



Executive Summary

Report 2013/2014

In collaboration with





Preview of the results

The management consulting sector features

- An extremely fragmented market, with approximately 18,450 companies in operation, around 85% of which employ fewer than three people.
- An overall turnover of just over 3 billion Euros that contributes 0.20% to the national GDP.
- A workforce of nearly 35,000 employees, 85% of which are professionals, that makes up 0.16% of the national workforce as a whole

The main trends

- 2013 turnover decreased by 0.3%, in line with the negative trend observed in 2012. The forecast for 2014 is slightly more positive.
- The large consulting firms continued to grow in 2013 at the same rate as 2012 (+2.7%) and are expected to experience accelerated growth in 2014 (an estimated +5.9%).
- The number of micro and small consultancies increased (+2.6% and +2.4%), an expansion generated primarily by the necessity for self-employment.
- The number of professionals increased in firms of all sizes (+3.3%), a trend fueled mainly by large businesses (+6.2%); the other firm types reported a lower rate of increase, ranging from 1.7% and 2.8%.
- With the exception of large firms, chargeability fell in this period; however, this reduction in prices did not involve a significant decrease in turnover, as it was compensated by an increase in the number of micro consultancies and the move by many large firms to hire young professionals

Productivity and pricing

- Turnover per professional decreased by 3.5%, with 2013 earnings at 107 thousand Euros, and a very significant discrepancy between micro-small businesses and large companies, the former reporting earnings of approximately 71 thousand and the latter approximately 180 thousand Euros per professional.
- The average price of a consulting day, already low in comparison to European standards, was 665 Euros per day for 2013, which represents a decrease of approximately 5% from the previous year. In relation to business size, this decrease affected micro consultancies in particular (-8.2%), but on average large companies also lowered their rates slightly (-6.5%).
- The tertiary services sector remained at essentially the same level as 2012, increasing by only 0.3% and comprising a proportion of overall turnover totaling nearly 51%.
- Large-sized consultancies dominated the tertiary services sector, concentrated mainly in the "Banks and Insurance," "Telecommunications and Media" and "Energy and Utilities" sectors, where they were responsible for approximately 80% of overall turnover. Smaller firms were mainly active in other service sectors.
- Services provided to the manufacturing sector rose by 2%, a trend involving small and micro firms in particular. Reported earnings for this period made up 39% of overall sector turnover.
- Turnover from the public sector continued to diminish for consultancies of all sizes (-2.3%), reaching a proportion of total turnover equal to 10.6%.



Sector internationalization

- The sector's degree of internationalization diminished, with the share from turnover abroad decreasing from 11% of overall turnover in 2012 to 9.6% in 2013.
- Compared to 2012, large firms' turnover from foreign operations remained the same, while domestic-derived turnover increased by approximately 3%.
- In contrast, small and micro firms reported a sharp decrease in foreign operations, with turnover abroad diminishing by half as compared to 2012. This trend may be due to an approach to foreign markets that is opportunistic rather than structured.
- Although export failed once again in 2013 to represent a force for growth in the sector, businesses with operations abroad were significantly more active and enjoyed greater growth as compared to those whose operations were limited to domestic markets.

Compared to Europe

- These findings place Italy at the bottom of the list of the main European countries (namely Germany, the UK, France, Spain and Italy, as analyzed by the FEACO study-FEACO benchmarking).
- Management consulting contributed 0.20% to the Italian GDP as compared to the FEACO benchmark of 0.52%.
- Other southern European countries (particularly France and Spain) also reported a shrinkage of the market, while central and northern European countries (Germany in particular) reported a growth trend.

The sector's degree of polarization

- Consulting's offer is polarized between a group of 35 large companies, mainly international, that make up approximately 47% of the market and a myriad of micro companies representing approximately one-fourth of the market.
- Over the last three years, the consulting market has become increasingly polarized due to:
 - 1) a greater concentration of overall turnover in favor of large businesses (whose share increased from 35% in 2009 to 47% in 2013);
 - 2) a greater fragmentation among micro businesses (whose share decreased from 38% to 24% while, at the same time, their numbers increased by approximately 38%).
 - 3) Both micro firms and large consultancies experienced a significant change in terms of turnover; however, for the former the trend was negative while for the latter it was positive.

In detail

- In 2013, large consulting companies reported a growth level significantly higher than the market average (+2.7% as compared to a sector average of -0.3%).
- Following a decrease of over 2% recorded in 2011, medium-sized companies (from 10 to 49 employees) once again showed growth at a rate of +1.2% in 2012 and +2.8% in 2013.
- Micro firms suffered from the effects of the crisis in 2013, displaying a significant decline in turnover equal to almost -8%.

NOTE

The data presented in this report are based on:

- questionnaires administered to approximately 130 businesses operating in the MC sector collected in the period March-April 2014 and supplemented, where necessary, with data from the 2012 Annual Reports.
- Processing of 2009-2012 ISTAT estimates, based on data taken from the Statistics Archive of Active Companies (ASIA).

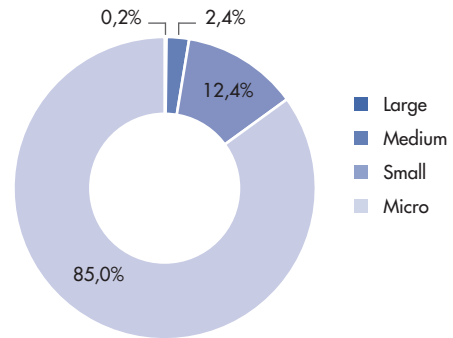


Diagrams

(All data refer to 2013 unless otherwise specified)

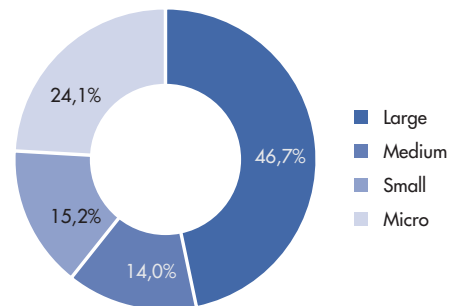
1. Number of management consulting companies by size - 2013

	Companies	Percentage
Large firms	35	0,2%
Medium firms	442	2,4%
Small firms	2.294	12,4%
Micro firms	15.679	85,0%
Italy	18.450	100,0%



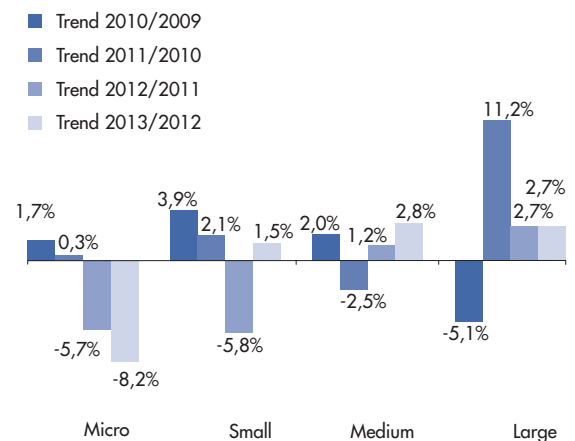
2. Sector turnover by company size - 2013

	Turnover (mil. €)	Percentage
Large firms	1.466	46,7%
Medium firms	437	14,0%
Small firms	478	15,2%
Micro firms	757	24,1%
Italy	3.138	100,0%



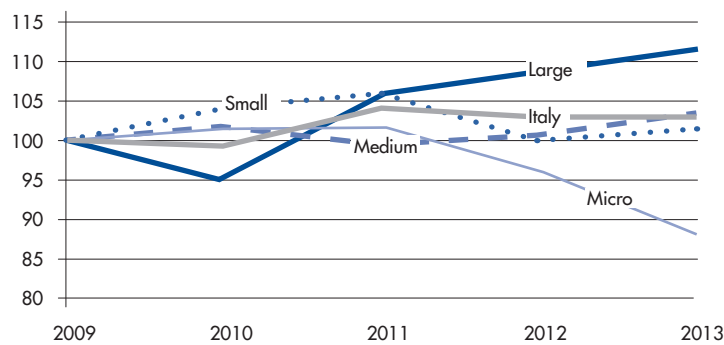
3. Trend in turnover by company size

	Trend 2010/2009	Trend 2011/2010	Trend 2012/2011	Trend 2013/2012
Large firms	-5,1%	11,2%	2,7%	2,7%
Medium firms	2,0%	-2,5%	1,2%	2,8%
Small firms	3,9%	2,1%	-5,8%	1,5%
Micro firms	1,7%	0,3%	-5,7%	-8,2%
Italy	-0,7%	4,7%	-1,2%	-0,3%



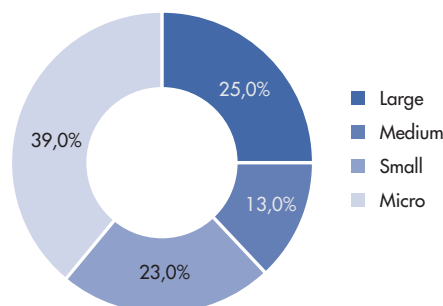
3.1 Turnover score by company size (reference year 2009 = 100)

	2009	2010	2011	2012	2013
Large firms	100,0	94,9	105,5	108,3	111,3
Medium firms	100,0	102,0	99,5	100,6	103,5
Small firms	100,0	103,9	106,1	99,9	101,4
Micro firms	100,0	101,7	102,0	96,2	88,2
Italy	100,0	99,3	104,0	102,8	102,4



4. Overall employment (professionals + staff) by company size - 2013

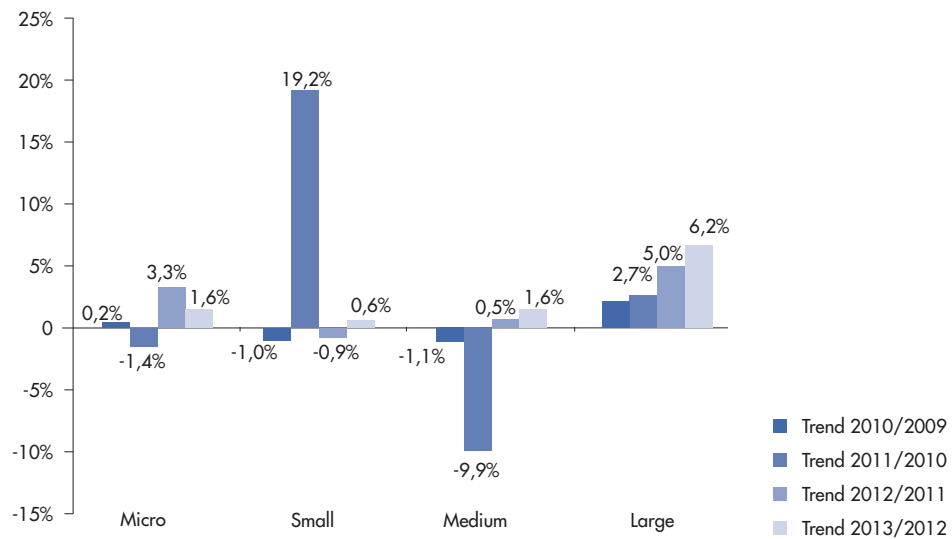
	Professional	Staff	Total employment	% Total employment
Large firms	8.148	670	8.818	25%
Medium firms	3.437	1.054	4.491	13%
Small firms	6.271	1.632	7.902	23%
Micro firms	11.404	2.266	13.670	39%
Italy	29.260	5.622	34.881	100,0%





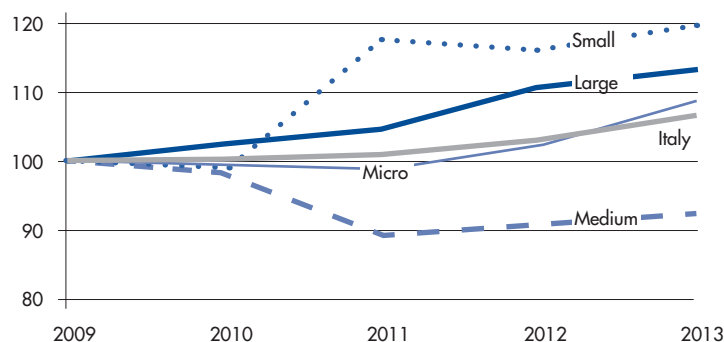
5. Average trend in MC employment by company size 2009-2013

	Trend 2010/2009	Trend 2011/2010	Trend 2012/2011	Trend 2013/2012
Large firms	2,2%	2,7%	5,0%	6,2%
Medium firms	-1,1%	-9,9%	0,5%	1,6%
Small firms	-1,0%	19,2%	-0,9%	0,6%
Micro firms	0,2%	-1,4%	3,3%	1,6%
Italy	0,2%	0,9%	2,3%	2,5%

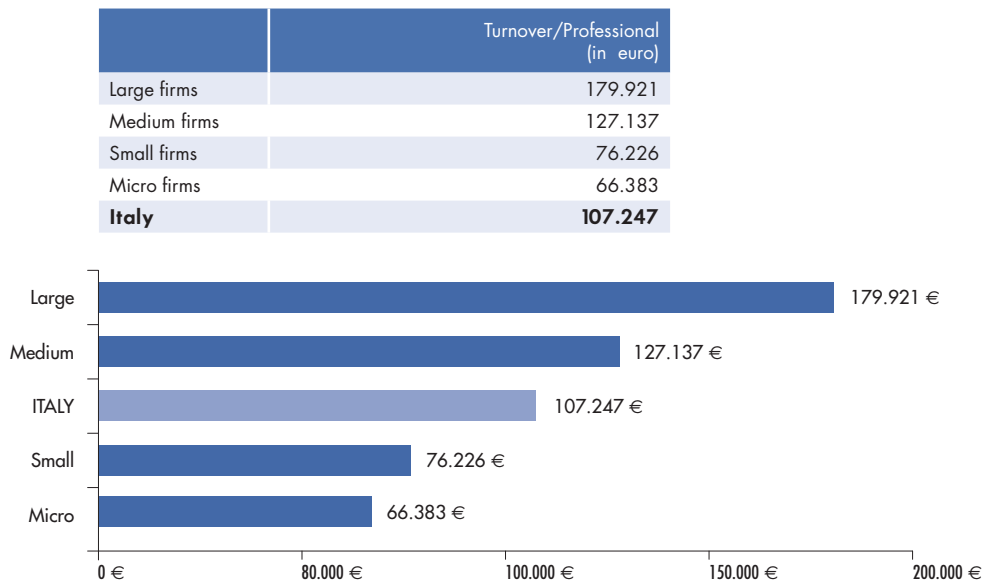


5.1 Professional employee score by company size (reference year 2009 = 100)

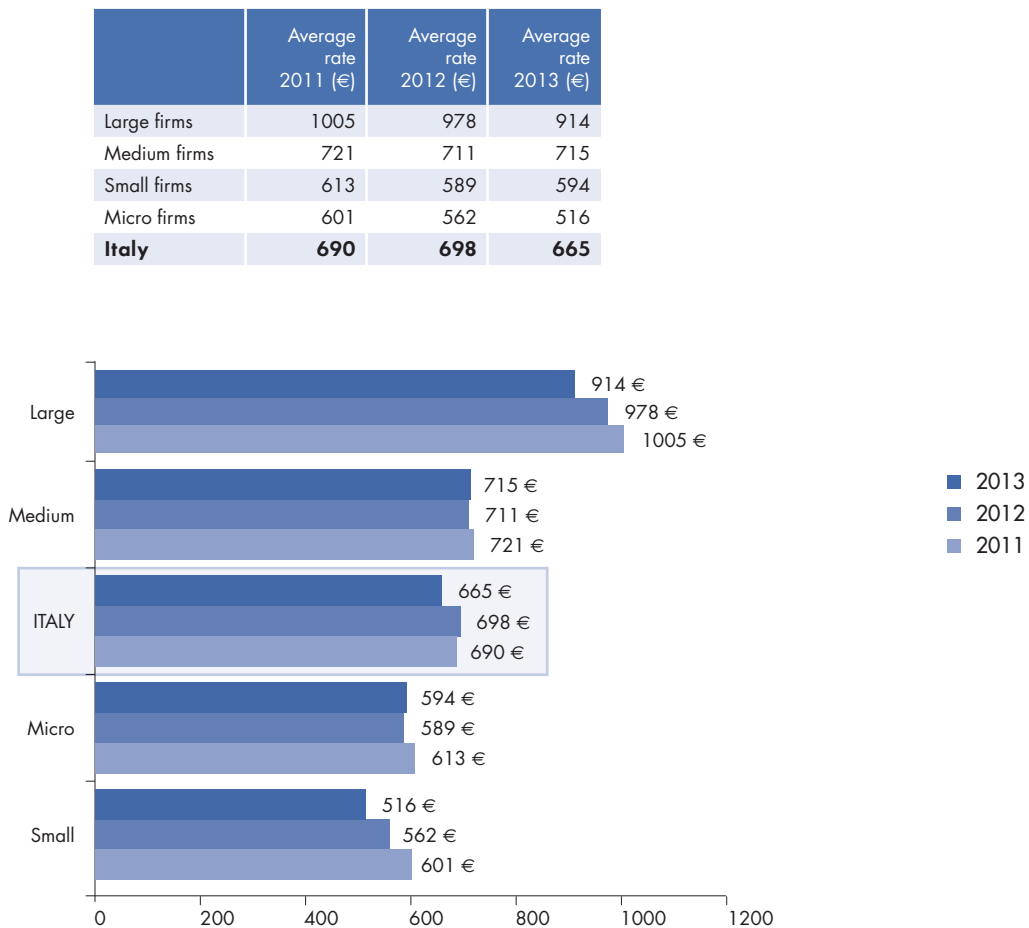
	2009	2010	2011	2012	2013
Large firms	100,0	102,2	105,0	110,8	113,5
Medium firms	100,0	98,9	89,1	90,8	92,3
Small firms	100,0	99,0	118,0	116,5	119,8
Micro firms	100,0	100,2	98,8	102,5	108,9
Italy	100,0	100,2	101,1	103,2	106,6




6. Professionals' productivity (turnover/professional) by company size - 2013



7. Professionals' daily rates by company size - 2013 Average rate





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Every year, **ASSOCONSULT** publishes the results of the Observatory on Management Consulting in Italy in collaboration with the Tor Vergata University of Rome. It provides information on sector trends and the practices of individual consulting firms in order to develop competitive analyses and measure the value created by companies in terms of turnover, the use of intellectual resources, impact on the economy and modernization of the country.



Viale dell'Astronomia, 30 - 00144 Roma
Tel. 06 97616704
e-mail: info@assoconsult.org
www.assoconsult.org