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1999

Survey of the European Management Consultancy Market

feaco

Report Contents

Introduction by Gil Gidron
Chairman, European Federation of Management Consulting Associations (FEACO)

It gives me great pleasure to introduce the 1999 Edition of the FEACO Annual Survey of the European Management Consultancy Market.

The series of Surveys of the European Management Consultancy Market which FEACO has published in recent years are providing a clear and valuable picture of the development of Management Consultancy in Europe. The figures of the last five years show consistent and sustained growth, which has lead to management consultancy becoming one of the most dynamic and strategic sectors in the European economy.

The changed economic and social environment in Europe is generating countless and unlimited possibilities and opportunities for innovation in most industries. At the same time the continuing process of globalisation and relentless and fast moving change requires business to adapt in order to remain competitive. This situation is a stimulus to the demand of qualified and professional consulting services. The consulting sector is taking the challenge of assisting companies to seize the opportunities and to stay ahead of developments. Unsurprisingly, in this framework, industry is increasingly interested in investing in innovations in information technology and e-business.

Over the years the management consultancy has evolved and adapted to these new challenges and changes in the market place. 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, consulting companies that focus on niches of activity have developed, capable of providing services in specific areas and specific markets.

In parallel, the consulting industry is evolving and concentrating through growth, mergers and acquisitions. At the same time, it is progressing and new disciplines and capabilities are being integrated into the consulting profession.

It is estimated that there are around 260,000 management consultants operating in Europe. The consulting industry is not only an employment-generating activity for other business sectors, it is also one of the largest recruiters, particularly of University graduates, in Europe. The success of the management consulting industry is dependent on recruiting and retaining the most qualified professionals.

The 23 countries represented by FEACO account for € 33,5 billion which represents with comparable figures an increase of 14% despite a decrease in activity towards the end of the year as a result of growing concern about possible resource implications of year 2000 work. Germany and England still represent the biggest markets, but Nordic and Southern European countries are reporting the most impressive growth, an average of 20%, and are catching up fast.

FEACO is a Federation of 23 National Associations from across Europe. It has become the unified voice of our profession in Europe in order to promote the interests of Management Consultancy with the different European and International Institutions and a dynamic forum for networking and service provision for consulting professionals.

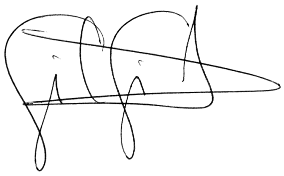
1999 was a pivotal year for FEACO. It revised its strategy, requiring more direct involvement from its member national associations and, in view of this, it has widen its activities for the future with the objective to develop the Management Consultancy market, raising its image and profile at European and International level.

On the European Commission front, activities have focused on the reform of the Commission. There was active FEACO involvement in the restructuring of the procedures for the provision of external aid projects by the European Union. Consultants are important players in the provision of external aid. The organisation and establishment of a new structure for external aid provision for the European Commission was observed closely and commented upon. FEACO, in co-operation with EFCA, the European Federation of Consulting Engineers, will organise, on 9 November 2000, the third Conference on "Consultancy and the European Union" where the reform and external relations issues will be debated by officials from the European Commission, Permanent Representations of the European Member States, Members of the European Parliament and Consultants.

The successful 1999 Conference on “Consulting in the new Millennium”, which was organised by FEACO in London in co-operation with Lafferty Publications, provided an excellent platform for a discussion on the future of the consulting industry. This year it is the turn of the BDU to host the World Conference entitled “Management Consultancy in a Single World”, from 4-7 October in Berlin, which is co-organised with FEACO in co-operation with our counterparts from the United States and Japan, as well as the input of the International Council of Management Consulting Institutes, ICMCI.

The Future

Embarked on the 21st century, FEACO remains positive about the future for our profession in Europe. Although prognoses indicate that the consultancy market in western Europe is relatively well developed I am confident as national consultancy markets in southern and eastern Europe mature and e-business takes off, the European-wide market will continue to grow. There are many challenges facing the industry in this new millennium. We, as management consultants, have to stay at the forefront of the changes in Europe and continuing globalisation, whilst at the same time meeting the ever higher expectations and demands of our clients. These challenges together with recruiting, training, rewarding and retaining talent are the main priorities for the future.



Gil Gidron
FEACO Chairman

Summary

In the year 1999 the European Management Consulting (MC) marketplace once again experienced a remarkable growth. Approximately 260,000 consultants in 40,000 firms generated a € 36 billion turnover. In 1999 – as in the three previous years – European MC-firms saw two-digit growth rates, amounting to 15.9%, compared to 15% in 1998. However, prognoses indicate that the rates are likely to decrease slightly in the coming years. According to FEACO estimates the growth rate will nevertheless reach 15.5%, thus still averaging the rate of the of the past 4 years.

An impressive increase in terms of turnover could be observed in the Nordic Region (Denmark, Finland, Norway and Sweden) (averaging 20%), as well as in Greece (21%), Portugal (20%) and Spain (19.5%). The remarkable increase in consulting activities (measured by the proportion MC turnover represents of the European GDP) , from 0.14% in 1995 to 0.33% in 1999, is a further indication that MC in Europe is steadily gaining in importance. Compared to the United States, where the MC turnover accounts for about 0.5% of the GDP, Europe still has a considerable growth potential in this industry sector.

In Europe, Germany is the biggest market with a proportion of about 32%, the second biggest is the United Kingdom with 27%.

In 1999, IT-Consulting was not only the most important service line in terms of turnover (44% of total turnover), it also experienced the highest growth rate with 38%. Analysts expect another increase to 48% for the year 2000. FEACO estimates that besides @Business solutions the following consulting services in particular will gain significance in turnover:

- Mergers & Acquisitions Consulting (2% to 3.7%) and
- Change-Management (1.1% to 1.5%),

as opposed to

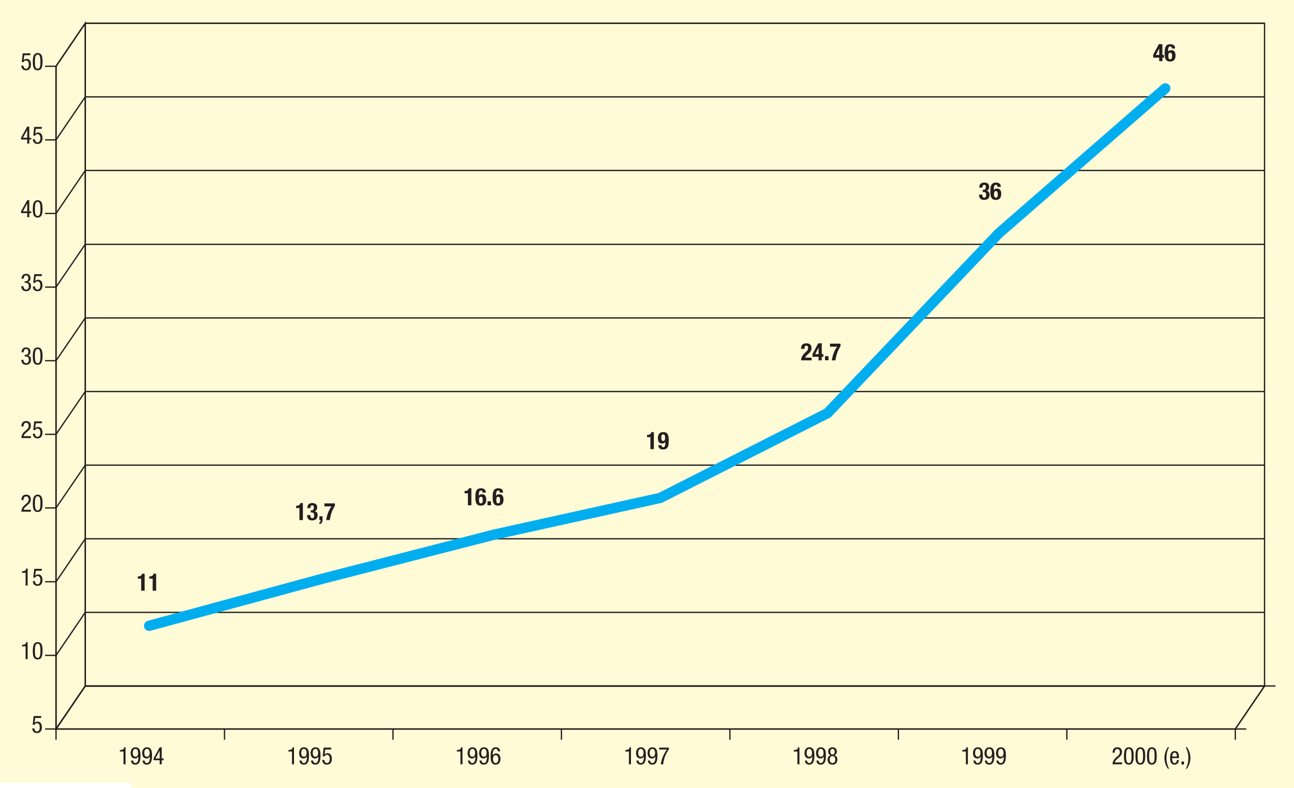
- consulting services related to cost reduction initiatives (3% to 1.1%)

which are expected to lose importance.

The Financial/Insurance sector accounts for the lion´s share of consulting activities representing 25% of all services. Reasons for this are a substantial increase in @Business activities, M&A realisations and related Post-MergerIntegrations, as well as in Customer Relationship Management. A significant growth in demand from 15% to 21% could be observed in the Manufacturing sector.

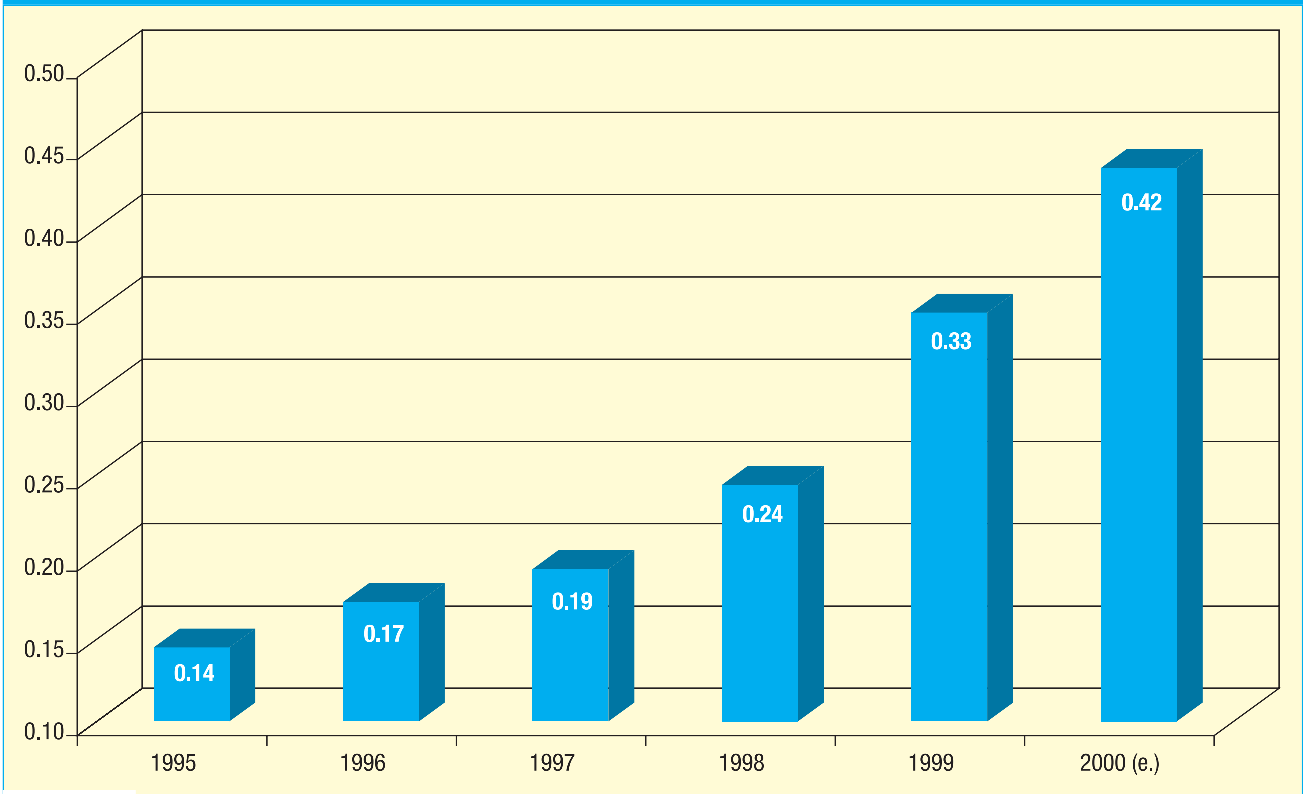
For the year 2000 FEACO forecasts a slight reduction of the average annual growth rate to 15.5%. Thus Europe is expected to follow a trend which could already be observed in the United States.

Size of the European Management Consulting (MC) Market, 1994-2000 (billion €)

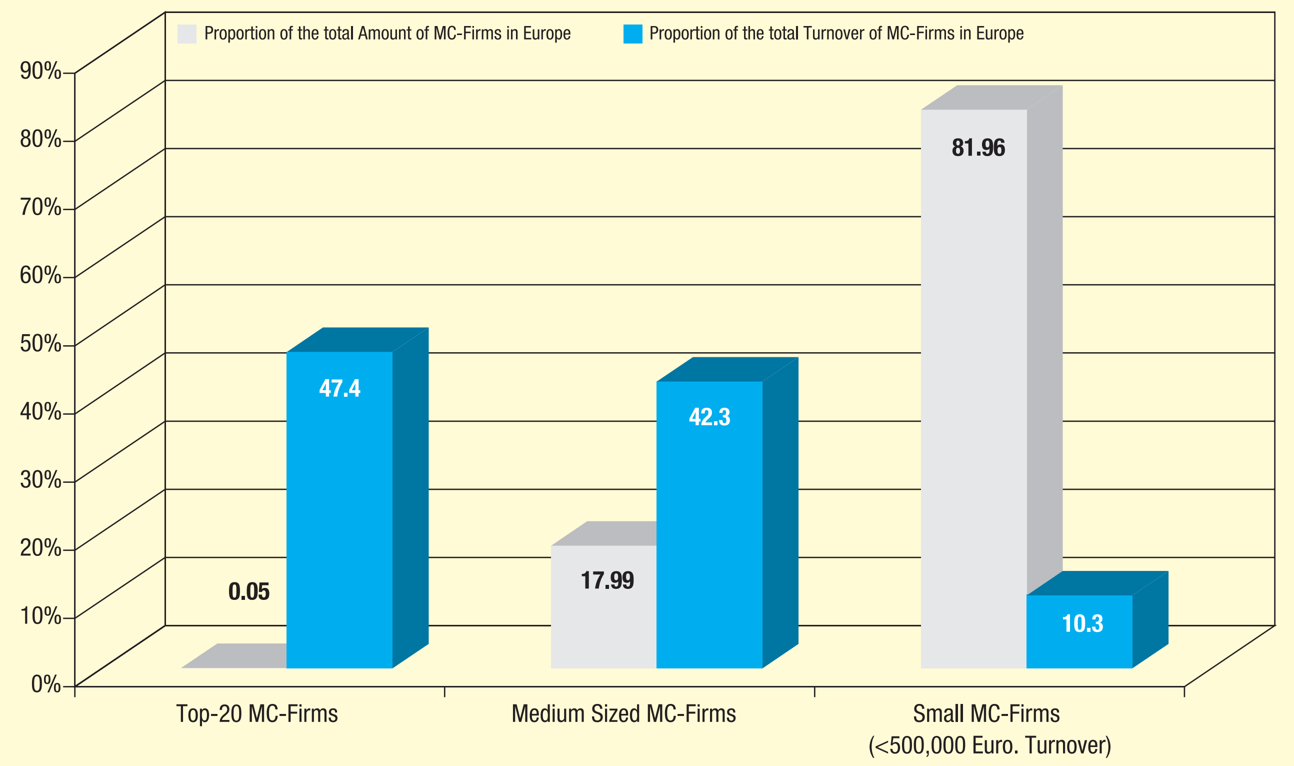


MC-Turnover as a Percentage of the European Domestic Product (EDP)* (percent)

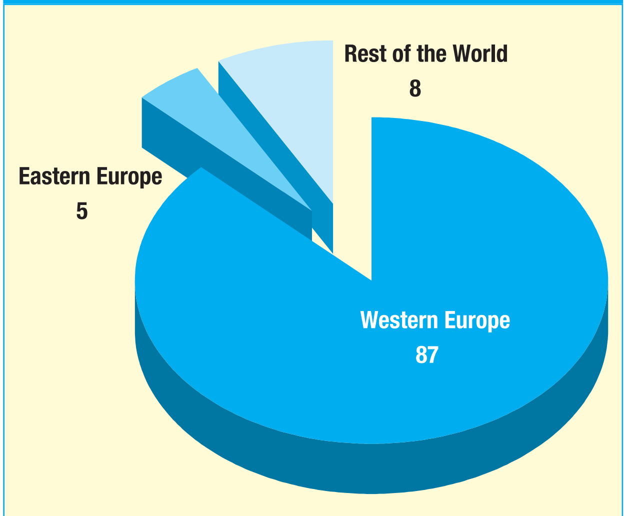
**Source: OECD*



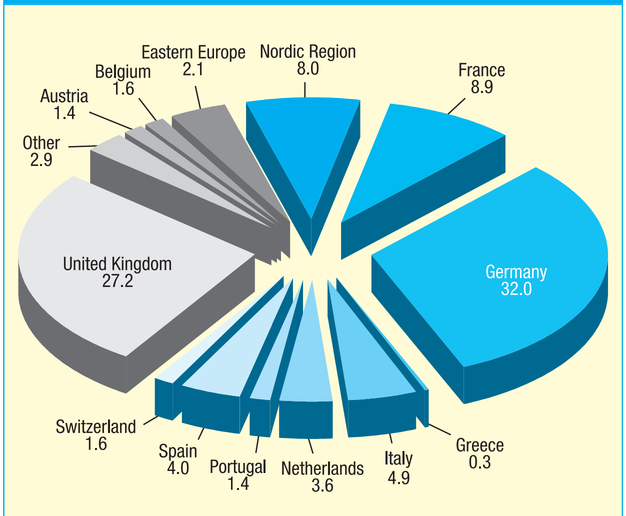
Breakdown of the European MC-Market by Size of MC-Firms (percent)



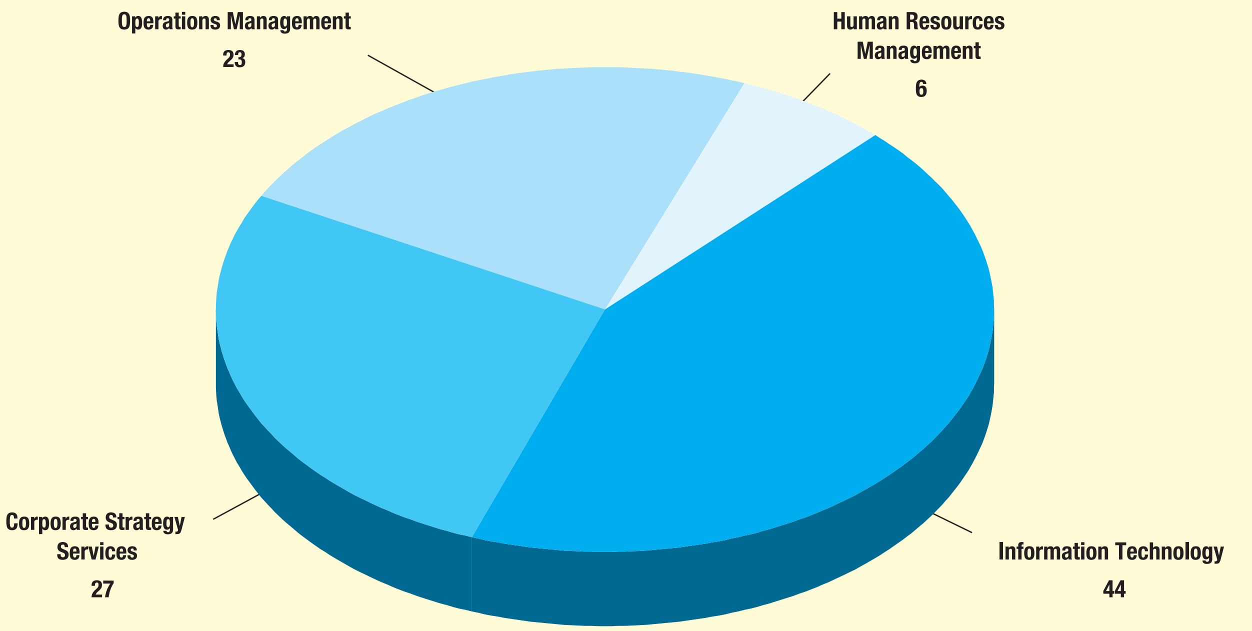
Breakdown of the Turnover generated by European MC-Firms (percent)



Breakdown of the European MC-Market by Regions (percent)



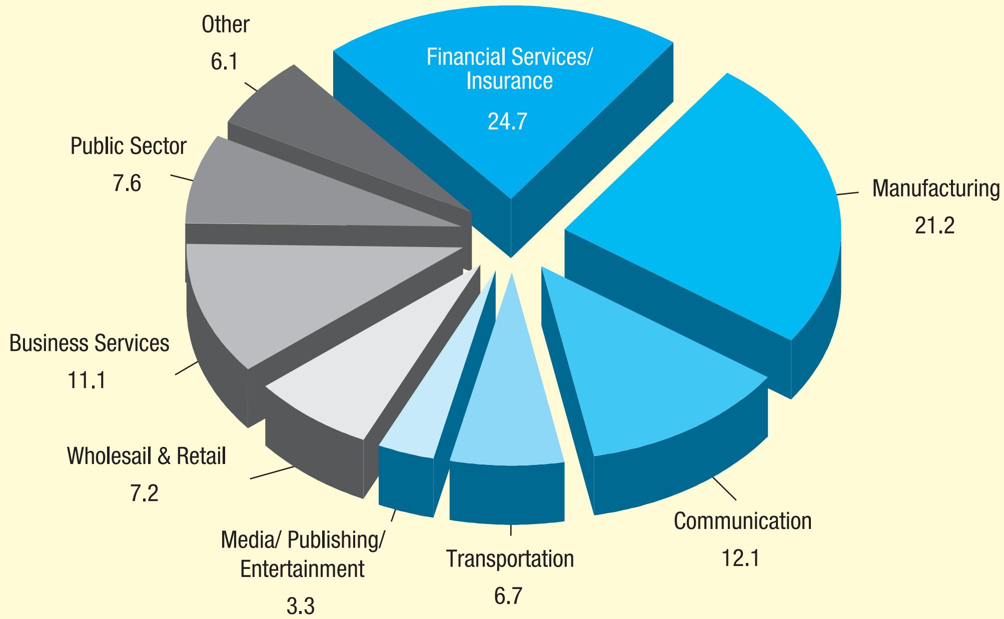
Breakdown of the European MC-Market by Key Consulting Services (percent)



Consulting Services	Share 1999	Share 2000	Difference
Corporate Strategy Services	**27.2%**	**25.7%**	**-5.5%**
Strategic Planning/Organisat. Developement	12.4%	12.6%	1.3%
Mergers & Acquisition	2.6%	3.7%	44.5%
Market Research	1.2%	0.7%	-43.0%
Marketing/Corporate Communication	4.3%	4.0%	-7.5%
Financial Advisory	3.6%	1.4%	-61.0%
Others	2.2%	2.1%	-2.6%
Operations Management	**23.2%**	**22.5%**	**-3.0%**
Business Process Reengineering	4.8%	5.5%	14.5%
Total Quality Management	1.6%	1.7%	9.3%
Logistics	4.5%	5.5%	23.3%
Change Management	1.1%	1.5%	40.5%
Project Management	8.0%	7.0%	-13.0%
Others	3.0%	1.0%	-67.1%
Human Resources Management	**6.2%**	**3.9%**	**-37.1%**
Recruitment/Selection/Executive Search	2.0%	2.4%	21.3%
Benefits and Compensation	0.1%	0.1%	23.4%
Interim Management	0.1%	0.1%	1.5%
Training/Education	0.8%	0.9%	13.8%
Outplacement	0.1%	0.1%	-6.8%
Others	3.0%	0.1%	-96.6%
Information Technology	**43.4%**	**47.9%**	**10.4%**
IT Consulting	23.2%	22.9%	-1.3%
IT System Developement/ Integration	9.7%	10.9%	11.9%
Others	10.5%	13.7%	30.4%

Table 1: Breakdown of the European MC-Market by Consulting Services

Breakdown of the European MC-Market by Industry Sectors (percent)



Industry Sector	Share 1999	Share 2000	Difference
Private Sector	**86.3%**	**87.7%**	1.58%
Manufacturing	21.2%	17.6%	-16.98%
Financial Services/ Insurance	24.7%	27.9%	13.15%
Communication	12.1%	12.6%	4.41%
Transportation	6.7%	8.2%	22.70%
Media/ Publishing/ Entertainment	3.3%	4.2%	26.73%
Wholesale & Retail	7.2%	6.3%	-11.92%
Business Services	11.1%	10.7%	-3.25%
Public Sector	**7.6%**	**5.3%**	-30.24%
Health	1.9%	1.3%	-29.80%
EU	1.0%	0.8%	-24.24%
National	2.9%	1.5%	-49.00%
Regional	0.9%	0.6%	-28.94%
Nat. Industries	0.9%	1.1%	21.34%
Other	**6.1%**	**6.9%**	13.63%

Table 2: Breakdown of the European MC-Market by Industry Sectors

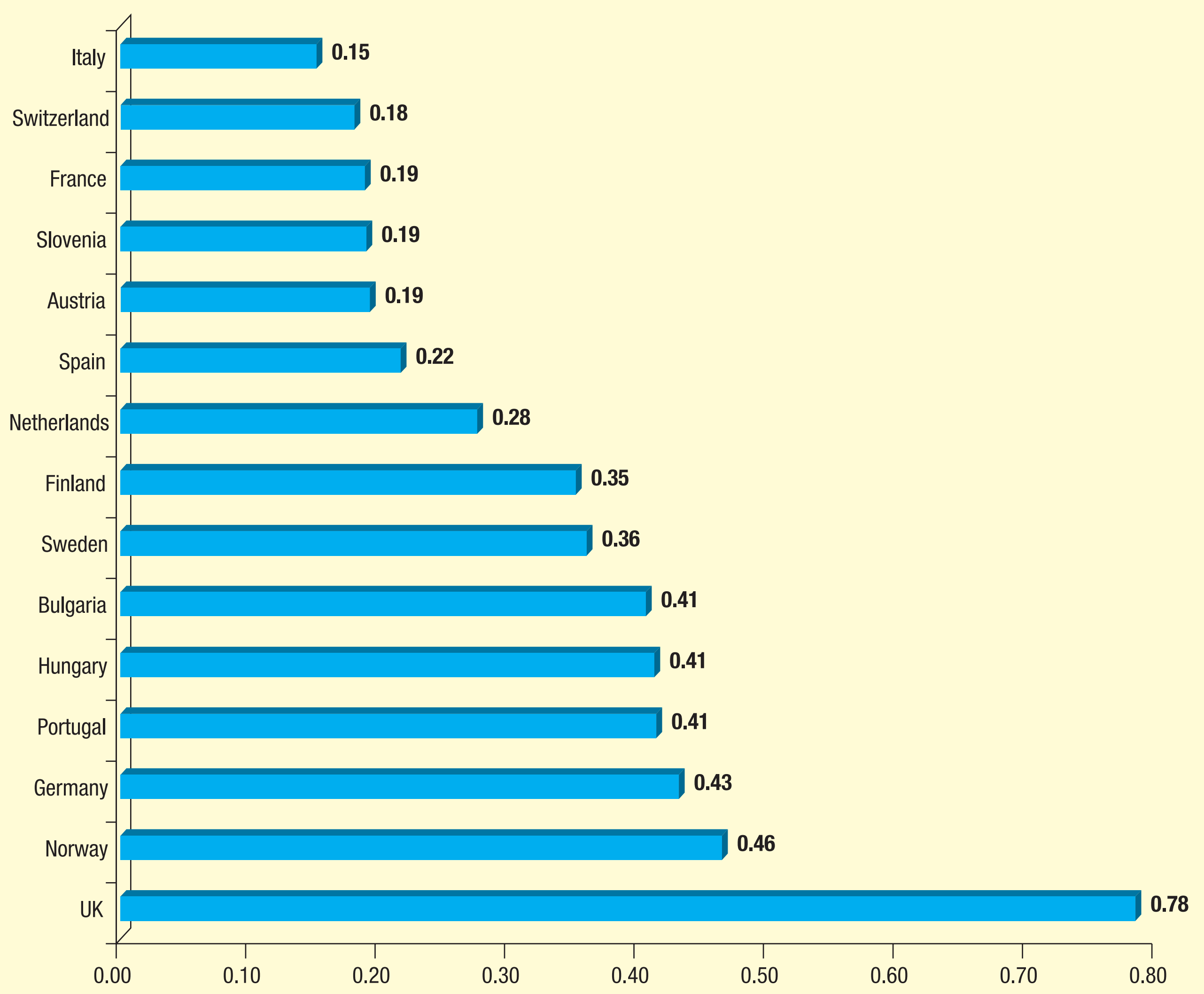
Country	Total Turnover (bill €)	MC-Firms	Average Growth Rate	Management Consultants	Average Annual Earnings per Consultant
Austria	466	2,098	6.00%	4,195	111,085 €
Belgium	**528***	**n.a.**	**15.00%***	**3,400***	**155,294 €***
Bulgaria	49	225	15.00%	2,700	18,037 €
Denmark	**600***	**n.a.**	**20.00%***	**4,400***	**136,364 €***
Finland	510	2,395	19.00%	4,125	123,636 €
France	3,040	10,100	18.00%	**22,000***	**138,182 €***
Germany	10,890	14,300	13.30%	64,000	170,156 €
Greece	104	139	21.10%	1,200	86,667 €
Hungary	200	300	14.00%	3,000	66,667 €
Italy	1,650	2,800	15.00%	22,000	75,000 €
Netherlands	**1,100***	**n.a.**	**7.00%***	**7,000***	**157,143 €***
Norway	**720***	**n.a.**	**20.00%***	**5,500***	**130,909 €***
Poland	**105***	**n.a.**	**10.00%***	**2,300***	**45,652 €***
Portugal	**480***	**n.a.**	**20.00%***	**4,300***	**111,628 €***
Romania	41	1,228	11.00%	2,500	16,400 €
Russia	70	300	9.00%	3,900	17,949 €
Slovenia	38	540	29.00%	490	77,551 €
Spain	1,374	150	19.50%	18,000	76,333 €
Sweden	900	120	22.00%	6,500	138,462 €
Switzerland	560	600	10.00%	3,000	186,667 €
UK	9,250	2,520	19.00%	38,000	243,421 €

Table 3: Key Figures of selected European MC-Markets (1)
* = FEACO Estimates

Country	Top 20	Medium Sized	Percent of the whole Market	Small (< 500.000 € Turnover)	Percent of the whole Market	Total	Number of Consultants
Austria	20	248	11,8%	1.830	87,2%	2.098	4.195
Bulgaria	20	5	2,2%	200	88,9%	225	2.700
Finland	20	175	7,3%	2.200	91,9%	2.395	4.125
France	20	85	0,8%	10.000	99,0%	10.105	22.000
Germany	20	4.280	29,9%	10.000	69,9%	14.300	64.500
Greece	20	19	13,7%	100	71,9%	139	1.200
Hungary				300	100,0%	300	3.000
Italy	20	220	7,8%	2,560	91,4%	2,800	22.000
Romania		8	0,7%	1.200	97,7%	1.228	2.500
Russia	20	50	16,7%	230	76,7%	300	3.900
Slovenia				540	100,0%	540	490
Spain	20	30	20,0%	100	66,7%	150	18.000
Sweden	20	20	16,7%	80	66,7%	120	3.500
Switzerland	20	50	8,3%	530	88,3%	600	3.000
UK	20	500	19,8%	2.000	79,4%	2.520	38.000

Table 4: Key Figures of selected European MC-Markets (2)

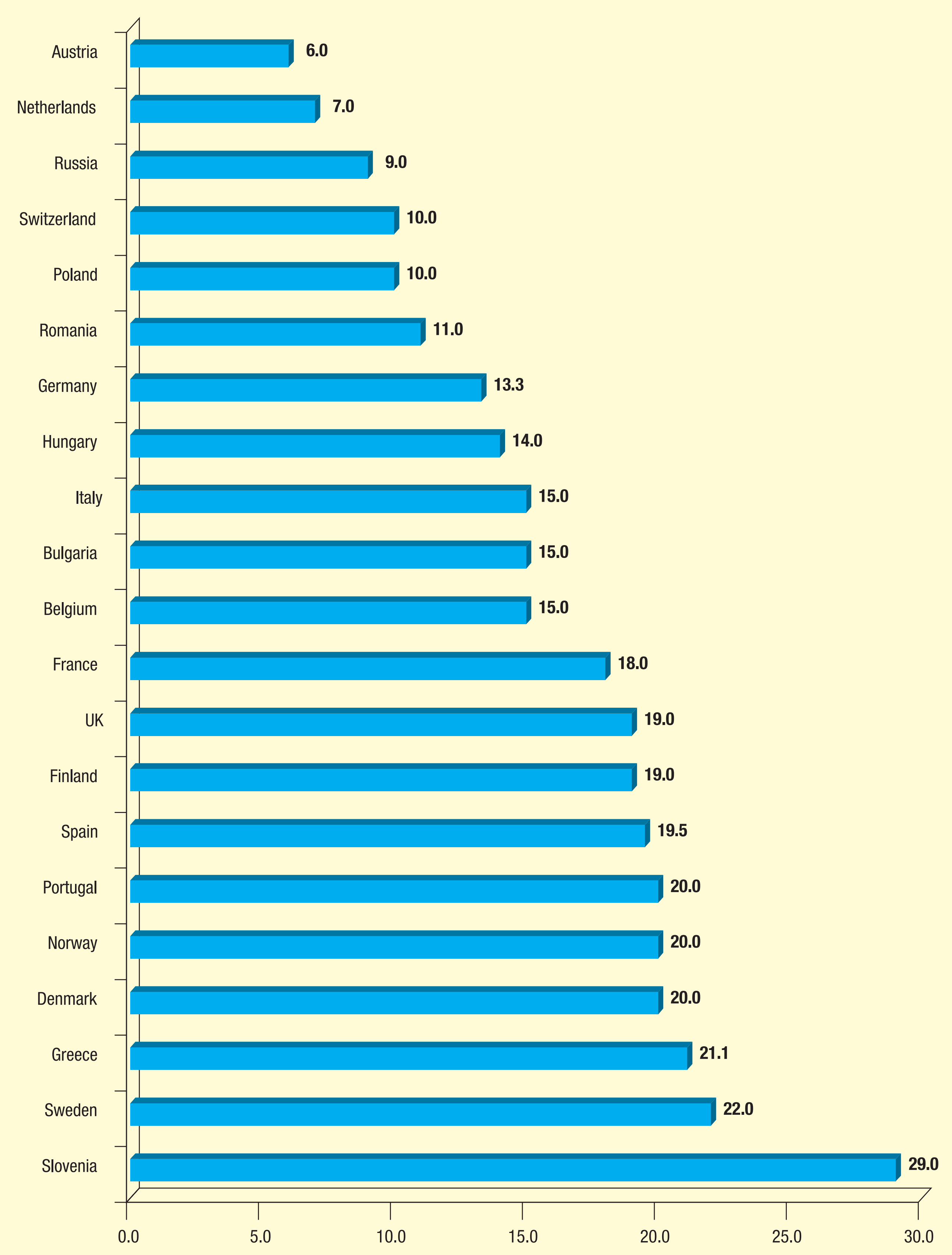
Management Consulting as a Percentage of Gross Domestic Product (GDP) (percent)



Country	Western Europe	Eastern Europe	Rest of the World	Total
Austria	96.6%	3.4%	0.0%	100.0%
Bulgaria	20.0%	80.0%	0.0%	100.0%
Finland	95.0%	0.0%	5.0%	100.0%
France	90.0%	0.0%	10.0%	100.0%
Germany	89.0%	1.5%	9.5%	100.0%
Greece	80.0%	15.0%	5.0%	100.0%
Hungary	7.7%	91.3%	1.0%	100.0%
Italy	95.0%	4.0%	1.0%	100.0%
Romania	0.0%	100.0%	0.0%	100.0%
Russia	5.0%	90.0%	5.0%	100.0%
Slovenia	12.0%	88.0%	0.0%	100.0%
Spain	88.0%	2.0%	10.0%	100.0%
Sweden	87.0%	0.0%	13.0%	100.0%
UK	90.0%	3.0%	7.0%	100.0%

Table 5: Breakdown of the National MC-Market by Region

Average Annual Growth Rate by Country (percent)



Consulting Services	AUT	BUL	FIN	FRA	GER	GRE	HUN	ITA	ROM	RUS	SLO	SPA	UK
Corporate Strategy Services													
Strategic Planning/ Organisation Developement	n.a.	5.0%	26.0%	12.0%	11.0%	19.0%	13.0%	15.0%	10.0%	10.0%	10.0%	9.5%	13.8%
Mergers & Acquisitions	n.a.	10.0%	1.0%		6.0%	3.5%	1.0%	3.0%	0.0%	8.0%	11.0%	1.0%	0.0%
Market Research	n.a.	3.0%	3.0%	3.0%	0.5%	3.0%	3.0%	2.0%	1.0%	8.0%	2.0%	1.6%	0.0%
Marketing/ Corporate Communication	n.a.	2.0%	6.0%	7.0%	4.0%	2.5%	3.0%	5.0%	2.0%	8.0%	5.0%	0.6%	3.0%
Financial Advisory	n.a.	14.0%	2.0%	8.0%	2.5%	6.0%	17.0%	13.0%	3.2%	8.0%	9.0%	0.4%	
Others	n.a.		0.0%	3.0%	2.0%	1.0%	6.0%	2.0%	20.5%	8.0%	7.0%		1.6%
Total	57.0%	34.0%	38.0%	33.0%	26.0%	35.0%	43.0%	40.0%	36.7%	50.0%	44.0%	13.1%	18.4%
Operations Management													
Business Process Reengineering	n.a.	3.0%	9.0%	0.0%	4.0%	13.0%	5.0%	4.0%	3.5%	5.0%	11.0%	14.0%	7.4%
Total Quality Management	n.a.	5.0%	2.0%	0.0%	3.0%	4.5%	11.0%	6.0%	7.0%	1.0%	8.0%	0.2%	0.0%
Logistics	n.a.		5.0%	0.0%	5.7%	1.5%	1.0%	3.0%	4.0%	1.0%	3.0%	2.9%	6.9%
Change Management	n.a.		0.0%	0.0%	2.0%	2.0%	3.0%	2.0%	3.5%	1.0%	4.0%	4.5%	0.0%
Project Management	n.a.	10.0%	4.0%	13.0%	7.5%	21.0%	5.0%	4.0%	6.5%	1.0%	14.0%	1.5%	7.6%
Others	n.a.	3.0%	1.0%	13.0%	0.8%	3.0%	2.0%	1.0%		1.0%	5.0%	0.0%	0.0%
Total	15.0%	21.0%	21.0%	26.0%	23.0%	45.0%	27.0%	20.0%	24.5%	10.0%	45.0%	23.1%	21.9%
Human Resources Management													
Recruitment/Selection/Executive Search	n.a.	12.0%	8.0%	n.a.	3.8%	2.5%	6.0%	3.0%	11.0%	10.0%	2.0%	1.1%	n.a.
Benefits and Compensation	n.a.		0.0%	n.a.	0.1%	0.5%	2.0%	0.5%	0.0%	1.0%	0.0%	0.0%	n.a.
Interim Management	n.a.		0.0%	n.a.	0.1%	0.1%		1.0%	0.0%	1.0%	2.0%	0.0%	n.a.
Training / Education	n.a.	11.0%	2.0%	n.a.	1.0%	1.5%	9.0%	2.0%	18.0%	5.0%	6.0%	1.6%	n.a.
Outplacement	n.a.		1.0%	n.a.	0.1%	0.1%		0.5%	5.0%	1.0%	0.0%	0.0%	n.a.
Others	n.a.	2.0%	1.0%	n.a.	0.0%	0.3%	1.0%	1.0%	0.0%	2.0%	0.0%	0.1%	n.a.
Total	12.0%	25.0%	12.0%	14.0%	5.0%	5.0%	18.0%	8.0%	34.0%	20.0%	10.0%	2.8%	4.5%
Information Technology													
IT Consulting	n.a.	10.0%	16.0%	27.0%	32.0%	13.0%	8.0%	13.0%	3.0%	5.0%	1.0%	21.6%	14.8%
IT System Developement/-Integration	n.a.	8.0%	13.0%	0.0%	9.0%	2.0%	3.0%	16.0%	1.8%	15.0%	0.0%	33.3%	12.4%
Others	n.a.	2.0%	0.0%	0.0%	5.0%	0.0%	1.0%	3.0%	0.0%	0.0%	0.0%	6.1%	28.0%
Total	16.0%	20.0%	29.0%	27.0%	46.0%	15.0%	12.0%	32.0%	4.8%	20.0%	1.0%	61.0%	55.2%

Table 6: Breakdown of the National MC-Market by Consulting Services

Industry Sector	AUT	BUL	FIN	FRA	GER	GRE	HUN	ITA	ROM	RUS	SLO	SPA	UK
Private Sector													
Manufacturing	37.0%	54.0%	25.0%	26.0%	20.0%	9.0%	35.0%	32.5%	56.5%	20.0%	35.0%	29.2%	12.0%
Financial Services	2.0%	13.0%	17.0%	19.0%	22.0%	8.0%	7.0%	28.5%	5.4%	10.0%	8.0%	35.9%	30.0%
Communication	16.0%	0.0%	34.0%	14.0%	6.0%	5.0%	17.0%	16.0%	3.5%	10.0%	5.0%	16.8%	14.0%
Transportation	5.0%	n.a.	2.0%	3.0%	10.0%	4.0%	4.0%	3.0%	2.5%	10.0%	6.0%	1.9%	6.0%
Media/ Publishing/ Entertainment	6.0%	n.a.	1.0%	n.a.	5.0%	2.0%	2.0%	3.0%	0.4%	10.0%	n.a.	1.5%	3.0%
Wholesail & Retail	9.0%	n.a.	4.0%	10.0%	7.0%	6.0%	9.0%	6.0%	12.0%	10.0%	15.0%	4.4%	5.0%
Business Services	20.0%	6.0%	8.0%	16.0%	19.0%	7.0%	6.0%	2.5%	7.7%	10.0%	4.0%	2.7%	n.a.
Total	95.0%	73.0%	91.0%	88.0%	89.0%	41.0%	80.0%	91.5%	88.0%	80.0%	73.0%	92.4%	70.0%
Government													
Health	n.a.	n.a.	1.0%	2.0%	3.0%	6.0%	4.0%	2.0%	n.a.	5.0%	3.0%	2.5%	n.a.
European Union	n.a.	22.0%	1.0%	2.0%	1.0%	16.0%	2.0%	0.5%	3.0%	2.0%	11.0%	0.1%	n.a.
National Government	n.a.	n.a.	5.0%	6.0%	3.0%	23.0%	4.0%	4.0%	0.8%	1.0%	7.0%	3.7%	n.a.
Regional Government	n.a.	5.0%	1.0%	2.0%	1.0%	4.0%	1.0%	1.0%	1.2%	1.0%	2.0%	0.9%	n.a.
Nationalized Industries	n.a.	n.a.	1.0%	n.a.	2.0%	8.0%	5.0%	1.0%	7.0%	1.0%	n.a.	0.4%	n.a.
Total	5.0%	27.0%	9.0%	12.0%	10.0%	57.0%	16.0%	8.5%	12.0%	10.0%	23.0%	7.6%	12.0%
Other													
Total	0.0%	0.0%	0.0%	0.0%	1.0%	2.0%	4.0%	0.0%	0.0%	10.0%	4.0%	0.0%	18.0%

Table 7: Breakdown of the National MC-Market by Industry Sectors

Managing Director	Top-20 MC-Firms			Medium Sized MC-Firms			Small MC-Firms		
Country	Average	Min	Max	Average	Min	Max	Average	Min	Max
Bulgaria	2,350 €	200 €	500 €	250 €	150 €	350 €	175 €	100 €	250 €
France	3,049 €	2,286 €	4,573 €	2,286 €	1,829 €	3,049 €	915 €	457 €	2,131 €
Germany	2,250 €	1,750 €	5,500 €	1,750 €	1,500 €	5,000 €	1,100 €	750 €	3,500 €
Greece	1,500 €	1,000 €	2,500 €	900 €	750 €	1,000 €	750 €	650 €	800 €
Hungary	n.a.	n.a.	n.a.	774 €	491 €	1,194 €	n.a.	n.a.	n.a.
Italy	3,000 €	2,000 €	4,000 €	2,000 €	1,800 €	2,200 €	1,000 €	700 €	1,600 €
Romania	600 €	500 €	800 €	400 €	300 €	500 €	250 €	200 €	300 €
Russia	1,500 €	1,000 €	2,000 €	700 €	500 €	1,000 €	300 €	200 €	400 €
Slovenia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	535 €	490 €	770 €
Spain	2,088 €	1,720 €	2,416 €	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
UK	2,000 €	n.a.	n.a.	1,800 €	n.a.	n.a.	1,500 €	n.a.	n.a.

Table 8: Fee Rates in selected MC-Markets (Managing Director)

Senior Consultant	Top-20 MC-Firms			Medium Sized MC-Firms			Small MC-Firms		
Country	Average	Min	Max	Average	Min	Max	Average	Min	Max
Bulgaria	200 €	150 €	250 €	175 €	150 €	250 €	150 €	100 €	200 €
France	1,524 €	1,220 €	3,049 €	1,372 €	1,067 €	2,131 €	915 €	457 €	2,131 €
Germany	1,750 €	1,000 €	3,750 €	1,500 €	900 €	3,500 €	1,000 €	600 €	2,250 €
Greece	1,125 €	800 €	2,250 €	750 €	650 €	900 €	650 €	600 €	750 €
Hungary	n.a.	n.a.	n.a.	680 €	444 €	755 €	n.a.	n.a.	n.a.
Italy	1,700 €	1,200 €	2,500 €	1,300 €	1,000 €	1,800 €	850 €	500 €	1,200 €
0Romania	540 €	450 €	600 €	300 €	400 €	200 €	200 €	150 €	250 €
Russia	600 €	200 €	1,000 €	300 €	100 €	500 €	100 €	50 €	150 €
Slovenia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	460 €	400 €	660 €
Spain	1,272 €	1,096 €	1,480 €	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
UK	1,500 €	n.a.	n.a.	1,200 €	n.a.	n.a.	1,000 €	n.a.	n.a.

Table 9: Fee Rates in selected MC-Markets (Senior Consultant)

Project Manager	Top-20 MC-Firms			Medium Sized MC-Firms			Small MC-Firms		
Country	Average	Min	Max	Average	Min	Max	Average	Min	Max
Bulgaria	200 €	150 €	250 €	190 €	150 €	230 €	140 €	100 €	180 €
France	1,220 €	915 €	1,372 €	1,067 €	838 €	1,220 €	915 €	457 €	991 €
Germany	1,400 €	800 €	3,500 €	1,250 €	700 €	3,250 €	900 €	500 €	2,250 €
Greece	1,000 €	750 €	2,000 €	650 €	600 €	800 €	625 €	550 €	700 €
Hungary	n.a.	n.a.	n.a.	488 €	381 €	577 €	n.a.	n.a.	n.a.
Italy	1,400 €	1,000 €	1,800 €	1,200 €	1,080 €	1,320 €	700 €	500 €	800 €
Romania	420 €	350 €	450 €	250 €	200 €	300 €	150 €	100 €	200 €
Russia	300 €	200 €	400 €	150 €	100 €	200 €	100 €	50 €	150 €
Slovenia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	400 €	300 €	650 €
Spain	1,304 €	1,136 €	1,520 €	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
UK	1,250 €	n.a.	n.a.	1,000 €	n.a.	n.a.	750 €	n.a.	n.a.

Table 10: Fee Rates in selected MC-Markets (Project Manager)

Consultant	Top-20 MC-Firms			Medium Sized MC-Firms			Small MC-Firms		
Country	Average	Min	Max	Average	Min	Max	Average	Min	Max
Bulgaria	150 €	100 €	200 €	125 €	100 €	150 €	110 €	80 €	150 €
France	1,067 €	915 €	1,220 €	915 €	762 €	1,067 €	762 €	457 €	915 €
Germany	1,250 €	700 €	3,000 €	1,150 €	600 €	2,250 €	850 €	475 €	2,100 €
Greece	800 €	700 €	1,250 €	600 €	550 €	700 €	500 €	450 €	600 €
Hungary	n.a.	n.a.	n.a.	451 €	283 €	497 €	n.a.	n.a.	n.a.
Italy	1,200 €	1,000 €	1,500 €	850 €	700 €	1,000 €	600 €	500 €	700 €
Romania	300 €	250 €	350 €	200 €	150 €	250 €	110 €	75 €	150 €
Russia	200 €	150 €	250 €	150 €	100 €	200 €	100 €	50 €	150 €
Slovenia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	440 €	380 €	580 €
Spain	832 €	720 €	968 €	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
UK	1,000 €	n.a.	n.a.	800 €	n.a.	n.a.	n.a.	n.a.	n.a.

Table 11: Fee Rates in selected MC-Markets (Consultant)

Junior Consultant	Top-20 MC-Firms			Medium Sized MC-Firms			Small MC-Firms		
Country	Average	Min	Max	Average	Min	Max	Average	Min	Max
Bulgaria	100 €	80 €	120 €	80 €	60 €	100 €	50 €	40 €	60 €
France	762 €	610 €	915 €	686 €	534 €	838 €	457 €	305 €	610 €
Germany	950 €	550 €	1,450 €	800 €	400 €	1,250 €	600 €	350 €	1,000 €
Greece	600 €	500 €	700 €	450 €	400 €	500 €	400 €	325 €	475 €
Hungary	n.a.	n.a.	n.a.	272 €	191 €	302 €	n.a.	n.a.	n.a.
Italy	750 €	600 €	900 €	650 €	500 €	800 €	400 €	n.a.	n.a.
Romania	200 €	150 €	250 €	100 €	75 €	150 €	50 €	40 €	75 €
Russia	100 €	50 €	150 €	75 €	50 €	100 €	50 €	20 €	80 €
Slovenia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	250 €	175 €	300 €
Spain	544 €	448 €	688 €	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
UK	750 €	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Table 12: Fee Rates in selected MC-Markets (Junior Consultant)

Business Opportunities for the Year 2000

Bulgaria:

1. EU entry preparation: (Preparation of businesses and state administration to accession). Management training, implementation of standards in management, quality, ecology, law, administration and others.)
2. International programmes, EU accession funds and Stability Pact for resolution of Balkan crisis (Completion of infrastructure, cross-border, regional and integration projects financed by Word Bank, EBRD, Phare, and other EU and World finance institutions)
3. Development of post-privatisation and re-privatisation strategies (Finalising the privatisation process)
4. IT consultancy (ERP-Solutions)

Finland:

@Business

France:

1. @Business
2. Customer Relationship Management (CRM)

Germany:

1. @Business (esp. in the Financial Sector)
2. Supply Chain Management
3. CRM
4. Human Resources Management

Greece:

1. Privatisation: Strengthening of the privatisation process. The opening up of the electricity, telecommunication and transport markets will provide the necessary stimulus.
2. Public Adm. Reform: Firm plans towards reforming the Public Administration Sector have been adopted and the necessary financial resources have been committed. In particular the demand for specialised consulting services will grow with the introduction of new technologies.
3. Structural Funds: Substantial financial resources from the Communities' structural funds have been committed to co-finance the 6-year (2000-2006) regional development plan of Greece.
4. New Technologies: There is an established market orientation towards the introduction of new technologies (mainly IT) in business. New business areas, e.g. @Business, are emerging, which will increase the demand.

Hungary:

1. Strategic Planning & Organisation Development
2. IT-Consulting

Italy:

1. IT-Consulting: a. @Business, b. Implementation of ERP systems c. Bridge the gap between strategy and day to day operation
2. Strategic Planning and Organisation Development: a. Rapidly changing scenarios, b. Mergers and acquisitions, c. Globalisation / internationalisation, d. Privatisation and changes in Public Administration
3. Human Resources: a. Need for continuous and updated Training, b. Gradual adaptation of human resources management to above-mentioned changing scenarios.

Romania:

1. Public sector - Strategic planning for the adoption of European legislation - Acquis Communautair- in preparation to EU accession (European assistance programs)
2. Development of a corporate strategy within the application of international programs for the privatisation/restructuring and development of large and medium sized companies in the agriculture, tourism, transport and utilities sectors. (International consultancy and assistance programs)
3. Information technology development – establishing networks, FRP integrated applications, facilities management (Introduction of internationally used technologies in order to increase the efficiency of manufacturing and to improve the quality of services)
4. E-Commerce and new marketing policies (Alignment to the European and international trends)
5. Change-management and application of transition programmes (Assistance to recently privatised companies)

Slovenia:

1. Business Process Re-engineering
2. Cost Reduction
3. Strategic Planning
4. Phare Management CBC Projects

Spain:

1. @Business (New Economy)
2. CRM (Competition)
3. M&A (Globalisation)
4. Outsourcing (Efficiency)
5. Business Process Re-engineering (Competition)

Switzerland:

1. @Business
2. Executive Search

United Kingdom:

1. @Business (All industries and all service lines)
2. M&A

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FEACO the European Federation of Management Consulting Associations was formed in 1960 in Paris. From the very beginning, the Federation imposed a well defined Code of Ethics on the profession, thus guaranteeing the quality of Client service. In January 1991, FEACO established its operational office in Brussels to develop its relations with international institutions and the European Union. The Federation now counts 23 national member associations. They are distributed as follows:

- 13 from the European Union: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Netherlands, Portugal, Spain, Sweden and the United Kingdom.
- 2 from EFTA: Norway and Switzerland.
- 1 Southern European country: Cyprus
- 5 from the Eastern European countries: Czech Republic, Hungary, Poland, Romania and Russia.
- and 2 associate members: Slovenia and Bulgaria

In these days of ever increasing numbers of 'Consultants' in the business service sector offering a wide 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.

FEACO member associations represent more than 3.800 management consultancy firms with over 70.000 consultants. The total turnover of this group amounts to some 14 billion euros, representing approximately 40% of the European market.

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

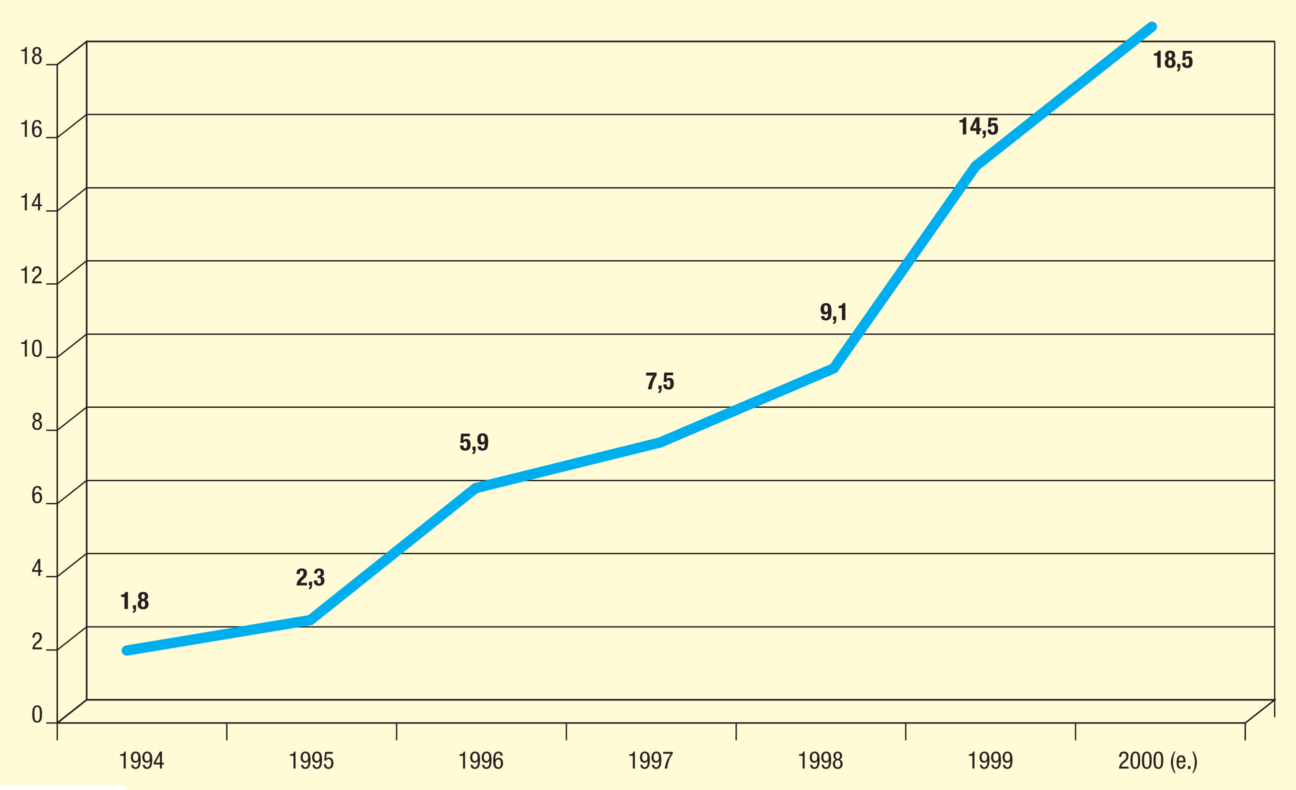
Its main activities, apart from representation of the profession on a European level, are:

- to encourage networking by members and between members' members, through the sponsorship, but not organisation, of conferences, meetings and mutual interest working groups;
- to keep a watching brief over the image of industry by the promotion of common professional ethical and quality standards;
- and to maintain a close relationship with the European Commission and other pan European organisations in order to ensure a full awareness of issues concerning commercial and contractual obligations in relation to the procurement of management consultancy services (this does not, however, mean lobbying for opportunities for sales).

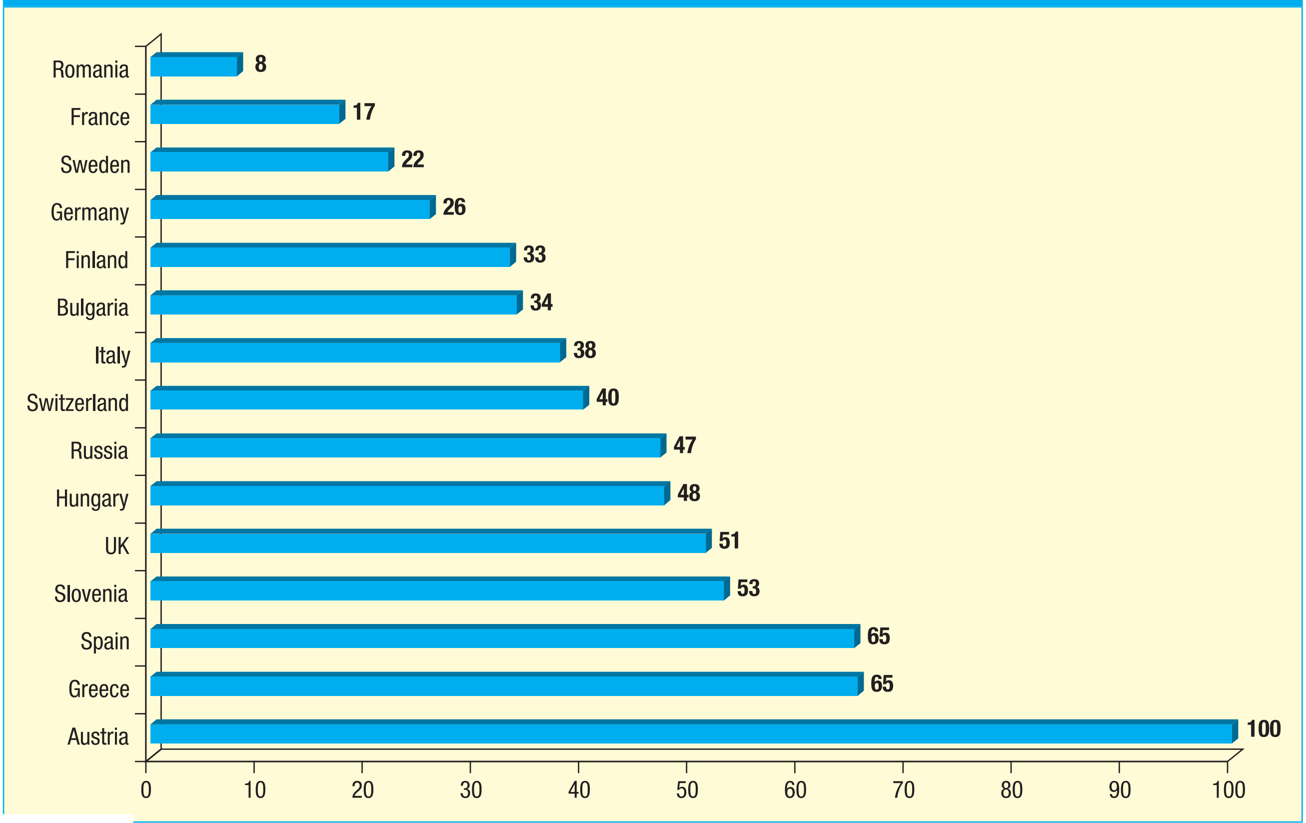
When FEACO defined its new objectives in 1996, with the mentioned major activity areas, it also confirmed a number of working and research groups. The most important among them concentrate on the following subjects:

- relations with the European Commission (ECIC)
- international Networking between small Management Consulting Firms (Small Tops)
- and the exchange of experience between the leading multinational Management Consulting Firms (Multinationals).

Turnover in MC as represented by FEACO, 1994-2000 (billion €)



Market Share of FEACO Members in their Respective Country (Turnover) (percent)



Country	AUT	BUL	FIN	FRA	GER	GRE	HUN	ITA	ROM	RUS	SLO	SPA	SWI	UK
Top-20 Firms in the National Association	20	3	12	13	11	17	0	10	0	3	0	15	9	14
Share of the National Market	100%	15%	60%	65%	55%	85%	100%	50%	0%	15%	100%	75%	45%	70%
Medium Sized Firms in the National Association	248	0	17	34	169	13	0	34	0	32	0	4	15	21
Share of the National Market	100%	0%	10%	40%	4%	68%	100%	15%	0%	64%	100%	13%	30%	4%
Small Firms (<500.00 Euro) in the National Association	1830	31	181	5	280	10	65	89	38	205	45		5	0
Share of the National Market	100%	16%	8%	0%	3%	10%	22%	16%	3%	89%	8%	0%	1%	0%
Members in the National Association	2.098	34	210	52	460	40	65	133	38	240	45	19	29	35
Share of the National Market	100%	15%	9%	1%	3%	29%	22%	17%	3%	80%	8%	13%	5%	1%
Number of Consultants in the National Association	4.195	586	680	7.200	12.400	650	1.150	5.000	225	3.400	237	9.000	1.100	14.742
Share of the National Market	100%	22%	16%	21%	19%	54%	38%	23%	9%	87%	48%	50%	37%	39%
Number of Staff in the National Association	3.200	45	90	2.300	3.450	260	290	1.000	82	1.200	79	1.300	275	3.000
Share of the National Market	100%	30%	12%	37%	23%	52%	39%	50%	6%	80%	54%	65%	37%	75%

Table 13: Market Share of FEACO-Members in their respective Country (MC-Firms)

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at 1 August, 2000

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