT Consulting                         | 13.0%         |
| Development & Integration             | 44.0%         |
| Outsourcing                           | 37.0%         |
| Other Services                        | 0.0%          |
| <b>Key sectors (%)</b>                |               |
| Industry                              | 8.0%          |
| Telecommunication                     | 15.0%         |
| Banking & Insurance                   | 27.0%         |
| <b>Public sector</b>                  |               |
| Export (%)                            | 18.0%         |
| EU                                    | 9.0%          |
| Countries outside the EU              | 9.0%          |
| <b>Number of consultants</b>          |               |
| <b>Total staff</b>                    | <b>89 900</b> |
| Income / Consultant (euros)           | 105 718       |

not be excessively reduced as companies provide their services.

In this juncture, where clients' capacity of investment has diminished for reasons of uncertainty and crisis, MC market faces very important challenges, such as the following:

- to support their clients' principal needs, which mainly consist of cost reduction and business consolidation.
- to help the public sector to improve its processes, be more efficient and develop its capabilities.
- to address part of their services towards Business Consulting, so that they will not lose future perspective. In this sense, companies are trying to ensure that their clients will be ready for the economic recovery phase so that they will not miss any opportunity.

The clients' main objectives for the next years in Spain are: cost reduction, business consolidation and optimizing their processes and customer relation management.

### 4.11 Switzerland

A slightly downward trend in total turnover described the Swiss Management Consultancy market in 2008 and is expected to continue in 2009. The structure of the MC sector remained similar to former years. The major players account for 74%, small-sized firms with turnovers lower than €500 000 own 15% of the MC market share and the rest 11% is held by the medium-sized firms. The main driver of the Swiss MC market's demand is IT-consulting generating 70% of the total turnover. The other 30% comes from the Development & Integration service line. Concerning the European MC market, Switzerland can bounce on the highest Income/Consultant ratio.

The financial crisis has changed the main services in MC. The focus has moved from strategy to cost cutting, liquidity and risk management (more short range thinking is demanded). The main trends determining the MC market for 2009 are assumed in the following points:

- Emerging demand on turnaround management and restructuring, value chain processes.
- Renaissance of CRM, higher importance of customer loyalty, flexibility.
- Big MC firms loosing market shares to medium and small MC firms.
- The need of higher productivity in the MC industry.

| Switzerland                           |              |
|---------------------------------------|--------------|
| <b>Total turnover (million euros)</b> | <b>854</b>   |
| <b>Growth rates</b>                   |              |
| Growth rate 2007                      | 9.0%         |
| Growth rate 2008                      | -0.7%        |
| Growth rate 2009 (prevision)          | -4.0%        |
| <b>Key service lines (%)</b>          |              |
| Business Consulting                   | 0.0%         |
| IT Consulting                         | 70.0%        |
| Development & Integration             | 30.0%        |
| Outsourcing                           | 0.0%         |
| Other Services                        | 0.0%         |
| <b>Key sectors (%)</b>                |              |
| Industry                              | 23.0%        |
| Banking & Insurance                   | 30.0%        |
| Public sector                         | 7.0%         |
| <b>Export (%)</b>                     | <b>15.0%</b> |
| EU                                    | 12.0%        |
| Countries outside the EU              | 3.0%         |
| <b>Number of consultants</b>          | <b>3 450</b> |
| <b>Total staff</b>                    | <b>4 110</b> |
| Income / Consultant (euros)           | 247 536      |

## 4.10 United Kingdom

In 2008 the UK MC market generated 5% growth and obtained €20 billion total turnover. The most dominant players are the Medium-sized MC firms realizing 65% of total turnover. The major players account for 27% market share and the small firms hold approximately the remaining 8%. The UK Key service lines structure mainly differs from that of the other European countries. Business Consulting generates almost the three quarter of the total turnover and the remaining quarter comes from IT Consulting. The inside proportion of the different sectors in BC have not showed any significant changes (2008: Strategy: 18.2%; Organisational/Operational Management: 24.1%; Project Management: 19.4%; Change Management: 4.5%; HR Consulting: 5.4%). Concerning the structure of the Key sectors there have been little shifts in demand on the different sector parts. The Industry sector reached the same 5.8% from total turnover as in previous year 2007. A slight decrease characterized the Banking & Finance sector obtaining 21.6% (2007: 24.3%). The only sector generating an increase in turnover was the Public Sector at 32.5% (2007: 29.6%) and this sector seems to follow the growing tendency. In 2008 the smaller sectors could hold their stable position and are prognosed to stay at that level (2008: Telecommunications: 7.1%; Energy: 5%; Wholesale: 5%; Utilities: 5.3%). Most obvious among the changes has been the intense focus amongst clients on cutting costs. This has been to the benefit of many UK consulting firms which have spent most of the last five years working on projects to improve organisational performance. As a result, while the industry is certainly growing more slowly than previously, it has certainly not suffered the catastrophic collapse in demand seen by some law and corporate finance firms. Consulting firms have also been at the forefront of helping organisations understand, measure and improve their impact on the environment. Despite the recession, this has continued to be an area in which organisations are still prepared to invest - demand here for consulting support has almost doubled in the last year.

| UK                                    |                |
|---------------------------------------|----------------|
| <b>Total turnover (million euros)</b> | <b>20 000</b>  |
| <b>Growth rates</b>                   |                |
| Growth rate 2007                      | 4.0%           |
| Growth rate 2008                      | 5.0%           |
| Growth rate 2009 (prevision)          | -5.0%          |
| <b>Key service lines (%)</b>          |                |
| Business Consulting                   | 71.7%          |
| IT Consulting                         | 28.3%          |
| Development & Integration             |                |
| Outsourcing                           |                |
| Other Services                        |                |
| <b>Key sectors (%)</b>                |                |
| Industry                              | 57.9%          |
| Banking & Insurance                   | 21.6%          |
| Public sector                         | 32.5%          |
| <b>Export (%)</b>                     |                |
| EU                                    | 7.0%           |
| Countries outside the EU              | 3.0%           |
| <b>Number of consultants</b>          | <b>56 020</b>  |
| <b>Total staff</b>                    | <b>64 662</b>  |
| <b>Income / Consultant (euros)</b>    | <b>185 559</b> |

However, the consulting industry is by no means immune to the impact of the recession. One of the most marked characteristics of 2008 has been the speed at which consulting firms have had to adapt their business models to changing market conditions and client requirements. Some of these shifts create opportunities; others, however, pose threats for the future. Among the positive trends has been a reduction in the use of free-lance consultants and greater willingness among clients to debate issues or solutions which might have been taboo in better times. Of greater concern are lengthening sales cycles and a fall in the average size of projects.

UK consulting firms have therefore had to swallow their own medicine - reducing overheads, making selective redundancies and trying to protect their ability to develop new services so they are well-positioned for recovery when it comes. The most successful firms in 2008 were unquestionably those that had invested time in listening to their clients' needs, re-focusing their businesses and adapting their services.

## 5 About FEACO, The European Federation of Management Consultancies Associations

FEACO, the European Federation of Management Consultancies Associations, a not for profit organisation, was established in 1960. The Federation counts 16 national member associations

- twelve from the European Union: Cyprus, the Czech Republic, Finland, France, Germany, Greece, Hungary, Poland, Portugal, Romania, Slovenia and Spain;
- one from EFTA: Switzerland;
- two associate members: Bosnia & Herzegovina and Croatia;
- one affiliate member: Hong Kong.

FEACO is a European organisation. Its general purpose is to assist in the promotion and development of the profession of Management Consultancy in Europe by providing support to its constituent National Association membership in those areas where a collective voice is stronger than the sum of its individual members.

### *Main objectives of FEACO are*

- The development of the Management Consultancy market, raising its image and profile at European and international level, by the promotion of common professional ethics, quality and best practice.
- The promotion of the interests of Management Consultancy with the different European and International organisations, by maintaining a close relationship with the European Institutions and other pan-European and international organisations in order to ensure an awareness of and defend professional interests (this does not include lobbying for sales opportunities).
- The development of a dynamic forum for networking and service provision, by encouraging networking by members and between members' members, through the sponsorship and organisation of conferences, meetings and the establishment of mutual interest working groups, and through close cooperation with other consultancy organisations.

### *2010 Events*

FEACO will be one of the co-organizers of the Management Consulting World Conference hosted by the German Association of Management Consultants BDU e.V. on 21/22 October 2010 in Munich.

We look forward to meeting you at this event!

Contact:

Joerg Murman (Secretary General)  
feaco@feaco.org

# 6 Member Associations

## Fédération Européenne des Associations de Conseils en Organisation European Federation of Management Consultancies Associations FEACO Member Associations

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- FRANCE** **SYNTEC Conseil en management**  
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# 7 Appendix 1 –Definitions–

## 1. European MC Market:

Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Netherlands, Poland, Portugal, Romania, Slovenia, Spain, Sweden, Switzerland, United Kingdom

## 2. Participants in the feaco survey 2008/2009:

Bosnia and Herzegovina, Finland, France, Germany, Greece, Hungary, Portugal, Romania, Slovenia, Spain, Switzerland, United Kingdom

## 3. Nordic region:

Denmark, Finland, Norway, Sweden

## 4. Central & Eastern Europe:

Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Greece, Hungary, Poland, Romania, Slovenia

## 5. Western Europe:

Austria, Belgium, Italy, Netherlands, Switzerland

### **Industry Sector:**

**Aerospace and Defense:** includes commercial and defense aerospace, airlines and airports and space (civilian) and related manufacturing and associated research

**Automotive Products:** automotive (motorized road transport vehicles) manufacturers, suppliers, systems integrators and distributors

**Consumer Products:** food and tobacco products, textile & apparel, beauty & toiletries, metal (except machinery & automotive products and equipment) wood & furniture, paper and printed products

**High Tech Products:** all cutting edge technology: including cutting edge technology used in civilian and defense related aerospace

### **Machinery**

### **Chemicals**

### **IT hardware, software & computer services**

### **Other industries**

### **Banking and Insurance Sector:**

**All Banking and Financial services:** including commercial banks, investment managers, mutual funds companies, brokerage firms, investment banks, private banking and trust companies, saving banks, credit unions, mortgage banking companies, international banks and finance companies

**Insurance:** insurance carriers, agents, brokers and services

### **Healthcare, pharmaceutical and biotech:**

**Healthcare:** providers (hospitals and physicians), payers (insurance companies and HMOs) and distributors (of medical equipment and supplies)

**Pharmaceuticals and biotech:** pharmaceuticals manufacturers and biotech companies, including biofuels

### **Wholesale & Retail Sector:**

**Wholesale & Retail:** all distribution incl. luxury retailers, specialty retailers, mass merchandisers, discount retailers, grocery chains, convenience stores, drug chains, car dealers, restaurants, home improvement chains, catalogue retailers and etailers of durable and non-durable goods such as building materials, hardware, general merchandise, food, automotive dealers, apparel and accessories, furniture, food & drink etc...

### **Transport & Travel Sector:**

**Transport/travel** includes all transport by air, road or water of goods or passengers: private transportation organisations (travel and urban transport), carriers and shippers as well as logistics services companies

### **Telecoms and Media Sector:**

**Communication/Media/Entertainment:** publishers, entertainment companies, record labels; all communications not being telecommunications

### **Telecommunications**

### **Energy & Utilities Sector:**

**Energy:** petrol and gas extraction, coal, mining, clean energies (solar, wind) excluding biofuels (=biotech); chemicals & petrochemicals

**Utilities:** production and distribution of electricity, gas and water (incl. irrigation systems and sewage treatment)

**Public Sector:** services provided to all levels of the public sector: local, regional, national and EU.

### **Other Sectors:**

### **Not for Profit Private Sector**

### **Business services**

### **All other sectors (not industry sectors)**



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