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2003

Survey of the European Management Consultancy Market

feaco

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Introduction by Rémi Redley

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

I am delighted to introduce the 2003 edition of the annual **feaco** Survey of the European Management Consultancy Market.

Recently, more than ever, the world has shown that it is a place of never-ending and accelerated change. It is the challenge of management consultants to turn change into an advantage. Over the years management consultancy has developed with the new opportunities change offered.

On the one hand global firms have adopted a multidisciplinary approach for the purpose of encompassing broad aspects of integrated consulting, the aim of which is to design and implement complete solutions to their clients' problems and business opportunities.

On the other hand, the consulting industry continues to evolve through new players and services which enter the industry and challenge the old status quo causing even some long established players and familiar names to disappear or to concentrate through mergers and acquisitions; in parallel consulting companies have developed that focus on niches of activity, capable of providing excellent services in specific areas, industries and markets.

Furthermore, a distinctive change in client behaviour can be observed. Clients are focussing increasingly on the management consultants' expertise, quality and experience. The dividing line between "management consulting" (professional consulting) and "solution consulting" (industrial consulting) is becoming sharper. Clients have become more demanding and responsible and no longer accept standardised solutions or pure concepts.

Clients also expect a full service, from design through implementation to operation. This causes the market to separate in large firms, which can offer this full service, and very small firms, which concentrate on and operate successfully in niche markets. The clients' high expectations must be met by the consultants' professionalism, ethical behaviour, their proven social competence and sector-related experience.

On the brink of a historical enlargement of the European Union, I observe that **feaco** has become the representative and unified voice of the management consultancy industry in Europe. Management consultancy may be a global industry, but it is practiced on local level. Europe, with its increasing number of different cultures and variety in local flavour offers a challenging arena in this respect. It obliges us to network and co-operate so we can exchange experience and expertise and add local content. **feaco** forms a pre-eminent platform for this and I have noticed a distinct increase in cross border interactions between its members, large and smaller and Eastern and Western companies, which, I suspect, with the ongoing expansion, will only increase.

These challenges together with a strong representation at European and International level are the main priorities for the future. I am confident that the consulting industry will continue its positive trend of the previous year in 2004.

However, in the ongoing fight for market shares business ethics should not be neglected as – apart from quality – trust and transparency are decisive selection criteria for our clients.

Rémi Redley
FEACO Chairman

Executive Summary

Key statistics of the Survey show:

- In 2003 the total Market showed very modest growth (3.5%) over 2002 at 47.5 billion €, the same overall figure achieved in 2001.
- UK is the largest individual market for consulting with a total turnover of 14.8 billion € followed by Germany with 13.13 billion € and France takes the third place with 5.6 billion €.
- Individual country markets reported wide differences in their individual performances. The growth areas were Greece +15%, Eastern Europe +14% and UK +3%. Whereas Nordic countries (11.6%), France (10%),

Netherlands (3%), Belgium (4.5%), and Italy (2.5%) all reported declines in business. Germany broke with recent past trends and recorded growth of 1%.

- There has been a continuing trend of polarization between large global players and niche consultancies with medium sized firms being squeezed.
- The most prominent growth was recorded in the transformational outsourcing markets where revenues have grown from 3.53 billion € in 2000 to 8.25 billion € in 2003. Conversely Corporate strategy has declined from 12.25 billion € in 2001 to 8.27 billion € in 2003.

Tab. 1: Key Figures 2001 – 2003

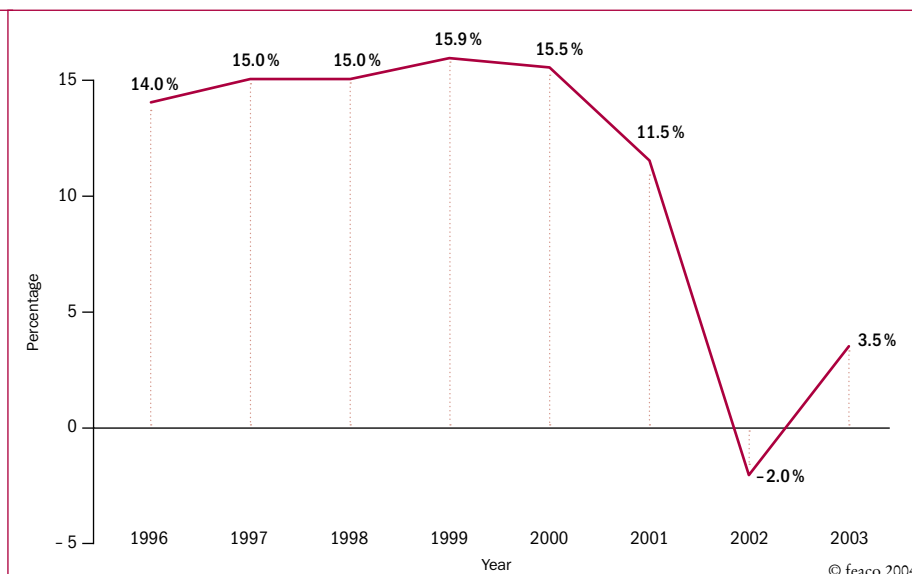
	2001	2002	2003
Market Size	€ 47.5 bill	€ 46.5 bill	€ 47.5 bill
Growth Rate	+ 11.5%	- 2.0%	+ 3.5%
Management Consulting Firms	60,000	57,000	58,000
Management Consultants	300,000	300,000	310,000
Key Service Lines	1. IT-Consulting/-Implementation (33.2%) 2. Corporate Strategy Services (25.8%) 3. Operations Management (24.1%) 4. Outsourcing Services (12.4%) 5. Human Resources Consulting (4.5%)	1. IT-Consulting/-Implementation (28.5%) 2. Operations Management (28.2%) 3. Corporate Strategy Services (19.9%) 4. Outsourcing Services (12.7%) 5. Human Resources Consulting (10.7%)	1. IT-Consulting/-Implementation (28.1%) 2. Operations Management (26.9%) 3. Corporate Strategy Services (17.4%) Outsourcing Services (17.4%) 5. Human Resources Consulting (10.2%)
Management Consulting Markets (in € bill)	1. UK (12.9) Germany (12.9) 3. France (6.3) 4. Netherlands (2.4) 5. Spain (2.4)	1. UK (13.6) 2. Germany (13.0) 3. France (6.2) 4. Spain (2.4) 5. Italy (2.2)	1. UK (14.8) 2. Germany (13.1) 3. France (5.6) 4. Spain (2.6) 5. Italy (2.0)

Europe – Market Size, Forecasts & Analysis

A. History & Projections

The European management consulting marketplace has gone through some major changes and difficulties during the past two years. Influenced by currency pressures, global economic stagnation, political and governmental disorientation, and the collapse of some industry sectors the size of the European management consulting market decreased by 2% in 2002.

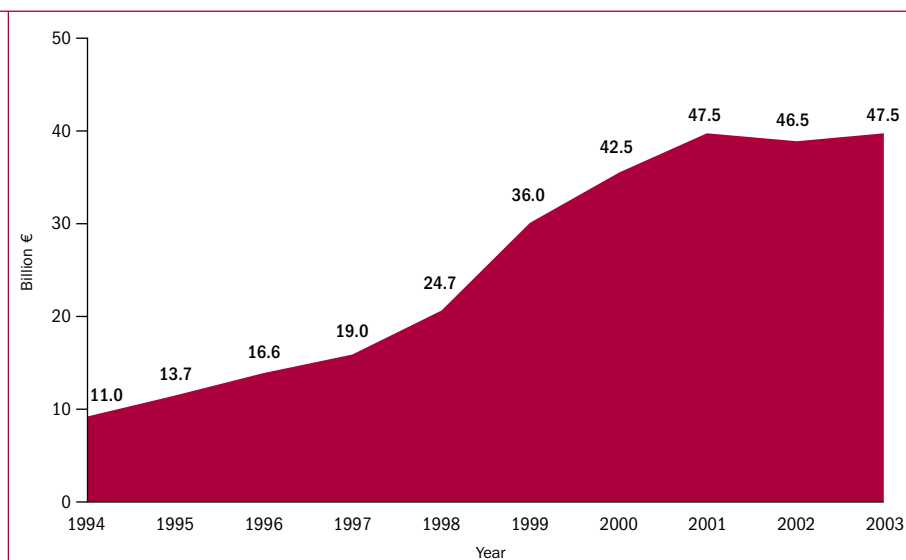
Fig. 1: Average Annual Growth Rate in Europe, 1996 - 2003



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Although the overall average annual growth rate went up to 3.5% in 2003 and the marketplace returned to the size it was in 2001, not all European countries performed a substantial recovery. The year does not give a uniform picture of the major European consulting markets, the UK, Germany, France, Spain, Italy and the Netherlands. The UK (plus 13%), Spain (plus 6%) and Germany (plus 1%) experienced positive growth, whereas Italy (minus 2.5%), the Netherlands (minus 3%) and France (minus 10%) were remarkably behind the European average of plus 3.5%. The tail ender in Europe are Norway (minus 13%) and Sweden (minus 12%) followed by France and Switzerland (minus 8.5%).

Fig. 2: Size (in bill €) of the European MC-Market, 1994 - 2003



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Europe – Market Size, Forecasts & Analysis

In 2003 the number of management consultants in Europe went up to an all-time high of 310,000. This does, however, not reflect the considerable number of dismissals particularly in some of the large, multi-national consulting companies.

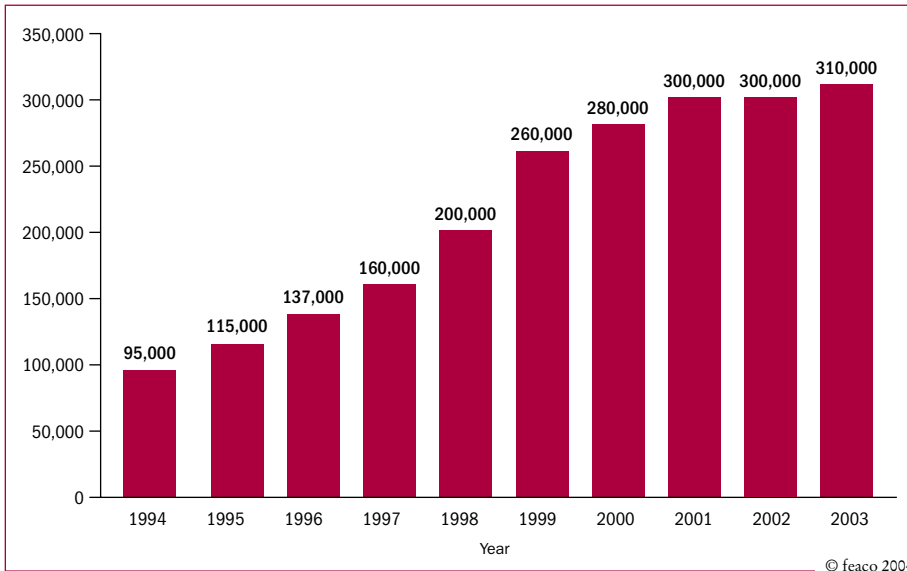


Fig. 3: Number of Management Consultants in Europe, 1994 - 2003

The consulting intensity – as measured as the proportion of the total turnover of the management consulting industry to the European social product – stagnated at a level of 0.42%. This is, however, above the worldwide consulting intensity, which is estimated at around 0.30%.

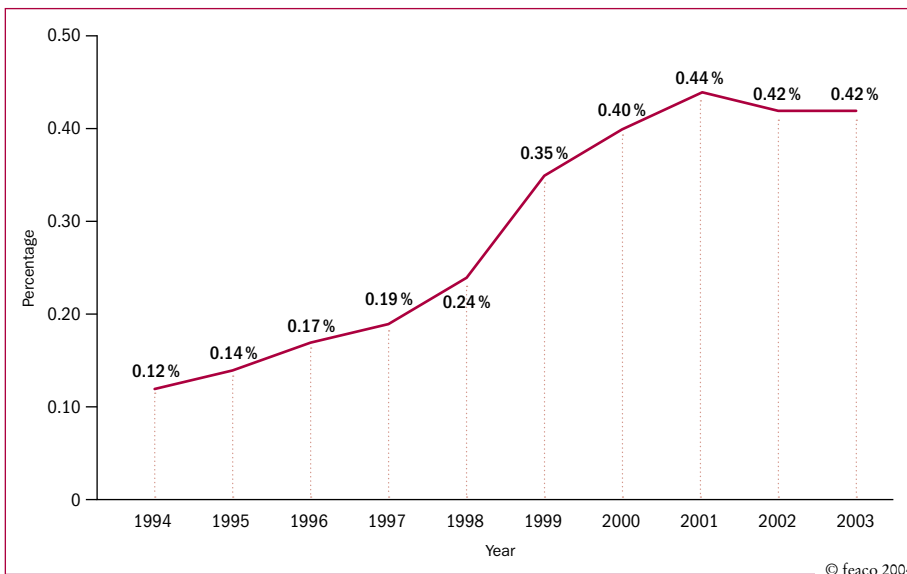


Fig. 4: Management Consulting (MC) as a Percentage of the GDP Europe, 1994 - 2003

In the past five years a continuous trend towards a strong concentration in the management consulting industry could be observed. Although the top 20 management consulting companies (average plus of 3 %) were worse off than the medium sized consulting companies (plus 4 %) and the small-sized companies which were again at the top with an average increase of turnover of plus 4.5 % they account for the lion's share of the market. Due to some mergers in this segment, this share increased by 3 % from about 53 % to about 56 %.

Fig. 5: Composition of the European MC-Market by Size of Consultancy, 1999 - 2003

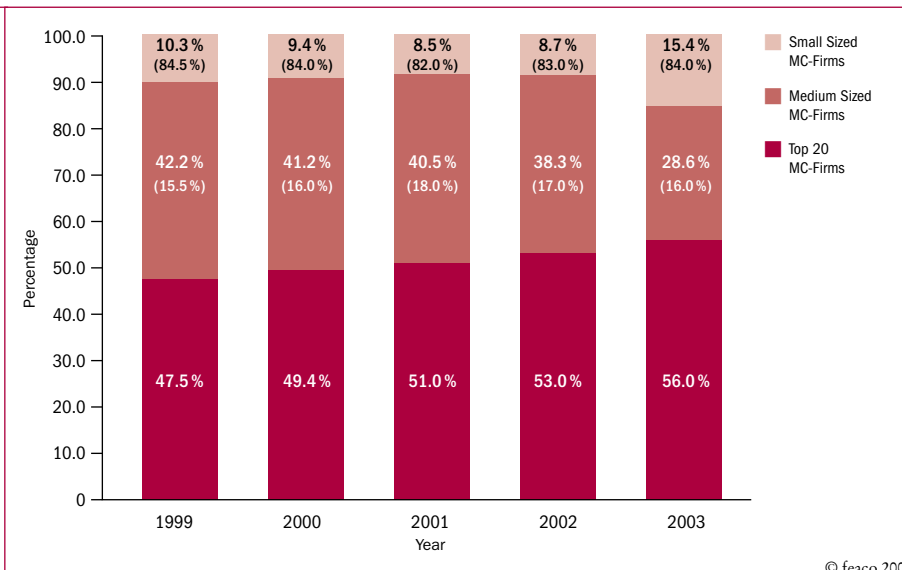
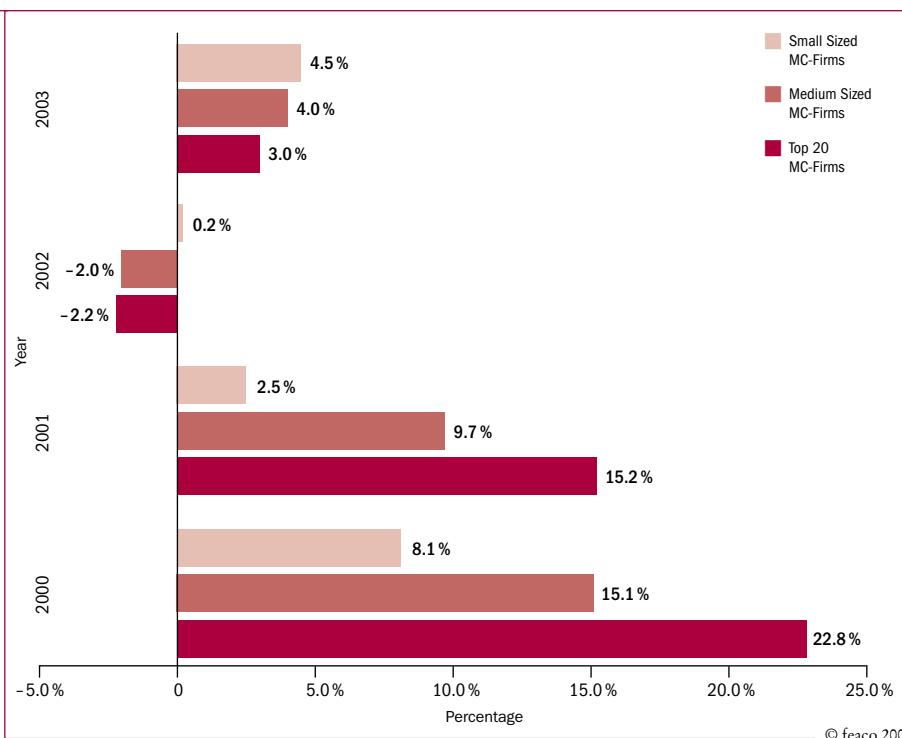


Fig. 6: Average Growth Rates by Size of Consultancy, 2000 - 2003



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 (CS)
3. Operations Management (OM)
4. Human-Resources (HR)-Management
5. Outsourcing Services (OS)

Though it is sometimes difficult to differentiate between these key service lines, Feaco has nevertheless defined 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 some of its importance of the late 1990s, this service line remains the biggest sector accounting for 28.1 % 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 2. While Sales/Marketing and Corporate Communication were one of the 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, totalling 12.4 %. Since 2001 strategy consulting revenues have been in decline. This service line still accounts for a market share of 17.4 %, compared to 25.8 % in 2001.

▶ **Operations Management 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 has continued to grow since the beginning of the economic downturn in the global and European economy. Growing cross-border activities of client companies and a necessary performance benchmarking together with a loss of cost advantages of European based companies through a weak Euro were two of the reasons for the significant growth of this service line which has become the second largest with a share of 26.9 %.

▶ **Human Resources Consulting** targets at improving the ‘people’ element of an organisation. These consulting services include recruitment and search & selection (3 %), training & development (2,6 %) and benefits and performance measurement (1.6 %) totalling to 10.2 % in 2003. HR-Consulting has gained a large significance in Europe during the last four years. The total revenues of 2.1 billion € in 2001 have more than doubled, now totalling to 4.9 billion €.

At many large management consulting firms, **Outsourcing Services (Managed Services)** have become increasingly significant. However, these managed services typically delivered as large scale outsourcing, business process outsourcing, application service providers, financial or HR process outsourcing should be regarded as a substitute for management consulting services and not as a driver of growth. Each time a company outsources part of its business or processes, the responsibility to maintain the standards or even to improve them is transferred to the external service provider and a potential consulting revenue stream is taken out of play. The market share of this sector has rapidly increased from 8.3 % in 2000 to 17.4 % in 2003.

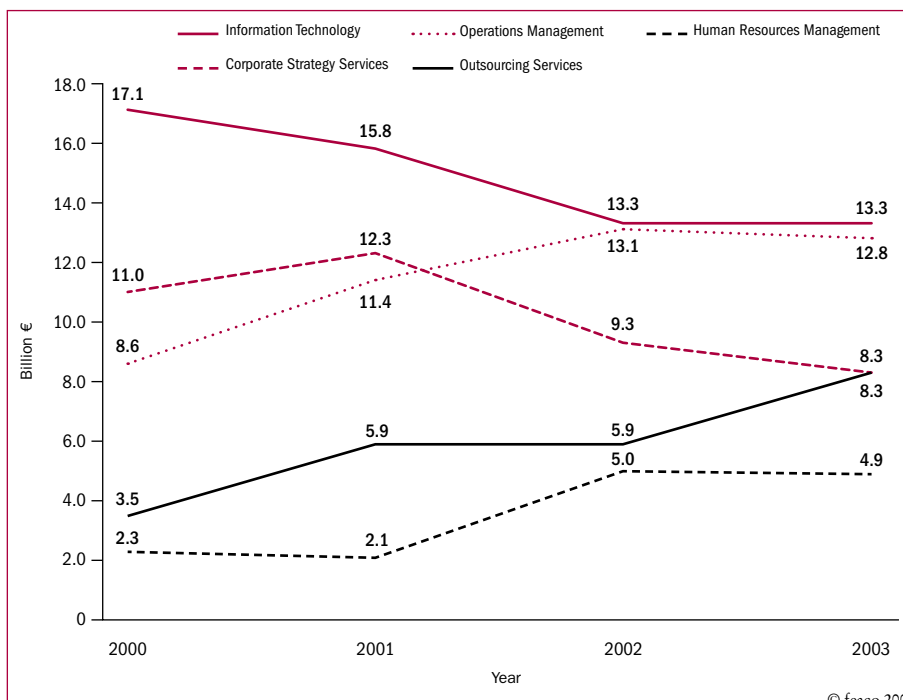
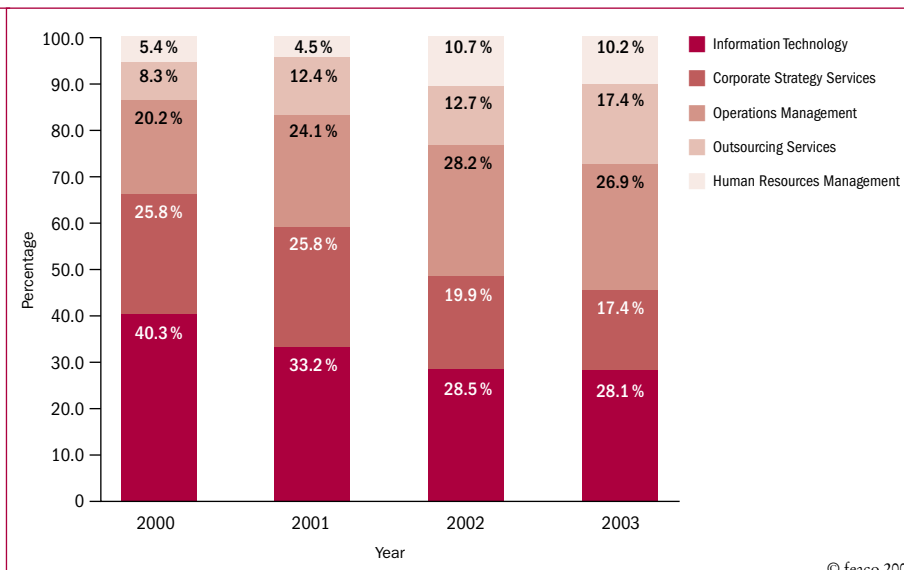


Fig. 7: Consulting Spending (bill. €) – Breakdown by Key Service Line, 2000 – 2003

Fig. 8: The European MC-Market Composition by Key Service Line, 2000 – 2003



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Tab. 2: The European MC-Market Composition by Service Line, 2000 – 2003

		2000	2001	2002	2003
Corporate Strategy Services	Strategic Planning/Organisation Development	13.0%	11.3%	8.1%	7.7%
	Mergers & Acquisitions	2.5%	2.5%	1.8%	1.7%
	Market & Competitive Intelligence	0.7%	1.0%	0.8%	0.9%
	Sales/Marketing/Corporate Communication	3.7%	1.6%	1.1%	1.8%
	Financial Advisory	4.0%	8.3%	7.1%	4.7%
	Other	2.5%	1.1%	1.0%	0.6%
Operations Management	Business Process Reengineering	7.0%	6.2%	4.9%	4.5%
	Change Management	2.0%	4.2%	3.2%	3.2%
	Customer/Supplier Relation Management	n.a.	n.a.	3.5%	3.5%
	Project Management	5.4%	7.5%	9.5%	9.6%
	Turnaround/Cost Reduction	n.a.	n.a.	3.5%	3.5%
	Purchasing & Supply Management	5.5%	3.5%	0.7%	0.6%
	Other	0.5%	2.7%	2.9%	2.1%
Human Resources Management	HR Strategy & HR Marketing	n.a.	n.a.	1.0%	0.7%
	Executive Coaching	n.a.	n.a.	1.0%	0.9%
	Recruitment/Search & Selection	2.2%	2.2%	2.3%	3.0%
	Benefits, Compensation & Retirement	0.2%	0.3%	0.6%	0.2%
	Performance Measurement & Management	n.a.	n.a.	1.6%	1.6%
	Training & Development	0.5%	0.7%	2.7%	2.6%
	Talent Strategies	n.a.	n.a.	0.5%	0.2%
	Other	2.5%	1.0%	1.0%	0.9%
Information Technology	IT Consulting	21.0%	18.0%	15.0%	14.8%
	IT System Analysis, Design, Development & -Integration	10.0%	13.7%	13.0%	12.9%
	Other	9.2%	1.5%	0.5%	0.3%
Outsourcing Services	8.3%	12.4%	12.7%	17.4%	
Total	100.0%	100.0%	100.0%	100.0%	

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n.a. = not available

C. Analysis by Client Industry

As a result of more centralized purchasing, better information sharing among clients, and a larger number of ex-consultants in the clients' labour pool, buyers of consulting services have become more sophisticated and demanding. They expect a profound knowledge of their industry and market and have a preference for more, inexpensive and shorter projects. Therefore, consulting firms are hiring more and more industry experts who require little ramp-up-time, enabling shorter projects. This growing demand for consultants with industry expertise has an obvious influence on the hiring of juniors from the top business schools. The demand from the banking sector, a sector traditionally in high demand of consulting services, dropped from approximately 6.3 billion € in 2002 to 5 billion € in 2003. A similar reduction could be observed in the automotive industry. Here the share dropped from 5.4% to 4%, or in absolute figures, from approx. 2.5 billion € to 1.9 billion €. The increase in public demand by 4.7 billion € during the last year to a total of 6.7 billion € illustrates that this sector plays an increasingly important role as a customer requesting consulting services.

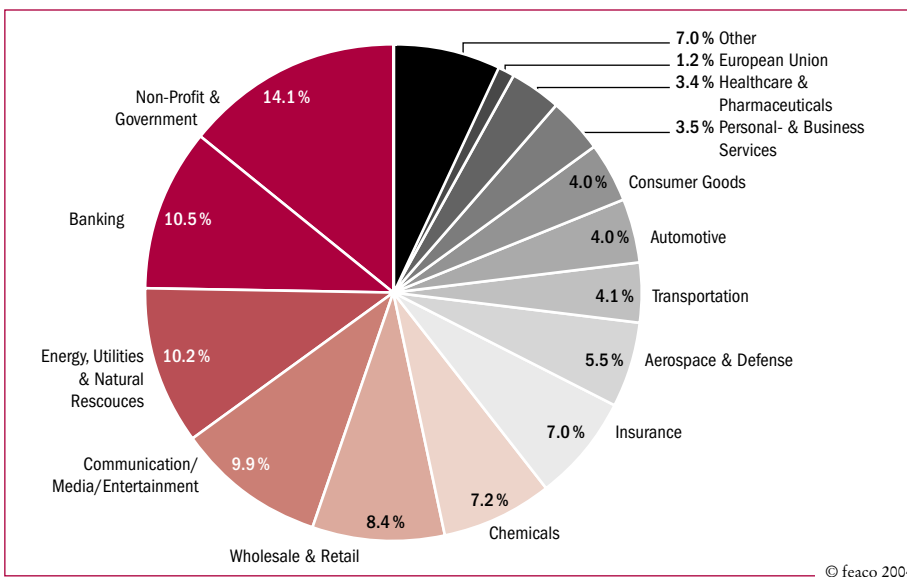


Fig. 9: The European MC-Market Composition by Key Industry Sectors, 2003

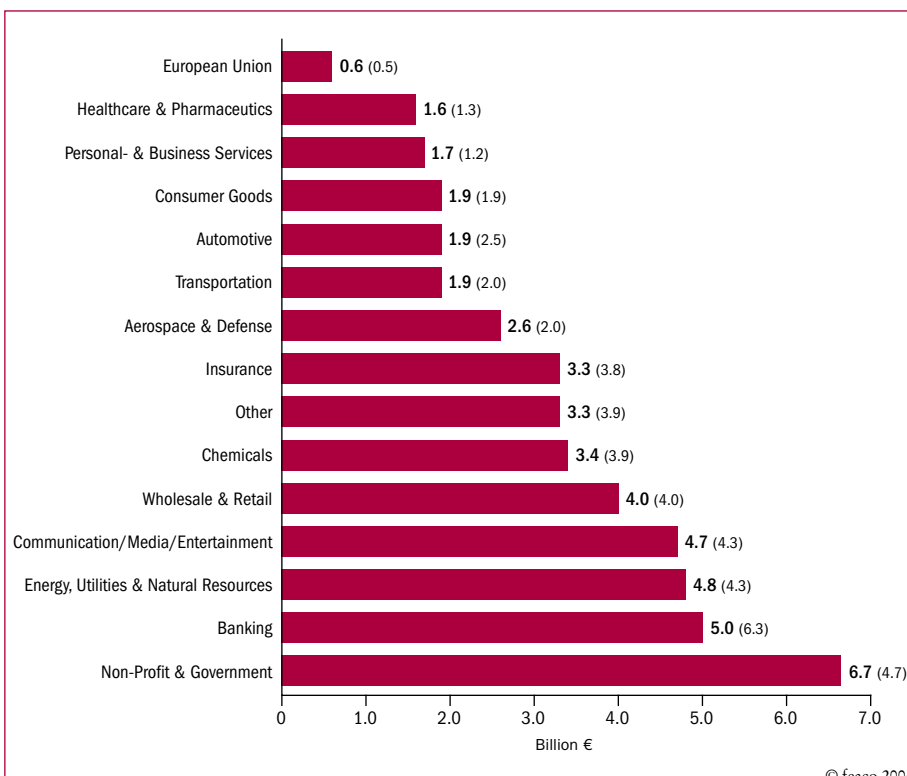


Fig. 10: Consulting Spending (bill. €) – Breakdown by Client Industry, 2003, () values 2002

D. Analysis by Country & Region

United Kingdom:

Due to higher growth rates during the last three years the UK has become the largest market for management consulting in Europe with a total turnover of 14.8 billion € and a share of 31.2 %. Traditionally, the UK market is more internationalised than the continental European countries, with a client behaviour similar to the US market. The largest service lines for consulting are: IT-Consulting & -Implementation (23.7%), Non-Profit & Government (21.8%), Project Management (12.1%), Wholesale & Retail (11.3%), Energy & Utilities (10.2%) and Strategic Planning & Organisation Development (8.5%).

Germany:

Germany is the second largest market with a total turnover of 13.1 billion € and a share of 27.6 %. Due to cultural attitudes towards external consulting, the German management consulting market is much less developed (measured as the proportion of the total turnover to the Gross Domestic Product) as e.g. the UK market. The largest service lines for consulting are: IT-Consulting & -Implementation (27.2%), Chemicals (15.4%), Banking (15.3%), Financial Advisory (9.6%), Communication/Media/Entertainment (8.8%) and Project Management (7.9%).

France:

France is the third largest market with a total turnover of 5.6 billion € and a share of 11.8 %. Mostly because of a struggling economy – France was the worst performing of the top four economies in the Euro zone for 2003 – the management consulting industry was one of the underperformers in Europe during the last two years besides Switzerland and the Nordic region. Financial Services (22%) and Communication/Media/Entertainment (16%) are the largest clients' industries.

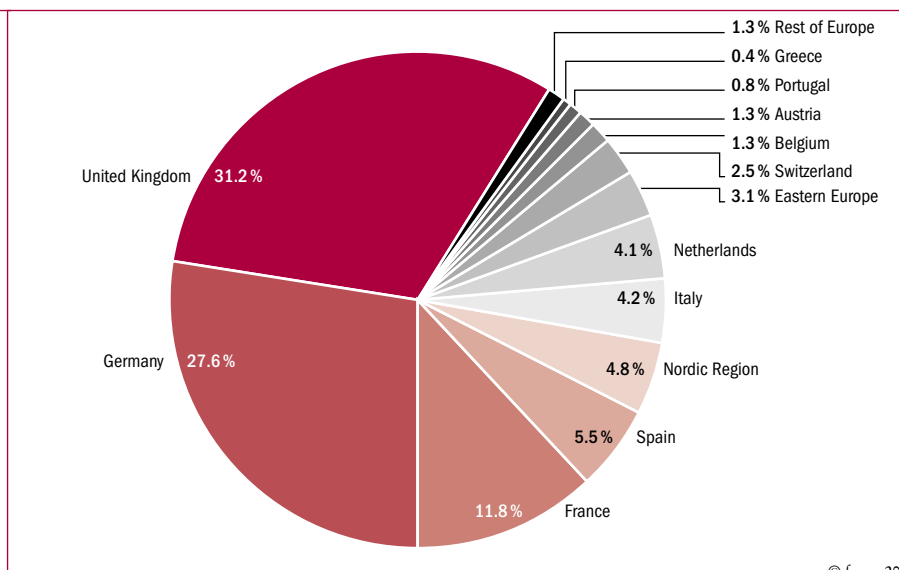
Spain:

Spain has become the largest market for consulting in Southern Europe with a total turnover of 2.6 billion € and market share of 5.5 %. The consultant-client relationship, traditionally very personal in these countries, became dominated by the buyers side as a result of increased price competition. The largest markets are: Banking (18.3%), Communication/Media/Entertainment (15.4%) and Energy & Utilities (14.8%). The Spanish market is dominated by IT Consulting with a share of almost 65%.

Italy:

Unlike Spain, the second largest consulting market in Southern Europe and the fifth largest in Europe was characterized by decreasing average growth rates of 2.5%. The largest service lines are: IT Consulting (20%), Banking (20%), Training & Development (14%), Wholesale & Retail (14%), Non-Profit & Government (12%) and Strategic Planning & Organisation Development (10%).

Fig. 11: The European MC-Market Composition by Country/Region, 2003



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Selected European MC-Markets

A. Key Figures

The United Kingdom and Germany are the largest markets for management consulting services in Europe at 14.8 billion € and 13.1 billion €, followed by France (5.6 billion €) and Spain (2.6 billion €). Considering the number of management consultants within the respective country, Germany is still at the top with estimated 67,000 consultants, followed by the UK with 52,000 and Spain with 38,000 consultants. In terms of the proportion of consulting revenues to the Gross Domestic Product, the consulting industry has the highest importance in the UK at 0.96 % followed by Germany at 0.44 % and Hungary (!) at 0.38 %.

Tab. 3: Key Figures of Selected European MC-Markets, 2003

Country	Total Turnover 2003 (in million €)	Marketshare in Europe	Average Growth Rate 2003	MC as % of GDP	Number of MC Firms	Number of Consultants	Turnover per Consultant (in €)
Austria	600	1,3%	2.00%	0.20%	3,000	10,000	60,000
Belgium	640	1.3%	-4.50%	0.18%	650	4,000	160,000
France	5,600	11.8%	-10.00%	0.28%	5,600	32,000	175,000
Germany	13,130	27.6%	1.00%	0.44%	14,000	67,000	195,000
Greece	205	0.4%	15.00%	0.12%	150	1,800	115,000
Hungary	215	0.5%	-2.00%	0.38%	420	3,500	60,000
Italy	2,000	4.2%	-2.50%	0.15%	3,200	25,000	80,000
Netherlands	1,950	4.1%	-3.00%	0.35%	3,700	10,500	185,000
Norway	500	1.1%	-13.00%	0.25%	600	4,000	125,000
Poland	240	0.5%	3.00%	0.15%	1,100	5,000	48,000
Portugal	370	0.8%	-5.00%	0.26%	750	6,000	60,000
Romania	95	0.2%	14.00%	0.23%	250	1,900	50,000
Russia *	698	1.5%	60.00%	0.04%	1,100	15,000	47,000
Slovenia	72	0.2%	13.00%	0.33%	700	1,200	60,000
Spain	2,600	5.5%	6.00%	0.31%	350	38,000	70,000
Sweden	825	1.7%	-12.00%	0.25%	650	4,000	205,000
Switzerland	1,200	2.5%	-8.50%	0.31%	650	5,400	220,000
UK	14,800	31.2%	13.00%	0.96%	3,400	52,000	280,000
Rest of Europe	635	1.3%	n.a.	n.a.	12,100	15,000	42,000
Eastern Europe	1,470	3.1%	14.00%	n.a.	3,500	27,700	53,000
Nordic Region	2,300	4.8%	11.60%	0.24%	2,300	14,500	160,000
Europe	47,500	100.0%	3.50%	0.42%	58,000	310,000	150,000

* All information about the russian market has been provided by M & P Mikhailov & Partner, Moscow

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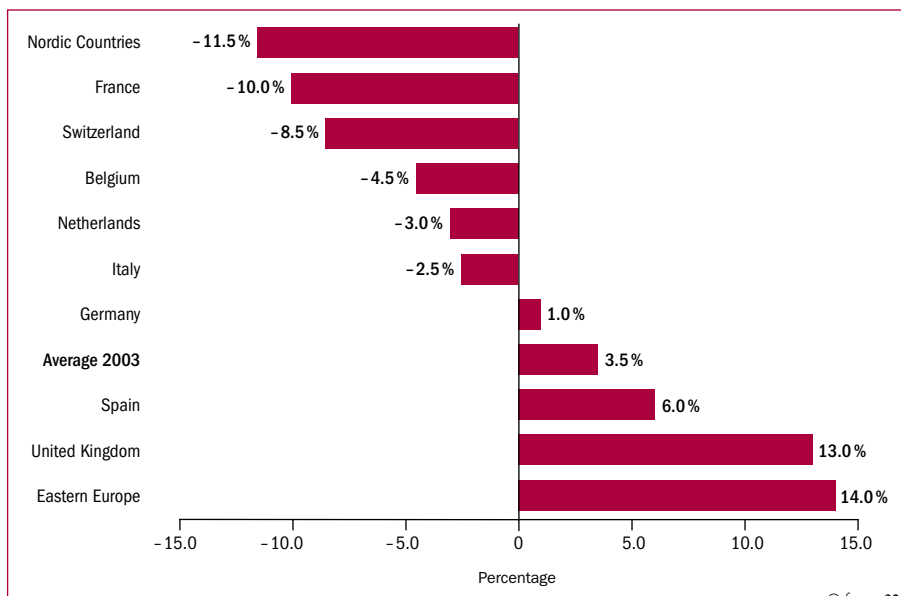
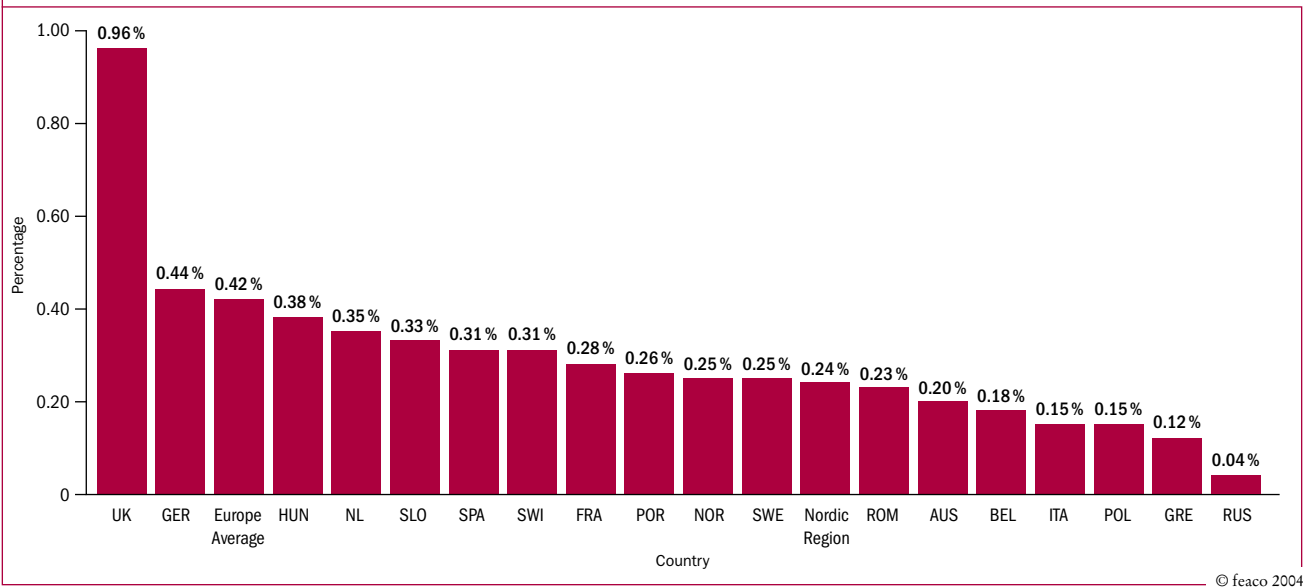


Fig. 12: Average Growth Rates – Breakdown by Country, 2003

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Fig. 13: Management Consulting as a Percentage of the Gross Domestic Product (GDP), 2003



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B. Analysis by Service Line

Tab. 4: European MC-Markets Composition by Service Line, 2003

Country	FRA	GER	GRE	HUN	ITA	NOR	POR	ROM	RUS	SLO	SPA	SWE	SWI	UK	
Corporate Strategy Services	Strategic Planning/Organisation Development	n.a.	4.8%	14.0%	28.0%	10.0%	27.0%	8.0%	5.0%	n.a.	6.0%	n.a.	32.6%	16.0%	8.5%
	Mergers & Acquisitions	n.a.	3.9%	0.5%	4.0%	1.0%	3.0%	3.0%	1.0%	n.a.	11.0%	n.a.	1.9%	1.0%	n.s.
	Market & Competitive Intelligence	n.a.	1.6%	1.5%	1.0%	1.5%	3.0%	8.0%	2.0%	n.a.	5.0%	n.a.	0.1%	2.0%	n.s.
	Sales/Marketing/Corporate Communication	n.a.	1.8%	1.5%	2.0%	6.0%	4.0%	6.0%	10.0%	n.a.	4.0%	n.a.	0.6%	2.0%	1.4%
	Financial Advisory	n.a.	9.6%	5.5%	14.0%	4.5%	2.0%	6.0%	16.0%	n.a.	9.0%	n.a.	0.1%	1.0%	1.8%
	Other	n.a.	0.6%	4.0%	0.0%	2.0%	0.0%	2.0%	5.0%	n.a.	10.0%	n.a.	0.5%	2.0%	0.3%
	Subtotal	15.0%	22.3%	27.0%	49.0%	25.0%	39.0%	33.0%	39.0%	13.0%	45.0%	3.5%	35.8%	24.0%	12.0%
Operations Management	Business Process Reengineering	n.a.	5.9%	6.0%	1.0%	8.0%	0.0%	2.0%	2.0%	n.a.	14.0%	n.a.	11.9%	9.0%	2.1%
	Change Management	n.a.	4.0%	2.0%	3.0%	4.0%	13.0%	1.0%	0.0%	n.a.	4.0%	n.a.	10.7%	4.0%	1.5%
	Customer/Supplier Relation Management	n.a.	7.2%	2.5%	1.0%	4.5%	0.0%	5.0%	1.0%	n.a.	3.0%	n.a.	2.5%	5.0%	n.s.
	Project Management	n.a.	7.9%	19.0%	9.0%	4.5%	16.0%	2.0%	19.0%	n.a.	6.0%	n.a.	3.1%	6.0%	12.1%
	Turnaround/Cost Reduction	n.a.	7.2%	1.0%	2.0%	2.0%	0.0%	5.0%	2.0%	n.a.	3.0%	n.a.	4.0%	9.0%	n.s.
	Purchasing & Supply Management	n.a.	0.5%	1.0%	1.0%	3.5%	1.0%	5.0%	3.0%	n.a.	3.0%	n.a.	0.0%	4.0%	n.s.
	Other	n.a.	0.2%	3.5%	11.0%	3.5%	0.0%	2.0%	7.0%	n.a.	2.0%	n.a.	2.5%	5.0%	3.1%
Subtotal	38.0%	32.9%	35.0%	28.0%	30.0%	30.0%	22.0%	34.0%	12.4%	35.0%	9.7%	34.8%	42.0%	18.8%	
Human Resources Management	HR Strategy & HR Marketing	n.a.	0.6%	1.5%	2.0%	0.5%	0.0%	2.0%	0.0%	n.a.	1.0%	n.a.	6.9%	0.0%	n.a.
	Executive Coaching	n.a.	0.8%	0.5%	2.0%	0.5%	10.0%	1.0%	0.0%	n.a.	1.0%	n.a.	3.1%	0.0%	n.a.
	Recruitment/Search & Selection	n.a.	4.1%	3.0%	6.0%	3.0%	4.0%	2.0%	7.0%	n.a.	3.0%	n.a.	5.7%	0.0%	n.a.
	Benefits, Compensation & Retirement	n.a.	0.2%	1.5%	3.0%	0.5%	0.0%	1.0%	0.0%	n.a.	1.0%	n.a.	0.6%	0.0%	n.a.
	Performance Measurement & Management	n.a.	2.4%	1.0%	1.0%	0.5%	5.0%	1.0%	0.0%	n.a.	1.0%	n.a.	0.0%	0.0%	n.a.
	Training & Development	n.a.	1.1%	1.5%	6.0%	14.0%	2.0%	7.0%	6.0%	n.a.	4.0%	n.a.	11.3%	1.0%	n.a.
	Talent Strategies	n.a.	0.2%	0.0%	0.0%	0.5%	0.0%	1.0%	0.0%	n.a.	n.a.	n.a.	0.0%	0.0%	n.a.
Other	n.a.	1.3%	0.5%	0.0%	0.5%	0.0%	1.0%	0.0%	n.a.	n.a.	n.a.	0.0%	2.0%	n.a.	
Subtotal	10.0%	10.7%	9.5%	20.0%	20.0%	22.0%	16.0%	13.0%	7.1%	11.0%	1.1%	27.7%	2.0%	9.3%	
Information Technology	IT Consulting	n.a.	13.8%	19.5%	3.0%	11.0%	9.0%	8.0%	8.0%	n.a.	4.0%	n.a.	1.6%	16.0%	n.a.
	IT System Analysis, Design, Development & -Integration	n.a.	13.4%	4.0%	0.0%	8.0%	0.0%	9.0%	1.0%	n.a.	4.0%	n.a.	n.s.	8.0%	n.a.
	Other	n.a.	n.a.	0.0%	0.0%	1.0%	0.0%	3.0%	0.0%	n.a.	n.a.	n.s.	2.0%	n.a.	
Subtotal	31.0%	27.2%	23.5%	3.0%	20.0%	9.0%	20.0%	9.0%	67.5%	8.0%	64.3%	1.6%	26.0%	23.7%	
Outsourcing	6.0%	6.9%	5.0%	0.0%	5.0%	0.0%	9.0%	5.0%	0.0%	1.0%	21.4%	0.0%	5.0%	36.2%	
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	99.9%	99.0%	100.0%	

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n.s. = not significant, n.a. = not available

C. Analysis by Client Industry

Tab. 5: European MC-Markets Composition by Client Industry, 2003

Country	FRA	GER	GRE	HUN	ITA	NOR	POR	SLO	SPA	ROM	RUS	SWE	SWI	UK
Energy, Utilities & Natural Resources	8.0%	8.3%	8.5%	15.0%	9.0%	10.0%	4.0%	10.8%	14.8%	13.5%	46.3%	4.0%	17.0%	10.2%
Chemicals	8.0%	15.4%	2.5%	6.0%	5.0%	1.0%	5.0%	9.2%	0.5%	n.s.	4.5%	2.0%	2.0%	2.2%
Consumer Goods	6.0%	4.1%	11.5%	14.0%	9.0%	3.0%	15.0%	13.6%	3.1%	10.5%	4.2%	10.0%	8.0%	1.4%
Automotive	4.0%	8.6%	2.5%	3.0%	4.0%	1.0%	3.0%	4.2%	1.4%	5.0%	4.8%	3.0%	5.0%	0.4%
Aerospace & Defense	2.0%	2.7%	1.5%	n.s.	0.5%	5.0%	1.0%	0.2%	11.6%	n.s.	n.s.	n.s.	3.0%	9.9%
Transportation	4.0%	6.1%	8.5%	3.0%	2.0%	5.0%	4.0%	2.0%	12.4%	3.0%	5.3%	5.0%	5.0%	1.0%
Communication/ Media/ Entertainment	16.0%	8.8%	6.5%	7.0%	6.0%	12.0%	3.0%	3.6%	15.4%	3.0%	5.8%	10.0%	9.0%	8.7%
Wholesale & Retail	10.0%	5.3%	4.5%	6.0%	14.0%	5.0%	13.0%	4.4%	4.2%	4.0%	4.0%	2.0%	6.0%	11.3%
Banking	11.0%	15.3%	8.5%	7.0%	20.0%	2.0%	6.0%	4.0%	18.3%	n.s.	9.0%	2.0%	13.0%	4.3%
Insurance	11.0%	7.6%	2.5%	4.0%	4.0%	n.s.	8.0%	2.0%	5.3%	2.0%	1.1%	3.0%	6.0%	6.5%
Personal- & Business Services	1.0%	3.1%	6.5%	2.0%	3.0%	10.0%	10.0%	7.2%	0.1%	8.5%	9.8%	10.0%	1.0%	4.6%
Healthcare & Pharmaceuticals	5.0%	4.1%	3.5%	4.0%	5.0%	3.0%	4.0%	9.6%	1.3%	3.0%	0.6%	5.0%	5.0%	2.3%
Non-Profit & Government	9.0%	8.3%	22.5%	20.0%	12.0%	39.0%	8.0%	15.2%	9.8%	5.0%	n.s.	24.0%	10.0%	21.8%
European Union	4.0%	1.1%	10.5%	4.0%	0.5%	1.0%	14.0%	9.0%	n.s.	24.5%	n.s.	n.s.	n.s.	0.3%
Other	1.0%	1.2%	0.0%	5.0%	6.0%	3.0%	2.0%	5.0%	1.8%	18.0%	4.6%	20.0%	10.0%	15.1%
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%	100.0%

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D. Fee Rates

Many European countries were earmarked by margin pressures, decreasing fee rates and price sensitivity of their clients. This was not only a result of weakened economies but also a result of more centralized purchasing, better information sharing among clients, and a larger number of ex-consultants in the clients' labour pool. Buyers of consulting services have become more sophisticated and demanding. Throughout Europe fee rates vary enormously according to country/region, the size and specialisation of the consulting company 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
Austria	2,000	n.a.	n.a.	1,500	n.a.	n.a.	1,800	n.a.	n.a.	1,500	n.a.	n.a.
France	6,000	n.a.	n.a.	2,200	n.a.	n.a.	4,000	n.a.	n.a.	1,600	n.a.	n.a.
Germany	2,400	1,900	3,600	2,000	1,200	2,800	2,000	1,700	2,800	1,500	1,000	2,200
Greece	1,000	700	1,500	675	550	750	775	600	1,200	600	500	675
Hungary	1,265	400	1,920	522	350	750	757	300	1,520	466	320	650
Italy	2,000	n.a.	n.a.	1,400	n.a.	n.a.	1,500	n.a.	n.a.	1,000	n.a.	n.a.
Norway	1,500	1,400	1,700	1,200	1,000	1,500	1,400	n.a.	n.a.	1,100	n.a.	n.a.
Portugal	1,450	n.a.	1,720	1,200	n.a.	1,350	1,390	n.a.	1,490	1,050	n.a.	1,150
Romania	550	500	700	250	200	300	400	300	450	200	150	250
Slovenia	1,200	900	3,000	740	450	1,500	820	700	1,200	520	350	900
Sweden	1,600	1,200	2,200	1,870	900	5,000	1,400	1,200	1,800	1,825	900	2,500
Switzerland	2,520	980	n.a.	1,980	590	n.a.	1,830	430	n.a.	1,560	375	n.a.

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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
Austria	1,200	n.a.	n.a.	n.a.	n.a.	n.a.	600	n.a.	n.a.	n.a.	n.a.	n.a.
France	3,000	n.a.	n.a.	1,400	n.a.	n.a.	2,000	n.a.	n.a.	1,300	n.a.	n.a.
Germany	1,400	1,100	1,800	1,100	800	1,400	1,100	800	1,400	800	500	1,100
Greece	650	500	900	450	400	550	450	350	600	375	300	425
Hungary	588	250	704	415	280	550	386	150	448	200	150	350
Italy	1,000	n.a.	n.a.	800	n.a.	n.a.	600	n.a.	n.a.	400	n.a.	n.a.
Norway	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Portugal	1,280	n.a.	1,360	980	n.a.	1,050	900	n.a.	950	880	n.a.	960
Romania	200	150	250	100	75	125	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Slovenia	550	400	800	340	280	500	350	250	450	230	150	300
Sweden	1,250	1,100	1,800	1,100	n.a.	n.a.	950	900	1,200	800	n.a.	n.a.
Switzerland	1,450	395	n.a.	1,290	335	n.a.	1,340	375	n.a.	1,030	270	n.a.

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

Country	Partner/Company Manager		Senior Consultant		Consultant		Junior Consultant/Associate	
	Top 40 IT Companies	Medium & Small IT Companies	Top 40 IT Companies	Medium & Small IT Companies	Top 40 IT Companies	Medium & Small IT Companies	Top 40 IT Companies	Medium & Small IT Companies
	Average	Average	Average	Average	Average	Average	Average	Average
Austria	1,100	n.a.	800	n.a.	600	n.a.	n.a.	n.a.
France	2,500	1,600	1,500	n.a.	1,300	850	800	800
Germany	2,400	1,900	1,900	n.a.	1,200	1,000	900	700
Italy	1,400	1,150	1,000	n.a.	500	500	300	250
Portugal	1,650	1,550	1,410	n.a.	1,030	1,200	960	980
Romania	n.a.	600	n.a.	n.a.	n.a.	160	n.a.	n.a.

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

Country	Partner/Company Manager		Senior Consultant		Consultant		Junior Consultant/Associate	
	Top 40 HR Companies	Medium & Small HR Companies	Top 40 HR Companies	Medium & Small HR Companies	Top 40 HR Companies	Medium & Small HR Companies	Top 40 HR Companies	Medium & Small HR Companies
	Average	Average	Average	Average	Average	Average	Average	Average
Austria	2,200	1,500	1,200	n.a.	1,200	800	800	400
France	2,400	1,700	1,500	n.a.	2,000	1,400	1,800	1,300
Germany	2,800	2,600	2,300	n.a.	2,100	1,900	1,400	1,100
Italy	1,500	1,200	900	n.a.	800	750	500	300
Portugal	1,200	1,030	960	n.a.	920	880	860	820
Romania	600	n.a.	n.a.	n.a.	200	n.a.	n.a.	n.a.

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E. Consultancy Trends and Outlook

Austria	2001	2002	2003
Market Size	558	560	600
Growth Rate	1.1%	0.0%	2.0%
Management Consulting Firms	2,200	2,200	3,000
Management Consultants	6,200	6,200	10,000
Key Service Lines:	n.a.	n.a.	n.a.
Key Industry Sectors	n.a.	n.a.	n.a.

► **2003:** The large Austrian consultancy companies registered a decline in revenue in 2002. Medium size companies fared far better.

International and a few national events contributed to increased criticism of management consultants. The public does not differentiate between public accountants, management consultants, IT consultants or public relations experts.

Corporate strategy, mediation, export and e-business consulting gained in importance. Demand for IT consulting, as a result of the end of the IT hype, and human resource management, as a result of a drastic change in the market, especially in the telecommunications sector, decreased. Demand from the finance sector decreased as well.

Consulting projects changed in that there were less very large projects.

► **2004:** For 2004 the market is expected to grow with about 5 %.

As a result of the accession, demand for consulting related to export to Central and Eastern European countries is expected to grow. Demand from the services sector is likely to increase, whereas demand from the central government will probably decrease.

France	2001	2002	2003
Market Size	7,800	6,230	5,600
Growth Rate	15.0%	- 1.0%	- 10.0%
Management Consulting Firms	11,800	6,200	5,600
Management Consultants	40,000	40,000	32,000
Key Service Lines:	CS (23.0%); OM (37.0%); IT (29.0%); HR (3.0%) OS (8.0%);	CS (27.0%); OM (33.0%); IT (28.0%); HR (10.0%) OS (2.0%);	CS (15.0%); OM (38.0%); IT (31.0%); HR (10.0%) OS (6.0%);
Key Industry Sectors	Banking (21.0%); Manufacturing (20.0%); Communication/Media/ Entertainment (10.0%)	Banking (15.0%); Communication/ Media/Entertainment (12.0%); Insurance (11.0%)	Communication/Media/ Entertainment (16.0%); Banking (11.0%); Insurance (11.0%)

► **2003:** 2003 was characterized by an absence of economic recovery and poor perspectives leading to corporate cost reduction programmes and central administration budget control. Long decision-making processes, systematic competition, pressure on rates and lower budgets marked the consultant-client relationships.

Service areas that gained in importance were Operations Management and Outsourcing services (BPO). Demand for strategy services decreased.

As regards the business industry sectors, only the demand from the telecommunications sector increased, due to the recovery of the sector. Demand from the banking sector, as a result of cost reduction programmes in retail banking, and the central administration, because of budget freezes, decreased.

Overall, there was a noticeable drop in the number of projects and large IT related projects seem to have disappeared. Demand tended to be split between those consultancies that can provide highly qualified consultants and those who have manpower.

► **2004:** Improvement is expected toward the end of 2004. Management consultancy firms predict an average increase of 6 % for 2004.

Operations management is expected to grow, whereas systems integration is expected to decline.

As a result of new regulations, such as Basel II and profit recovery it is expected that demand from the banking sector will grow as well as demand from the local authorities as a result of decentralization and implementation of new regulations.

Germany	2001	2002	2003
Market Size	12,900	13,000	13,130
Growth Rate	4.0%	- 4.5%	1.0%
Management Consulting Firms	14,500	13,000	14,000
Management Consultants	70,000	68,700	67,000
Key Service Lines:	CS (26.0%); OM (25.0%); IT (40.0%); HR (5.0%); OS (4.0%);	CS (22.5%); OM (33.3%); IT (27.8%); HR (11.1%); OS (5.3%)	CS (22.3%); OM (32.9%); IT (27.2 %); HR (10.7 %) OS (6.9 %);
Key Industry Sectors	Manufacturing (24.0%); Banking (20.0%); Communication/Media/ Entertainment (12.0%)	Banking (16.4%); Chemicals (14.7%); Automotive (10.5%)	Chemicals (15.4%); Banking (15.3 %); Communication/Media/ Entertainment (8.8%)

► **2003:** The growth rates in the two-digit range of the two boom years 2000 and 2001 were above all caused by big project volumes in the course of the switchover to the year 2000, the introduction of the Euro and the dynamic development of New Economy companies. These extraordinary factors contributed considerably to an increased demand for IT projects by our clients.

In past years specific consulting areas, i.e. strategy consulting, operations management, IT-consulting and human resource management did not develop in a uniform manner. While in 1998 the share of IT consulting projects was 42 % of the total turnover, and even represented 43.4 % in the year 2000 it began to fall continuously in all subsequent years and was only 27.2 % in 2003. At the same time clients started to become more and more interested in the consulting segment of operations management. At the centre of the projects were overwhelmingly reorganisation and rationalisation measures resulting in immediate cost savings. While the share of organisation consulting was 19 % in 1998, it increased to over 32.9 % by the year 2003. In the same period the clients' demand for strategy consulting, which focuses on the medium and long-term development of organisations, fell from 30 % to about 22.3 %.

In 2003 the demand for consulting projects increased to 31.5 % (from 30.9 % in 2002) in the manufacturing industry; compared to the previous year this corresponds to an increase of two per cent. Demand from the public sector went up by a satisfactory five per cent and thus made up 9.4 % of all projects (2002: 8.9 %). The demand for consulting services by banks and insurance companies decreased from 24.9 % in the year 2002 to 22.9 % in the year 2003. A reduced demand in the amount of 5 % was also noticeable in the IT and media sector where the companies' negative business development led to further cuts in consulting budgets.

► **2004:** For the year 2004, German management consultants are looking more optimistically to the future market development again. Approximately 41 % of the consulting companies are planning to increase the number of their employees. Only roughly five per cent envisage to reduce the number of their staff. It is assumed that about 7,000 to 8,000 management consultants will be hired in 2004 and that the chances of deciding in favour of an interesting job profile and taking up an interesting job will be increasing again which was not the case in the last two years.

German companies have postponed important investments into the future in the last two years and rather decided in favour of consulting projects the cost of which was covered by short-term success. Since the last quarter of the year 2003 there are signs that the resulting investment backlog will now be dissolved. After two years of reduced revenue the branch is now expecting the return to a positive market development with a growth rate in the low one-digit area in 2004. Increased revenue can be expected in the current year as a consequence of intensive efforts by our clients to plan growth-oriented projects, to guarantee the security of their IT systems better and to optimise IT driven distribution and delivery structures. Also already planned or possible mergers, e.g. in the banking sector or in the pharmaceutical industry combined with more and more IPOs will help management consultants to boost their business opportunities. Many owners of small and medium sized companies are also badly prepared for the changes to be implemented in the year 2006 with regard to loan granting procedures (Basel II). There is also a need for catching up with the development of suitable risk management systems which have been made mandatory in the provisions of the Act on control and transparency (Gesetz zur Kontrolle und Transparenz (KonTraG)) in the corporate area. In industry the topic of Supply Chain Management is gaining in importance, i.e. the optimisation of supply chain processes. For trading companies the improvement of their business relations with customers and suppliers (Customer Relationship Management) and the more intensive use of modern communication techniques in their marketing activities (Multi-Channel Marketing) continues to become more important. Many companies from industry and trade will deal for the first time or on an ongoing basis with the possibilities of outsourcing. Here consulting firms offer their services as partners in the area of information technology, services or human resource management. An increase in the demand for management consulting is to be expected from the public sector and the health market as considerable restructuring and process adjustment will have to be coped with by them.

Greece	2001	2002	2003
Market Size	149	180	205
Growth Rate	22.5 %	19.5 %	15.0 %
Management Consulting Firms	140	180	150
Management Consultants	1,550	1,700	1,800
Key Service Lines:	CS (26.0%); OM (38.0%); IT (27.0%); HR (5.0%) OS (4.0%);	CS (28.0%); OM (40.0%); IT (22.0%); HR (5.0%) OS (5.0%);	CS (27.0%); OM (35.0%); IT (23.5%); HR (9.5 %) OS (5.0%);
Key Industry Sectors	Manufacturing (24.0 %); Banking (20.0%); Communication (12.0%)	Non-Profit & Government (16.0%); Consumer Goods (13.0%); Energy Utilities & Natural Resources (10.0%); Transportation (10.0%); Banking (10.0%)	Non-Profit & Government (22.5 %); Consumer Goods (11.5%); European Union (10.5%)

► **2003:** The Athen's 2004 Olympic Games, the Third Community Support Framework Program and market deregulation created the opportunities in 2003 and counterbalanced the negative effect of the problems with the implementation of the Third Community Support Framework, the decline of the financial market and the subsequent cost cutting, as well as the increasing number of low budget projects and the low fee rates for the public sector projects.

Clients became more demanding. Trust and credibility became important elements of business relationships. Companies/organisations working with consultancy firms required a very good understanding of the corporate environment and their business needs and the ability to provide an integrated business solution that adds value, whether alone or through a network of alliances and partnerships. The market is very price-sensitive.

The character of the consulting projects changed from large-scale projects to smaller engagements (in terms of time and involved resources, requiring more experienced consultants). In addition, projects required more involvement of consultants in the implementation phase.

Demand for Human Resource Management (Executive Search, Selection, Recruitment, Training and Development) and Information Technology increased; Demand for Operations Management/Business Process Reengineering and Corporate Strategy Services decreased. Demand from the non-profit sector and national government and for European Union programs gained importance, whereas demand from the consumer goods and personal and business services sectors lost importance.

► **2004:** Implementation of the Third Community Support Framework Program and public sector restructuring have stagnated in the first half of 2004 due to the national elections, but are expected to accelerate in the second half of 2004. The 2004 Olympics preparations continued to boost the market in the first half of 2004.

Services on the rise are Human Resource Management, IT-Consulting and Project Management; Business Process Reengineering and Corporate Strategy related projects are likely to decrease.

The banking, healthcare, media & entertainment, energy utilities and transport sector are expected to increase demand, and automotive, personal and business services and aerospace and defense are expected to fall back. Generally, private sector demand is expected to rise, as Greek companies improve their position and finances. Overall, the outlook for 2004 is positive.

Hungary	2001	2002	2003
Market Size	217	220	215
Growth Rate	10.0%	1.5%	- 2.0%
Management Consulting Firms	320	220	420
Management Consultants	3,100	3,100	3,500
Key Service Lines:	CS (44.0%); OM (27.2%); IT (9.9%); HR (17.9%); OS (1.0%)	CS (39.0%); OM (28.0%); IT (9.0%); HR (24.0%); OS (n.s.)	CS (49%); OM (28%); IT (3.0%); HR (20.0%); OS (n.s.)
Key Industry Sectors	Manufacturing (18.0 %); Communication (14.0%); Healthcare (11.0%)	Non-Profit & Government (14.0%); Consumer Goods (14.0%); Energy Utilities & Natural Resources (12.0%); Communication/Media/ Entertainment (12.0%)	Non-Profit & Government (20.0%); Energy, Utilities & Natural Resources (15.0%); Consumer Goods (14.0%)

► **2003:** The economic recession had at the same time a negative and positive effect on the Hungarian management consultancy market. A negative effect, in the form of a reduction in projects and a decrease in spending on consulting, and a positive effect as it made cost cutting and efficiency improvement an issue, which led to an increase in demand in these areas.

The accession to the EU continued to have a positive impact in the form of accession related tenders for institutional development and regional co-operation projects. The accession also resulted in an increased interest in environmental protection and, particularly in the second half of 2003, the consolidation in the public sector played an important role. Unfortunately, the rather sloppy preparation for the accession also resulted in a lack of systematic actions. Demand for advise on mergers and acquisitions increased.

The overvalued national currency hampered further development of the market and the resulting low economic growth caused direct foreign investments to remain low. Cutbacks in government spending meant a slowdown of public sector projects.

The lay-offs by big consulting companies resulted in higher number of free lancers on the consulting market. The organisational development profession is in the process of changing paradigms.

The consultant-client relationship was characterized by an increased importance of trust in the competence and expertise of the consultants and a continuous presence of and close co-operation with the client. Increased professionalism of the clients required consultants to be more professional and assertive, especially in the area of project management. Clients demanded integrated services, quick delivery and tangible results. There were more small projects, smaller players and many subcontractors in the engagements. Pressure on fees continued as price competition among consultants increased.

No major changes in demand were noted, strategic planning, mergers and acquisitions, performance management, operations management (cost cutting), executive coaching, preparation of tenders (EU), organizational development, change management and training continued to gain in importance. Quality management (including ISO), due diligence, project management and IT-Consulting (systems implementation) continued to lose importance.

Demand increased from the services, wholesale and retail, public administration, EU institutions, healthcare, energy, utilities and transport sectors and chemicals.

Demand from the aerospace and defense, banking and telecommunications sectors continued to decrease.

► **2004:** 2004 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.

There is some uncertainty about the degree of impact different market factors may have on the market. The EU accession is expected to lead to a boom in the public sector-related management consulting activities, although reforms are implemented very slowly. However, at the same time, restrictions on government spending are expected to continue.

Global economic growth, improving macroeconomic figures, initiated an increase in demand for consulting services at the beginning of the year 2004. Whether this marks the beginning of a new trend is still questioned. A minority of the Hungarian management consultants does not expect any major change but a continuation of last year's trend. In summary: moderate growth is expected in a difficult market.

Expected to grow: strategy, operations management, change management, outsourcing, performance evaluation, training, and client/supplier relationship management.

It is expected that EU related projects, Performance management (benchmarking), Supply chain management, Change management, Outsourcing, Interim management, Strategy and Training will continue to grow. Executive coaching, HR

systems and IT-Consulting are also expected to pick up again. Property evaluation and privatisation will be less demanded.

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

In the public administration the demand for management consulting services may increase (mainly related to EU accession and its requirements) – though it may be influenced by the restrictions in government spending. Energy, utilities & natural resources, media and entertainment, telecommunications, personal & business services – especially tourism, catering, automotive and projects related to environmental protection are all expected to increase their demand for management consultancy services.

Demand from the manufacturing, aerospace, defence, wholesale & retail and insurance sectors is expected to decline.

Italy	2001	2002	2003
Market Size	2,141	2,160	2,000
Growth Rate	5.0%	0.5%	- 2.5%
Management Consulting Firms	3,100	2,200	3,200
Management Consultants	23,800	23,600	25,000
Key Service Lines:	CS (38.8%); OM (20.4%); IT (29.4%); HR (7.9%); OS (3.5%);	CS (25.0%); OM (24.0%); IT (18.0%); HR (31.0%); OS (2.0%);	CS (25.0%); OM (30.0%); IT (20.0%); HR (20.0%); OS (5.0%);
Key Industry Sectors	Manufacturing (30.0%); Banking (22.1%); Communication (17.0%)	Banking (20.0%); Wholesale & Retail (14.0%); Consumer Goods (11.0%)	Banking (20.0%); Wholesale & Retail (14.0%); Non-Profit & Government (12.0%)

► **2003:** In 2003, the Italian market was characterized by a lack of competitiveness and insufficient managerial vision resulting in a delay in economical start-up and an insufficient growth rate. Demand for strategic planning fell back. Competition with emerging countries was regarded more as a risk than an opportunity.

The consultant-client relationship is generally lacking credibility. The influence of the consultants towards the clients weakened. Assignments are agreed on a day-by-day basis, with full acceptance of the request of the clients, even if they are wrong. Clients are creating internal consultancy services. Fees fell further. There is a lack of transparency of services.

A few areas such as Project Management/CRM, HR (Training & Education), IT-Consulting and Outsourcing still gained in importance.

Demand from the healthcare, transportation, business services, non-profit & government increased demand from the insurance, communication/media and banking sector decreased.

Projects decreased in number and size as a result of drastic cost cutting in all sectors. Long-term project are decreasing, only problem solving projects became urgent, forcing consultancies to increasingly use junior consultants instead of seniors.

► **2004:** The lack of competitiveness of the Italian industry is largely due to an insufficient interest in and demand for strategy and systems innovation. There is little hope for a rapid improvement of the management consultancy market.

Nevertheless, demand for outsourcing services, Change management, HR Training and Development and IT Consultancy is expected to increase. Strategic planning, Mergers & Acquisitions, Financial Advisory and Public Administration are likely decrease.

Demand from the healthcare, transportation, non-profit and business services sector is likely to increase, whereas demand from the insurance, banking and communication/media sectors will decrease further.

Norway	2001	2002	2003
Market Size	680	540	500
Growth Rate	4.0%	- 15.0%	- 13.0%
Management Consulting Firms	700	550	600
Management Consultants	5,000	4,300	4,000
Key Service Lines:	n.a.	n.a.	CS (39.0%); OM (30.0%); IT (9.0%); HR (22.0%); OS (n.s.)
Key Industry Sectors	n.a.	n.a.	Non-Profit & Government (39.0%); Communication/ Media/ Entertainment (12.0%); Energy Utilities & Natural Resources (10.0%); Personal- & Business Services (10.0%)

► **2003:** The general economic crisis caused potential clients to focus on cost reduction instead. The decline of the consulting started in the second half of 2002, and continued all through 2003. As a result, competition became fierce, causing a drop in fees.

Trouble in the audit and IT sectors had some effect on management consulting, however, most clients still regard our industry as sound, but are watching our steps more closely.

Long-term relationships, based on reciprocal trust and a good knowledge of our clients is of importance.

Clients focus sharply on deliverables and the right quality for the right fee rate.

There have been no considerable changes in the character of consulting projects; however there appears to be a tendency towards smaller projects.

► **2004:** It is expected that there will be a slow improvement of the market in 2004, but there is a lot of free capacity to fill before real growth may be registered. The small and medium sized companies seem to be better off than in the past few years. However, also some of the multinational companies have started to recruit again.

Demand for IT related projects is likely to increase. IT consulting suffered a severe cut back during the last couple of years and a normalisation of the situation is expected.

Demand for HR Management, probably executive coaching in particular, will go up due to the increased awareness of the ability of human factors to influence results.

Traditional strategic planning will decline, but strategy as a basis for change will continue to be required. Outsourcing seems to have lost popularity among clients.

Portugal	2001	2002	2003
Market Size	385	365	370
Growth Rate	- 5.0%	- 5.0%	- 5.0%
Management Consulting Firms	775	750	750
Management Consultants	6,000	6,000	6,000
Key Service Lines:	CS (35.0%); OM (15.0%); IT (28.0%); HR (15.0%); OS (7.0%)	n.a.	CS (33.0%); OM (22.0%); IT (20.0%); HR (16.0%); OS (9.0%)
Key Industry Sectors	Manufacturing (18.0%); Business Services (12.0%); Utilities (12.0%)	n.a.	Consumer Goods (15.0%); European Union (14.0%); Wholesale & Retail (13.0%)

► **2003:** In the last two years, the country was hit hard by the general economic recession. The situation worsened in 2003. In addition the government made cuts in public spending in order to lower the public deficit, which reached a level higher than the one allowed by the EU Stability and Growth Pact.

As a consequence, consumer and investor confidence decreased, many companies went bankrupt and the unemployment rate soared.

Consultancy companies were severely affected by this pessimistic economic situation. Consultants are complaining about delayed payments from clients, which is due to the economic crisis.

Clients are increasingly demanding consulting services with short-term results.

There has been a shift in the market towards specialization – clients search for consultants that have expertise in specific areas, for instance: financial advisory.

Strategic planning and services related to the financial area gained importance due to the difficulties that companies had to cope with. Information technology lost importance due to a significant decrease in private investment.

The marketing expenditures of the majority of the companies decreased and therefore the consulting services related to this area have also diminished.

Consumer goods is traditionally the sector that demands the most consultancy services. Wholesale & retail is also a very good client. The automotive industry lost importance because car sales tumbled in the last two years.

► **2004:** The economy seems to be recovering, albeit very slowly. Consultants are very cautious about the economic prospects for 2004.

Strategic Planning/Organisational Development will most probably gain in importance, as companies need to plan their activities in accordance with different scenarios. The uncertainty of the economic recovery demands more accurate and at the same time flexible strategies, so that companies know how to react to different market conditions.

Human Resources Management will continue to decline, as companies are not hiring new personnel and some are still laying off. The job market most probably will not improve considerably, as companies are not yet confident about the economic situation. There will be no significant changes.

Romania	2001	2002	2003
Market Size	75	90	95
Growth Rate	6.0%	7.0%	14.0%
Management Consulting Firms	n.a.	200	250
Management Consultants	1,800	1,900	1,900
Key Service Lines:	CS (40.0%); OM (29.0%); IT (12.0%); HR (19.0%); OS (n.s.)	CS (15.0%); OM (30.0%); IT (15.0%); HR (35.0%); OS (5.0%)	CS (39.0%); OM (34.0%); IT (9.0%); HR (13.0%); OS (5.0%)
Key Industry Sectors	Manufacturing (55.0%); European Union (20.0%); Business Services (7.0%)	European Union (40.0%); Energy, Utilities & Natural Resources (15.0%); Automotive (15.0%)	European Union (24.5%); Energy, Utilities & Natural Resources (13.5%); Consumer Goods (10.5%)

► **2003:** The EU accession process, political stability and continued economic growth, the increase in private investment and financial consolidation of the SME sector continued to have a positive effect on the development of the market.

On the other hand, there is still a low acceptance of consulting services as a commodity, both by the public and the private sector, which has a negative effect on the fees.

High taxation, a still unstable legislative climate and a significant level of bureaucracy continued to have an adverse effect on the development of the consultancy market.

Consultant-client relationships are characterised by trust and mutual understanding, but also by pressure on fees and deadlines. Corporate Strategy services and Operations Management have gained importance, whereas demand for Human Resources management and IT consulting has decreased.

Romanian consultants continue to develop and expand their services and work more often in consortia. Clients demand quality service and highly specialised, professional consultants.

► **2004:** It is expected that the Romanian management consultancy market will grow by 20%. The EU accession process offers good possibilities for growth to the management consulting sector, mainly due to increased foreign investment and the inflow of EU pre-accession and structural funds. The strengthening of the Romanian economy continues to be a significant driving force for the development of the management consultancy market.

Project management, financial advisory services and mergers and acquisitions are likely to grow, as well as demand from the European Union and the utilities, energy and natural resources sectors.

Russia *	2001	2002	2003
Market Size	332	n.a.	698
Growth Rate	45.0%	n.a.	60.0%
Management Consulting Firms	400	n.a.	1,100
Management Consultants	7,000	n.a.	15,000
Key Service Lines:	CS (53.8%); OM (7.5%); IT (31.1%); HR (3.4%); OS (4.2%)	n.a.	CS (13.0%); OM (12.4%); IT (67.5%); HR (7.1%); OS (n.s.)
Key Industry Sectors	Manufacturing (43.3%); Business Services (14.1%); Banking (10.3%)	n.a.	Energy, Utilities & Natural Resources (46.3%); Personal- & Business Services (9.8%); Banking (9.0%)

* All information about the Russian market has been provided by M. & P. Mikhailov & Partner, Moscow

► **2003:** Continued economic growth, increase in industrial competition improvement in legal literacy and an increase of the RF Investment attractiveness ratio were the main market drivers in 2003. Increased state control formed a market restraint.

Consultant-client relationships were characterized by: demand and provision of complex services, compliance with confidentiality obligations, better quality; tying of the fees to the result and long-term cooperation objectives.

Demand for IT Services, Marketing Management and Financial Management, grew drastically. Production and Services Management – among other service areas – showed the lowest growth rate. Demand from the oil industry increased as the global increase of oil prices enabled the companies operating in this industry sector to allot more funds to improving financial management quality and introducing new IT technologies.

Demand from the electric power industry also increased as this sector was completely reorganized which created a need for Corporate Management Consulting services and Marketing Management.

The Mechanical Engineering sector was another area of growth as this sector started organizing its marketing methods and introducing corporate management information systems as well as functional managing systems (IT).

Demand from the banking sector increased as a result of the growth in the number of bank branch offices and a demand for better services from its clientele, which caused a higher demand for IT technologies, HR Management and Marketing.

Last but not least, the communication sector became more important because of the increased competition level in this industry. Companies were faced with a growing demand for high-quality financial management and a need to establish a better position on the market. The increase in subscribers led to a need for efficient billing systems as well as IT technologies.

According to the data for the year 2003 there was no single industry sector, which did not show an increased demand for at least one kind of consulting service.

Overall, the projects have grown bigger. Several years ago enterprises turned to consulting companies for a solution to basic problems or for a local task, now companies require a fundamental expansion of their management systems. (Business Optimisation as well as Change Management).

► **2004:** In 2003 there was a hype of mergers and acquisitions on the management consultancy market, which enabled the companies to offer more complex services. This resulted in clients viewing consulting services in a different way. The number of success stories has increased, which helped clients get a better understanding of when and on what terms it is effective to engage a consulting company.

The need of clients to better position themselves on the market caused a demand in marketing consulting services (branding, trademark management). It is noteworthy that these tasks became increasingly complex and acquired a more long-term character. Financial management issues are becoming more complicated as well and also relate to intangible assets.

The structure of the consulting services market in Russia becomes more and more “mature” and leading Russian consulting companies are starting to offer services to leading Russian companies, not only on Russian territory but abroad as well.

For 2004, it is expected that the consulting services market growth rate will remain the same. The market will become increasingly competitive, leading management consultancies to specialize. More mergers and acquisitions will lead to a further polarization of the market. Partnerships or cooperation with foreign consulting companies will become especially important for the Russian consulting companies’ goodwill.

Demand for all service areas will probably grow, but particularly IT Services, HR Management, Financial Management and Assessment activities.

Increased demand is likely to come from the oil industry, electric power industry, mechanical engineering, banking and communications industry, whereas demand from the aircraft engineering industry and the automotive industry is likely to decline.

Slovenia	2001	2002	2003
Market Size	56	65	72
Growth Rate	22.0%	13.0%	13.0%
Management Consulting Firms	550	600	700
Management Consultants	700	1,000	1,200
Key Service Lines:	CS (58.0%); OM (28.0%); IT (6.0%); HR (7.0%); OS (1.0%)	CS (59.0%); OM (28.0%); IT (4.0%); HR (8.0%); OS (1.0%)	CS (45.0%); OM (35.0%); IT (8.0%); HR (11.0%); OS; (1.0%)
Key Industry Sectors	Manufacturing (18.0%); Business Services (8.0%); Communication (7.0%); Transportation (7.0%)	Consumer Goods (12.0%); Non- Profit & Government (12.0%) Healthcare & Pharmaceuticals (10.0%); Wholesale & Retail (10.0%)	Non-Profit & Government (15.2%); Consumer Goods (13.6%); Energy, Utilities & Natural Resources (10.8%)

► **2003:** The development of the Slovenian market was boosted by a wide variety of drivers: The accession to the EU continues to be a main driver but increased institutional entrepreneurship and competitiveness support schemes (state programme), the development of new/old market in the former Yugoslav countries, business reorganisations and cost reduction schemes and the establishment of clusters, with an aim to improve competitiveness as a result of increased competition, played an important role.

At the same time the general decrease of the economy, increased competition in the management consultancy market as well as unfair competition combined with more demanding clients and pressure on the fees restrained market development.

Slow public administration and complicated tender procedures, processes and conditions had a negative effect on the development of the public market.

The consultant-client relationship was characterised by confidence, reference, professionalism, responsiveness, return on investment and personal relations.

Operations Management, HR management, mergers and acquisitions, financial advisory as well as corporate governance gained in importance.

Demand from the public market national and EU and from the energy, chemical, consumer goods and non-profit sector grew.

Demand for strategic planning and corporate strategies services, on the other hand, declined. As well as demand from the Transport, automotive, communication, media & entertainment and banking sectors.

2003 saw a continuation from the 2002 trend: smaller projects, more short-term projects and ever more demanding clients. New in 2003 was the demand for more experienced consultants and the fact that there were more interdisciplinary and international projects.

► **2004:** Expectations for 2004 are moderately optimistic: the market will continue to grow in 2004, but the growth rate could vary between 5 – 20 %.

Consultants are increasingly interested in networking, co-operations and partnerships in order to cope with increasingly demanding clients and integrated projects.

After the decline in corporate strategy it is now expected that demand will pick up again. Operations management will continue to play an important role. HR management, customer & suppliers Resource Management and Business Process Re-engineering are likely to grow.

Financial Advisory services are likely to decline as a result of the ending of the privatisation process and mergers and acquisitions.

Demand from the non-governmental sector will decrease because of the fact that NGOs will have less money after the accession to the EU. Expected also to decrease is demand from the communications, media and entertainment sector and the consumer goods sector.

Spain	2001	2002	2003
Market Size	2,375	2,450	2,600
Growth Rate	10.0%	3.2%	6.0%
Management Consulting Firms	n.a.	n.a.	350
Management Consultants	38,500	39,700	38,000
Key Service Lines:	CS (7.3%); OM (20.6%); IT (59.2%); HR (3.4%); OS (9.5%)	CS (3.8%); OM (11.8%); IT (67.6%); HR (1.1%); OS (15.7%)	CS (3.5%); OM (9.7%); IT (64.3%); HR (1.1%); OS (21.4%)
Key Industry Sectors	Banking (30.0%); Manufacturing (24.9%); Communication (17.8%)	Banking (23.0%); Communication/ Media/Entertainment (18.0%); Energy, Utilities & Natural Resources (14.0%)	Banking (18.3%); Communication/ Media/Entertainment (15.4%); Energy, Utilities & Natural Resources (14.8%)

► **2003:** 2003 was earmarked by economic uncertainty, reduced/delay of investments and budgets, cost cutting, efficiency, consultancy consolidation, margin pressure, price sensitivity, and a demand for outsourcing arrangements and value generation.

The consultant-client relation became dominated by the buyer side as a result of increased price competition and the fact that clients became more results driven. Clients required more industry knowledge, vertically integrated solutions, experience, and demonstrated return on investment.

New regulations (IAS, Basel II), Outsourcing, Information Technology Services and Operations Management gained importance, whereas Human Resources, Business Process and Strategy Consulting lost importance.

Work for the communication and media, finance, healthcare, aerospace and defense, and the public sector increased whereas the automotive and chemicals sector required less services. There were more smaller and well-defined value delivered projects.

► **2004:** The Spanish management consultancy market is expected to grow with about 3%, whereby the second half of the year will be better than the first, partially as a result of the impact of the general elections and the change of government. The strong Euro is likely to foster investments abroad of Spanish multinationals. Generally, perspectives for consultancy are good.

Outsourcing, application management and IT services (security, mobility, knowledge management etc) will continue to grow whereas Human Resources and Business Process Re-engineering are likely to continue to decline.

Spain expects more demand from the public administration, healthcare, aerospace and defense, communications, transportation and consumer goods sectors, and less from the automotive and chemicals industries.

Sweden	2001	2002	2003
Market Size	870	830	825
Growth Rate	n.a.	- 12.5%	- 12.0%
Management Consulting Firms	n.a.	700	650
Management Consultants	6,250	6,000	4,000
Key Service Lines:	n.a.	n.a.	CS (35.8%); OM (34.8%); IT (1.6%); HR (27.7%); OS (n.s.)
Key Industry Sectors	n.a.	n.a.	Non-Profit & Government (24.0%); Consumer Goods (10.0%); Communication/Media/ Entertainment (10.0%); Personal- & Business Services (10.0%)

► **2003:** The downturn of the economy caused a surge in cost reductions. The market was performing somewhat better than in 2002, but only marginally. Part of the general depression in trade could be subscribed to changes within the executive managements of the customers.

At the same time, personal contacts became more important. Customers put higher emphasis on the quality of the consultancy work as well as trying to keep costs down. The projects were more limited than before, both, time wise and money wise.

Operations Management (cost reduction), IT / telecommunications and the public sector gained importance whereas Operations Management (Project Management) and Marketing were reduced.

Where the private sector failed on basically all fronts, all turned to the public sector has a constant –although also decreasing- source of demand. Demand from the financial sector, large manufacturing companies, telecom and real estate clients increased somewhat.

The retail sector lost in importance.

Clients require more experienced consultants for often very specific demands. There were more smaller projects and tailor-made assignments with a strong focus on cost, cash flow and good, fast results. There was more interest in management and board capabilities in a changing world, analysis and on culture/people. Consultants noticed more price competition.

► **2004:** Sweden predicts a very competitive market, which is picking up from 2003, albeit from a low level. Most companies report optimistic expectations. As one company puts it “Growth is back in focus for many managers, leading to more projects, strategy and business development, mergers etc.” As a result, demand for assistance with cost cutting production, downsizing and lay-offs, but also marketing is likely to decline.

Areas for growth are Strategic Planning, HR Management, Operations Management, Organisation development in sales and service functions, IT/Communication services, mobile communications and production-oriented assignments

Most sectors are likely to increase their demand, but in particular the consumer goods, banking, energy, transportation, real estate and the machine and mechanical industry.

The public sector is likely to decline, as a result of budget cuts, and the retail sector as well.

Switzerland	2001	2002	2003
Market Size	800	690	1,200
Growth Rate	5.0%	- 17.0%	- 8.5%
Management Consulting Firms	600	700	650
Management Consultants	3,200	3,000	5,400
Key Service Lines:	CS (27.0%); OM (55.0%); IT (15.0%); HR (3.0%); OS (n.a.)	CS (24.0%); OM (70.0%); IT (n.a.); HR (6.0%) OS (n.a.)	CS (24.0%); OM (42.0%); IT (26.0%); HR (2.0%) OS (5.0%)
Key Industry Sectors	Manufacturing (38.0%); Banking (22.0%); Insurance (15.0%)	Banking (17.0%); Insurance (11.0%); Consumer Goods (10.0%)	Energy, Utilities & Natural Resources (17.0%); Banking (13.0%); Non-Profit & Government (10.0%)

► **2003:** The largest market restraint was the bad public image of consultants: the trend was not to use consultants (especially, when the public knew about it), and the fact that buyers became more sophisticated: they knew better what they really needed and wanted. The general economic recession continued to negatively affect the market causing over-capacities in a shrinking consultancy market, increased competition and pressure on fees. Clients had only restricted budgets at their disposal and were thus much focused on cost, which resulted in fewer initiatives.

Projects changed in that clients required demonstrated and measurable return on investment, delivered by only experienced consultants, and direct involvement of the partners. Junior consultants were no longer accepted. Clients wanted a customized and highly professional service, providing solutions and the implementation thereof. Large projects were divided into small projects, offered to those who delivered the quickest return on investment.

The client-consultant relationship became increasingly trust-based and clients demonstrated more leadership. Increased pressure on price.

Turn-around situations such as restructuring (Business process reengineering, strategy consulting and turnaround management) and cost cutting gained the most in importance. Also the demand for project management and outsourcing increased.

Demand for IT-projects and broad/ general assignments decreased as well as general management, Customer Relationship Management and Total Quality Management and projects aimed at pure cost reduction.

Sector-wise the public sector gained most in importance, followed by the energy and utilities, medical devices, financial industry and transportation sector.

Consultants reported a decrease in demand from the banking, insurance and telecommunications sector as well as from the high tech and consumer goods industry.

► **2004:** The outlook for 2004 is generally optimistic with an increased demand in all domains and probably a shift from cost reduction to growth/strategy oriented projects. The price pressure is expected to remain and a pursued structural change of the management consulting business

Strategic Leadership, CRM, Project Management, Change Management, Process Management and Innovation are likely growth areas. Likely to decline are cost cutting projects (with no further cost cutting possible...), Project Management, Turnaround Management and Large IT projects.

Demand from the health care, banking, insurance is expected to increase, whereas public sector demand will most likely decrease.

United Kingdom	2001	2002	2003
Market Size	12,900	13,600	14,800
Growth Rate	18.0%	1.0%	13.0%
Management Consulting Firms	12,000	13,400	13,400
Management Consultants	45,000	50,000	52,000
Key Service Lines:	CS (27.5%); OM (15.5%); IT (26.6%); HR (3.0%); OS (27.4%)	CS (15.0%); OM (22.7%); IT (26.0%); HR (9.3%); OS (27.0%)	CS (12.0%); OM (18.8%); IT (23.7%); HR (9.3%); OS (36.2%)
Key Industry Sectors	Manufacturing (31.7%); Banking (10.3%); National Administration (10.1%)	Non-Profit & Government 12.8%; Wholesale & Retail (12.5%); Energy, Utilities & Natural Resources (12.2%)	Non-Profit & Government 21.8%; Wholesale & Retail (11.3%); Energy, Utilities & Natural Resources (10.2%)

United Kingdom

► **2003:** Whilst overall market growth was estimated to be 13% and worth just under 10 billion £ these top-level figures disguise the fact that the vast majority of growth came from transformational outsourcing. However, management consulting, and the IT sectors actually shrank by about 9%. 2003 was a year of two halves. The first 6 months following the sluggish performance of 2002 but with the second half seeing a distinct increase in client demand. Broad financial recovery, particularly in the financial services sector is responsible for some of this growth coupled with release of pent up demand. The growth of the public sector spend to 22% of the total fees (2002: 13%) earned by MCA members was also a significant contributor.

The rapid growth of transformational outsourcing and the attendant off shoring is a considerable factor. Conversely the continuing decline in the strategy area over a number of years means that clients are looking for delivery as never before, coupled with downward pressure on margins.

Services areas which gained importance are outsourcing and the public sector. Outsourcing of non-core activities by clients particularly in the private sector as a more effective and economic means of achieving results. Public sector demand comes from a UK government which currently has committed to a major growth in the public sector with the stated intention of a major improvement in public services across the board.

Of the services that lost in importance, strategy is the most obvious. Clients seem to be unwilling to pay large sums for large-scale strategy projects where there are no clear deliverables.

In the public sector large-scale projects (National Health Service) continued to be let. However there has been a tendency to move away from the large IT projects in the public sector on the grounds that experience shows an indifferent success record. Recruitment on a selective basis has re-started but recruitment is cautious and there is a bias towards specific skill sets.

About feaco

A. The European Federation of Management Consultancies Associations

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► **feaco** the European Federation of Management Consultancies Associations was established in 1960 in Paris. 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** requires compliance with Guidelines for Professional Conduct and Best Practice, to 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:

17 from the European Union:

Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Poland, Portugal, Slovenia, Spain, Sweden, the United Kingdom and Cyprus

2 from EFTA: Norway and Switzerland

2 from Central & Eastern Europe: Bulgaria and Romania

1 affiliate member: Hong Kong

Representation

► **feaco** member associations represent more than 3,800 management consultancy firms with over 105,000 consultants. The total turnover of this group amounts to some €18 billion, representing approximately 38 % 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 various 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.

Objectives

► **feaco** is primarily an 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.

The main objectives are: the promotion of networking, internationalisation, best practice and business integrity, the coordination of activities of the member associations on national level, the communication of developments of relevance to the sector on EU level, and the representation of the sector on EU level.

Main Activities

- ▶ Its main activities are:
 - The development of 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)
 - 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.

Members of the Executive Committee of feaco (ExCo):

- Mr. Rémi Redley, Chairman (BDU, Germany)
- Mr. Bruce Petter, Secretary General (MCA, UK)
- Mr. Janko Arah, Director (AMCOS, Slovenia)
(for the Central & Eastern European countries)
- Mr. Antoine Beuve-Mery, Director (ASCOBEL, Belgium)
- Mr. Gil Gidron, Director & Honorary Chairman (AEC, Spain)
- Mr. Franco Guazzoni, Director (ASSOCONSULT, Italy)
- Mrs. Susanne Nielsen, Director (DMR, Denmark)
- Mr. Jean-Luc Placet, Director (Syntec Management, France)

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 compa-

nies, 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

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