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2000

Survey of the European Management Consultancy Market

**feaco**



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### Introduction by Gil Gidron

Chairman, European Federation of Management Consulting Associations (FEACO)

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

In the year 2000 the consultancy world has gone through important changes. New players entered the market, some others left, forcing those who have stayed to reposition themselves. There is an ongoing trend to separate consultancy services from audit services. There is also a wave of consolidation due to the changing demand after the late 1990's hype of "niche" players.

The collapse of the dotcom market has resulted in a drop in demand for start-up services. These changes have resulted in the fall of many specialized consultancies over the past year. The e-companies particularly were hit hard. Firms, which were not over tempted by the online lure, have come out stronger as reality overtook again.

Nevertheless the new technologies have opened exciting new possibilities. Companies are increasingly looking for e-services integrated in their systems and operations. Through these technologies companies can transform themselves by streamlining and linking their internal and external business processes. IT consulting revenues grew by almost 13%, making it one of the fastest growing service areas. Almost 30% of all consulting projects were e-commerce related.

During the last years, projects have become more complex. There is a demand for faster delivery for clients to keep competitive in their rapidly changing markets. Clients increasingly require consultants to provide them with complete solutions, combining diverse services. There is a growing preference for "one-stop-shops": where the same consulting firm designs the strategy as well as develops and implements all aspects of the solution, including organization, process, technology and people related issues. Often clients also pre-

fer to outsource the operation of the implemented solution making Outsourcing the fastest growing service area. This new demand requires consulting firms to reinvent themselves. New disciplines, profiles and skills are necessary to remain competitive. New business models are being created. Networks of business outside the firms' borders are emerging. New financial structures are critical in order to respond to the new demands. The financial markets offer opportunities that some consulting firms have already leveraged and others are considering.

It is estimated that in the year 2000, there were 280,000 consultants operating in Europe. The consulting industry is therewith 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 battle for talent, which was raging during the first half of the year 2000 between the traditional consulting companies and the trendy dotcom start-ups, ended abruptly with the fall of the dotcoms.

The 23 countries represented by FEACO account for € 42.5 billion, (about 0,40% of the European GDP), which represents an increase of 22% compared to last year. All countries reported market growth, Greece, Portugal, Slovenia, Sweden and the United Kingdom of over 20%; Germany (28,6%) and the United Kingdom still represent the largest markets. The fact that the United Kingdom, already responsible for 25,8% of the total European market, still shows an impressive growth rate of 21%, opens perspectives for other national European markets.

FEACO is 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. The year 2000 has been an active and prosperous year for FEACO, it has implemented a new strategy, which also had a revitalising effect on some of the existing functions and, as a result, has consolidated its position by raising its image and profile within Europe and internationally.

On the European Union front, FEACO has established a solid relation with the European Commission in the areas of reform and external aid. Very frequent meetings form the basis for an ongoing dialogue on these issues. In November FEACO organised in Brussels, in cooperation with EFCA (European Federation of Consulting Engineers), the third Conference on "Consultancy and the European Union" where the reform and external relations issues were debated with officials from the European Commission. Representatives from the Consultancy sector, the European Institutions and the Permanent Representations attended the Conference,

which was very well received by all participants. A follow-up Conference, which we expect to be equally successful, will take place in Brussels on March 21st, 2002.

Our excellent 2000 World Conference entitled "Management Consultancy in a Single World", was organised and hosted by the BDU (Bundesverband Deutscher Unternehmensberater) in Berlin, with the co-operation of our counterparts from the United States and Japan, as well as the International Council of Management Consulting Institutes, ICMCI. The wide variety of subjects covered at the Conference reflected the way in which the Management Consultancy borders are expanding. Not surprisingly, many of these were in one way or another linked to new technologies and IT. For June 2001 the international conference focused on the Central and Eastern European market in Hungary, Budapest, and for May 2002 Lisbon, Portugal, is on the agenda, ([www.mc-lisboncon.org/](http://www.mc-lisboncon.org/)).

#### The future.

In spite of the current global economic developments, I am positive that there are opportunities in several markets for continued growth. The introduction of the Euro is a new challenge, which is likely to have a positive effect on the entire EU economy. With the economic developments in Eastern Europe and the approaching enlargement of the EU, the entire European management consultancy market will mature and continue to grow. The ongoing globalisation is also contributing to this growth. European consultants, through the experience of the European Internal Market, are well prepared to help their clients to be successful in the new environment.

## Summary

In the year 2000, the European management consulting marketplace again experienced remarkable growth, although the average rate of 15.5% was lower compared to 1999 (+15.9%). Approximately 280,000 consultants generated a € 42.5 billion turnover. This corresponds to a growth rate of the management consulting market of about 18% compared to 1999 (€ 36 billion). However, prognoses indicate that the rates are likely to decrease in most European countries in 2001.

The European market now contributes 0.4 per cent of the European GDP, an increase of 22% on 1999. All countries reported market growth with Greece, Portugal, Slovenia, Sweden and the UK reporting over 20% growth. Germany is still the biggest management consulting market with 28.6% of European fee income followed by the UK with 25.8% and France with 17.1%.

The increasing demand for comprehensive services will cause further concentration of the market, through mergers and acquisitions, and other forms of cooperation with niche players, which will lead to an increasingly competitive market. In this highly competitive market, customer satisfaction will become increasingly important, for management consultants clients, but also for their clients'. Customer Relationship Management (CRM) will not just aim at market extension but, more essential, client retention.

The consulting market will cover a spectrum of areas not even imagined only a few years ago. Globalisation and developments in communication and information technologies will continue to bring change in the industry, making it wider and more diverse. FEACO also needs to adapt to these changes. The year 2001 will be a year of restructuring to prepare for this expansion of the profession, to be able to welcome new players, large and small, with new capabilities and from around the world.

The future is full of opportunities and challenges. Consulting firms, in order to be competitive in the new market, have to keep making major changes and adapt to the clients' demand. Speed, value and comprehensive solutions are going to be key in consultancy in the 21st century.



**Gil Gidron**  
FEACO Chairman

The UK has the highest income per consultant with € 298,000 followed by Germany with € 228,000 and France with € 227,000.

In the year 2000, corporate strategy services experienced the highest average growth rate (+20.5%) with strategic planning as the most important consulting service in this section. IT Consulting is still the biggest earner with 40.3% and the share of e-commerce related projects is expected to increase in 2001.

The banking/insurance sector still accounts for the lion's share of consulting work, representing 25.6% of the total income. The manufacturing industry experienced a decrease in terms of fee income from 21.2% to 19%.

The European Management Consulting Market  
2000/2001

Fig. 1: Management Consulting Industry Size, 1994 - 2000

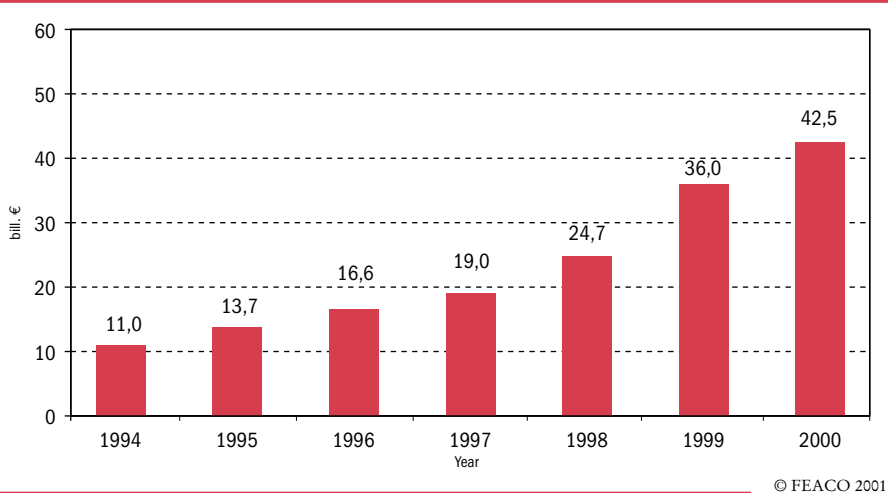


Fig. 2: The Management Consulting Market As A Percentage Of The Gross European Product\*, 1994 - 2000

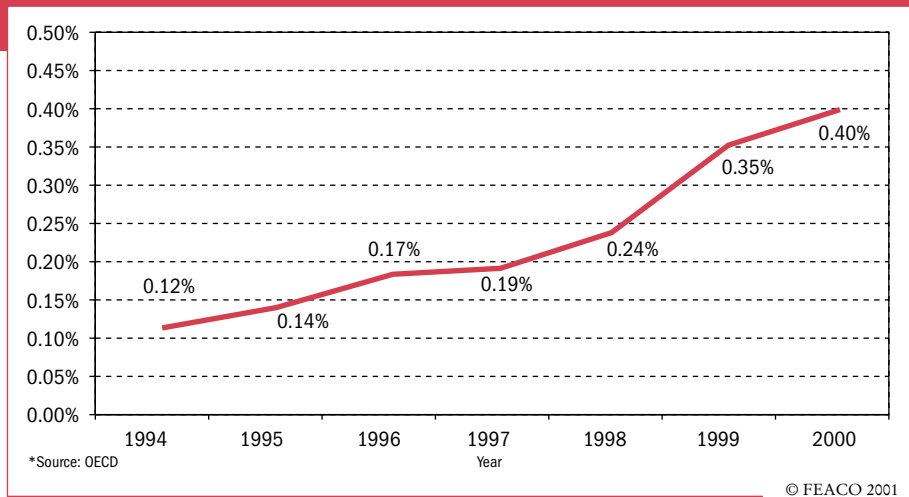


Fig. 3: Number Of Management Consultants, 1994 - 2000

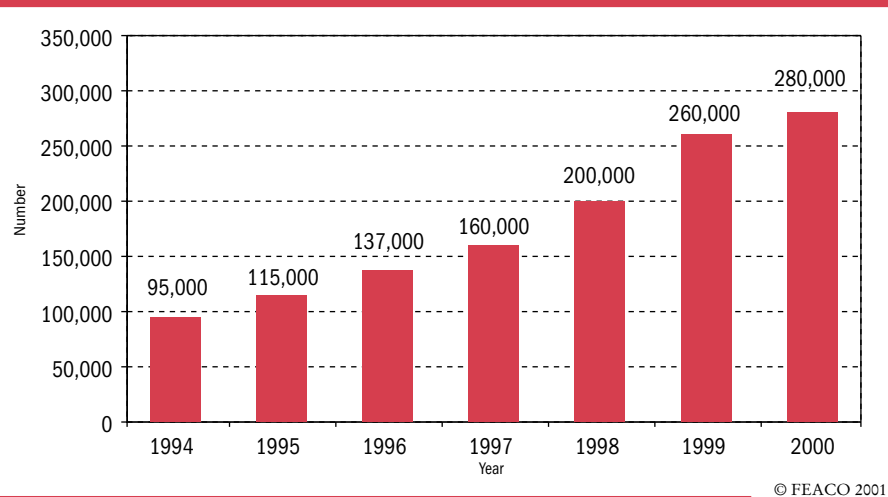


Fig. 4: Breakdown Of The European Management Consulting Market By Countries/Regions, 2000

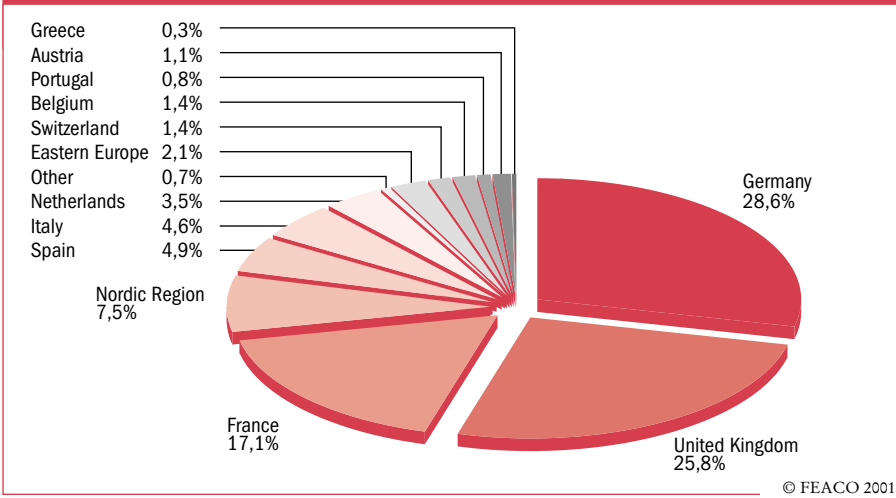


Fig. 5: Market Share Of Top-20, Medium Sized & Small Management Consulting Firms, 1999 - 2001

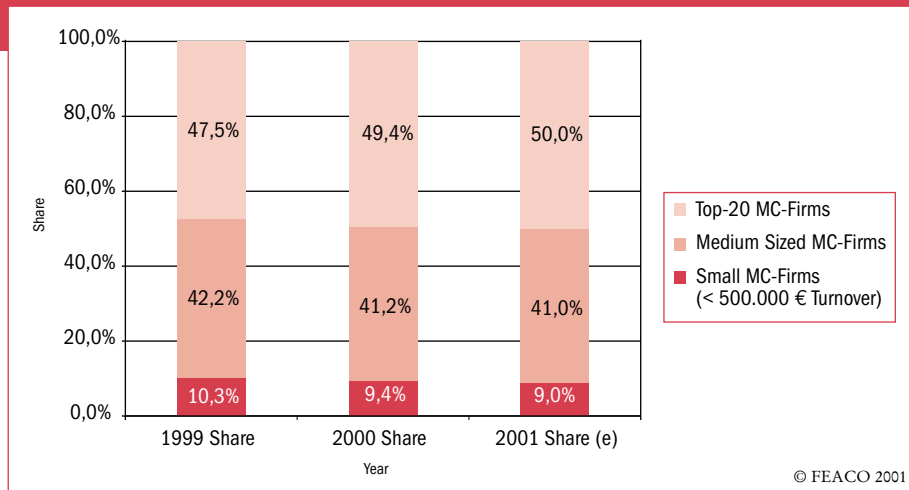
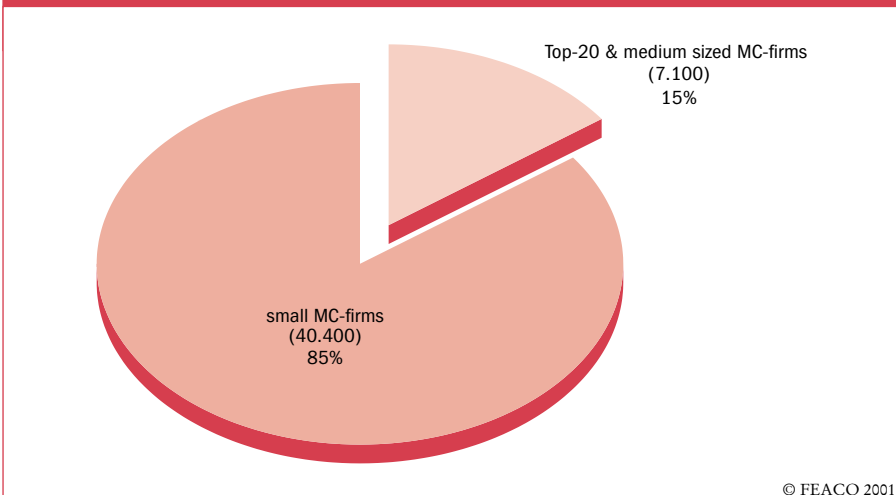
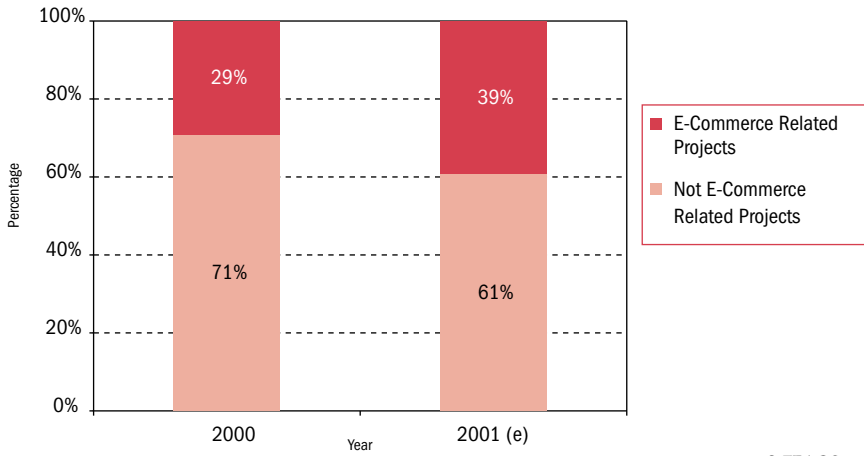


Fig 6: Breakdown Of The European Management Consulting Market By Management Consulting Firms, 2000



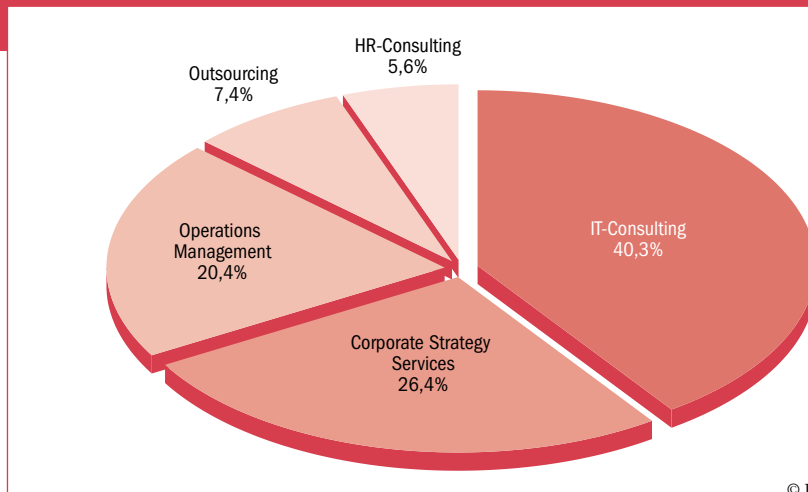
The European Management Consulting Market  
2000/2001

Fig. 7: E-Commerce Related Projects, 2000 and 2001 (e)



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Fig. 8: Breakdown Of The Management Consulting Market By Key Consulting Services, 2000



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Tab. 1: Breakdown Of The Management Consulting Market By Consulting Services, 2000

	Field of Activity																									
	Corporate Strategy Services						Operations Management						Human Resources Management			Information Technology		Outsourcing								
bill. € 1999	4.46	0.94	0.43	1.55	1.30	1.12	9.79	1.73	0.40	2.88	n.a.	3.35	8.35	0.72	0.04	0.04	0.29	0.04	1.12	2.23	8.35	3.49	3.78	15.62	n.a.	35.64
bill. € 2000	5.53	1.06	0.30	1.57	1.70	1.06	11.22	2.98	0.85	2.30	2.34	0.21	8.67	0.94	0.09	0.04	0.21	0.04	1.08	2.39	8.93	4.25	3.95	17.13	3.12	42.50
bill. € 2001(e)	6.34	1.34	0.35	1.68	1.68	1.39	12.77	2.67	1.34	2.82	2.92	0.25	10.00	0.99	0.10	0.05	0.25	0.05	1.24	2.67	9.90	5.59	4.46	19.95	4.11	49.50

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Fig. 9: Key Consulting Services Average Per Annum Growth Rate, 2000

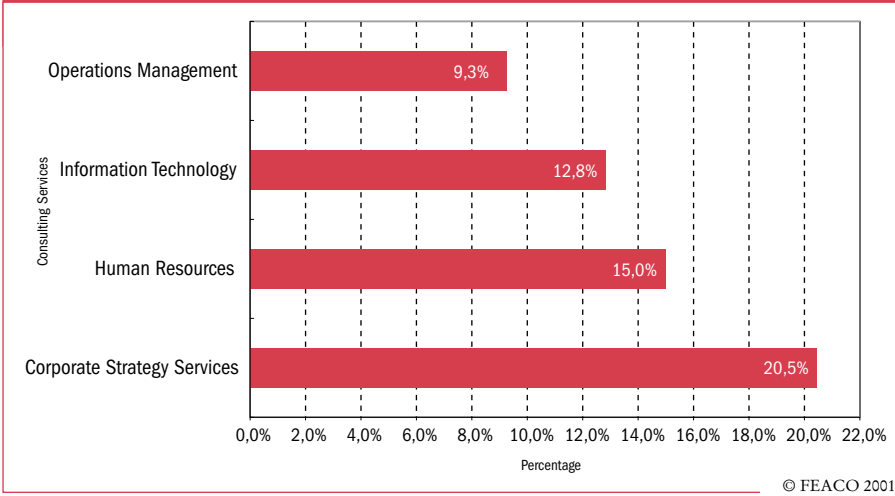


Fig. 10: Breakdown Of The Management Consulting Market By Key Consulting Services, 2001 (e)

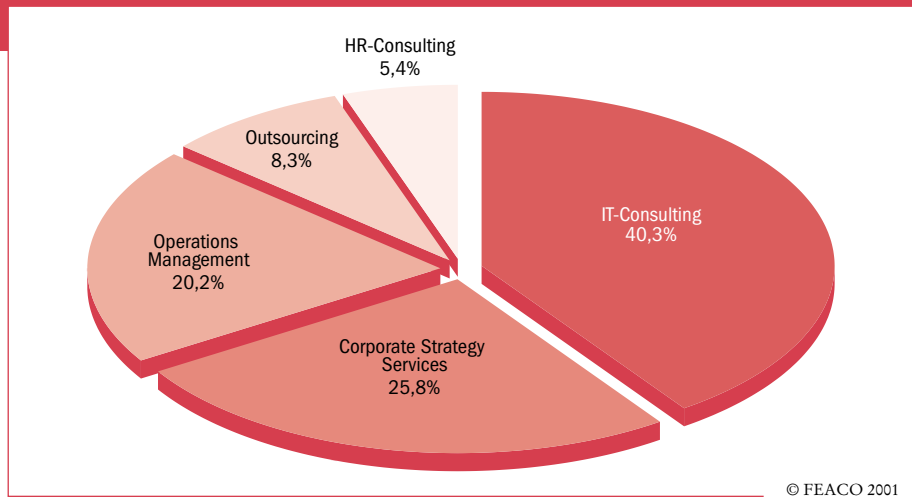
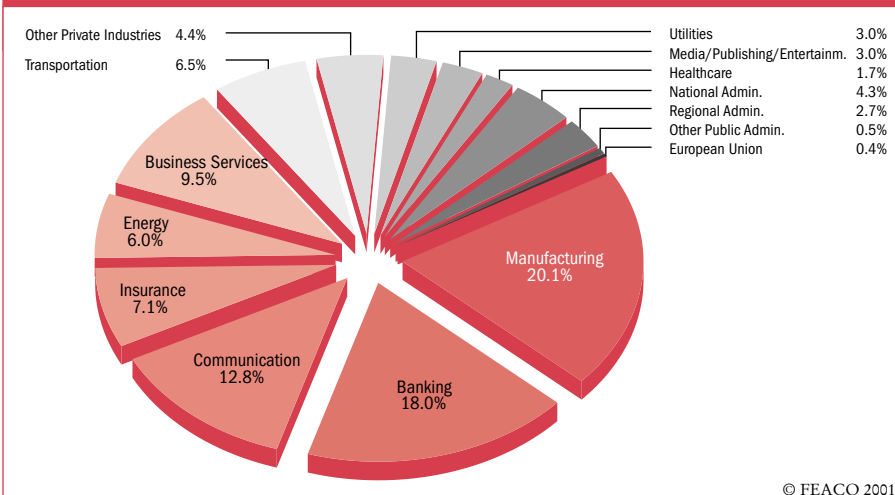
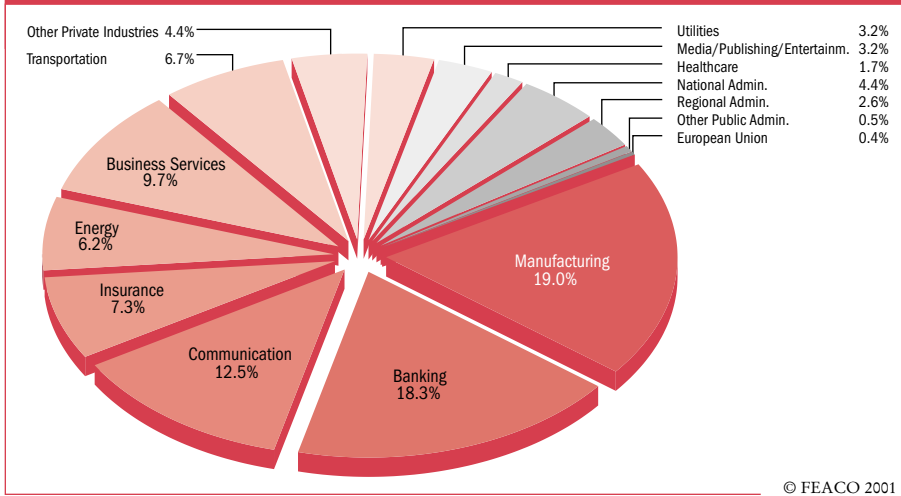


Fig. 11: Breakdown Of The Management Consulting Market By Industry Sectors, 2000



The European Management Consulting Market  
2000/2001

Fig. 12: Breakdown Of The Management Consulting Market By Industry Sectors, 2001 (e)



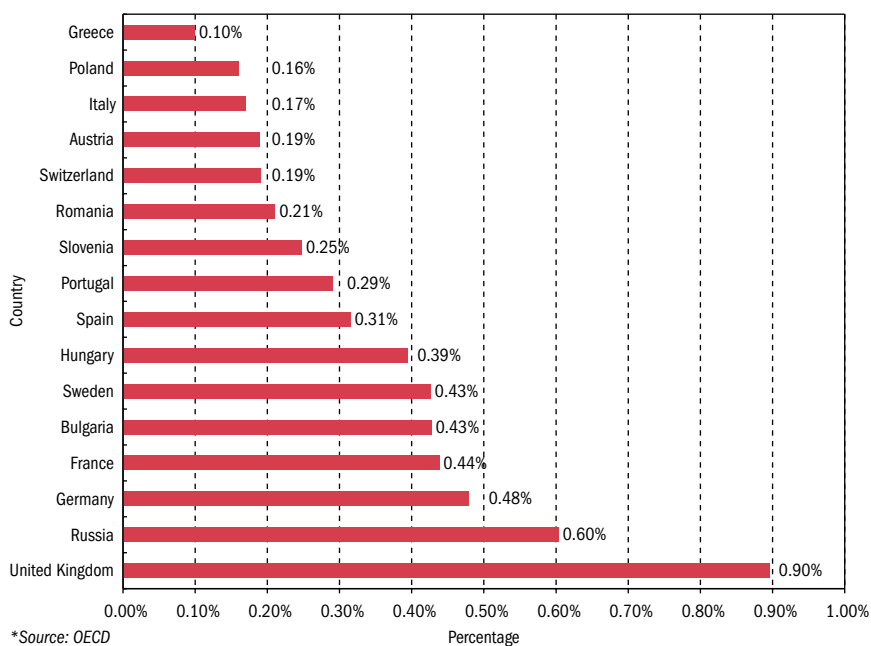
Tab. 2: Key Figures Of Selected European Management Consulting Markets, 2000

	Number of Management Consulting Firms			Number of Management Consultants Total	Average Turnover per Consultant (€)	Turnover (mill. €)			Average Firms Growth Rate 2000 (2001 (e))	
	Big & Medium Sized MC-Firms	Small MC-Firms	Total Number			Top 20 MC-Firms (Country)	Medium Sized MC-Firms	Small MC-Firms		Total
Austria	270	1,901	2,171	3,500	137,000	84	132	265	481	4.0% (5,0%)
Belgium	n.a.	n.a.	n.a.	3,700*	162,000*	n.a.	n.a.	n.a.	600*	11.0%*
Bulgaria	10	90	300	2,700	18,000	30		19	49	19.0% (36,0%)
Denmark	n.a.	n.a.	n.a.	4,800*	140,000*	n.a.	n.a.	n.a.	680*	18.0%*
Finland	n.a.	n.a.	2,500*	4,500*	133,000*	n.a.	n.a.	n.a.	600*	18.0%*
France	200	11,000	11,200	24,000	304,000	2,000	3,100	2,200	7,300	17.0% (16,0%)
Germany	4,500	14,700	19,200	68,000	179,000	4,700	5,400	2,100	12,200	11.8% (10%)
Greece	40	100	140	1,350	96,000	94	17	20	130	25.0% (27%)
Hungary	20	300	320	3,100	66,000	90		115	205	15.0% (15%)
Italy	230	2,700	2,930	22,800	86,000	780	390	780	1,950	18.0% (10%)
Netherlands	n.a.	n.a.	11,000	9,000*	168,000*	n.a.	n.a.	n.a.	1,500	11.0%*
Norway	n.a.	n.a.	n.a.	5,800*	138,000*	n.a.	n.a.	n.a.	800*	18.0%*
Poland	n.a.	n.a.	660	6,000	42,000	120	50	70	250	15.0% (20%)
Portugal	120	680	800	5,800	60,000	75	180	95	350	25.0% (15%)
Romania	26	2,477	2,503	2,500	30,000	30	24	20	74	5.0% (7%)
Russia	70	230	300	5,100	42,000	69	96	47	212	20.0% (11%)
Slovenia	90	480	570	543	87,000	11	26	10	47	23.6% (15%)
Spain	70	300	370	37,000	57,000	1,700	320	80	2,100	18.6% (15%)
Sweden	50	n.a.	n.a.	6,250	180,000	620	150	20	790	25.0% (17%)
Switzerland	75	525	600	3,200	191,000	385	n.a.	n.a.	610	9.0% (5%)
United Kingdom	600	2,500	3,100	42,000	262,000	6,000	3,000	2,000	11,000	21.0% (10%)

\* feaco estimates

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



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## Selected European Management Consulting Markets

Tab. 3: Breakdown Of Selected European Management Consulting Markets By Consulting Services, 2000

	Country	AUT	BUL	FRA	GER	GRE	HUN	ITA	POR	ROM	RUS	SLO	SPA	SWI	UK
Corporate Strategy Services	Strategic Planning & Organisation Development	28.00%	19.00%	9.00%	12.00%	17.00%	18.00%	15.00%	10.00%	15.00%	12.20%	16.00%	7.20%	n.a.	16.30%
	Mergers & Acquisitions	2.20%	0.00%	0.00%	5.50%	1.00%	3.00%	4.00%	2.00%	1.00%	5.90%	3.00%	0.80%	n.a.	
	Market Research	4.40%	10.00%	0.00%	1.00%	2.00%	3.00%	2.00%	2.00%	2.00%	6.00%	4.00%	1.00%	n.a.	
	Marketing & Corporate Communication	6.05%	0.00%	10.00%	2.00%	2.00%	4.00%	4.00%	10.00%	5.00%	5.50%	33.00%	0.70%	n.a.	2.10%
	Financial Advisory	2.75%	23.00%	12.00%	4.50%	3.00%	6.00%	11.00%	5.00%	20.00%	25.50%	9.00%	0.00%	n.a.	
	Other	11.60%	0.00%	2.00%	1.50%	2.00%	5.00%	1.00%	1.00%	7.00%	2.50%	5.00%	0.00%	n.a.	1.80%
	<b>Subtotal</b>	<b>55.00%</b>	<b>52.00%</b>	<b>33.00%</b>	<b>26.50%</b>	<b>27.00%</b>	<b>39.00%</b>	<b>37.00%</b>	<b>30.00%</b>	<b>54.00%</b>	<b>55.60%</b>	<b>70.00%</b>	<b>9.70%</b>	<b>25.00%</b>	<b>20.20%</b>
Operations Management	Business Process Reengineering	2.20%	3.00%	13.00%	3.50%	15.00%	9.00%	5.00%	5.00%	5.00%	2.2%	3.00%	11.60%	n.a.	8.00%
	Change Management	1.10%	0.00%	0.00%	3.00%	2.00%	5.00%	6.00%	6.00%	2.00%	1.3%	4.00%	6.00%	n.a.	2.00%
	Project Management	4.40%	22.00%	11.00%	9.00%	23.00%	12.00%	3.00%	8.00%	10.00%	5.1%	3.00%	3.90%	n.a.	3.90%
	Supply Chain Management	1.50%	0.00%	0.00%	8.00%	1.00%	0.00%	3.50%	1.00%	0.00%	0.00%	0.00%	0.80%	n.a.	11.60%
	Other	2.80%	1.00%	2.00%	1.00%	1.00%	4.50%	0.50%	0.00%	2.00%	10.00%	1.00%	0.30%	n.a.	0.00%
	<b>Subtotal</b>	<b>12.00%</b>	<b>26.00%</b>	<b>26.00%</b>	<b>24.50%</b>	<b>42.00%</b>	<b>30.50%</b>	<b>18.00%</b>	<b>20.00%</b>	<b>19.00%</b>	<b>18.60%</b>	<b>11.00%</b>	<b>22.60%</b>	<b>40.00%</b>	<b>25.50%</b>
Human Resources Management	Recruiting & Executive Search	4.60%	2.00%	0.00%	3.40%	2.00%	4.00%	3.00%	2.00%	3.00%	0.50%	0.00%	0.50%	n.a.	n.a.
	Benefits & Compensation	1.20%	0.00%	0.00%	0.30%	1.00%	2.00%	0.50%	1.00%	1.00%	2.30%	3.00%	0.00%	n.a.	n.a.
	Interim Management	0.60%	0.00%	0.00%	0.10%	0.00%	1.00%	1.00%	1.00%	0.00%	5.80%	0.00%	0.00%	n.a.	n.a.
	Training & Education	2.00%	4.00%	0.00%	0.60%	1.00%	6.00%	2.00%	10.00%	20.00%	0.50%	6.00%	2.00%	n.a.	n.a.
	Outplacement	1.00%	0.00%	0.00%	0.10%	0.00%	0.00%	0.50%	1.00%	0.00%	1.90%	0.00%	0.00%	n.a.	n.a.
	Other	0.60%	1.00%	12.00%	0.10%	0.00%	7.50%	1.00%	0.00%	0.00%	1.30%	1.00%	0.00%	n.a.	n.a.
<b>Subtotal</b>	<b>10.00%</b>	<b>7.00%</b>	<b>12.00%</b>	<b>4.60%</b>	<b>4.00%</b>	<b>20.50%</b>	<b>8.00%</b>	<b>15.00%</b>	<b>24.00%</b>	<b>12.30%</b>	<b>10.00%</b>	<b>2.50%</b>	<b>10.00%</b>	<b>4.30%</b>	
Information Technology	IT Consulting	11.00%	5.00%	29.00%	29.00%	20.00%	3.00%	14.00%	10.00%	2.00%	0.90%	2.00%	16.00%	n.a.	14.00%
	IT System Development & -Integration	5.00%	7.00%	0.00%	11.00%	4.00%	3.00%	18.00%	10.00%	1.00%	9.50%	6.00%	39.30%	n.a.	15.00%
	Other	7.00%	1.00%	0.00%	3.40%	0.00%	1.00%	2.00%	5.00%	0.00%	0.40%	0.00%	1.30%	n.a.	
	<b>Subtotal</b>	<b>23.00%</b>	<b>13.00%</b>	<b>29.00%</b>	<b>43.40%</b>	<b>24.00%</b>	<b>7.00%</b>	<b>34.00%</b>	<b>25.00%</b>	<b>3.00%</b>	<b>10.80%</b>	<b>8.00%</b>	<b>56.60%</b>	<b>25.00%</b>	<b>29.00%</b>
Outsourcing	0.00%	2.00%	0.00%	1.00%	3.00%	3.00%	3.00%	10.00%	0.00%	2.7%	1.00%	8.6%	0.00%	21.00%	
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

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Tab. 4: Breakdown Of Selected European Management Consulting Markets By Industry Sectors, 2000

	Country	AUT	BUL	FRA	GER	GRE	HUN	ITA	POR	ROM	RUS	SLO	SPA	SWI	UK
Private Sector	Manufacturing	33.00%	38.00%	23.00%	22.00%	15.00%	28.00%	30.00%	20.00%	57.00%	56.00%	25.00%	18.40%	25.00%	23.80%
	Perishable Goods	n.a.	6.00%	n.a.	4.50%	5.00%	11.00%	7.00%	7.00%	22.00%	22.40%	3.00%	6.60%	n.a.	5.00%
	Basic Materials	n.a.	4.00%	n.a.	6.00%	4.00%	11.00%	4.00%	6.00%	20.00%	3.30%	10.00%	2.20%	n.a.	4.00%
	Industry	n.a.	28.00%	n.a.	11.50%	6.00%	6.00%	19.00%	6.00%	15.00%	30.30%	12.00%	9.60%	n.a.	14.80%
	Banking	3.00%	14.00%	22.00%	19.00%	12.00%	6.00%	23.00%	5.00%	7.00%	6.00%	9.00%	29.90%	15.00%	12.00%
	Insurance	0.00%	0.00%	6.00%	8.00%	6.00%	1.00%	7.00%	5.00%	1.00%	0.20%	2.00%	4.10%	10.00%	8.00%
	Communication	18.00%	3.00%	18.00%	13.00%	6.00%	10.00%	18.00%	8.00%	1.00%	3.00%	27.00%	16.40%	15.00%	15.50%
	Transportation	5.00%	4.00%	4.00%	8.00%	7.00%	2.00%	2.00%	3.00%	1.00%	2.80%	4.00%	2.00%	5.00%	4.80%
	Media & Publishing & Entertainment	7.00%	5.00%	0.00%	3.00%	1.00%	1.00%	3.60%	4.00%	0.00%	0.20%	1.00%	2.00%	5.00%	2.00%
	Energy	2.00%	1.00%	6.00%	6.00%	4.00%	11.00%	2.00%	5.00%	2.00%	18.00%	2.00%	4.10%	5.00%	7.00%
	Business Services	21.00%	19.00%	3.00%	3.00%	5.00%	7.00%	4.80%	10.00%	6.00%	3.50%	19.00%	6.70%	0.00%	9.70%
	Utilities	0.00%	3.00%	2.00%	5.00%	7.00%	4.00%	1.80%	15.00%	5.00%	0.50%	2.00%	6.40%	0.00%	2.00%
	Healthcare	2.00%	0.00%	0.00%	4.00%	1.00%	10.00%	1.50%	5.00%	0.00%	1.00%	1.00%	2.70%	5.00%	
	Other	5.00%	1.00%	11.00%	1.00%	1.00%	10.00%	1.50%	5.00%	0.00%	2.80%	1.00%	1.90%	5.00%	4.90%
	<b>Subtotal Private Sector</b>	<b>96.00%</b>	<b>88.00%</b>	<b>95.00%</b>	<b>92.00%</b>	<b>65.00%</b>	<b>90.00%</b>	<b>95.20%</b>	<b>85.00%</b>	<b>80.00%</b>	<b>94.00%</b>	<b>93.00%</b>	<b>94.60%</b>	<b>90.00%</b>	<b>89.70%</b>
Public Sector	European Union	n.a.	1.00%	0.00%	1.00%	10.00%	1.00%	0.40%	1.00%	15.00%	0.00%	2.00%	0.00%	n.a.	0.00%
	National Administration	n	2.00%	3.00%	3.00%	21.00%	6.00%	3.60%	4.00%	2.00%	0.00%	5.00%	3.70%	n.a.	7.00%
	Regional Administration	n.a.	9.00%	2.00%	4.00%	4.00%	2.00%	0.80%	10.00%	3.00%	1.00%	0.00%	1.70%	n.a.	2.50%
	Other	n.a.	0.00%	0.00%	0.00%	0.00%	1.00%	0.00%	0.00%	0.00%	5.00%	0.00%	0.00%	n.a.	0.80%
	<b>Subtotal Public Sector</b>	<b>4.00%</b>	<b>12.00%</b>	<b>5.00%</b>	<b>8.00%</b>	<b>35.00%</b>	<b>10.00%</b>	<b>4.80%</b>	<b>15.00%</b>	<b>20.00%</b>	<b>6.00%</b>	<b>7.00%</b>	<b>5.40%</b>	<b>10.00%</b>	<b>10.30%</b>
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	

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Tab. 5: Breakdown Of Selected European Management Consulting Markets By Consulting Services, 2001 (e)

	Country	AUT	BUL	GER	GRE	HUN	ITA	POL	POR	ROM	RUS	SLO	SPA	SWI	UK
Corporate Strategy Services	Strategic Planning & Organisation Development	30.20%	20.00%	11.50%	n.a.	19.00%	n.a.	10.00%	10.00%	10.00%	9.60%	17.00%	7.20%	n.a.	16.50%
	Mergers & Acquisitions	1.70%	0.00%	6.00%	n.a.	2.00%	n.a.	2.00%	2.00%	1.00%	3.90%	5.00%	0.90%	n.a.	0.00%
	Market Research	3.40%	7.00%	1.00%	n.a.	3.00%	n.a.	2.00%	2.00%	5.00%	5.30%	4.00%	1.00%	n.a.	0.00%
	Marketing & Corporate Communication	5.70%	0.00%	1.50%	n.a.	2.00%	n.a.	10.00%	10.00%	5.00%	3.20%	34.00%	1.00%	n.a.	3.20%
	Financial Advisory	4.00%	22.00%	4.00%	n.a.	5.00%	n.a.	5.00%	5.00%	20.00%	16.50%	7.00%	0.00%	n.a.	0.00%
	Other	12.00%	1.00%	1.00%	n.a.	5.00%	n.a.	1.00%	1.00%	3.00%	1.80%	4.00%	0.00%	n.a.	2.20%
	<b>Subtotal</b>	<b>57.00%</b>	<b>50.00%</b>	<b>25.00%</b>	<b>30.00%</b>	<b>36.00%</b>	<b>37.00%</b>	<b>30.00%</b>	<b>30.00%</b>	<b>44.00%</b>	<b>40.30%</b>	<b>71.00%</b>	<b>10.10%</b>	<b>25.00%</b>	<b>21.90%</b>
	Operations Management	Business Process Reengineering	1.80%	3.00%	3.50%	n.a.	8.00%	n.a.	4.00%	4.00%	3.00%	2.00%	4.00%	10.80%	n.a.
Change Management		1.30%	0.00%	3.50%	n.a.	5.00%	n.a.	7.00%	7.00%	1.00%	1.80%	3.00%	6.30%	n.a.	2.70%
Project Management		4.00%	22.00%	8.00%	n.a.	10.00%	n.a.	7.00%	7.00%	10.00%	5.40%	3.00%	4.10%	n.a.	4.00%
Supply Chain Management		1.40%	0.00%	9.00%	n.a.	1.00%	n.a.	1.00%	1.00%	0.00%	26.20%	0.00%	1.10%	n.a.	12.50%
Other		2.50%	0.00%	1.00%	n.a.	6.00%	n.a.	1.00%	1.00%	1.00%	9.10%	0.00%	0.30%	n.a.	0.00%
<b>Subtotal</b>		<b>11.00%</b>	<b>25.00%</b>	<b>25.00%</b>	<b>37.00%</b>	<b>30.00%</b>	<b>18.00%</b>	<b>20.00%</b>	<b>20.00%</b>	<b>15.00%</b>	<b>34.50%</b>	<b>10.00%</b>	<b>22.60%</b>	<b>35.00%</b>	<b>26.20%</b>
Human Resources Management	Recruiting & Executive Search	3.40%	2.00%	3.30%	n.a.	4.00%	n.a.	2.00%	2.00%	10.00%	2.70%	1.00%	0.60%	n.a.	n.a.
	Benefits & Compensation	0.70%	0.00%	0.20%	n.a.	3.00%	n.a.	2.00%	2.00%	1.00%	3.20%	1.00%	0.00%	n.a.	n.a.
	Interim Management	0.50%	2.00%	0.10%	n.a.	0.00%	n.a.	1.00%	1.00%	0.00%	6.40%	0.00%	0.00%	n.a.	n.a.
	Training & Education	1.90%	5.00%	0.50%	n.a.	6.00%	n.a.	9.00%	9.00%	20.00%	0.00%	7.00%	1.90%	n.a.	n.a.
	Outplacement	0.70%	0.00%	0.10%	n.a.	0.00%	n.a.	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%	n.a.	n.a.
	Other	0.80%	2.00%	0.10%	n.a.	8.00%	n.a.	0.00%	0.00%	0.00%	0.90%	1.00%	0.00%	n.a.	n.a.
<b>Subtotal</b>	<b>8.00%</b>	<b>11.00%</b>	<b>4.30%</b>	<b>5.00%</b>	<b>21.00%</b>	<b>8.00%</b>	<b>15.00%</b>	<b>15.00%</b>	<b>31.00%</b>	<b>13.20%</b>	<b>10.00%</b>	<b>2.50%</b>	<b>10.00%</b>	<b>4.50%</b>	
Information Technology	IT Consulting	12.50%	5.00%	28.00%	n.a.	3.00%	n.a.	8.00%	8.00%	5.00%	0.90%	2.00%	16.30%	n.a.	13.00%
	IT System Development & -Integration	5.50%	7.00%	12.00%	n.a.	4.00%	n.a.	12.00%	12.00%	4.00%	9.10%	6.00%	37.80%	n.a.	14.00%
	Other	6.00%	1.00%	2.70%	n.a.	3.00%	n.a.	5.00%	5.00%	1.00%	0.00%	0.00%	1.30%	n.a.	0.00%
	<b>Subtotal</b>	<b>24.00%</b>	<b>13.00%</b>	<b>42.70%</b>	<b>25.00%</b>	<b>10.00%</b>	<b>34.00%</b>	<b>25.00%</b>	<b>25.00%</b>	<b>10.00%</b>	<b>10.00%</b>	<b>8.00%</b>	<b>55.40%</b>	<b>27.00%</b>	<b>27.00%</b>
Outsourcing	0.0%	1.0%	3.00%	3.00%	3.00%	3.00%	10.00%	10.00%	0.00%	1.80%	1.00%	9.40%	3.00%	20.40%	
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

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Tab. 6: Breakdown Of Selected European Management Consulting Markets By Industry Sectors, 2001 (e)

	Country	AUT	BUL	GER	GRE	HUN	ITA	POR	ROM	RUS	SLO	SPA	SWI	UK
Private Sector	Manufacturing	35.00%	33.00%	24.00%	16.00%	36.00%	29.00%	20.00%	45.00%	60.00%	22.00%	18.00%	25.00%	20.00%
	Perishable Goods	n.a.	5.00%	5.50%	n.a.	16.00%	7.00%	7.00%	20.00%	20.00%	4.00%	6.30%	n.a.	n.a.
	Basic Materials	n.a.	1.00%	6.50%	n.a.	11.00%	4.00%	6.00%	15.00%	10.00%	10.00%	2.40%	n.a.	n.a.
	Industry	n.a.	27.00%	12.00%	n.a.	9.00%	20.00%	6.00%	10.00%	30.00%	8.00%	9.30%	n.a.	n.a.
	Banking	2.00%	15.00%	20.00%	13.00%	4.00%	24.00%	5.00%	7.00%	5.00%	8.00%	30.60%	15.00%	12.00%
	Insurance	0.00%	0.00%	9.00%	6.00%	1.00%	8.00%	5.00%	1.00%	0.50%	2.00%	4.00%	10.00%	8.00%
	Communication	20.00%	2.00%	12.00%	7.00%	7.00%	17.00%	8.00%	2.00%	2.80%	31.00%	16.40%	15.00%	12.00%
	Transportation	4.00%	5.00%	8.00%	7.00%	4.00%	2.00%	3.00%	2.00%	2.70%	3.00%	2.50%	5.00%	5.00%
	Media & Publishing & Entertainment	8.00%	4.00%	3.00%	1.00%	1.00%	3.00%	4.00%	0.00%	0.20%	1.00%	4.00%	5.00%	4.00%
	Energy	3.00%	2.00%	6.00%	5.00%	8.00%	2.00%	5.00%	3.00%	17.00%	3.00%	4.10%	5.00%	8.00%
	Business Services	19.00%	22.00%	3.00%	5.00%	7.00%	4.30%	10.00%	5.00%	4.60%	20.00%	4.90%	0.00%	11.00%
	Utilities	0.00%	3.00%	4.00%	8.00%	1.00%	1.70%	15.00%	5.00%	0.80%	2.00%	6.50%	0.00%	3.00%
	Healthcare	2.00%	0.00%	3.00%	1.00%	10.00%	1.50%	5.00%	0.00%	1.00%	1.00%	2.00%	5.00%	0.00%
	Other	3.00%	1.00%	1.00%	1.00%	11.00%	1.50%	5.00%	0.00%	1.70%	1.00%	1.70%	5.00%	3.00%
	<b>Subtotal Private Sector</b>	<b>93.00%</b>	<b>86.00%</b>	<b>92.00%</b>	<b>69.00%</b>	<b>79.00%</b>	<b>92.50%</b>	<b>85.00%</b>	<b>70.00%</b>	<b>94.60%</b>	<b>93.00%</b>	<b>93.00%</b>	<b>85.00%</b>	<b>83.00%</b>
	Public Sector	European Union	n.a.	1.00%	1.00%	n.a.	0.00%	0.50%	1.00%	25.00%	0.00%	2.00%	0.00%	n.a.
National Administration		n.a.	2.00%	3.00%	n.a.	7.00%	4.70%	4.00%	1.00%	0.00%	4.00%	3.40%	n.a.	8.00%
Regional Administration		n.a.	8.00%	3.00%	n.a.	3.00%	0.80%	10.00%	4.00%	2.00%	0.00%	1.70%	n.a.	2.00%
Other		n.a.	2.00%	0.00%	n.a.	0.00%	0.00%	0.00%	0.00%	1.70%	0.00%	0.20%	n.a.	2.00%
<b>Subtotal Public Sector</b>	<b>4.00%</b>	<b>13.00%</b>	<b>7.00%</b>	<b>30.00%</b>	<b>10.00%</b>	<b>6.00%</b>	<b>15.00%</b>	<b>30.00%</b>	<b>3.70%</b>	<b>6.00%</b>	<b>5.30%</b>	<b>10.00%</b>	<b>14.00%</b>	
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

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## Selected European Management Consulting Markets

Tab. 7: Daily Fee Rates (€) In Selected European Management Consulting Markets

Country	Managing Director						Senior Consultant					
	Big & Medium			Small			Big & Medium			Small		
	Average	Min	Max	Average	Min	Max	Average	Min	Max	Average	Min	Max
Austria	1,030	740	1,180	940	880	1,000	820	700	880	n.a.	n.a.	n.a.
Bulgaria	300	180	430	210	150	270	200	150	250	160	120	200
France	3,200	2,400	4,800	950	500	2,200	1,600	1,300	3,200	950	500	1,500
Germany	2,100	1,500	5,300	1,200	800	3,200	1,700	900	4,000	1,100	600	2,500
Greece	1,000	750	1,450	675	600	725	775	650	1,275	600	550	675
Hungary	n.a.	n.a.	n.a.	850	650	1,000	n.a.	n.a.	n.a.	700	550	750
Italy	2,000	1,600	2,400	1,400	1,000	1,700	1,500	1,200	2,000	1,200	900	1,400
Poland	1,500	800	3,000	800	500	1,500	1,000	600	2,000	600	400	1,200
Portugal	1,250	1,000	1,500	1,000	800	1,200	1,125	1,000	1,250	900	800	1,000
Romania	500	400	600	250	200	300	400	300	500	200	150	250
Russia	1,500	1,000	2,000	250	200	300	600	200	1,000	100	50	150
Slovenia	n.a.	n.a.	n.a.	700	400	800	n.a.	n.a.	n.a.	600	400	750
Spain	1,200	1,150	1,600	n.a.	n.a.	n.a.	900	800	1,150	n.a.	n.a.	n.a.
Switzerland	4,000	n.a.	n.a.	2,500	n.a.	n.a.	2,500	n.a.	n.a.	1,700	n.a.	n.a.
United Kingdom	3,500	1,500	6,000	2,500	1,000	4,000	2,500	n.a.	n.a.	2,000	n.a.	n.a.

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Tab. 8: Daily Fee Rates (€) In Selected European Management Consulting Markets

Country	Project Manager						Consultant						Junior Consultant					
	Big & Medium			Small			Big & Medium			Small			Big & Medium			Small		
	Average	Min	Max	Average	Min	Max	Average	Min	Max	Average	Min	Max	Average	Min	Max	Average	Min	Max
Austria	700	590	760	n.a.	n.a.	n.a.	470	350	530	380	320	420	200	180	230	n.a.	n.a.	n.a.
Bulgaria	200	150	240	120	80	160	140	100	180	90	60	120	90	70	110	70	50	90
France	1,500	950	1,450	600	500	1,000	1,100	950	1,300	550	500	950	800	650	950	500	300	650
Germany	1,500	750	3,750	1,000	550	2,300	1,200	600	3,100	900	450	2,000	900	450	1,400	550	350	1,000
Greece	725	600	1,150	575	500	650	650	600	900	450	400	550	450	400	550	375	300	425
Hungary	n.a.	n.a.	n.a.	750	550	800	n.a.	n.a.	n.a.	600	450	650	n.a.	n.a.	n.a.	400	250	400
Italy	1,200	900	1,500	1,200	950	1,500	1,000	800	1,350	700	500	1,000	900	800	1,000	500	400	600
Poland	1,000	600	2,000	600	400	1,200	800	500	1,500	500	300	800	500	300	1,000	300	100	500
Portugal	950	900	1,000	750	700	800	800	750	900	650	600	700	750	600	900	600	500	700
Romania	350	300	400	150	100	200	200	150	250	110	75	150	100	75	150	50	40	75
Russia	300	200	400	100	50	150	200	150	250	100	50	150	100	50	150	50	20	80
Slovenia	n.a.	n.a.	n.a.	500	300	700	n.a.	n.a.	n.a.	400	300	500	n.a.	n.a.	n.a.	250	200	300
Spain	800	700	1,000	n.a.	n.a.	n.a.	550	500	800	n.a.	n.a.	n.a.	400	300	500	n.a.	n.a.	n.a.
Switzerland	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1,800	n.a.	n.a.	1,400	n.a.	n.a.	1,000	n.a.	n.a.	800	n.a.	n.a.
United Kingdom	1,750	n.a.	n.a.	1,500	n.a.	n.a.	1,250	n.a.	n.a.	1,000	n.a.	n.a.	1,000	n.a.	n.a.	750	n.a.	n.a.

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## Austria

### For 2000

**Market Structure:** Customers in the consultancy market have become increasingly consulting minded and have started to understand management consulting as a process. Demand for specialist consulting is receding.

**Consulting Services:** Information Technology, telecommunications technology, media.

**Clients' Needs:** Demand for Full Service – “one stop shop”.

**Impact of Market-globalisation:** Globalisation does not have a significant influence on Management Consultancy in Austria due to the fact that the Austrian consulting business is concentrated on the home market. Business in foreign countries only takes place on a small scale. Globalisation did have an effect on the customer side, which is reflected in the Management Consultancy business – think global, act local.

### For 2001

**Market Structure:** Concentration towards large companies; strong segmentation on the supply side

**Consulting Services:** A strong tendency towards telecommunications and Strategy Consulting

## Bulgaria

### For 2000

**Market Structure:** A consolidation of consultancy companies or more cooperation on bigger projects. The consultancy sector has become more defined. Big companies get bigger, small companies get smaller

**Consulting Services:** Export of consultancy services to the Balkan region. Working with international bodies for crisis prevention; increase in Corporate Strategy Services (CSS).

**Clients' Needs:** Customer satisfaction; new markets' penetration research; assistance with partner search for joint ventures or export. Risk Management. More demand for market research, restructuring and Human Resource management (HRM).

**Impact of Market-globalisation:** Work on international projects on the domestic market increases the level of the expertise and quality; this is reflected in the remuneration schemes.

### For 2001

**Market Structure:** Continuation of the trends from 2000.

More differentiation of Management Consultancy Services, whereby more emphasis on consulting services to already privatised companies compared to the previous situation when the bigger clients were requesting assistance with transformation for privatisation. An increasing market share for consortia between local and international/foreign consultancy companies located on the domestic market working on international projects.

**Consulting Services:** Continuation of the process of separation and cooperation; the start of a process of Mergers and Acquisitions; an increasing share of financial consultancy for SMEs, Human Resource Management and consultancy on compliance with European Union quality standards (ISO 9000, etc.).

**Clients' Needs:** market research, restructuring, Human Resource Management (HRM) and Risk Management. More focus on customer satisfaction, turn-around of companies, post-privatisation financial restructuring, Human Resource Management and related aspects.

## France

### For 2000

**Market Structure:** Concentration of major players; higher turnover of personnel; higher salary expectations for junior consultants; new types of Client-Consultant relations.

**Consulting Services:** Related to new fields of activity: European cross-border assignments, E-Business, Customer Relationship Management (CRM). New types of business related to new technology.

**Clients' Needs:** Change Management related to business transformation. Human Resource Management issues.

**Market Globalisation:** Increase in revenue from cross-border activities.

### For 2001

**Market Structure:** Concentration of the bigger players. Bigger market share for IT firms.

**Consulting Services:** Customer Relation Management (CRM). E-Business.

**Clients' Needs:** IT-Issues; implementation of the EURO.

## Germany

### For 2000

**Market Structure:** Tendency with large firms to separate consulting activities from auditing & accounting services. More cooperation between large management consulting firms and software firms; more take-overs of small and medium sized software houses. Increased competition for recruitment and retention of qualified staff.

**Consulting Services/Clients' Needs:** Growing demand for the implementation of e-related systems and related organisational restructuring.

**Impact of Market-globalisation:** Need for international networking and formation of cross-border consulting teams. Consultants have to overcome intercultural borders. Expansion of branding activities by the leading management consulting firms, to be widely known with the public is one of the main conditions for future success. Small and medium sized management consulting firms are forced to specialize in niche services and to network on national and international level.

**For 2001**

**Market Structure:** Reduction of the average growth rates of the Top-40 (but not as fast as in the USA). Competition for recruitment and retention of qualified staff will stabilize. Reduction of personnel in many of the leading consulting firms. Several of the so called Multimedia and IT Firms are likely to disappear from the market or will be taken over by traditional consulting firms.

**Consulting Services:** Consulting services related to credit credibility rating (Basel II) will become a major consulting activity. Decrease of consulting activities related to mergers & acquisitions.

**Clients' Needs:** Growing demand for consulting related to e-business (system integration, distribution, logistics and marketing)

**Greece****For 2000**

**Market Structure:** High market concentration in the top-20 firms segment in terms of both turnover produced and number of professionals employed.

**Consulting Services:** More traditional consulting areas seem to lose market share, whereas promising new areas like IT, E-Business and Outsourcing are expanding more rapidly than expected.

**Clients' Needs:** Public sector clients require services related to administrative reform, including business planning, business process re-engineering and IT. Private sector clients require more specialised consultancy related to their expanding activities mostly in foreign markets (e.g. assessment of market risk, evaluation of local co-operation opportunities, market surveys, business plans, etc.).

**Impact of Market-globalisation:** Market-globalisation influences mostly the private sector of the economy, including the most dynamic of the privatised state companies. This has a direct effect on the demand for more specialised MC-services in many important areas of consulting (financial services, IT, corporate strategy, etc.)

**Hungary****For 2000**

**Market Structure:** Concentration of the market through mergers and acquisitions. The market has consolidated with the bigger players growing stronger.

**Consulting Services:** E-Business-related consulting activities have penetrated the consulting market.

**Clients' Needs:** The clients have become more educated in terms of what they can expect from management consulting. Their expectations have risen.

**Market Globalisation:** The global consulting companies seem to have more business opportunities with big clients, while local consultants are "crowded out", to serve small and medi-

um sized clients. However, local consultants have more opportunities to work on international projects, given that the quality of their service is at the level of international standards. SME clients faced with internationalisation/globalisation, require more information on international quality standards.

**For 2001**

**Market Structure:** Concentration of the market is expected to continue. Small consultancies will be engaged in networking more frequently.

**Consulting Services:** E-Business-related consulting will drive the market. Work in the public sector is expected to grow. Due to the impending EU integration environmental consulting will have an increasing share.

**Clients' Needs:** They require complex services from consultants and will be more critical of the quality of the services.

**Italy****For 2000**

**Market Structure:** New players in ICT Development of E-Business consulting firms

**Consulting Services:** Development of E-Business

**Clients' Needs:** Need of assistance in every field of Company Management (Counselling). New Technology development. Internationalisation.

**Impact of Market-globalisation:** Moderate. Stronger presence of international firms.

**For 2001**

**Market Structure:** Increased presence of new dot.com and ICT players. Further consolidation of larger firms through acquisitions of small firms. Shake-out of new firms of the new economy. Integration between IT companies and new internet consulting companies.

**Consulting Services:** E-Business and system integration. reduction of attractiveness of E-Commerce and E-Business. More focalisation. Further development of the demand from banking and public administration.

**Clients' Needs:** More request for consultancy on E-Business. streamlining the supply chain (manufacturing). Streamlining the information flow (public administration). Corporate governance for globalisation challenges.

**Poland****For 2000**

**Market Structure:** A strengthening of the position of international companies can be observed, as well as a growing share in the turnover. At present, Polish consulting firms operate in tough conditions due to the recession and fewer commissions from the administration. The number of small (1-5 persons) consulting companies that work for only one or two clients is growing.



**Consulting Services:** More and more consulting companies offer IT products. They supply services connected with the selection of information systems or preparing a company for the implementation of an ERP class system.

**Clients' Needs:** Clients more frequently require experience (including experience on foreign markets) and references from consultants. They also expect support in areas connected with the optimisation of business processes.

#### For 2001

**Market Structure:** Expected capital mergers between Polish consulting companies, and acquisitions of Polish companies by foreign entities interested in entering the Polish market.

**Consulting Services:** With reference to Poland's access to the EU an increase is expected in demand for consulting and training connected with applications for aid funds and consulting on the possibilities of using these funds in the regions.

**Clients' Needs:** The clients will expect two new types of competence: Use of information technologies in supporting corporate changes and knowledge of issues connected with the EU.

## Portugal

#### For 2000

**Market Structure:** There has been a movement of consolidation consisting of the merger of companies and the acquisition of Portuguese-owned-companies by international consulting groups.

**Consulting Services:** Consulting companies have had to improve their expertise in the new technologies domain due to the emergence of the so-called new economy and E-Business.

**Clients' Needs:** Client's needs are accompanying the changes that have been taking place in the market place therefore they require a more specialized approach to the new business environment.

**Market Globalisation:** Consulting companies need to have multi-disciplinary working teams in order to provide satisfactory consultancy services. There is also the consolidation trend mergers and acquisitions.

## Romania

#### For 2000

**Market Structure:** Tendency towards concentration of the small MC firms, some have disappeared and others were absorbed by medium- or large-sized firms. The number of new MC firms is still increasing rapidly, but at the same time many disappear. The management consulting market behaves like a newborn child: he learns a lot of notions and forgets a lot of notions each day, only the significant notions remain.

**Consulting Services:** After several years decline, year 2000 was a year of economic growth for Romania. This growth has

affected the consulting market, which has a slightly positive trend in the year 2000, after several years of decline.

Consulting in the public sector, in the international assistance programmes and consulting for privatisation and reorganisation were the key fields in the year 2000.

**Clients' Needs:** Clients, private and state owned are starting to ask for consulting services. Business consulting, human resources (incl. recruitment), strategic planning, reorganisation, marketing studies, IT consulting – are most often requested.

**Market Globalisation:** The market globalisation will force the Romanian MC firms to cooperate with international companies in order to provide "global services" to the clients.

#### For 2001

**Market Structure:** Some of the Romanian small and medium MC companies will better define their market position by specialising themselves in a specific consulting sector and concentrating in enlarging their market in that sector. The big companies, still dependent on international projects, or audit and related activities, will try to grow their MC departments by attracting specialists from the small MC companies. The lack of professional consultants still remains the main problem on the Romanian consulting market in 2001.

**Consulting Services:** In Romania, the privatisation of the industry, the public utilities and the banking sector opens new markets for consulting. The significant increase of the EU assistance to Romania is another major factor for market growth. Finally there is an enormous potential for IT&C consulting in Romania. This market is expected to grow rapidly.

**Clients' Needs:** Problem solving. Support with growth, business consulting, strategy and control, implementation of IT solutions and marketing strategies will remain the most significant needs in the private sector. The public sector urgently needs assistance with the design and implementation of appropriate international assistance programmes.

## Russia

#### For 2000

**Market Structure:** Optimisation of consultancy companies by improving the internal organisation and a better promotion of services; expansion of spectrum of proposed services. Players' needs: consulting on marketing, outsourcing-services, public sector consulting, and ability to provide complex services.

**Consulting Services:** Complex social development of regions, system integration, expansion of market to the communication sector and state organisations.

**Clients' Needs:** Marketing of purchase of raw materials and derived materials for basic productions. Organisation of administrations, co-operation on small projects with financial and credit organisations, system integration, making self-studying organisations.

**Market Globalisation:** More co-operation between professional consultants for the realisation of consulting projects; increase in importance of public associates of consultants; numbers of complex projects increased.

#### For 2001

**Market Structure:** Expected is a general increase in demand but in particular for IT services, strategic planning and crisis management. Also expected is an expansion of the MC market to the services sector and an increase in demand by the energy and utilities sectors.

**Consulting Services:** Increase in demand for tax consulting and for the introduction of quality system control in organisations; development of consulting for the public sector; increase of demand for the restructuring of business-processes; IT and E-Business consulting; integration of some areas of MC.

**Clients' Needs:** Planning and development strategy, training and qualification of staff, application of new management technologies.

### Slovenia

#### For 2000

**Market Structure:** Integration Processes. Information Technology

**Consulting Services:** Private Banking. Business Services. Activities in relation to EU. Mergers & Acquisitions. Customer Development

**Clients' Needs:** Financial Consultancy, related to new legislation. E-Business. Accession to the EU. Balanced Scorecard Implementation

**Impact of Market-globalisation:** Consulting services provided by the multinational companies

#### For 2001

**Market Structure:** Supply Chain Management (CSM). Further integration. More professionalism due to completion of privatisation. Information Technology. Increasing co-operation among local consultants and partnerships with foreign MC firms

**Consulting Services:** Support for multinationals. E-Commerce. Accession to EU

**Clients' Needs:** Private Banking. E-Business. Balanced Scorecard Implementation. Improving competitiveness through better HR Management and Operational Management

### Spain

#### For 2000

**Market Structure:** There is a trend of increasing concentration of the key market players. Consolidation of the market through MC mergers and acquisitions. New entrants (small and medium-sized US and European firms). Big five keep splitting audit and consulting practices.

**Consulting Services:** The liberalisation of the telecommunications sector has led to increased activity from new operators. More focus on E-Business, E-Commerce and E-Learning. Extended use of technology in overall production and management processes. CRM was a growth area.

**Clients' Needs:** Increasing need to internationalise activities. CRM, E-Business, intranet, Risk Management, outsourcing. Telecommunication industry grew significantly.

**Market Globalisation:** Consultancy for Spanish Companies in Latin America. Competition increased. More assignments abroad due to the Spanish business globalisation trend.

#### For 2001

**Market Structure:** The trend towards concentration will continue. Reduction in number of MC firms, mostly in the E-Business niche. Consulting market more defined by consulting players with clear borders with audit players.

**Consulting Services:** Increased consumption of consultancy services by the public sector and new Telecommunication operators to continue. Growth in Information Technology Consultancy. CRM.

**Clients' Needs:** E-Business, CRM, Outsourcing, IT Consultancy. ERP slow. New technologies implementation.

### Sweden

#### For 2000

**Market Structure:** Some mergers have occurred in the market during the past years, not just in 2000. The structure is not changing on a year-to-year-basis, but during the last years the large international companies have strengthened their position on the market.

**Consulting Services:** During the last years we have recognized an increased focus on interactive aspects of various fields of managing consulting. For example: the combined aspects of strategy/organisation/IT.

**Clients' Needs:** As mentioned above clients seem to demand combined, across-the-field-services (covering several aspects of management consulting).

**Market Globalisation:** The large global companies have consolidated their position on the Swedish markets, now every large global company has at least one office in Sweden. Clients demand perhaps more consulting on international issues, also the global players are well known.

## Switzerland

### For 2000

**Market Structure:** The big get bigger, investing in operational consulting and E-Business. Trend to separate consultancy from accounting etc. More M&A, but also spin-offs. Small and medium MC-firms are more interested in networking. New players with singular ideas (“New economy”)

**Consulting Services:** Web-based experiences & techniques. More specialisation within E-Business and CRM. Knowledge Management. Incubation consulting. Balanced scorecard.

**Clients’ Needs:** Growing need for support and orientation in E-Business/E-Commerce after Y2K and the EURO: more innovation required.

**Impact of Market-globalisation:** Still more internationalisation of MC-Business. Stronger position of the big players; growing importance of branding. Consultants work more often in multicultural teams. Dominance of English as business language.

### For 2001

**Market Structure:** More competition (declining market growth). More projects related to IT-aspects keep operational consulting on a high level.

**Consulting Services:** Restructuring the New Economy; refocusing on case competence. Risk Management, Profit securing, Portfolio Management, CRM, E-Consulting, E-Learning.

**Clients’ Needs:** After cost cutting projects again strategic rethinking. “digitalisation” of the supply chain; new sales channels. More deregulation (e.g. Energy sector). Increase of service orientation needed. Corporate governance (again) top issue

## United Kingdom

### For 2000

**Market Structure:** Consolidation – also regulatory pressures demise of firms like MarchFirst and Razorfish.

**Consulting Services:** E-Consulting now considered an established player rather than a dot.com.

**Clients’ Needs:** Integrated service: “from strategy to implementation” therefore more partnerships between different firms offering different services.

**Market Globalisation:** Difficult to separate UK-revenues from European transborder projects. Little sense of a national market.

### For 2001

**Market Structure:** Further consolidation new players emerging.

**Consulting Services:** Increase in E-Customer Relationship Management. More alliances between consultancy-firms and technology vendors.

**Clients’ Needs:** Fewer projects with global firms and more with a selection of niche firms.

## FÉDÉRATION EUROPÉENNE DES ASSOCIATIONS DE CONSEIL EN ORGANISATION

### EUROPEAN FEDERATION OF MANAGEMENT CONSULTING ASSOCIATIONS

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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. In these days of ever increasing numbers of consultants in the business service sector, offering a ever growing array of services and advice to management, there is a clear need for the client to be able to distinguish the qualified professional management consultant. Membership of a national association federated to FEACO, which requires compliance with professional and ethical standards, assists the client in making the right choice.

In January 1991, FEACO established its operational office in Brussels to develop its relations with the European Union and other international organisations. The Federation now counts 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 from a Southern European country: Cyprus
- 6 from the Eastern European countries: Czech Republic, Hungary, Poland, Romania, Russia and Slovenia.
- 1 associate member: Bulgaria

FEACO member associations represent more than 3.800 management consultancy firms with over 85.000 consultants. The total turnover of this group amounts to some 16 billion euros, representing approximately 38% 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:

- Developing the Management Consultancy market, raising its image and profile at European and international level, by the promotion of common professional ethical and quality standards, the development of a website and the publication of surveys, newsletters and contributions to professional publications.
- Promoting the interests of Management Consultancy with the different European and International organisations, by maintaining a close relationship with the European Institutions and other Pan-European organisations in order to ensure an awareness of and defend professional interests (this does not include lobbying for sales opportunities).
- Developing a dynamic forum for networking and service provision, by encouraging networking by members and between members' members, through the sponsorship and organisation of conferences, meetings and the establishment of mutual interest working groups;

When FEACO defined its new objectives in 2000, 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).

Tab. 9: Key Figures Of FEACO Member Associations, 2000

Country	Management Consulting Firms within Association	Total Turnover of Member Firms (mill. €)	Market Share (Turnover)	Number of Consultants within Member Firms	Turnover per Consultant (€)
Austria	2,171	481	100%	3,500	137,000
Bulgaria	28	15	31%	586	26,000
France	54	2,000	27%	8,800	227,000
Germany	494	3,580	29%	15,700	228,000
Greece	45	89	68%	900	99,000
Hungary	65	103	50%	1,200	86,000
Italy	140	484	25%	5,200	93,000
Netherlands	24	1,070	72%	6,300	170,000
Poland	24	31	13%	700	45,000
Portugal	23	25	7%	420	60,000
Romania	40	7	9%	300	23,000
Russia	185	124	58%	3,050	41,000
Slovenia	52	24	51%	284	85,000
Spain	20	1,300	62%	18,000	72,000
Sweden	29	198	18%	1,100	180,000
Switzerland	30	240	39%	1,200	200,000
United Kingdom	35	5,950	54%	20,000	298,000

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## FEACO Member Associations

at 17 July, 2001

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## Appendix (definitions):

### Consulting Services:

- A: Strategy Consulting (SC): SC services target at improving the long-term, strategic health of a company
- B: Operations Management (OM): OM consulting services target at improving the operational aspect of an organisation
- C: Human Resources (HR): HR consulting services target at improving the “people” element of an organisation
- D: Information Technology (IT): IT consulting services target at improving the way organisations store, retrieve, disseminate and utilize information
- E: 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)

### Industry Sectors:

- A: Perishable Goods: This sector is comprised of food producers, beverages, tobacco and pharmaceuticals.
- B: Basic Materials: This sector is comprised of forest and paper products, chemicals, metals, textiles and building materials.
- C: Industry: This sector is comprised of automotive, machinery, aerospace, appliances and industrial components.

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