

February 2020

Quarterly **BAROMETER** of the European Management Consulting Industry

All the forecasts included in this edition of the FEACO Barometer were collected before any evidence of the relevance of COVID-19 and its impact on the economy. Therefore, they were referring to a smooth and positive scenario for the Management Consulting Industry! The next Barometer will be based on the actual Q1-2020 and the forecast Q2-2020, and will provide an impact assessment of the present health emergency.

Overview

Segmentation based on **actual sales trend in Q4-2019:**

Growing MC companies:	46%
Declining MC companies:	13%
<i>Net growing MC companies:</i>	<i>33% *</i>
Stable MC companies:	41%

* Net trend is equal to the difference between the % of growing and the % of declining MC companies

Segmentation based on **forecasted sales trend for Q1-2020:**

Growing MC companies:	49%
Declining MC companies:	9%
<i>Net growing MC companies:</i>	<i>40% *</i>
Stable MC companies:	42%

* Net trend is equal to the difference between the % of growing and the % of declining MC companies

Fastest growing Service Lines in Q1-2020:

1. Technology
2. Operations
3. People and Change Management

Fastest growing Client Industries in Q1-2020:

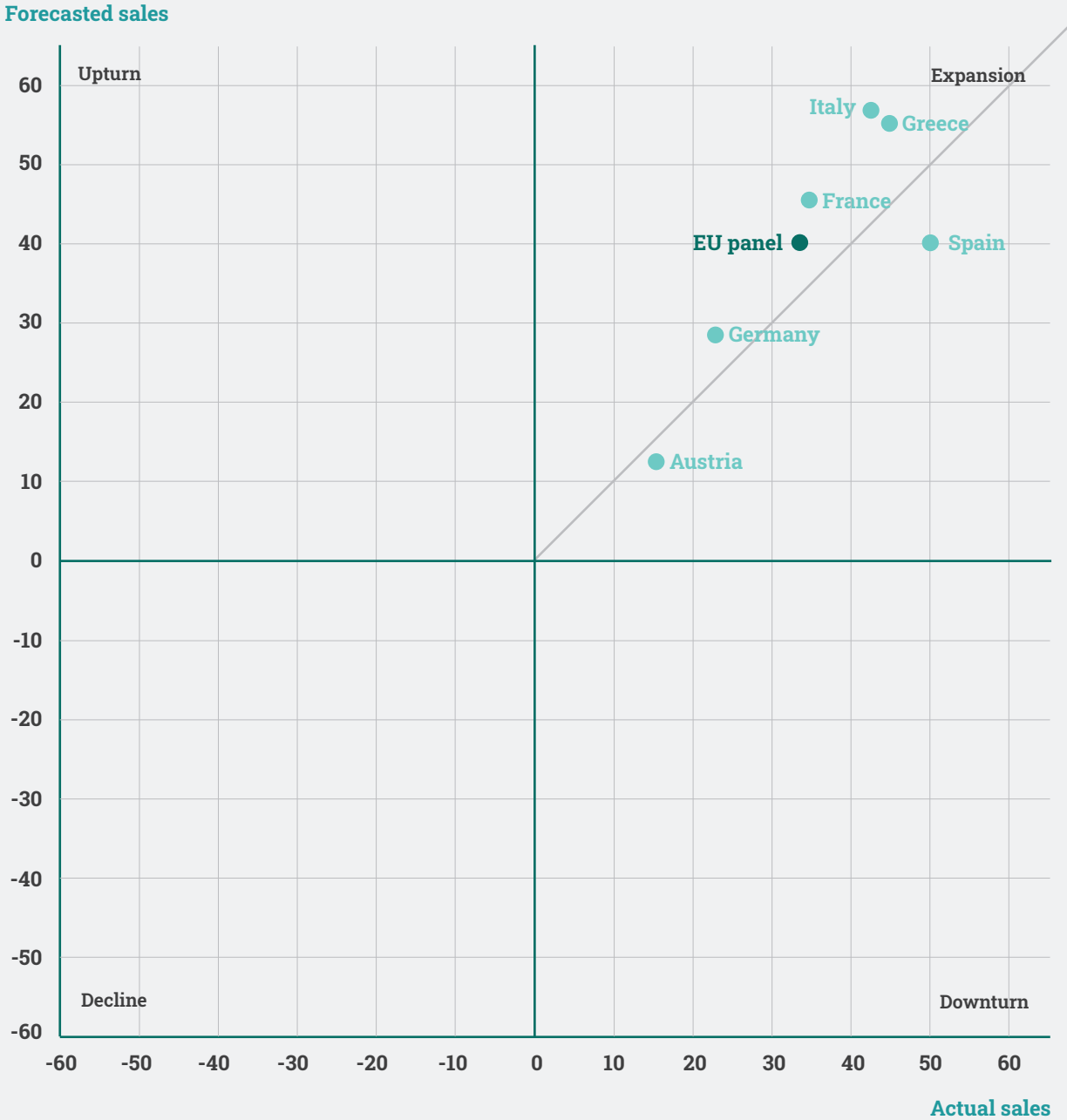
1. Energy
2. Manufacturing
3. Financial Services

feaco

European Federation of Management Consultancies Associations
Fédération Européenne des Associations de Conseils en Organisation

Barometer of the European Management Consulting Industry Actual Q4-2019 – Forecast Q1-2020

(net % of management consulting companies reporting either growth or decline)



Most of the European Management Consulting companies have grown their sales in Q4-2019 and are also forecasting growth in Q1-2020, confirming the **expansion phase** of the Management Consulting industry in Europe.

A similar picture, even though at different levels, applies to all the six European countries presently taking part in the FEACO Barometer.

Actual sales trend in Q4-2019

In Q4-2019, according to the actual sales trend of the FEACO panel, European Management Consulting companies can be segmented as follows:

- 46% have grown their sales
- 13% have declined in their sales
- 41% have remained stable

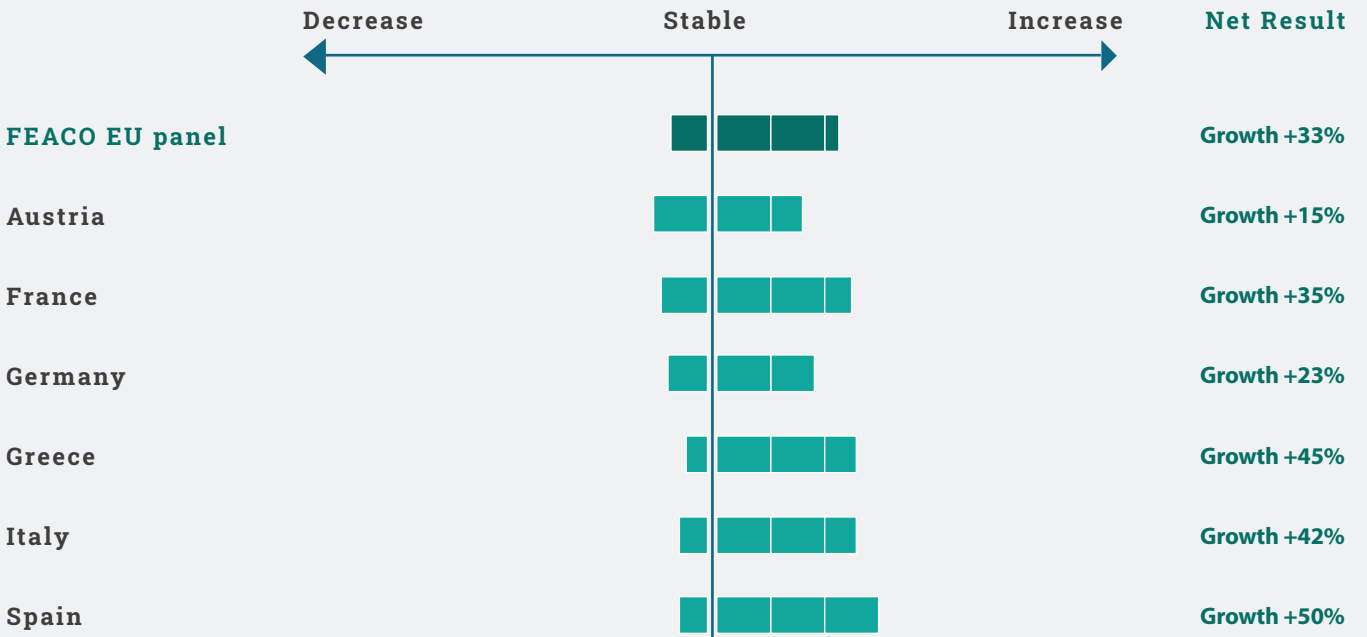
meaning that 33% net of MC companies has achieved actual sales growth.

In Q4-2019, Spain is the country in the FEACO panel where the net percentage of growing companies is highest, followed by Greece and Italy. Austria and Germany report a less positive trend.

In analysing these data, it should be taken into account that in the past the Management Consulting industry in Southern Europe has had more difficult periods and therefore such a positive trend is also a response to the previous situation.

Actual sales trend in Q4-2019 [% of Management Consulting companies by country]

Country	Decrease	Stable	Increase	Net result
FEACO EU panel	13%	41%	46%	Growth 33%
Austria	18%	49%	33%	Growth 15%
France	15%	35%	50%	Growth 35%
Germany	14%	49%	37%	Growth 23%
Greece	7%	41%	52%	Growth 45%
Italy	10%	38%	52%	Growth 42%
Spain	10%	30%	60%	Growth 50%



Forecasted sales trend for Q1-2020

In Q1-2020, according to the forecasted sales trend of the FEACO panel (referring to a smooth scenario without any global disruption), European Management Consulting companies can be segmented as follows:

- 49% forecast growing sales
- 9% forecast declining sales
- 42% forecast stable sales

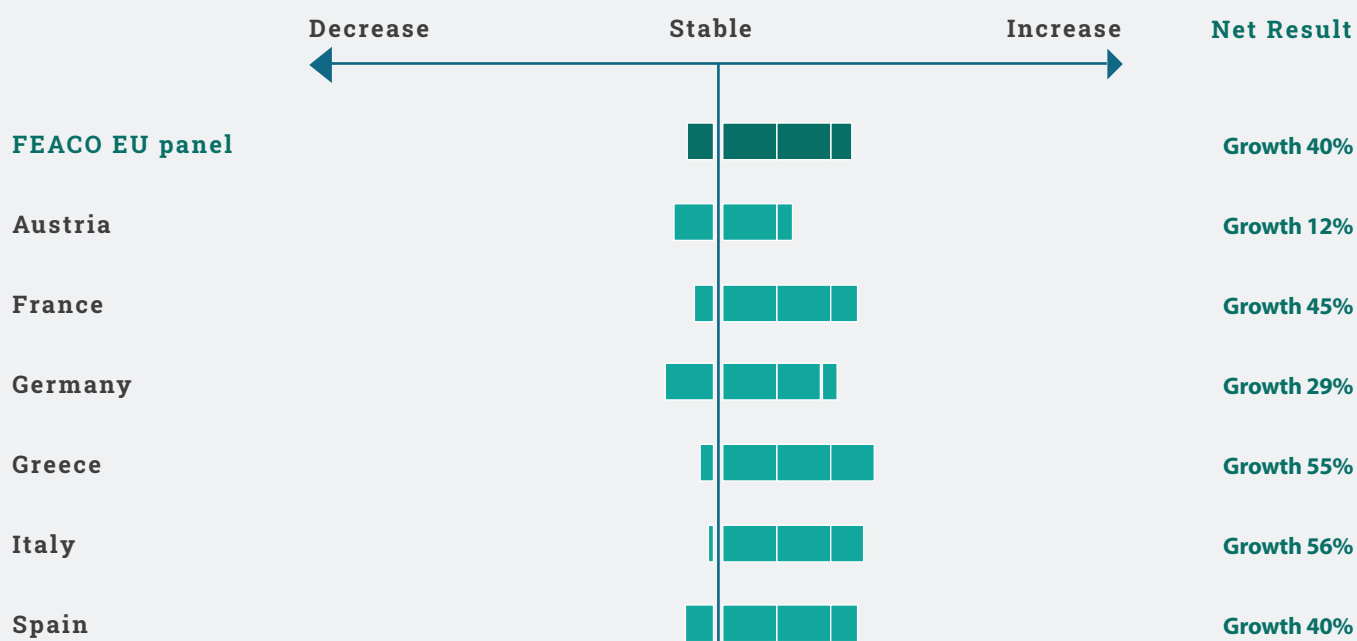
meaning that a 40% net of MC companies forecasted a sales growth, a percentage that was higher than the 33% net of MC companies that actually grew their sales in Q4-2019.

In all the countries in the FEACO panel, with the exception of Spain and, to a more limited extent, Austria, there were significantly more Management Consulting companies that were expecting a sales increase in Q1-2020 than those who achieved a sales increase in Q4-2019.

Forecasted sales trend in Q1-2020

[% of Management Consulting companies by country]

Country	Decrease	Stable	Increase	Net result
FEACO EU panel	9%	42%	49%	Growth 40%
Austria	13%	62%	25%	Growth 12%
France	5%	45%	50%	Growth 45%
Germany	17%	37%	46%	Growth 29%
Greece	4%	37%	59%	Growth 55%
Italy	1%	42%	57%	Growth 56%
Spain	10%	40%	50%	Growth 40%



Service lines trend

The three Service Lines most frequently reported as being the fastest growing are:

1. Technology
2. Operations
3. People and Change Management

Technology consulting is reported as one of the two fastest growing services in all the six countries in the FEACO panel, confirming a well consolidated trend.

Operations consulting is reported as one of the two fastest growing services only in two countries, but it is indicated as high in all the other four countries.

People and Change Management consulting is reported as one of the two fastest growing services in three countries but it shows greater fluctuations across the different countries and is, on average, mentioned less often than Operations consulting.

Strategy is rarely reported as one of the service lines that are contributing the most to the growth of the industry.

Fastest growing Service Lines

[Ranking based on the most frequently mentioned by country]

Country	1°	2°
Austria	People and Change Management	Technology
France	People and Change Management	Technology
Germany	Technology	Operations
Greece	Technology	Strategy
Italy	Technology	Strategy/People and Change Mgmt*
Spain	Technology	Operations

*Ex aequo

Client Industries trend

The three Client Industries most frequently reported as being the fastest growing are:

1. Energy
2. Manufacturing
3. Financial Services

The Energy sector (including Utilities) is reported as one of the two fastest growing buyers of consulting services in four out of the six countries in the FEACO panel.

The Manufacturing sector is also reported as one of the two fastest growing buyers of consulting services in four countries, but it is less relevant in the other two.

The Financial Services sector is reported as one of the two fastest growing buyer of consulting services in just two countries but it is indicated as high in all the other four countries.

The Public Sector is reported as one of the fastest growing client industry only in Greece and Italy and is seldom mentioned in the other countries.

Fastest growing Client Industries

Country	1°	2°
Austria	Energy/Manufacturing*	*
France	Energy	Financial Services
Germany	Telecom & Media	Manufacturing
Greece	Energy	Public Sector
Italy	Energy	Manufacturing/Public Sector*
Spain	Financial Services	Manufacturing

*Ex aequo

Main success factors for consulting companies

The Management Consulting companies taking part in the FEACO Barometer have been asked to highlight what they consider to be major success factors for a consulting companies, choosing up to three among the following factors:

- a) Technological competence & digital assets
- b) Innovativeness
- c) Implementation competence
- d) Flexibility/Agility
- e) Capability to recruit the best talents
- f) Networks / Alliances (e.g. with customers)
- g) Customer orientation & understanding
- h) Customer sector expertise
- i) Size and international presence
- j) Reputation

The responses of almost 600 consulting companies highlights the following ranking:

1. Technological competence & digital assets
2. Customer orientation & understanding
3. Innovativeness

“Technological competence & digital assets” has been considered the most important success factor in three countries and as one of the most important in the remaining ones. This appears fully in line with the growing relevance of Technology consulting.

“Customer orientation and understanding” has been considered the most important success factor in three countries, while it is not fully perceived as a very relevant factor in two out of the remaining countries. “Capability to recruit the best talents” as well as “Implementation competence” and “Innovativeness” are mentioned by many companies as very important success factors.

Success factors

Country	1°	2°
Austria	Customer orientation	Networks-Alliances
France	Customer orientation/Recruit best talents*	*
Germany	Technological competence & digital assets	Implementation competence
Greece	Technological competence & digital assets	Implementation competence
Italy	Technological competence & digital assets	Innovativeness
Spain	Customer orientation/Recruit best talents*	*

*Ex aequo

Main critical factors for consulting companies

The Management Consulting companies taking part in the FEACO Barometer have been asked to highlight what they consider to be major critical factors for a consulting companies, choosing up to three among the following factors:

- a) Lack of skilled employees
- b) Complex and bureaucratic decision-making in customers' buying process
- c) Low market prices/fees
- d) High fluctuation of consultants
- e) Political framework and lack of public incentives
- f) Lack of demand
- g) Market consolidation
- h) Growing number of competitors
- i) Too limited diversity in the profiles at the upper levels (e.g few female partners)
- j) Lack of new consulting concepts

The responses of almost 600 consulting companies highlight the following ranking:

1. Lack of skilled employees
2. Low market prices/fees
3. Complex and bureaucratic decision-making in customers' buying process

"Lack of skilled employees" has been considered the most critical factor in five countries. This appears fully in line with the growing relevance of Technology consulting and the related need for new skills.

"Low market prices/fees" has been considered a very critical factor in five countries. Declining consulting fees is a widespread trend across Europe that is harming not only short-term economic results but also the long-term capability to innovate.

"Complex and bureaucratic decision-making in customers' buying process" as well as "Lack of new consulting concepts" are mentioned by many companies as particularly critical factors.

Critical factors

Country	1°	2°
Austria	Customers' buying process	Growing number of competitors
France	Lack of skilled employees	Low market prices-fees
Germany	Lack of skilled employees	Low market prices-fees
Greece	Lack of skilled employees/Low prices-fees*	*
Italy	Lack of skilled employees/Low prices-fees*	*
Spain	Lack of skilled employees	Low market prices-fees

*Ex aequo

Quarterly Barometer of the European Management Consulting Industry Methodology

In February 2020 FEACO started a Quarterly Barometer in order to detect the short-term market trends in the Management Consulting industry and provide the National Associations with an updated benchmark for their members.

The FEACO Barometer has been started thanks to the support of the following six National Associations:

- **Austria** – UBIT, Austrian Professional Association for Management Consultancy, Accounting and Information Technology;
- **France** – Syntec Conseil, French Association of Management Consulting Firms;
- **Germany** – BDUeV, German Association of Management Consultants;
- **Greece** – SESMA, Hellenic Association of Management Consulting Firms;
- **Italy** – Assoconsult, Italian Association of Consulting Companies;
- **Spain** – AEC, Spanish Association of Consulting Companies.

It is the first step towards a reliable European Barometer of the Management Consulting Industry, covering a growing number of countries and increasing the data collected in each country.

At this starting point:

- the six countries who are engaged in the Barometer represent 62% of the European GDP.
- the FEACO Barometer is based on the responses of 594 Management Consulting companies.
- data were collected from January 27th to February 14th 2020.

Methodology remarks:

- The net results are calculated as the % of companies reporting a growth minus the % of the companies reporting a decline.
- The survey measures the % of companies growing/declining without recording whether they are growing/declining to a significant or just to a marginal extent.
- The survey measures the % of companies growing/declining without recording whether they are large, medium or small companies. The FEACO panel is, however, well balanced in terms of representativeness across different company sizes.
- The FEACO European panel is an average of the responses from the participating countries weighted on the basis of their respective GDP.
- The data from Germany are based on a recording of a twin survey that BDUeV has carried out.
- The data from Spain are limited in number and skewed towards large companies.

The FEACO Barometer was designed by a FEACO working group including:

Eric Falque, Matthias Loebich and David Ifraq (FEACO), Joerg Murmann (BDUeV), Céline Barbe (Syntec Conseil) and Corrado Cerruti (University of Rome Tor Vergata).

This report was prepared for FEACO by:

Corrado Cerruti (University of Rome Tor Vergata) using a survey platform made by Joerg Murmann (BDUeV)

3/4/5 Avenue des Arts
B-1210 Brussels (Belgium)
feaco@feaco.org

www.feaco.org