



31st December

2002

Survey of the European Management Consultancy Market

feaco

Report Contents

Executive Summary	4
Europe - Market Size, Forecasts & Analysis	5
A. History & Projections	5
• <i>Average Annual Growth Rate in Europe, 1996 - 2002</i>	5
• <i>Size of the European MC-Market, 1994 - 2002</i>	5
• <i>Number of Management Consultants in Europe, 1994 - 2002</i>	6
• <i>Management Consulting as a Percentage of the GDP Europe, 1994 - 2002</i>	6
• <i>Composition of the European MC-Market by Size of Consultancy, 1999 - 2002</i>	7
• <i>Average Growth Rates by Size of Consultancy, 2000 - 2002</i>	7
B. Analysis by Service Line	8
• <i>Consulting Spending – Breakdown by Key Service Line, 2000 - 2002</i>	8
• <i>The European MC-Market Composition by Key Service Line, 2000 - 2002</i>	9
• <i>The European MC-Market Composition by Service Line, 2000 - 2002</i>	9
C. Analysis by Client Industry	10
• <i>The European MC-Market Composition by Client Industry, 2002</i>	10
• <i>Consulting Spending – Breakdown by Client Industry, 2002</i>	10
D. Analysis by Country & Region	11
• <i>The European MC-Market Composition by Country/Region, 2002</i>	11
• <i>Consulting Spending – Breakdown by Country/Region, 2000 - 2002</i>	11
Selected European Management Consulting Markets	12
A. Key Figures	12
• <i>Key Figures of Selected European MC-Markets, 2002</i>	12
• <i>Average Growth Rates – Breakdown by Country, 2002</i>	12
• <i>Management Consulting as a Percentage of the Gross Domestic Product, 2002</i>	13
B. Analysis by Service Line	13
• <i>European MC-Markets Composition by Service Line, 2002</i>	13
C. Analysis by Client Industry	14
• <i>European MC-Markets Composition by Client Industry, 2002</i>	14
D. Fee Rates	14
• <i>Daily Effective Fee Rates</i>	14
E. Appendix (Definitions)	15
Consultancy Trends	16
A. Consultancy Trends 2002	16
B. Perspectives & Forecasts	19
About FEACO	22
A. The European Federation of Management Consulting Associations	22
B. Member List	23



Introduction by Rémi Redley

FEACO Chairman and President of the German Association of Management Consultants, BDU e.V.

I am delighted to introduce the 2002 edition of the annual Feaco Survey of the European Management Consultancy Market.

The year 2002 was again a difficult year for the Management Consulting industry. Not few experts expect that there will no major impulses whatsoever for the development of our sector in the current year. Nevertheless, I am optimistic to say that the European consultancy businesses can be expected to pick up again by 2004 at the earliest, not least due to the EU enlargement. Numerous previously state-owned companies will then have to be converted into private, profitable companies. Here the expertise of business consultants will be required.

This environment makes a strong and powerful local and European representation of the management consulting industry inalienable. During the last years FEACO, the European Federation of Management Consulting Associations, has become the unified voice of our profession in Europe. It promotes the interests of Management Consultancy at the different European and international organisations by maintaining close contacts with European institutions, such as the European Commission, and other pan-European and international organisations, such as the World Bank. In this way, FEACO defends and raises awareness for professional interests of management consultants.

FEACO also aims to increase the direct benefit of active co-operation with other sector-related associations such as ICMCI, the international organisation for quality assurance in consultancy, or EFCA, the European umbrella organisation of engineering consultants to name but a few.

In order to make FEACO and the national member associations more relevant to the multi-national management consulting firms and to become a stronger, more dynamic forum for networking opportunities, FEACO has developed a comprehensive activity programme. This includes the possibility of a direct membership of these firms complementary to their memberships in national associations representing management consultants. This programme was designed specially to add value both for FEACO, the national member associations as well as the individual multi-national members.

I am confident that all our initiatives will lead to further activities in the benefit and in the interest of our members, as well as of the industry as a whole.

Rémi Redley
FEACO Chairman

A handwritten signature in black ink, consisting of several overlapping horizontal and vertical strokes, positioned to the right of the printed name and title.

Executive Summary

A general economic slowdown that began in 2001 changed the trend of the European consulting market. After the 11.5 per cent growth in 2001, the MC market decreased by 2.0 per cent in 2002. Belgium, Switzerland, the Scandinavian countries and Poland suffered most, Germany and France noticed a 4.5 per cent and 1.0 per cent fall, while UK and Italy succeeded in maintaining a very moderate growth (0.5 to 1.0 per cent). Spain reached a 3.2 per cent growth and, with 19.5 per cent, the highest growth rate within the considered EU countries was realised in Greece. The Central & Eastern European (CEE) countries on average seemed to have a 0.8 per cent decline, nevertheless some countries, such as Hungary and Romania, reached a few percent positive growth. Slovenia was even more successful and retained its growth at the level of 13.0 per cent.

The volume of the European MC market thus amounted to € 46.5 billion. UK and Germany are the major markets with more than € 13 billion each, France with € 6.2 billion takes the third place and is followed by Spain with € 2.4 billion and Italy with € 2.2 billion.

IT Consultancy and IT System Integration and Operations Management represent the largest service lines of the MC market (28.5 per cent and 28.2 per cent), Corporate Strategy Services with 19.9 per cent take the third place, Human Resources Management is the fastest growing area and takes 10.7 per cent. Outsourcing represents 12.7 per cent of the market. The key client industries are (still) banking and insurance with together 21.8 per cent, Non-profit & Government with 10.2 per cent, Communication, Media & Entertainment with 9.3 per cent and Energy, Utilities & Natural Resources with 9.2 per cent.

Tab. 1: Key Figures 2002

	2001	2002
Market Size	€ 47.5 bill	€ 46.5 bill
Growth Rate	+11.5%	-2.0%
Management Consulting Firms	60,000	57,000
Management Consultants	300,000	300,000
Key Service Lines	<ol style="list-style-type: none"> 1. IT-Consulting/ -Implementation (33.2%) 2. Corporate Strategy Services (25.8%) 3. Operations Management (24.1%) 4. Outsourcing Services (12.4%) 5. Humans Resources Consulting (4.5%) 	<ol style="list-style-type: none"> 1. IT-Consulting/ -Implementation (28.5%) 2. Operations Management (28.2%) 3. Corporate Strategy Services (19.9%) 4. Outsourcing Services (12.7%) 5. Humans Resources Consulting (10.7%)
Management Consulting Markets (in € bill)	<ol style="list-style-type: none"> 1. UK (12.9) Germany (12.9) 3. France (6.3) 4. Netherlands (2.4) 5. Spain (2.4) 	<ol style="list-style-type: none"> 1. UK (13.6) 2. Germany (13.0) 3. France (6.2) 4. Spain (2.4) 5. Italy (2.2)

© FEACO 2003

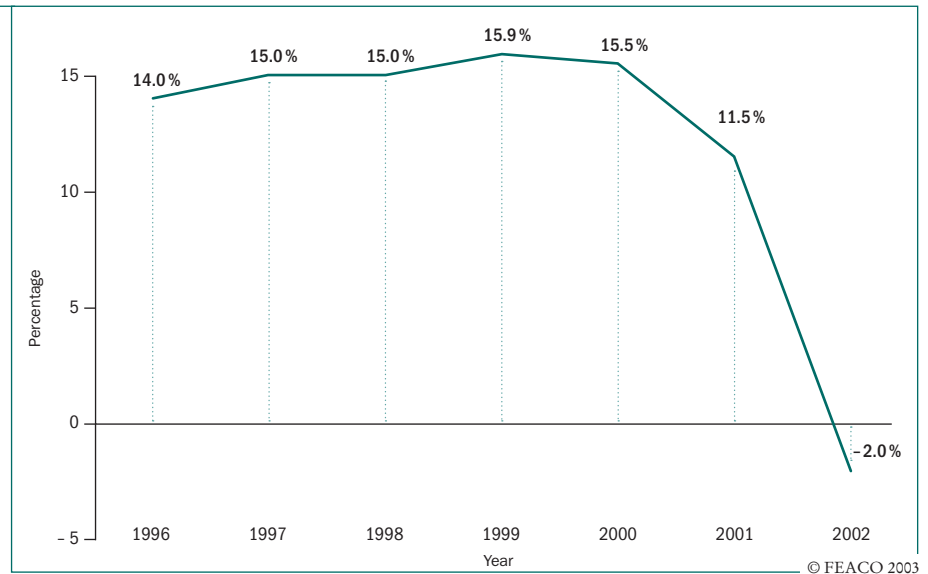
Traditional frontiers between service lines are disappearing, clients value is becoming the key factor in a complex environment. Completed business solutions are therefore a major issue for the differentiation of consultants. Consolidation will continue to be a major driver of the market that will mostly consist of large global multidisciplinary MC firms and smaller niche players. Ethics and trust will play a decisive role for success.

It is expected that the market will pick up again by 2004 at the earliest, last but not least due to EU enlargement.

A. History & Projections

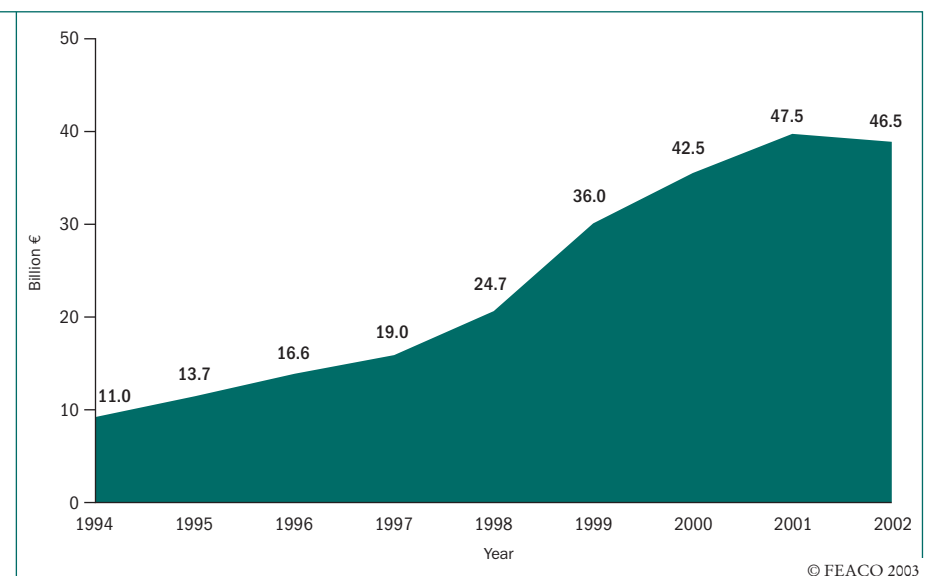
For the last six years, the management consulting marketplace in Europe has grown at an average annual growth rate of 14.5 per cent. For the first time in more than 25 years, consulting revenues declined in 2002. Feaco forecasts a recovery not before 2004 at the earliest. The size of the management consulting market decreased by 2.0 per cent to a total turnover of €46.5 bill.

Fig. 1: Average Annual Growth Rate in Europe, 1996 - 2002



The year 2002 does not give a uniform picture of the major European consulting markets, i.e. the UK, Germany, France, Spain and Italy. Spain (plus 3.2 per cent), the UK (plus 1 per cent) and Italy (plus 0.5 per cent) experienced positive growth and were thus - as France (minus 1 per cent) - above the European average of minus 2 per cent. The tail-ender in Europe is Belgium (minus 18.0 per cent), followed by Switzerland (minus 17.0 per cent) as well as the Nordic Countries, which had an average minus of 11.7 per cent.

Fig. 2: Size (in bill €) of the European MC-Market, 1994 - 2002



Europe – Market Size, Forecasts & Analysis

In 2002 the number of management consultants working in Europe stagnated at a level of around 300,000 as compared to the previous year. This does, however, not reflect the sometimes drastic staff reductions particularly in leading consulting firms. For 2003 Feaco estimates that the number of consultants will decrease only slightly.

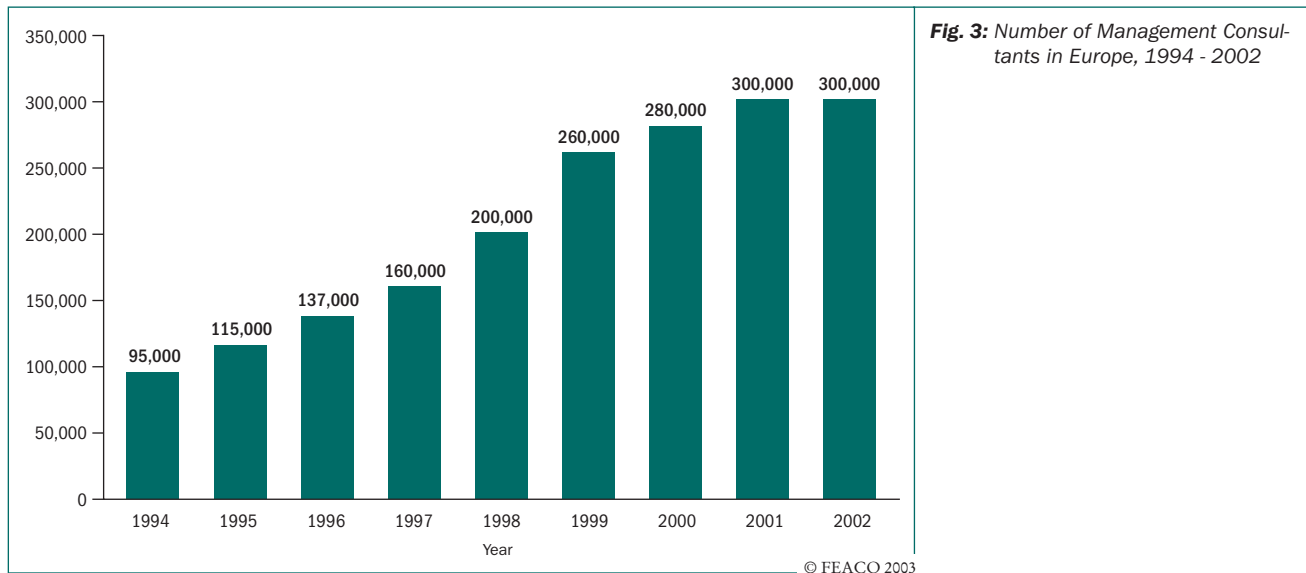


Fig. 3: Number of Management Consultants in Europe, 1994 - 2002

With a minus of 2.0 per cent the management consulting industry experienced for the first time in many years not only negative growth, but even growth below the growth of the European social product. Thus the consulting intensity – as compared to the share of consulting returns in the European social product - was reduced from 0.44 per cent to now 0.42 per cent. This value is, however, still clearly above the global consulting intensity, which is estimated to be 0.25 per cent.

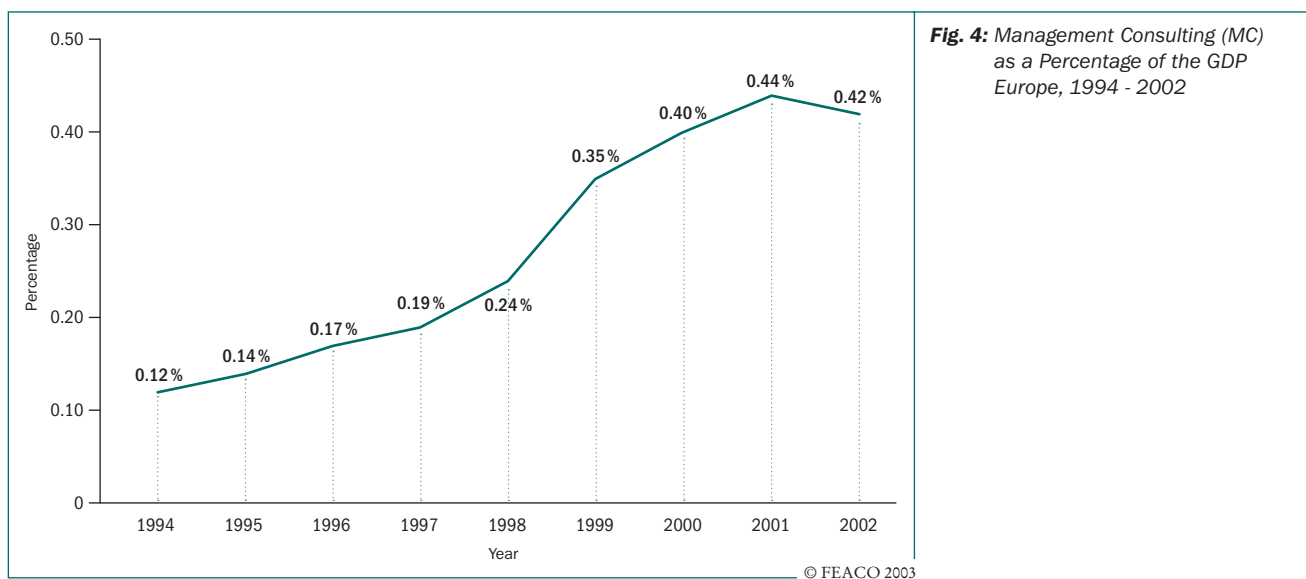


Fig. 4: Management Consulting (MC) as a Percentage of the GDP Europe, 1994 - 2002

In past years a continuous trend towards a concentration of business consulting firms could be observed. Although the top 20 companies with an average minus of 2.2 per cent were worse off than the medium-sized companies (minus 2.0 per cent) and the small-sized consulting businesses (plus 0.2 per cent), the share increased due to mergers in this market segment from about 51.0 per cent to about 53.0 per cent. According to Feaco this trend will continue in the years to come.

Fig. 5: Composition of the European MC-Market by Size of Consultancy, 1999 - 2002

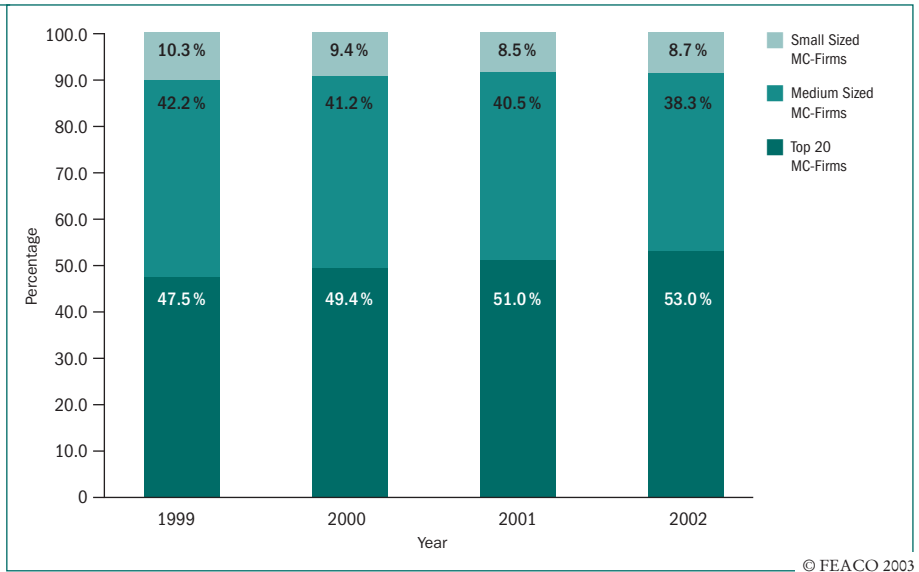
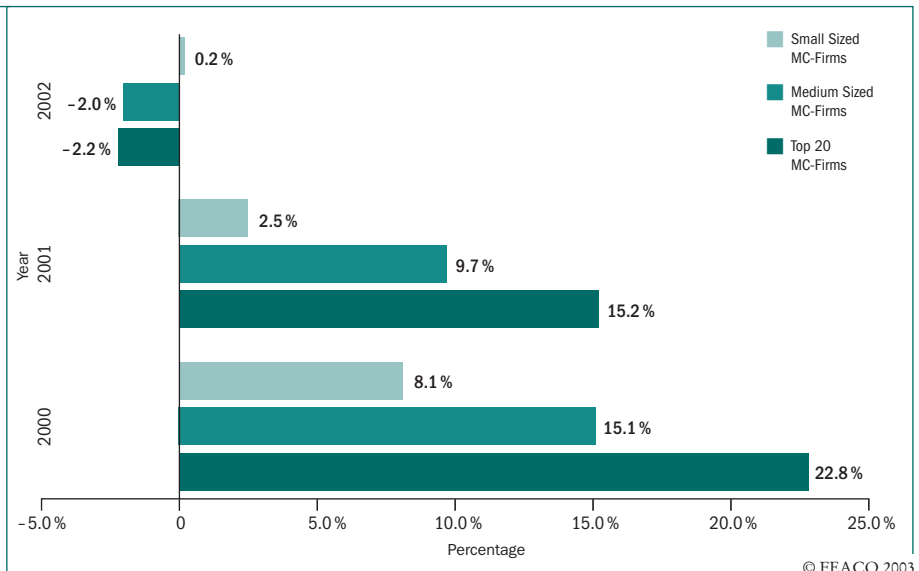


Fig. 6: Average Growth Rates by Size of Consultancy, 2000 - 2002



B. Analysis by Service Line

FEACO segments the management consulting market into five key service lines:

1. Information Technology (IT) Consulting/ IT Implementation
2. Corporate Strategy Services
3. Operations Management
4. Human-Resources (HR)-Management
5. Outsourcing Services

Though the differentiation between these consulting services has become more and more blurred in recent years, there exist nevertheless special characteristics and skill sets for each category.

IT consulting services typically target at improving the way organisations store, retrieve, disseminate and utilize information. Thus again loosing much of its importance in recent years, this service line has lost about 4.5 % in 2002, IT Consulting/-Implementation remains the biggest sector accounting for 28.5 % of the whole consulting market.

Corporate strategy services target at improving the long term, strategic health of a company and are primarily comprised of services delivered in the areas, which are listed in table 1. While e-commerce opportunities were one of the main drivers of this sector in recent years, traditional services such as strategic planning, organisation development and financial advisory now account for the lion's share in this sector, totalling 15.2 %. Corporate strategy accounts for a market share of 19.9 %, compared to 25.8 % in the previous year.

Operations management (OM) consulting Services target at improving the operational aspect of an organisation. It typically covers not only factory and production management, but also the back-looking supply chain and the forward-looking distribution chain. OM was the second fastest growing service line in 2002 (plus 4.1 %) now accounting for 28.2 % of the market.

Human resources (HR) consulting targets at improving the 'people' element of an organisation. These consulting services mainly include recruiting/executive search, training/education and benefits/compensation and account for 10.7 % in 2002. This number implies a tremendous growth of 6.2 %.

At many large management consulting firms, outsourcing services have become increasingly significant. They are typically delivered as large scale outsourcing (e.g. computer sharing), business process outsourcing or application service providers. The market share of this sector has rapidly increased from 7.4 % in 2000 to 12.7 % in 2002.

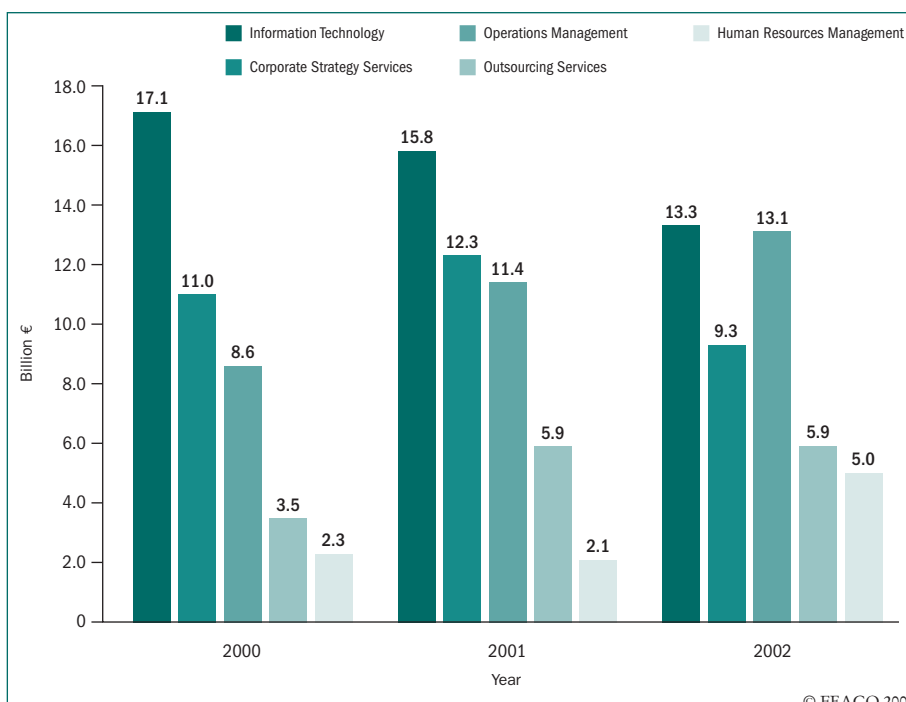
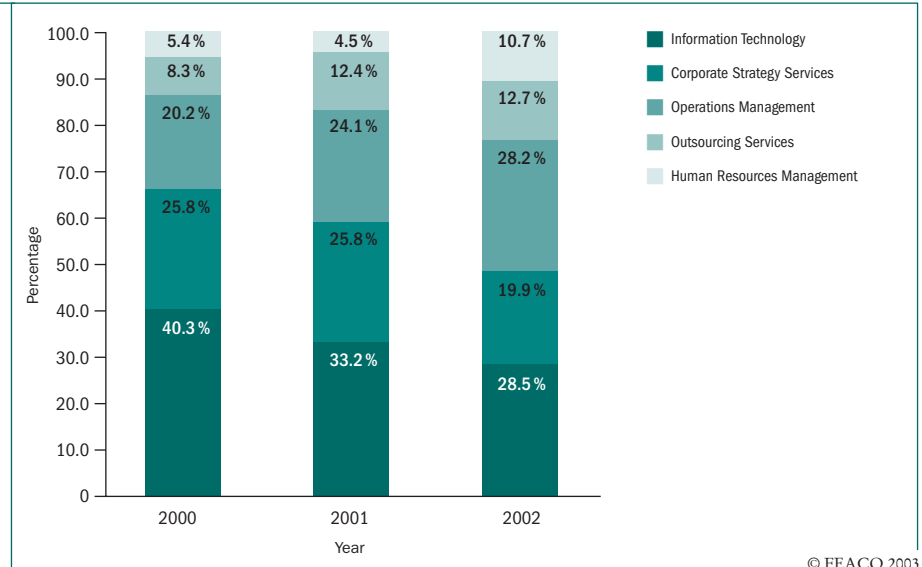


Fig. 7: Consulting Spending (bill. €) – Breakdown by Key Service Line, 2000 - 2002

Fig. 8: The European MC-Market Composition by Key Service Line, 2000 - 2002**Tab. 2:** The European MC-Market Composition by Service Line, 2000 - 2002

		2000	2001	2002
Corporate Strategy Services	Strategic Planning/Organisation Development	13.0%	11.3%	8.1%
	Mergers & Acquisitions	2.5%	2.5%	1.8%
	Market & Competitive Intelligence	0.7%	1.0%	0.8%
	Sales/Marketing/Corporate Communication	3.7%	1.6%	1.1%
	Financial Advisory	4.0%	8.3%	7.1%
	Other	2.5%	1.1%	1.0%
Operations Management	Business Process Reengineering	7.0%	6.2%	4.9%
	Change Management	2.0%	4.2%	3.2%
	Customer/Supplier Relation Management	n.a.	n.a.	3.5%
	Project Management	5.4%	7.5%	9.5%
	Turnaround/Cost Reduction	n.a.	n.a.	3.5%
	Purchasing & Supply Management	5.5%	3.5%	0.7%
	Other	0.5%	2.7%	2.9%
Human Resources Management	HR Strategy & HR Marketing	n.a.	n.a.	1.0%
	Executive Coaching	n.a.	n.a.	1.0%
	Recruitment/Search & Selection	2.2%	2.2%	2.3%
	Benefits, Compensation & Retirement	0.2%	0.3%	0.6%
	Performance Measurement & Management	n.a.	n.a.	1.6%
	Training & Development	0.5%	0.7%	2.7%
	Talent Strategies	n.a.	n.a.	0.5%
	Other	2.5%	1.0%	1.0%
Information Technology	IT Consulting	21.0%	18.0%	15.0%
	IT System Development & -Integration	10.0%	13.7%	13.0%
	Other	9.2%	1.5%	0.5%
Outsourcing Services		7.4%	12.4%	12.7%
Total		100.0%	100.0%	100.0%

© FEACO 2003

n.a. = not available

C. Analysis by Client Industry

Due to the changed structure of the described clients' industries, comparisons with previous years are only possible to a limited extent. However, three developments seem to emerge: The demand from the banking sector, a sector traditionally in high demand of consulting services, dropped from approximately € 8.3 billion to € 6.3 billion in 2002. A similarly dramatic reduction could be observed in the area Communication/Media/Entertainment. Here the share dropped from 13.6 per cent to 9.3 per cent, or expressed in absolute figures, from approx. € 6.5 billion to € 4.3 billion. The increase in public demand by € 1.1 billion to a total of € 5.2 billion illustrates that this sector plays an increasingly important role as a customer requesting consulting services.

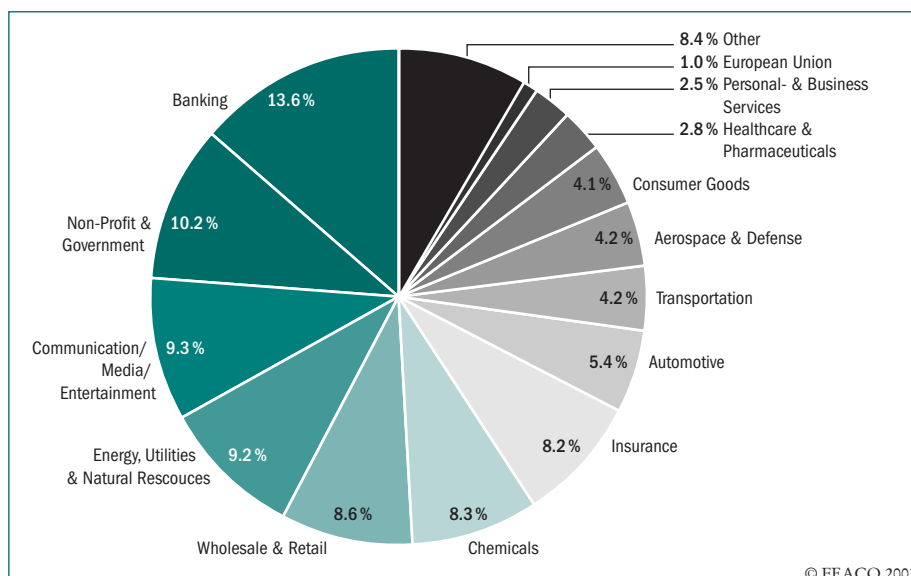


Fig. 9: The European MC-Market Composition by Client Industry, 2002

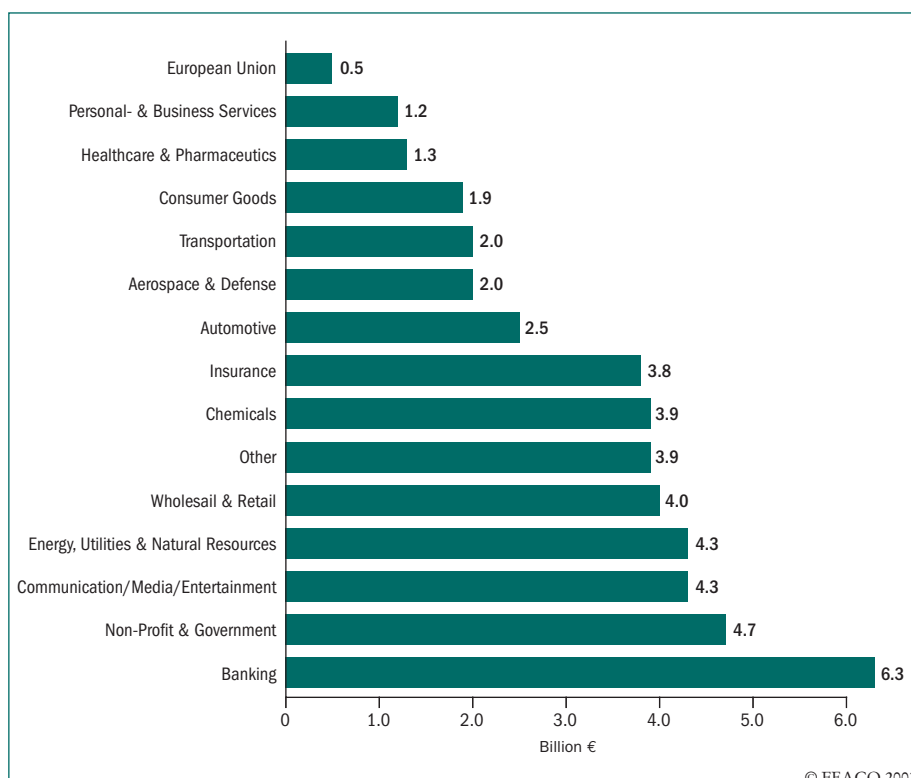


Fig. 10: Consulting Spending (bill. €) - Breakdown by Client Industry, 2002

D. Analysis by Country & Region

Due to higher growth rates in the last two years the UK consulting market moved to the top of the list as Europe’s leading market with a consulting volume of around 13.6 billion Euro followed by Germany with € 13.0 billion. A marked slowdown in the growth of the markets in eastern European countries was noticeable. Here, average growth was minus 0.8 per cent in 2002 after about 20.0 per cent in the previous year.

Fig. 11: The European MC-Market Composition by Country/Region, 2002

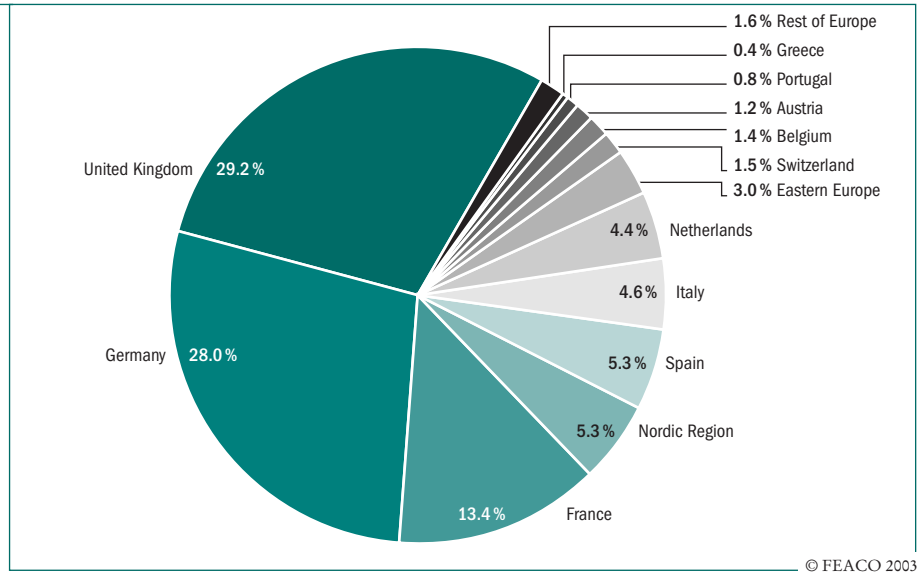
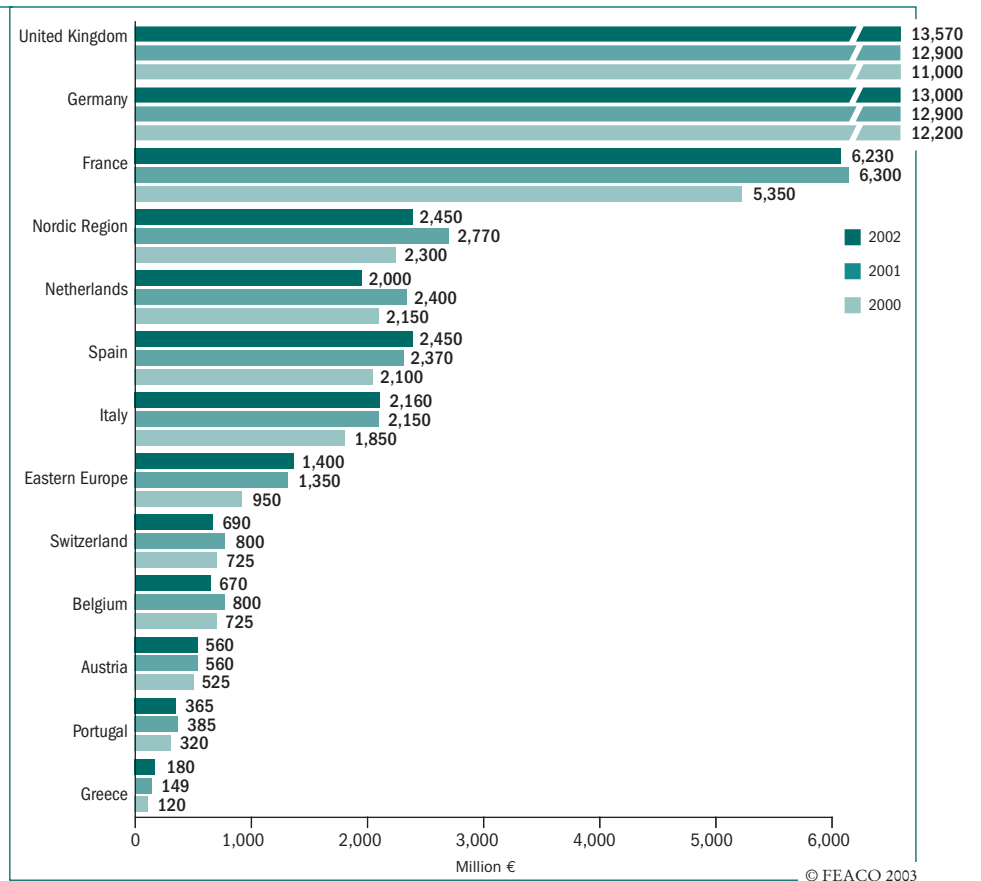


Fig. 12: Consulting Spending (mill. €) – Breakdown by Country/Region, 2000 - 2002



Selected European MC-Markets

A. Key Figures

Feaco has analysed the major European consulting marketplaces. The different tables and figures on pages 12 to 15 are a result of this consideration. The United Kingdom and Germany are the largest markets for management consulting services in Europe at € 13.6 billion and € 13.0 billion, followed by France (€ 6.2 billion) and Spain (€ 2.4 billion). Considering the number of management consultants within the respective country, Germany is still at the top with estimated 68,700 consultants, followed by the UK with 50,000 and France with 40,000 consultants. In terms of the share of consulting revenues in the Gross Domestic Product, the industry has the highest importance in the UK at 1.0 per cent followed by Germany at 0.48 per cent and Hungary (!) at 0.38 per cent.

Tab. 3: Key Figures of Selected European MC-Markets, 2002

Country	Total Turnover 2002 (in mill €)	Marketshare in Europe	Average Growth Rate 2002	MC as % of GDP	Number of MC Firms	Number of Consultants	Turnover per Consultant (in €)
Austria	560	1.2%	0.00%	0.20%	2,200	6,200	€ 90,000
Belgium	670	1.4%	-18.00%	0.21%	1,700	4,100	€ 165,000
Bulgaria	40	0.1%	0.00%	0.31%	300	2,700	€ 15,000
Denmark	485	1.0%	-10.00%	0.23%	450	3,150	€ 155,000
Finland	600	1.3%	-10.00%	0.36%	4,500	9,000	€ 67,000
France	6,230	13.4%	-1.00%	0.34%	12,200	40,000	€ 155,000
Germany	13,000	28.0%	-4.50%	0.48%	14,500	68,700	€ 190,000
Greece	180	0.4%	19.50%	0.12%	140	1,700	€ 105,000
Hungary	220	0.5%	1.50%	0.38%	320	3,100	€ 71,000
Italy	2,160	4.6%	0.50%	0.18%	3,100	23,600	€ 91,000
Norway	540	1.2%	-15.00%	0.30%	630	4,300	€ 125,000
Poland	235	0.5%	-10.00%	0.14%	500	5,000	€ 47,000
Portugal	365	0.8%	-5.00%	0.27%	750	6,000	€ 61,000
Romania	90	0.2%	7.00%	0.23%	725	1,900	€ 47,000
Slovenia	65	0.1%	13.00%	0.31%	560	1,000	€ 65,000
Spain	2,450	5.3%	3.20%	0.33%	350	39,700	€ 62,000
Sweden	830	1.8%	-12.50%	0.28%	700	6,000	€ 140,000
Switzerland	690	1.5%	-17.00%	0.20%	600	3,000	€ 230,000
UK	13,570	29.2%	1.00%	1.00%	3,000	50,000	€ 270,000
Rest of Europe	3,520	7.6%	n.a.	n.a.	9,775	21,000	n.a.
Europe	46,500		-2.00%	0.42%	57,000	300,000	n.a.

© FEACO 2003

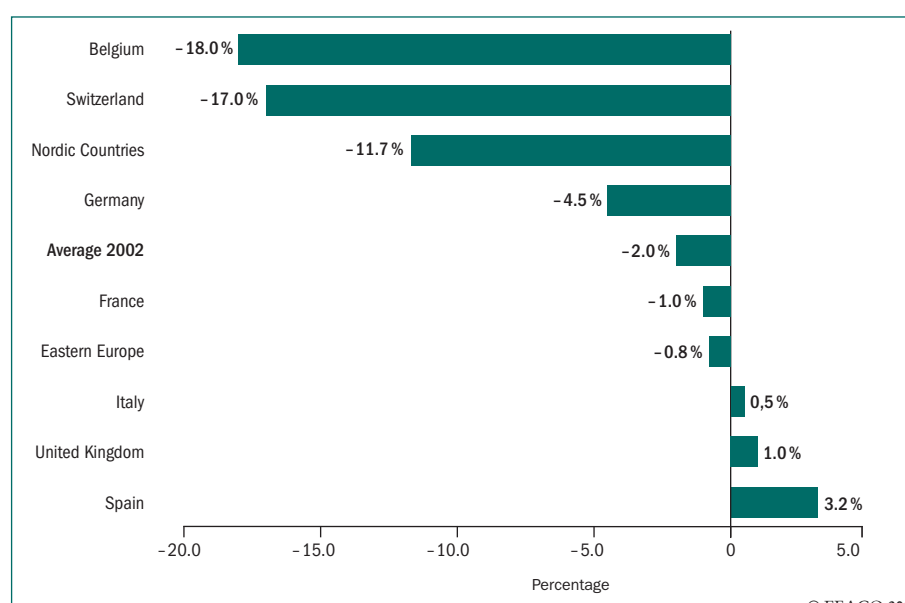
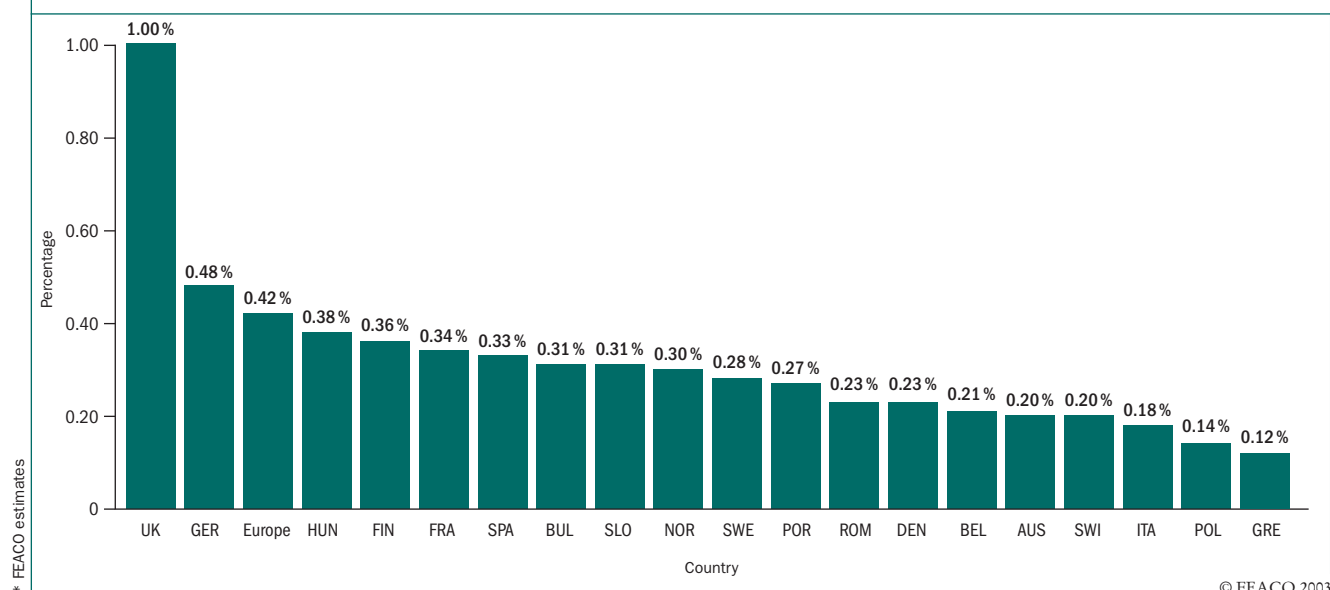


Fig. 13: Average Growth Rates – Break-down by Country, 2002

© FEACO 2003

Fig. 14: Management Consulting as a Percentage of the Gross Domestic Product (GDP), 2002



* FEACO estimates

© FEACO 2003

B. Analysis by Service Line

Tab. 4: European MC-Markets Composition by Service Line, 2002

Country	BEL	BUL	FIN	FRA	GER	GRE	HUN	ITA	POL	ROM	SLO	SPA	SWI	UK	
Corporate Strategy Services	Strategic Planning/Organisation Development	8.0%	14.0%	n.a.	12.0%	5.0%	17.0%	20.0%	10.0%	n.a.	1.0%	24.0%	n.a.	13.0%	9.3%
	Mergers & Acquisitions	n.s.	1.0%	n.a.	2.0%	4.2%	1.0%	1.0%	1.0%	n.a.	n.s.	8.0%	n.a.	1.0%	n.s.
	Market & Competitive Intelligence	n.s.	2.0%	n.a.	1.0%	1.3%	2.0%	2.0%	1.5%	n.a.	n.s.	6.0%	n.a.	3.0%	n.s.
	Sales/Marketing/Corporate Communication	n.s.	6.0%	n.a.	1.0%	1.6%	3.0%	3.0%	6.0%	n.a.	n.s.	6.0%	n.a.	3.0%	n.s.
	Financial Advisory	2.0%	8.0%	n.a.	10.0%	9.0%	4.0%	8.0%	4.5%	n.a.	4.0%	7.0%	n.a.	4.0%	5.0%
	Other	n.s.	5.0%	n.a.	1.0%	1.4%	1.0%	5.0%	2.0%	n.a.	10.0%	8.0%	n.a.	0.0%	0.7%
	Subtotal	10.0%	34.5%	27.0%	27.0%	22.5%	28.0%	39.0%	25.0%	20.0%	15.0%	59.0%	3.8%	24.0%	15.0%
Operations Management	Business Process Reengineering	2.0%	5.0%	n.a.	11.0%	5.6%	9.0%	4.0%	7.0%	n.a.	1.0%	14.0%	n.a.	10.0%	0.8%
	Change Management	3.0%	0.0%	n.a.	7.0%	3.7%	2.0%	2.0%	3.0%	n.a.	n.s.	4.0%	n.a.	10.0%	0.8%
	Customer/Supplier Relation Management	7.0%	0.0%	n.a.	3.0%	7.3%	3.0%	0.0%	3.5%	n.a.	n.s.	2.0%	n.a.	10.0%	n.s.
	Project Management	7.0%	19.0%	n.a.	6.0%	8.0%	19.0%	13.0%	3.5%	n.a.	25.0%	4.0%	n.a.	10.0%	14.8%
	Turnaround/Cost Reduction	n.s.	5.0%	n.a.	3.0%	7.0%	3.0%	1.0%	2.0%	n.a.	n.s.	2.0%	n.a.	20.0%	n.s.
	Purchasing & Supply Management	4.0%	0.0%	n.a.	1.0%	0.3%	1.0%	0.0%	2.5%	n.a.	n.s.	2.0%	n.a.	10.0%	n.s.
	Other	0.0%	1.0%	n.a.	2.0%	1.4%	3.0%	8.0%	2.5%	n.a.	4.0%	2.0%	n.a.	0.0%	6.3%
Subtotal	23.0%	30.0%	23.0%	33.0%	33.3%	40.0%	28.0%	24.0%	25.0%	30.0%	28.0%	11.8%	70.0%	22.7%	
Human Resources Management	HR Strategy & HR Marketing	n.s.	6.0%	n.a.	n.a.	0.7%	2.0%	0.0%	1.5%	n.a.	1.0%	n.a.	2.0%	n.a.	
	Executive Coaching	n.s.	2.0%	n.a.	n.a.	0.6%	0.0%	2.0%	2.0%	n.a.	n.s.	n.a.	2.0%	n.a.	
	Recruitment/Search & Selection	n.s.	0.5%	n.a.	n.a.	4.4%	1.0%	8.0%	5.0%	n.a.	15.0%	1.0%	n.s.	n.a.	
	Benefits, Compensation & Retirement	n.s.	3.0%	n.a.	n.a.	0.3%	0.0%	0.0%	1.0%	n.a.	n.s.	n.a.	n.s.	n.a.	
	Performance Measurement & Management	2.0%	4.0%	n.a.	n.a.	2.2%	1.0%	3.0%	1.0%	n.a.	n.s.	n.a.	2.0%	n.a.	
	Training & Development	5.0%	6.0%	n.a.	n.a.	1.0%	1.0%	11.0%	18.0%	n.a.	15.0%	6.0%	n.a.	n.s.	n.a.
	Talent Strategies	n.s.	0.5%	n.a.	n.a.	0.3%	0.0%	0.0%	1.0%	n.a.	n.s.	n.a.	n.s.	n.a.	
	Other	0.0%	1.0%	n.a.	n.a.	1.6%	0.0%	0.0%	1.5%	n.a.	5.0%	0.0%	n.a.	0.0%	n.a.
Subtotal	7.0%	23.0%	4.0%	10.0%	11.1%	5.0%	24.0%	31.0%	15.0%	35.0%	8.0%	1.1%	6.0%	9.3%	
Information Technology	IT Consulting	24.0%	4.0%	n.a.	15.0%	14.1%	18.0%	4.0%	10.0%	n.a.	12.0%	n.a.	n.a.	n.a.	
	IT System Analysis, Design, Development & -Integration	20.0%	4.0%	n.a.	11.0%	13.7%	4.0%	4.0%	7.0%	n.a.	2.0%	n.a.	n.a.	n.a.	
	Other	0.0%	4.0%	n.a.	2.0%	0.0%	0.0%	1.0%	1.0%	n.a.	1.0%	n.a.	n.a.	n.a.	
	Subtotal	44.0%	12.0%	32.0%	28.0%	27.8%	22.0%	9.0%	18.0%	30.0%	15.0%	4.0%	67.6%	0.0%	26.0%
Outsourcing	16.0%	0.5%	14.0%	2.0%	5.3%	5.0%	0.0%	2.0%	10.0%	5.0%	1.0%	15.7%	0.0%	27.0%	
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

n.s. = not significant

© FEACO 2002

Selected European MC-Markets

C. Analysis by Client Industry

Tab. 5: European MC-Markets Composition by Client Industry, 2002

Country	BEL	BUL	FIN	FRA	GER	GRE	HUN	ITA	ROM	SLO	SPA	SWI	UK
Energy, Utilities & Natural Resources	9.0%	n.s.	8.0%	5.0%	7.8%	10.0%	12.0%	7.0%	15.0%	8.0%	14.0%	4.0%	12.3%
Chemicals	8.0%	n.s.	5.0%	10.0%	14.7%	2.0%	1.0%	5.0%	5.0%	6.0%	2.0%	5.0%	3.5%
Consumer Goods	10.0%	22.5%	10.0%	5.5%	4.1%	13.0%	14.0%	11.0%	10.0%	12.0%	3.0%	10.0%	1.7%
Automotive	10.0%	n.s.	n.s.	7.0%	10.5%	1.0%	5.0%	4.0%	15.0%	8.0%	1.0%	4.0%	1.2%
Aerospace & Defense	1.0%	1.0%	2.0%	5.5%	1.5%	2.0%	n.s.	0.5%	n.s.	1.0%	8.0%	2.0%	6.5%
Transportation	3.0%	6.5%	6.0%	5.0%	5.8%	10.0%	3.0%	1.5%	n.s.	8.0%	10.0%	3.0%	1.6%
Communication/ Media/ Entertainment	1.0%	2.5%	12.0%	12.0%	9.2%	8.0%	12.0%	4.0%	10.0%	7.0%	18.0%	3.0%	7.6%
Wholesale & Retail	10.0%	4.7%	10.0%	8.0%	5.1%	4.0%	8.0%	14.0%	n.s.	10.0%	3.0%	5.0%	12.5%
Banking	16.0%	12.3%	15.0%	15.0%	16.4%	10.0%	9.0%	20.0%	n.s.	6.0%	23.0%	17.0%	7.5%
Insurance	12.0%	5.0%	4.0%	11.0%	8.5%	3.0%	n.s.	2.0%	n.s.	2.0%	4.0%	11.0%	8.8%
Personal- & Business Services	n.s.	13.0%	3.0%	1.0%	3.2%	8.0%	6.0%	3.0%	5.0%	7.0%	1.0%	3.0%	2.4%
Healthcare & Pharmaceuticals	5.0%	5.0%	4.0%	1.0%	3.2%	4.0%	7.0%	5.0%	n.s.	10.0%	3.0%	9.0%	2.4%
Non-Profit & Government	12.0%	5.0%	10.0%	10.0%	8.0%	16.0%	14.0%	10.0%	n.s.	12.0%	8.0%	9.0%	12.8%
European Union	3.0%	10.0%	n.s.	3.0%	0.9%	9.0%	1.0%	0.5%	40.0%	2.0%	n.s.	n.s.	0.1%
Other	0.0%	12.5%	11.0%	1.0%	1.1%	0.0%	8.0%	12.5%	0.0%	1.0%	2.0%	15.0%	19.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

© FEACO 2003

D. Fee Rates

The past few years were characterized by a booming dot-com industry and a dot-com consultancy. The war for talent reached its peak, and pricing seemed to lose much of its elasticity. Management consultants were forced to spend more and more on excellent staff. Hence, the fees charged grew to cover the price of consultants, project managers and research associates. The Year 2000 brought the stock market and venture crash along with tighter budgets and shorter assignments. From 2001 the lack of talents in the consulting industry turned into a lack of engagements. Fee rates vary enormously according to country, the size and type of the consulting firm (not considered within the analysis) and the experience of the consultant.

Tab. 6a: Daily Effective Fee Rates (€)

Country	Partner/ Company Manager						Senior Consultant					
	Top 40 MC			Medium & Small MC			Top 40 MC			Medium & Small MC		
	Avg.	Min	Max	Avg.	Min	Max	Avg.	Min	Max	Avg.	Min	Max
Bulgaria	n.a.	n.a.	n.a.	180	60	500	n.a.	n.a.	n.a.	100	50	250
Denmark	2,250	n.a.	n.a.	1,500	n.a.	n.a.	2,100	n.a.	n.a.	n.a.	n.a.	n.a.
Finland	2,500	2,000	3,000	2,000	1,500	2,500	1,350	1,100	1,500	800	600	1,000
Germany	2,500	1,900	3,500	1,900	1,300	2,600	1,900	1,700	2,400	1,400	1,000	1,900
Greece	1,000	700	1,500	675	550	750	775	600	1,200	600	500	675
Hungary	900	600	1,000	n.a.	n.a.	n.a.	700	530	780	n.a.	n.a.	n.a.
Italy	3,000	2,500	3,500	1,400	1,300	1,500	2,000	1,800	2,200	1,200	1,100	1,300
Poland	1,500	600	2,500	800	400	1,500	1,000	450	2,000	500	300	1,200
Romania	700	n.a.	n.a.	200	n.a.	n.a.	500	n.a.	n.a.	150	n.a.	n.a.
Slovenia	1,200	900	2,000	750	450	1,200	900	700	1,200	550	350	800
Switzerland	2,900	1,070	5,520	1,725	1,520	3,450	1,795	1,450	4,140	1,560	1,380	2,760

© FEACO 2003

Tab. 6b: Daily Effective Fee Rates (€)

Country	Consultant						Junior Consultant/Associate					
	Top 40 MC			Medium & Small MC			Top 40 MC			Medium & Small MC		
	Avg.	Min	Max	Avg.	Min	Max	Avg.	Min	Max	Avg.	Min	Max
Bulgaria	n.a.	n.a.	n.a.	65	30	150	n.a.	n.a.	n.a.	35	10	50
Denmark	1,500	n.a.	n.a.	n.a.	n.a.	n.a.	1,500	n.a.	n.a.	n.a.	n.a.	n.a.
Finland	1,200	1,000	1,300	700	500	800	1,000	900	1,100	500	400	600
Germany	1,350	1,200	1,600	950	800	1,200	1,100	900	1,300	750	550	1,000
Greece	650	500	900	450	400	550	450	350	600	375	300	425
Hungary	500	375	550	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Italy	1,000	900	1,100	850	750	900	750	700	800	550	500	600
Poland	800	400	1,500	400	250	700	600	400	1,000	300	100	500
Romania	400	n.a.	n.a.	100	n.a.	n.a.	250	n.a.	n.a.	75	n.a.	n.a.
Slovenia	600	400	800	350	250	500	400	250	450	230	150	300
Switzerland	1,380	1,035	2,760	1,245	1,035	1,725	965	620	1,380	830	620	1,035

© FEACO 2003

E. Appendix (Definitions):

1. Service Lines:

Human Resources (HR): HR consulting services target at improving the “people” element of an organisation

Information Technology (IT): IT consulting services target at improving the way organisations store, retrieve, disseminate and utilize information

Operations Management (OM): OM consulting services target at improving the operational aspect of an organisation

Outsourcing Services (OS): OS are typically delivered as Large-Scale Outsourcing (computer sharing), Business Process Outsourcing (or Business Process Management) (they address an entire process or function such as insurance claims processing or an accounting unit) or Application Service Providers (firms provide corporations with access to applications by sharing the costs)

Strategy Consulting (SC): SC services target at improving the long-term, strategic health of a company

2. Clients' Industries

Aerospace & Defense incl. Aerospace (commercial), aerospace (defense), airlines & airports and space (Civilian).

Automotive: incl. Automotive manufacturers, suppliers, systems integrators and distributors.

Banking incl. 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.

Chemicals incl. chemicals & petrochemicals

Communication/Media/Entertainment incl. broadcasters, cable TV channels, publishers, local based entertainment companies, multimedia companies, record labels, telecom service companies and cable operators.

Consumer Goods incl. Food producers, beverages & tobacco.

Energy, Utilities & Natural Resources incl. Electricity, gas, oil & water industry, forestry.

Healthcare & Pharmaceuticals incl. providers (hospitals and physicians), payers (insurance companies and HMOs), manufacturers (pharmaceuticals and biotech companies) and distributors (of medical equipment and supplies).

Personal & Business Services incl. restaurants, hotels, personal services, real estate and rental services.

Transportation incl. carriers, shippers, logistics services companies and private transportation organisation

Wholesale & Retail incl. luxury retailers, speciality retailers, big-box and category killers, mass merchandisers, discount retailers, grocery chains, convenience stores, drug chains, car dealers, home improvement chains, catalogue retailers and e-tailers

n.a. = not available

n.s. = not significant

A. Consultancy Trends 2002

Belgium

► The general economic recession marked the end of the internet hype and caused major clients to call an investment stop for consulting, in particular with regard to IT, leading to intense competition and forcing all players to broaden their services. Nevertheless the number of players in the market continues to grow.

Growing demand for constant enterprise applications (ERP, SAP), ICT security services, outsourcing, IT system analyses, design and integration. Decreasing demand for corporate strategy services, training and development, CRM.

Demand from the energy and utilities, chemicals, automotive and defense (government) sectors grew, and from the wholesale and retail, consumer goods and banking sectors declined, the latter as a result of a budget freeze because of the bad situation of the economy.

Clients required a no-nonsense attitude, management commitment, and added value. High competition and the recession led to lower prices and more fixed price contracts. There was a clear increase in cost cutting projects.

Contracts changed character in that they became very price competitive, required longer sales cycles, focused more on the delivery of end-to-end solutions and concerned more often smaller projects.

Bulgaria

► The strongest market driver that has most influenced the Bulgarian management consulting market, and is likely to continue to do so beyond the year 2002, is the stabilization and the continuous development and growth of the Bulgarian economy.

Other market drivers were the opening of new programs and projects and new grant schemes from various pre-accession funds for Bulgaria, the need for training in the government administration, and monitoring and control of investments in education and training.

Development of the market was hampered by the fact that legislation is still imperfect and unsuitable to the new conditions for transition in Bulgaria. Purchasing power and, consequently, consultancy rates, are still low in comparison to other European Countries. Tenders for technical assistance from PHARE and other programs are not enough open and not well managed by the central administration.

Mostly as a result of the integration process to EU and the adaptations to the acquis and its structures there was an increase in demand from the public sector. In the private sector demand increased from the transportation, construction, consumer goods, wholesale & retail, personnel and business

services sectors. Demand from all industry sectors in which the rate of privatization is low decreased because of a lack of funds and investor's interests.

The stabilization and continuing growth of the economy cause companies to increasingly call on consultants to improve their effectiveness. The most important characteristics of the consultant-client relationship are: trust, transparency and quality insurance. There is a change in character of the projects in that clients require more knowledge and experience and there is now more of a balance between small and medium projects and short and long-term projects.

Finland

► The slowdown of the global and local economy since 2001 has caused companies to focus solely on marketing and sales. There was still a high, but decreasing, mergers and acquisitions activity in mature industries. There was a lack of long-term investments and development. The Big 4 are still not present on the Finnish market. Worldwide HR players are establishing.

Consultants were forced to create value by networking, to transfer their services to the internet and to streamline their competences. There was some increase in demand for expert consulting services. Outsourcing has become increasingly important. The implementation of the public sector e-services initiative created some opportunities.

Public non-profit organisations have come into the consulting business and are causing unfair or unhealthy competition.

As a result of the recession companies are focusing on cost effectiveness, rationalisation and new strategies. Demand for services related to HR strategy, executive remuneration, financial advice, change management, supply chain management, cost reduction in value chains, web sales, venture capital investments and incentive plans has gone up. Most contracts are short term, very topical and companies are looking for direct results project management, executive search, new business development, IT investment, marketing and training receded.

Companies are looking for more end-to-end solutions, not just a solution for an issue.

Cost competition has increased resulting in smaller projects and more working hours for the same fee. Some consultancies have to do a lot of unpaid work before they can secure a contract.

Increasingly tight and critical demand on value of deliverables against money invested. Most consultancies report more

smaller and better focused projects requiring a high level of expertise. Big projects are difficult to get and more time has to be used for selling.

Clients thought long and hard before deciding whether to buy or not. Consulting services were demanded more timely, that is to say before the client found himself in difficulty. Focus was on cost cutting and increasing operational efficiency. Clients divided contracts in smaller pieces. The contract period decreased significantly. Clients wanted a clear demonstration of consultant's skills and abilities, often even on an individual level. Clients looked for concrete advice, not thick reports and long slide shows. A consultant should be a sparring partner bringing in new perspectives, and an implementor of new ideas and models, able to offer return on investment.

Established consultant-client relations, reliability, trust, image, competency, references became increasingly important and led to one-door shopping. High level of uncertainty in all activities of proactive or expansive investments. Low level of risktaking. Some disturbances appeared in long-term client relationships for reason of cost cutting.

Public sector clients need to become more efficient.

France

► Management consulting business in 2002 was mostly influenced by general economic slowdown and lack of perspectives and international issues such as the upcoming war in Iraq.

Increasing demand for HR-Consulting and cost reduction. Demand for business process redesign has receded.

The consultant client relationship in 2002 was earmarked by lower rates, smaller profits, longer decision-making process and tough negotiation.

Germany

► The Consulting market has become a market in motion. The American KPMG Inc. buys the German KPMG AG and later changes its name into BearingPoint GmbH; IBM Global Services takes over PricewaterhouseCoopers' consulting branch. Deloitte Business Consulting takes over Arthur Andersen Business Consulting and calls the new company Braxton; Detecon acquires Diebold Deutschland and the new Detecon International GmbH is born; Syseca GmbH changes names and is now Thales Information Systems GmbH. Heyde AG is split up into Inconso AG and Intesio AG. By changing names many companies express that they are moving the focus of their business activities from IT consulting to process-oriented consulting leading to quick and measurable results. Terms like "innovation" and "technology" which used to be part of the company's name are now replaced by catchwords like "solutions" or "results". This sector concentrates

on the combination of "process optimisation" in conjunction with "IT solutions and implementation competency".

By mid-2002 at the latest the economic development was amongst other things strongly marked by the imminent national elections in Germany. The outcome of the elections, however, did not have the expected effect of bringing about new growth and positive developments. A lack of reform will on the part of the politicians leads eg in the health sector and with public customers to further insecurity and reluctance to invest. Economic dynamics would increase with speedy reform processes. This would certainly also mean that the demand for consulting would go up.

Many of the customers' sectors were experiencing problems already before the year 2002. Partly these are structural problems as in the financial services sector, political insecurity as in the health sector or effects of the cyclical weakness as in commerce and trade. The telecommunications sector continues to suffer from considerable liquidity problems as a consequence of the auction of UMTS licenses. Here the consulting budgets were cut particularly drastically. The impact on the consulting market is always the same: The companies postpone the awarding of investment intensive projects. Priority is given to consulting projects whose costs will be recovered within short delays by the successful outcome of the project. And quite a lot of companies are now using their own, underused personnel resources for internal "consulting" projects.

Greece

► The Athens 2004 Olympic Games, the Third Community Support Framework program and the Information Society program, as well as the pre-accession programs in Central and Eastern Europe created the opportunities in 2002 and balanced out the negative effect of the delay in activating the Third Community Support Framework, the very poor performance of the stock market and the economy as a whole. Greek consultants came under pressure by the competition from universities and institutes that undertake management consulting projects at low fee rates.

Increasing demand for corporate strategy, operations management. Decreasing demand for financial advisory and information technology due to end of Y2K and Euro compliance projects. Work for the transportation sector increased, due to the preparations for the Athens 2004 Olympic Games; Demand from the banking and insurance sector dropped, due to the dramatic fall of the stock market and the lack of liquidity on the market.

Clients demanded more experienced consultants, high quality services, tighter timetables that provided immediate returns; all against less cost. Consultants were required to participate in the implementation phase and to accept that

part of the project is paid upon success. Most projects are aimed at cost cutting.

Regarding the public sector, the diversification procedures applied by the EU affected the role of consultants in these projects. For the period up to 2006, program management projects have been replaced by technical assistance projects.

Hungary

► The general slowdown in economic growth led to a decline in foreign investments. The changes in the management of state-owned companies after the general elections and a slowdown of state-financed projects had a negative influence on the development of the market. The market is becoming increasingly competitive, which had a bad effect on the fee rates which, in turn led to a decrease in quality. Clients increasingly make use of internal consultants.

Companies prepared for the approaching accession and opening up of the Hungarian market, by trying to obtain a competitive advantage, causing an increase in demand for strategy, change management and performance evaluation services as well as in assistance with marketing and market surveys.

Decrease of internal business process work: IT systems development, quality management, business process redesign, executive search and selection, financial advisory services and mergers and acquisitions declined. With EU accession approaching the public sector becomes more strategic and IT-minded.

Increased demand from the public sector, in particular public utilities. In the private sector demand increased from the banking, retail as well as from the wholesale sector. Demand from the telecommunications, transport, manufacturing and chemicals sectors decreased.

Clients had well defined, targeted expectations; Projects were generally smaller and more complex, requiring specific, often sectoral, expertise. Clients preferred working with several consulting companies in order to have the right competences – co-operation between consultants was important. The value delivered by the project had to be measurable; Clients demanded quality and close co-operation and participation in the implementation phase.

Poland

► Growing unemployment, low growth of GDP and lack of liquidity for many enterprises caused a decrease in income for many companies. There were no signals for the entrepreneurs from the side of the public authorities as public finances did not change. This situation caused problems for the whole of the Polish consulting sector.

Despite the uneasy economical situation, many small and medium size enterprises decided to start up integrated computer systems, causing an increased demand for IT consulting. In addition, probably as a result of the upcoming accession, a small growth in the field of operations management was noted.

Because of the downturn of the world economy, there was less demand for assistance with mergers and acquisitions.

The year 2002 was marked by less typical consulting projects, with the exception of IT projects, and a decrease in fee rates.

Due to adoption of EU law public clients are obliged to follow tender procedures, this resulted in the elimination of high quality services in favour of lower-priced offers. Tendering makes it more difficult to establish, or maintain an already established, relationship with a client and to capitalize on experience with a particular client.

Romania

► The EU and NATO accession process, political stability and continued economic growth had a positive effect on the development of the market.

Romanian companies are in full development because of the healthy local economical situation, causing an increase in demand for services in the areas of information technology, training and development, executive coaching, outplacement, management development and operations management.

The EU External Aid Programs, as part of the EU accession process, formed an important part of the market. The general restructuring of the Romanian economy caused an increase in demand from the pharmaceutical, healthcare, consumer goods and automotive sectors. The healthy economy caused a notable demand for personnel and business services. Surprisingly, IT and telecom services lagged behind.

Consulting services are becoming increasingly accepted. There was an increased demand for quality, experience, expertise and specialised services. Clients expected tangible and measurable benefits.

Spain

► The bad economic situation in the world and particularly the crisis in Central & South America where Spain has developed significant business over the last few years, caused a weak demand and over-supply, leading to lay offs, disappearance of small players, further market concentration, increased price competition and pressure on margins. The situation in Latin American had a big impact on the large Spanish banks and many large companies, in particular in the telecom, utilities and energy sectors, which led to budget constraints and cost cutting.

Consultancies offered more experience and skills for the same price. IT, development and engineering have become integrated in management consultancy, requiring a broader combination of skills and capabilities or more partnerships.

As a result of the economic recession clients were particularly interested in cost cutting, efficiency, CRM, ERP and outsourcing services. This recession caused clients to put plans for e-business, human resources, logistics, supply chain automation, knowledge management, corporate strategy services, timer materials projects, human resources management and internet services on the backburner.

In comparison to the year 2001, more orders came from the energy, utilities and natural resources companies. This is a result of government-driven restructuring of these sectors in preparation of the accession to the EU. The significance of the automotive, consumer goods and wholesale and retail sectors diminished because of the current global economic recession.

Public administration formed a stable client base in 2002, as well as the banking, insurance and transportation sectors. Demand for services in the area of healthcare also increased due to the privatisation of health care systems.

The consulting projects trend changed in that consultants aimed to optimise previous projects instead of searching for new solutions and deploying new projects.

In 2002 projects became smaller, value based, customized and mostly oriented at short-term objectives.

The business model is changing: clients are interested in multiyear "outsourcing" contracts based on trust, confidence, partnership, loyalty and knowledge of the client's business. There is a growing demand for one stop shopping.

The companies want high quality services which directly add value to their business results. They are looking to improve their efficiency and services and for optimisation of the associated costs.

B. Perspectives & forecasts

Belgium

▶ Consultants need to focus on transparency of services offered and projects. They need to better develop their sales skills with regard to the public sector and create brand awareness.

Outsourcing and information technology are expected to grow, whereas corporate strategy services and technology integration are likely to decrease. Demand from the public sector is likely to go up. Demand from the automotive sector will decrease.

Clients demand transparency of offerings and projects.

Contracts are solution/value based, very sensible to price as customer bargaining power grew due to overcapacity of the market. They allow for participation in the customer return and results.

Switzerland

▶ Although the times of double-digit growth appear to definitely belong to the past, demand for services remains high. Several large size companies have set up in house consultancy units. This will lead to increased overcapacity of the market.

Demand for management consulting services remains on a high level, but has been shifted. There was increased demand for corporate governance services and strategic controlling services. The ongoing specialization and fragmentation of the added value chain, has led to an increase in demand for supply chain management services, outsourcing and IT support.

The financial, IT, telecom and industrial equipment sectors which traditionally had a high demand for consulting services are now very selective with their investment in such services.

Because of overcapacity on the market prices are falling. Clients invest in smaller projects and want measurable results.

United Kingdom

▶ The year 2002 was almost like 2001. Many firms faced major reductions in business levels and had therefore to address overcapacity within their firms, whilst resisting pressure on fees. While there is continuing consolidation at the top end of the industry, some niche players are busier than ever. The market is still rather good for experienced management consultants.

The Public sector, outsourcing and retail sectors are still doing well. It is feared that the decline will be structural.

Bulgaria

▶ Business consulting will slowly, but gradually expand its market share.

IT, technical assistance to government and local administration will increase. Demand from the consumer goods section will increase, as a result of adaptation to the 'acquis communautaire'. Demand from aerospace and defense, communication and the chemicals sector is likely to decrease; consultancy to the non-profit sector and consumer goods will increase.

More and more clients are recognizing that qualitative professional business consulting is indispensable to run a healthy,

Consultancy Trends

competitive company. The main fields of consultancy for the near future are business planning, the development of marketing and management information systems, and the adaptation to ISO standards.

Finland

► For 2003 predictions are diverse in Finland. Probably all will depend on whether the global economy will pick up or not. Demand from the public sector, generally less affected by economic recession is likely to stay at the same level.

Most sectors are in dire need of consultancy, but are too busy struggling to survive. Once the economy picks up all sectors could grow. On the other hand, if the economy does not pick up, demand in all sectors may decline further.

Although currently the market is stagnating, it is expected that growth will pick up once the global economy will pick up, hopefully by the second half of 2003. Companies have been putting investment forward for so long that many projects in all areas and all sectors are pending, particularly in areas to do with the internationalisation of services, wholesale and import, SCM, CRM. The IT-sector, media and entertainment are likely to grow because 3 G and 3 D penetration is rising. As long as the economic downturn prevails the market will remain flat.

France

► Demand from the public sector, including EU, as well as the industry is likely to increase. Demand from the banking and insurance will most likely decrease.

Projects will be less numerous and smaller and they require more experienced consultants. IT projects remain important but rates tend to decline.

Services on the rise are outsourcing and financial advisory as a result of the implementation of the International Accounting Standards (IAS). The public sector, both local and central, will continue to go up. Banking and insurance is likely to decline.

Germany

► One of the most urgent tasks in the companies is the improvement of IT and data security, not only against the background of an increasing risk by external attacks on the data network. The subject of data protection must be given more attention at the leadership level of, in particular, medium-sized companies. Many of these medium-sized companies are still badly prepared for the amendments of the credit award procedures envisaged for the year 2006. An in-depth analysis of this issue will lead to comprehensive adjustments of their organisation and the strategic orientation and will, ultimately, lead to the introduction of structured management systems. The development of suitable risk management systems is also

prescribed by the Act on Control and Transparency in the Corporate Area (KonTraG). Many companies still need to catch up with implementing these statutory provisions.

An increase in the demand for business consulting is to be expected from areas of the public sector and the health sector as considerable restructuring measures and process adjustments are about to be introduced.

As far as industry is concerned Supply Chain Management will become increasingly important. The trade companies are dealing intensively with Customer Relationship Management and Multi-Channel Marketing.

The financial services sector will reorganise itself, too. Banks will lose part of their investment business with private customers as they move over to private financial services. Whether this will lead to new consulting orders depends on the development of the cost burden in this sector.

All in all the demand for business consulting will probably be more stable in 2003 than in the previous year even though an increase in returns is rather unlikely. But as always the customers will expect the consultants to design their projects in a result-oriented manner.

Greece

► It is expected that the management consulting market will benefit from the start of the Third Community Support Framework and the further implementation of Information Society Programme as well as from the preparations for the Athens 2004 Olympic games. Furthermore, it is estimated that the management consulting market is likely to concentrate further with large and multinational firms acquiring an even bigger part of the market.

It is expected that the Information Society Programme and the third Community Support Framework (CSF) programme will have a positive effect on IT consulting. The CSF programme will also increase demand for operations management services and technical assistance. Business process redesign, strategic planning/ organisational development and outsourcing are likely to continue to increase as well. Will decline: executive search and recruitment.

Demand from the non-profit and government sector, also external, will increase due to the implementation of the third Community Support Framework programme and the enlargement of EU. Demand from the transport sector will go up as well, due to the 2004 Olympic Games. Also rising is demand from the energy, utilities and natural resources sectors. Communication, media and entertainment will decline.

Work for the EU institutions, public sector, health care, food industry, retail and wholesale, the service sector and the transport sector will increase. Demand from the manufactur-

ing, chemicals, telecommunications (ambivalent), media and the insurance sectors, is likely to decline.

Hungary

► 2003 will be a year of strong competition, with diminished consulting fees and with certain consulting services losing value. It is expected that the market will stagnate, or even moderately decrease, due to global recession. There will be a moderate increase in EU-related consulting activities

Expected to grow: strategy, operations management, change management, outsourcing, performance evaluation, training, client/supplier relationship management. Likely to decline: IT related consulting, business process redesign.

Poland

► Poland expects a growing turnover for the management consulting sector in 2003, caused by the growth in GDP of 3,5 per cent, the realisation of the programs targeted at joining the EU and the government programs aimed at lowering the very high level of unemployment.

Poland is expecting a visible growth in demand for human resources management, as a result of the government actions targeted at job creation. Companies, in particular small and medium sized, will aim to become more effective, what should result in a growth in demand for operations management. Mergers and acquisitions will continue to drop but corporate strategy as a whole may still show some growth.

The energy, utilities and natural resources and chemicals sectors will become more important because of the continuation of the restructuring process. In addition, demand from the European Union will become more important because of Poland access to EU, as part of the accession process.

Romania

► General growth of the management consultancy market, driven by the increased acceptance of consulting services, the EU integration process, the economic and political stability, the ongoing privatisation and foreign investments.

As a result of the overall progress of the Romanian economy, corporate strategy services, training and development, business process management and IT consulting will grow. Recruitment is nevertheless expected to decline.

More demand for work for EU External Aid Programs, as a result of pre-accession preparation, and from the healthcare,

pharmaceutical, wholesale, retail, automotive, IT and , possibly, the telecom sector.

Spain

► Spain predicts for 2003 a tough, volatile market, margin pressure with no key market drivers (such as, ERPS in the year 2000 or the euro in the mid/late 90's). Overall the management consulting sector will remain flat during 2003. The recovery will delay until last quarter 2003.

Operations management, information technology, security, e-commerce, CRM, ERP, business intelligence, IT standardization, BPO, business consulting, application maintenance and sector solutions are likely to grow. Continued demand from large banks, insurance companies and from the utilities and energy sectors. Opportunities in outsourcing. Corporate strategy & services, human resources and ERP in finance are likely to decline.

Spain expects more demand from the Public Administration, communications, banking, healthcare, defence, retail, energy, utilities and pharmaceutical sector and a decline in demand from the telecom, media, chemical and insurance sector. As regards services, demand for e-learning, training, cost cutting and some new technologies as well as security, IP telephony, and mobility will increase.

Switzerland

► Liberalization and increased market pressure will lead to an increased demand for consulting services, in particular in the energy, healthcare, trade and public -or recently privatised- sectors.

Client segmentation, business strategy and organization are primordial.

Customer relations and market strategy will continue to play an important role. There will be increased pressure on price, turnover is becoming an important success factor.

United Kingdom

► There has been a slight overall growth in the market during the first two quarters of 2003. It would seem likely that this trend will continue. However market conditions remain tough with few hirings at the bottom end. Demand for experienced consultants has held up well, particularly in market sectors that are growing such as the public sector. Pressure on costs remains intense and further consolidation at the top end of the market is expected.

A. The European Federation of Management Consulting Associations

► FEACO the European Federation of Management Consulting Associations was formed in 1960 in Paris. The Federation imposes a well-defined Code of Ethics on the profession. In these days of ever-increasing numbers of consultants in the business service sector, offering a ever growing array of services and advice to management, there is a clear need for the client to be able to distinguish the qualified professional management consultant. Membership of a national association federated to FEACO, which requires compliance with professional and ethical standards, assists the client in making the right choice.

In January 1991, FEACO established its operational office in Brussels to develop its relations with the European Union and other international organisations. The Federation now counts 22 national member associations:

- 12 from the European Union: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Portugal, Spain, Sweden and the United Kingdom;
- 2 from EFTA: Norway and Switzerland;
- 1 from Southern Europe: Cyprus;
- 6 from Central & Eastern Europe: Bulgaria, Czech Republic, Hungary, Poland, Romania and Slovenia;
- 1 affiliate member: Hong Kong.

FEACO member associations represent more than 3.600 management consultancy firms with over 105.000 consultants. The total turnover of this group amounts to some € 18.5 billion, representing approximately 40.0% of the European Management Consultancy market.

In 2001 FEACO opened the possibility to grant membership, in the form of affiliate membership, to large management consultancy companies (which are members in at least 5 national associations as well) and non-European management consultancy associations.

The decision to extend membership to these groups is the result of a new strategy which takes account of the ongoing globalisation process and requests of various non-European associations and large size consultancies.

Although direct company membership and internationalisation are logical steps forward for FEACO, FEACO will primarily remain a European organisation. The FEACO 2003 action programme focuses on Networking, Internationalisation, further development of the Public Affairs role, Best Practice and Business Integrity.

alisation, further development of the Public Affairs role, Best Practice and Business Integrity.

Objectives:

► The primary purpose of FEACO is to assist in promoting and developing 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 Activities

► Its main activities, apart from representation of the profession on a European level, are:

- Developing the Management Consultancy market, raising its image and profile at European and international level, by the promotion of common professional ethical and quality standards (Best Practice).
- Promoting 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).
- Developing 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 management consultancy organisations.

Members of The Executive Committee (ExCo):

Rémi Redley, Chairman (BDU, Germany)

Gil Gidron, Honorary Chairman and Director (AEC, Spain)

Janko Arah, Director (AMCOS, Slovenia)

Philippe Claeys, Director (ASCOBEL, Belgium)

Anders Grufman, Director (SAMC, Sweden)

Mario Miraglia, Director (Assoconsult, Italy)

Jörg Murman, Secretary General (BDU, Germany)

Bruce Petter, Director (MCA, United Kingdom)

Jean-Luc Placet, Director (Syntec Management, France)

B. FEACO Member List (at July 17th 2003)

AUSTRIA UBIT

Fachverband Unternehmensberatung und Informationstechnologie
Wiedner Hauptstrasse 63
A-1045 Vienna
Phone: ++43 05 90 900 37 60
Fax: ++43 05 90 900 2 85
Email: office-ubdv@wko.at, office@incite.at
Website: www.ubit.at, www.incite.at
President: Mr. Hans-Jürgen Pollirer
Contact: Dr. Michael Grohmann, SG

BELGIUM ASCOBEL

Association Belge des Conseils en Gestion et Organisation
Résidence Brusilia
100/9A Av. Louis Bertrand
B-1030 Brussels
Phone: ++32 2 251 29 96
Fax: ++32 2 251 29 96
Email: ascobel@skynet.be
Website: www.ascobel.be
President: Mr. Roland Van Den Berghe
Contact: Mrs. Chantal Rousseau, SG

BULGARIA BAMCO

Bulgarian Association of Management Consultants
1 Macedonia Square, 17th floor
BG-Sofia 1040
Phone: ++359 2 917 05 06
Fax: ++359 2 986 12 79
Email: bamco@delin.org
Website: www.delin.org/BAMCO
President: Mrs. Gergana Mantarkova
Contact: Mrs. Ekaterina Ignatova, SG

CYPRUS Cyprus Association of Business Consultants

30, Grivas Dhigenis Ave.
P.O. Box 21657
CY-1511 Nicosia
Phone: ++357 2 66 51 02
Fax: ++357 2 66 94 59
Email: oeb@cytanet.com.cy
President: Mr. George Phedonos
Contact: Mr. Chris Michaelides, SG

CZECH REPUBLIC APP

Association for Consulting to Business
Veletřní 21
CZ-170 00 Praha
Phone: ++42 02 87 90 43
Fax: ++42 02 87 90 43
Email: asocpor@asocpor.cz
Website: www.asocpor.cz
President: Mr. Jan Zavřel
Contact: Mr. Ivo Ulrych (SG)

DENMARK DMR

Dansk Management Råd
H.C. Andersens Boulevard 18
DK-1787 Copenhagen V
Phone: ++45 70 20 33 75
Fax: ++45 70 20 33 76
Email: info@danskmanagementraad.dk
Website: www.dmr.nu
President: Mrs. Susanne Nielsen
Contact: Mr. Lars Jepsen, D

FINLAND LJK

Liikkeenjohdon Konsultit
Eteläranta 10
FI-00130 Helsinki
Phone: ++358 9 622 44 42
Fax: ++358 9 622 01 009
Email: ljk@ljk.fi
Website: www.ljk.fi
President: Mr. Sakari Pitkänen
Contact: Ms. Liisa Nakari, ED

FRANCE Syntec Conseil en Management

Chambre Syndicale des Sociétés de Conseil
3 Rue Léon Bonnat
F - 75016 Paris
Phone: ++33 1 44 30 49 20
Fax: ++33 1 40 50 73 57
Website: www.syntec-management.com
President: Mr. Alain Donzeaud
Contact: Ms. Brigitte David-Gardon, SG

GERMANY BDU

Bundesverband Deutscher Unternehmensberater e.V.
Zitelmannstrasse 22
D-53113 Bonn
Phone: ++49 228 91 61-0
Fax: ++49 228 91 61-26
Email: info@bdu.de
Website: www.bdu.de
President: Mr. Rémi Redley
Contact: Mr. Christoph Weyrather, SG

GREECE SESMA

Hellenic Association of Management Consulting Firms
101 Vas.Sophias Avenue
Mavili Square
GR-115 21
Phone: ++30 1 64 70 660
Fax: ++30 1 64 70 661
Email: sesma@hol.gr
Website: www.sesma.gr
Chairman: Mr. Athanasios Mavros
Contact: Mrs. Alexandra Rapakoulia

HUNGARY VTMZS

Association of Management Consultants in Hungary
11 Szt. István Krt
H-1055 Budapest
Phone: 36 1 302 76 81
Fax: 36 1 302 76 81
Email: vtmzs.iroda@mail.datanet.hu
Website: www.vtmzs.hu
Chairman: Dr. György Gonda
Contact: Mr. Sándor Hettyey, SG

ITALY ASSOCONSULT

Associazione delle Società di Consulenza Direzionale e Organizzat
Piazza Velasca 6
I-20122 Milan
Phone: 39 02 866 686
Fax: 39 02 890 12750
Email: assoconsult@fastwebnet.it
Website: www.assoconsult.org
President: Mr. Luigi Galbiati
Contact: Ms. Patrizia Marino, SG

NORWAY NBF

Norges Bedriftsrådgiverforening
c/o Semco AS, PO Box 29
N-1324 Lysaker
Phone: ++47 67 10 2000
Fax: ++47 67 10 2001
Email: NBF@semco.no
Website: www.bedriftsraadgiver.no
Chairman: Mr. Trond Parelius Johnsen
Contact: Mr. Gunnar Pedersen, SG

POLAND SDG

Stowarzyszenie Doradców Gospodarczych w Polsce
ul. Marszałkowska 83 m. 49
PL-00-683 Warsaw
Phone: ++48 61 650 32-00
Fax: ++48 61 650 32-16
Email: sdg@sdg.com.pl
Website: www.sdg.com.pl
Chairman: Mr. Andrzej Glowacki
Contact: Mr. Mikolaj Illukowicz, S

PORTUGAL APPC

Associação Portuguesa de Projectistas e Consultores
Avenida Antonio Augusto Aguiar 126
7th Floor
P-1050 Lisbon
Phone: ++351 21 358 0785/6
Fax: ++351 21 315 0413
Email: info@apconsultores.pt
Website: www.apconsultores.pt
Vice-President: Mr. Fernando Rolin
Contact: Ms. Manuela Lourenço, S

ROMANIA AMCOR

Asociația Consultantilor in Management din Romania
2 Octavian GOGA Street
RO-70174 Bucharest
Phone: ++40 1 3126891
Fax: ++40 1 3127094
Email: svasta.mihai@xnet.ro
Website: www.amcor.ccir.ro
President: Dr. George Plesoianu
Contact: Mr. Mihai Svasta, Vice President

SLOVENIA AMCOS

Association of Management Consultants of Slovenia
Dimiceva 13
SLO-1504 Ljubljana
Phone: ++386 1 589 82 52
Fax: ++386 1 589 82 11
Email: majda.dobravec@gzs.si
Website: www.gzs.si
President: Mr. Janko Arah
Contact: Mrs. Majda Drobravec, SG

SPAIN AEC

Asoc. Espanola de Empresa de Consultoria
Orfila 5 - Esc. 1 - 4º C
E - 28010 Madrid
Phone: ++349 1 308 0161
Fax: ++349 1 308 2327
Email: consultoras@consultoras.com
Website: www.consultoras.com
President: Mr. Gil Gidron
Contact: Mr. Eduardo Mendicutti, SG

SWEDEN SAMC

Sveriges Managementkonsulenter
Kungsgatan 48
S-11135 Stockholm
Phone: ++46 820 8330
Fax: ++46 821 2540
Email: info@samc.se
Website: www.samc.se
Chairman/Contact: Mr. Anders Grufman

SWITZERLAND ASCO

Association of Management Consultants
Forchstrasse 428
Postfach 923
CH - 8029 Zürich
Phone: ++41 1 395 2404
Fax: ++41 1 395 2405
Email: office@asco.ch
Website: www.asco.ch
President: Dr. Leonhard Fopp
Contact: Ms. Marianne Senti, SG

UNITED KINGDOM MCA

Management Consultancies Association
49 Whitehall
GB-London SW1A 2BX
Phone: ++44 20 7321 3990
Fax: ++44 20 7321 3991
Email: mca@mca.org.uk
Website: www.mca.org.uk
President: Mr. Tony Smith
Contact: Mr. Bruce Petter, D

Associate Member

HONG KONG MCAHK

Hong Kong Management Consultancies Association
7th Floor, Bangkok Bank Building
28 Des Voeux Road Central
HK-Hong Kong
Phone: ++852 2856 34 87
Fax: ++852 2565 66 28
Email: mcahk@mca.org.hk
Website: www.mca.org.hk
Chairman: Mr. K.K. Yeung
Contact: Mr. Peter Barrett

feaco

3/4/5 Avenue des Arts

B-1210 Brussels (Belgium)

Telephone: 32-2-250-06 50

Facsimile: 32-2-250-06 51

E-mail: feaco@feaco.org

Internet: www.feaco.org

Contents: Jörg Murmann (Secretary General)

Layout: Wolfgang Giersberg, Bonn

Feaco has used its best effort in collecting the information published in The Survey of the European Management Consultancy Market 2002. Feaco does not assume, and hereby disclaims any liability for any loss or damage caused by errors or omissions in the Survey 2002, whether such errors result from negligence, accident or other causes.

Notice: No part of this publication may be reproduced, stored in a retrieval system or transmitted by any means, electronical or mechanical, without the prior written permission of FEACO.

Price € 75