



Survey of the European Management Consultancy Market

2006/2007

feaco



Introduction by the FEACO Chairman

Introduction by Antoine Beuve-Méry FEACO Chairman

This study analyzes the financial results of the management consultancy sector in Europe for the year 2006 and shows trends and developments in the market. The turnover of the sector is presented by country, type of consulting service as well as by client sector, demonstrating what services were in demand, by which client sectors, and the variations by country.

2006 showed for the first time since 2002, a true double digit growth rate, as a considerable part of last year's 14% rate was attributable to our redefinition of the market.

The turnover of the management consultancy sector in Europe is now estimated at €74 billion which represents an average weighted growth of 10.7%. The companies have even higher expectations for 2007. Few sectors can boast such growth, which is attributable to a large extent to the value that management consultants deliver to their clients.

Since 2005 FEACO operates with a new segmentation of the market, which we consider better reflects the reality of the market and the scope of our activity.

The new approach divides the management consultancy market into four main segments:

Consulting (encompassing Business Consulting and IT Consulting), Development and Systems Integration (excluding software development), Outsourcing of value added services, and Other services

The results of this survey confirm the recovery of the market, which had already begun hesitantly in 2004. The accession to the European Union of 12 new Member States represents a challenge and an opportunity for business in both Western and Eastern European countries and proves to be a major driver of our industry.

The stable economic climate which currently reigns in Europe and the realization by the European companies that, to be competitive in the European or global market, they need to develop

and invest, are increasing the need for consultancy services. The upsurge of the market has resulted in an increase in demand for qualified consultants and a real "war for talent" can be observed in most countries.

Unfortunately however, the operational framework of the companies in the European market, presents many internal differences and obstacles, which frustrate the implementation of effective, innovative or creative solutions and thus make it difficult for companies to operate in the most efficient manner, causing them to be less competitive than companies operating in more open, less regulated markets.

European policy makers on national and European level are now forced to embark on the difficult task of improving the business environment in order to stimulate employment, growth, innovation and competitiveness.

With the objective of facilitating and assisting European policymakers and companies with managing the change necessary to enhance growth, jobs and prosperity in Europe, the PENDO group has formed within the framework of FEACO. This group has recently published a first report, in cooperation with Chatham House, on Managing Change in Europe. The report can be downloaded from the FEACO website: <http://www.feaco.org>.

Local European markets are all developing in their own unique manner; there are not even two that are similar. Although they are at very divergent levels of development, apparently all still offer ample perspectives for growth. This makes European consultants unique: their services and knowledge differ in accordance with their market, obliging them to partner with competitors if they want to venture into other markets. Networking and partner search are therefore in high demand in the enlarged Union. FEACO has made it a key objective to support networking and partner search.

Apart from its members' database, FEACO members contribute actively to partner search and frequently networking events are organized. Serious partner search requires active involvement and participation of the companies themselves. The FEACO annual international management consultancy conference, which will take place in Warsaw, Poland, on the 4th & 5th of October 2007, will



provide an opportunity to consulting firms interested in networking to present themselves to an international audience of consulting firms.

Certainly, as this report demonstrates, there are plenty of common trends and tendencies in our sector: Client companies are again embarking on new and long term projects; they demand quality and results; The Financial services, Industry and Public sectors continue to be our largest client sectors and important drivers of our market, and virtually all markets report a shortage of qualified consultants.

The objective of FEACO is to reflect with objectivity and the best possible precision the reality of the consultancy market in Europe aiming for the maximum level of reliability in the aggregation of the figures that represent the different elements of the services which companies in the market offer. As our industry has proven to be very vulnerable to change and therefore unpredictable, FEACO refrains from detailed or long term predictions.

This report is the result of the effort that all the companies which contributed their company data and market information have made. Unfortunately, for certain countries it has proven very difficult to obtain sufficient information to be representative for the country. For these countries very little or no data has been included in this report.

We would welcome any data and information from MC companies in these countries for our next report, so that we may be able to include more detail on these countries as well. We kindly invite you to complete the two short questionnaires which serve as a basis for the collection of the data will be made available on the new FEACO website towards the end of this year: <http://www.feaco.org>.

I hereby extend my thanks to all those associations and companies, large and small, which continue to construct our exciting sector and the development of a true European market by providing their data and insights on their markets.

A number of readers' suggestions for improvement have been taken into account in this report. FEACO welcomes any suggestions you may have for further improvement.

In the hope that you find it of interest, I wish you pleasant reading.



Antoine Beuve-Méry

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Executive Summary

	2003	2004	2005	2006
Market size (total Market)	47.5 bn euros	48.5 bn euros	64.5 bn euros	74 bn euros
Market size (countries participating in the FEACO study)		44.5 bn euros	61.6 bn euros	71.1 bn euros
Market size (countries not participating and being estimated)		4 bn euros	2.8 bn euros	2.9 bn euros
Growth rate	3.5%	3.7%	14.0%	10.7%
Management consulting firms*	58,000	60,000	73,000	85,000
Management consultants*	310,000	315,000	565,000 (total staff)	450,000
Key service lines*	IT: 28.1% OM: 26.9% Strategy: 17.4% Outsourcing: 17.4% HR: 10.2%	OM: 27.3% IT: 25.8% Outsourcing: 19% Strategy: 17.1% HR: 10.8%	Business Consulting: 42% Outsourcing: 21% Dvt & Integration: 19% IT Consulting: 12% Other: 5%	Business Consulting: 39.1% Outsourcing: 19.0% Dvt & Integration: 19.0% IT Consulting: 17.0% Other: 5.9%
Total Turnover of MC firms (Turnover only for Business & IT Consulting) in € billion	UK: 14.8 Germany: 13.1 France: 5.6 Spain: 2.6	UK: 14.2 Germany: 13.3 France: 5.9 Spain: 2.8	Country : total turnover (Turnover only for Business & IT Consulting): Germany: 19.7 (13.1) UK: 18 (9.2) France: 5.9 (3.3) Spain: 6.9 (1.6) Italy: 2.0 (1.3)	Country : total (Business & IT Consulting): Germany: 21.7 (14.7) UK: 20.4 (11.1) Spain: 7.5 (1.6) France: 6.6 (3.8)

Tab 1: Key Figures
2003 - 2006

* Only for the countries participating in the FEACO study.

The 2006-2007 issue of the FEACO European survey presented in this report uses the same methodology that was used in the 2005-2006 survey.

Since the last report 2005-2006, FEACO divides Management Consulting into four market segments:

- Consulting (consisting of Business Consulting –BC- and IT Consulting -ITC),
- Development and Systems Integration (excluding software development),
- Outsourcing of value added services,
- Other services

It should be noted that this reframing of the market segments led in that period to some significant variations in the total volume of sales, particularly in the countries where the segments other than Consulting have become the majority of the business. Part of the 14% growth registered during that period was attributable to this redefinition of MC services.

Total sales of the European MC industry in 2006 amount to €74 billion, this represents a 10.7% growth rate on 2005. This 10.7% growth rate corresponds to the growth rate of the countries covered by the report, weighted by their market share.

The total number of management consultants in the countries who participated in the survey*

is estimated at 450,000 (*Germany, Austria, Belgium, Bulgaria, Denmark, Spain, France, Greece, Hungary, Italy, Poland, Portugal, Croatia, Romania, UK, Slovenia and Switzerland).

Consulting (Business and IT Consulting) accounts for 56% of the total turnover, Outsourcing for 19%, Development and Systems Integration for 19% and Other Services for 6%.

The Consulting segment (consisting of Business and IT Consulting), is worth €25.4 billion. The two largest markets in Europe are Germany (43.3% of the European market) and the United Kingdom (30.5%), followed at a distance by France (12.7%), Italy (6.1%) and Spain (3%). In 2006 the largest markets for Consulting Services basically remain unchanged from 2005 except that Italy, rather than Spain, is the 4th largest market.

The most important client sectors are: the Industry sector in most Western and Eastern European countries alike, the Public sector in most Eastern European countries, and the Banking and Insurance sector, which remains a driving sector especially in Western European countries, accounting for 32% of the total turnover in Switzerland, 31% in France, 24% in Spain and Germany and 21% in Italy.

Scope of the Market and Methodology

Added value is the *raison d'être* of the consultancy activity; we aim to optimise the resources of organisations in the private and public sector, as well to improve efficiency of their processes, training, selection and integration of professionals and tools, in accordance with the particular needs of the business concerned.

FEACO members provide a broad spectrum of management consulting services. Depending on the market these may be at different levels of maturity. The array of services management consultancies offer is very dynamic; it is continuously evolving and changing. Defining the framework of activity of our sector is therefore not an easy task, particularly because it concerns a basket of services which in certain cases are very different.

From that perspective and with the objective of improving our report, FEACO proposed in 2005 a new definition of the scope of services offered by management consultancies in Europe and a new way of segmenting these services.

This exercise resulted in the following division of the main services:

- Consulting, which we divide into Business Consulting and IT Consulting,
- Development and Systems Integration (excluding software development),
- Outsourcing of value added services,
- Other services.

These segments are described in detail in the subsection "Analysis by Service Line".

This new framework implied a change in methodology for the collection and aggregation of the quantitative and qualitative data, to which companies from the sector contribute directly.

The change in criteria opens a new chapter in the way the results are presented which inevitably af-

fects the degree to which data can still be compared with the data from previous years.

The new methodology consists basically in the collection by our member associations of the data on the sector via the aggregation of the figures from the individual consulting firms.

Companies were asked to provide:

- Volume of turnover for the year 2006
- Data on staffing
- Business volumes per service area
- Business volume per major client industry sector
- General forecasts for 2007

In parallel, qualitative data were solicited in a separate questionnaire on companies' views on the development and the future of the sector in selected areas of activity, the results of which are summarised in the chapter on trends in the sector.

The objective of FEACO is to present objectively and as accurately as possible a picture of the activity in Europe in our sector, aiming for the maximum level of reliability in the aggregation of the figures which represent the different elements of the services which companies in the market offer.

The results are reflected by the aggregated data presented in this report which are a result of the effort of all the companies, large and small, which participated in it and continue to contribute to building an exciting European management consultancy market.

Some data estimates for 2006 contained in this report are provisional and will be confirmed in the next report, after further investigation, collection and analysis during 2007. In the same way, the 2005-2006 study data are verified and confirmed by this 2006-2007 report.

Europe – Market Size, Forecast & Analysis

History and Projections

The MC industry's total sales amounts to 74 billion euros which, in comparison to 2005, represents a double digit average weighted growth rate of 10.7%.

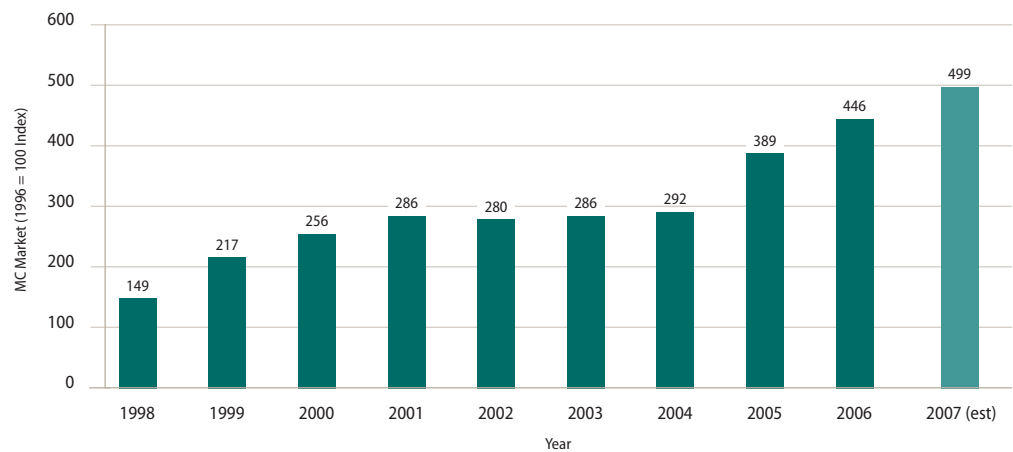
For 2007, European MC companies are forecasting a growth rate of 12%. According to figure 1 below, based on the 100 index of 1996, the total turnover of the MC market has multiplied by about 4.5 since 1996.

Behind this average weighted growth rate hide widely differing absolute growth rates in the individual countries:

- remarkable growth: Romania (30%), Denmark (23%) and Slovenia (18%);
- steady growth: Italy, France, Greece, Germany, Belgium, United Kingdom, Spain and Switzerland (between 9% and 12%);
- slow growth: Austria, Czech Republic (around 5%);

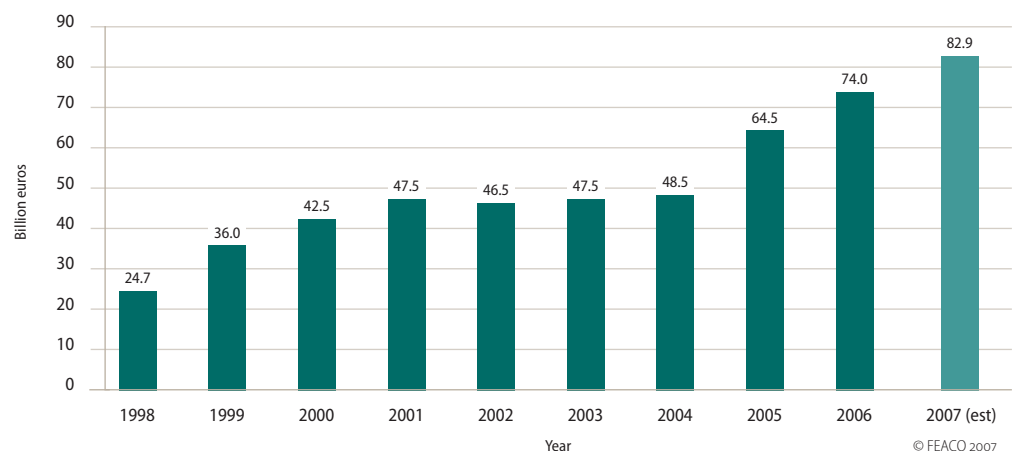
Only Portugal still reports negative growth of – 4.8% in comparison to last year.

Fig. 1.a: Evolution in % of the MC Market turnover, 1998-2007 - Base 100 in 1996



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Fig. 1b: Size of the European MC-Market, 1998-2007



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The consulting intensity, measured as the contribution by the sector to the European GDP, has increased from 0.58% in 2005 to 0.62% in 2006 (Source: Eurostat, 2007).

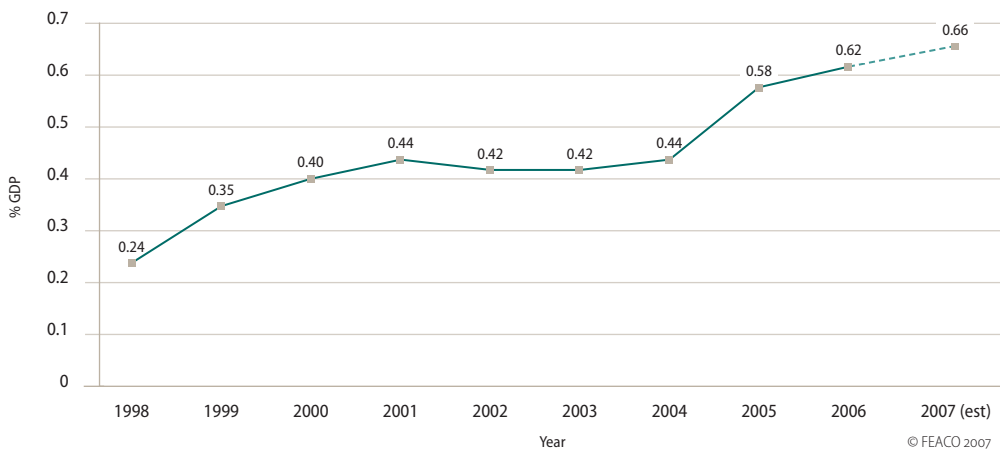


Fig. 2: MC Market as a Percentage of GDP, 1998-2007

Considering the total turnover of consulting companies, the two major national markets are Germany and The United Kingdom (Germany is in first position for the second consecutive year) with a total turnover of € 21.7 billion and € 20.4 billion respectively, followed by Spain (€ 7.5 billion) and France (€ 6.5 billion).

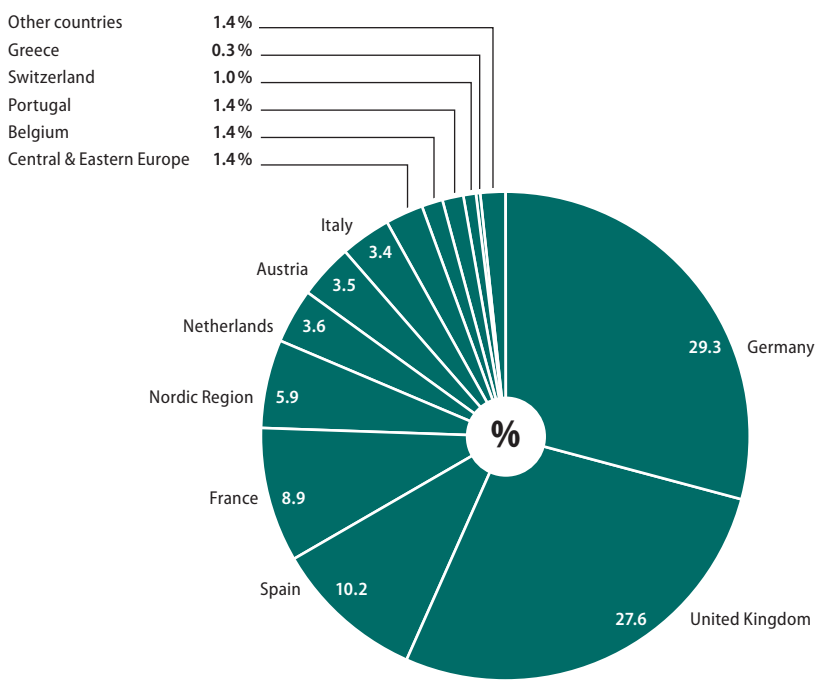
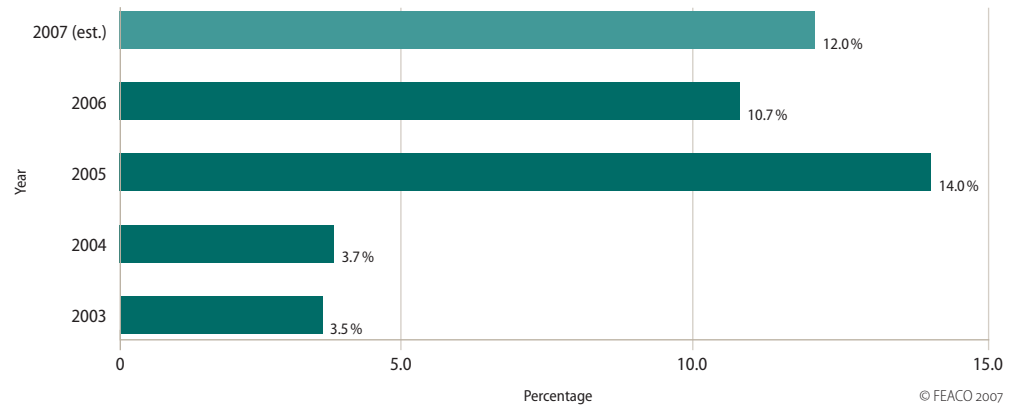


Fig. 3: Size of European MC Market (total turnover) by Country-Region, 2006

When considering only the Consulting segment (Business and IT Consulting) of the MC market, the picture changes slightly: Germany with a turnover of €14.7 billion, and the United Kingdom

with a turnover of €11 billion, remain the largest markets followed by France (€3.8 billion), Austria (€1.9 billion), Italy (€1.6 billion), Spain (€1.5 billion) and Denmark (€1.2 billion).

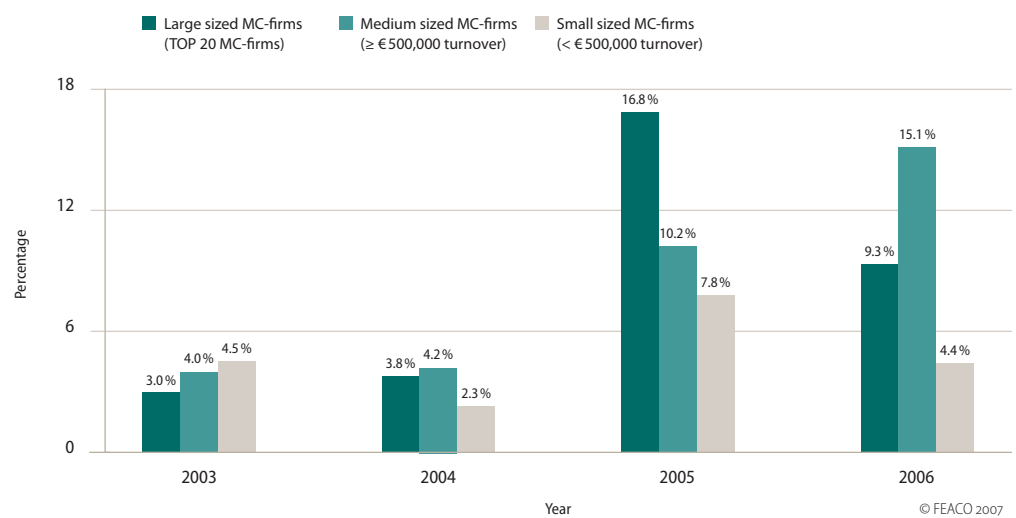
Fig. 4a: Average
Growth Rate
2003 – 2007



The growth rate also varies by size of consulting firm. In 2006 the medium sized MC-firms reported the highest growth rate (15%) while large firms achieved 9.3% and the small firms 4.4%. However, these results are based on reports from only

seven countries (Czech Republic, France, Germany, Greece, Romania, Switzerland and the United Kingdom), so statistically they cannot be considered representative for the whole of the European market.

Fig. 4b: Average
Growth Rate by
Size of Consultancy
Company, 2003-2006



Analysis by Service Line

According to the new segmentation introduced by Feaco in 2005, the MC market is divided into four segments: Consulting, Development and Integration, Outsourcing and Other services. The Consulting segment is subsequently divided into two sub-segments: Business Consulting (BC) and Information Technology Consulting (ITC).

1. Consulting. These services help private and public organisations to analyse and redefine their strategies, to improve the efficiency of their business operations and to optimize their technical and human resources.

1a. Business Consulting (BC), which includes:

- Strategy Consulting (SC), which targets the improvement of the long-term, strategic health of a company: strategic planning development; mergers & acquisitions; sales; marketing; corporate communication; financial advisory; HR strategy ...;
- Organisation/Operations Management (OM), which aims at the integration of business solutions through Business Process Re-engineering (BPR); customer/supplier relations management (CRM); turnaround/cost reduction and purchasing & supply management;
- Project Management (PM);
- Change Management (CM), this consists of services which, on top of any other type of consulting service, help an organisation deal with the effects that change has on the human element of the organisation;
- Human Resources Consulting (HR): Consulting services which target the improvement of the 'people' element of an organisation through performance measurement and management, reorganisation of benefits, compensations and retirement schemes, HR strategy and marketing, the development of talent strategies and executive coaching.

1b. Information Technology Consulting (ITC) helps organisations to evaluate their IT strategies with the objective of aligning technology with the business process. These services include stra-

tegic planning and conceptions, operations and implementations.

2. Development and Integration which concerns:

- the **development** of applications (excluding software):
 - the creation of new functionalities through, often tailored, process developments. Usually these developments integrate or unite internal or external business processes and can involve a conversion of applications so that they can be used for different platforms or conceptions,
 - the design of services which integrate applications which were created in different existing IT applications or infrastructures (systems integration -development)
- the **deployment and integration** of applications:
 - the implementation of new applications or infrastructures, which may concern the installation of hardware and/or software, their configuration or adaptation and the testing of their interoperability; and of services which integrate applications which were created in different existing IT applications or infrastructures and the management thereof

3. Outsourcing, which consists of three types of activities:

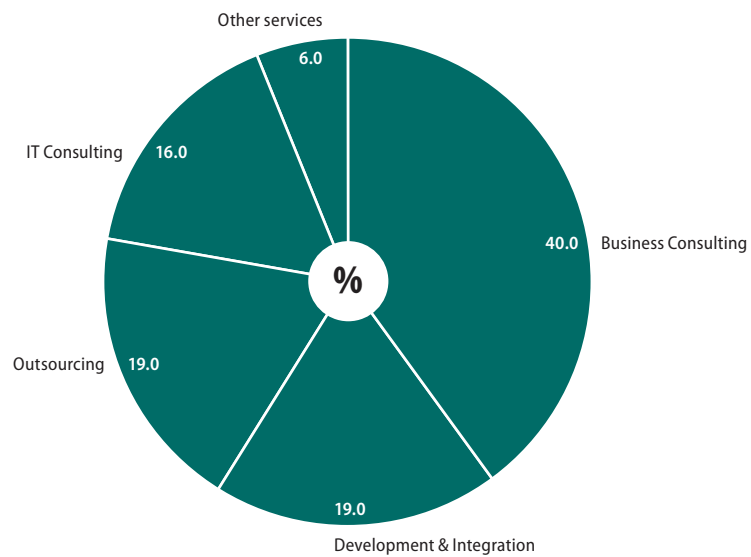
- IT management services; among these are services for the operation of infrastructures (operation of systems, administration and security, follow up of cost-effectiveness, configuration management, management of technology etc.) applications management, and help desk management.
- Applied Management Services (AMS); this concerns the outsourcing of the development and implementation of support services for hardware, applications, CRM and infrastructures (tools for the development of applications and middleware, as well as software for information management, storage or systems and networks).

- Business Process Outsourcing (BPO). This service supposes the externalisation of a complete business process.

4. Other services, which consist of a variety of services complementary to Consulting, Development and Integration and Outsourcing services, such as training, studies, outplacement, executive selection and recruitment.

An analysis by service line of the total MC turnover shows that Consulting services represent 56% of the total turnover (of which 40% is BC and 16% ITC), Outsourcing services account for 19%, Development and Systems Integration for 19% and Other services 6%.

Fig. 5a: Breakdown of Turnover by Service Line, 2006



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Consulting accounts for 40% on average of the European consulting firms' turnover. Three groups of countries can be distinguished:

- the countries where the market share of Business Consulting represents less than 50% of the total Management Consulting Market: Spain (21%), Switzerland (27%), Portugal (37%), Poland (46%) and Czech Republic (48%);
- the countries where the market share of Business Consulting is between 50% and 75%: UK (54%), France (58%), Romania (60%), Den-

mark (62%), Italy (65%) and Germany (68%) and Greece (71%);

- the countries where the market share of Business Consulting is greater than 75%: Austria (75%), Slovenia (76%) and Hungary (82%);
- Within the Business Consulting service line, the top service lines are Organisation/Operation Management (OM), with 36%, and Strategy (SC) with 31%; followed by HR Consulting (15%), Project Management (13%) and Change Management (5%).

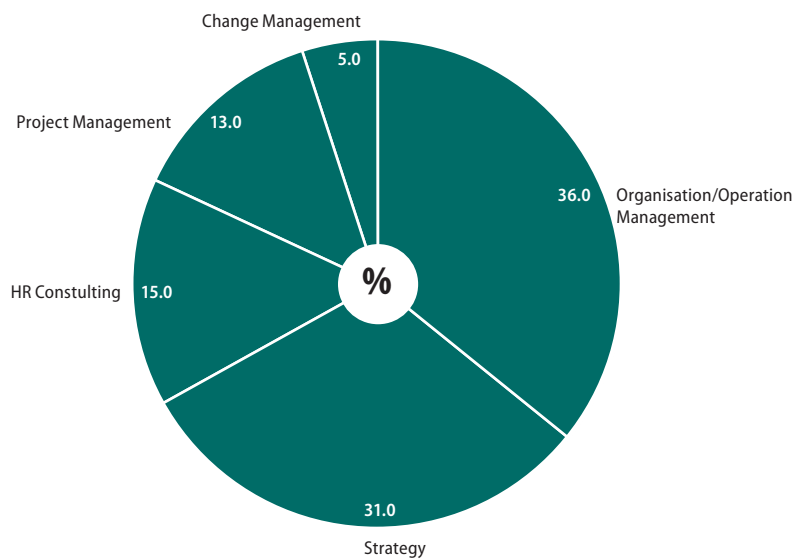
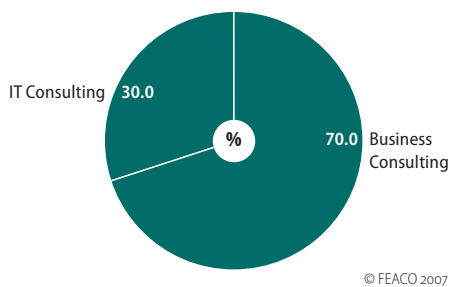


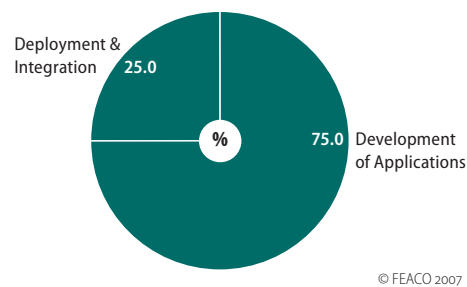
Fig. 5b: Breakdown of Business Consulting Turnover, 2006

Compared to 2005, the breakdown of Business Consulting revenue changed considerably in 2006. There was an increase of Organisation/Operation Management (+15%) and Strategy Con-

sulting (+1.5%), and a decrease of HR Consulting (-4%), Change Management (-8%) and Project Management (-3%).



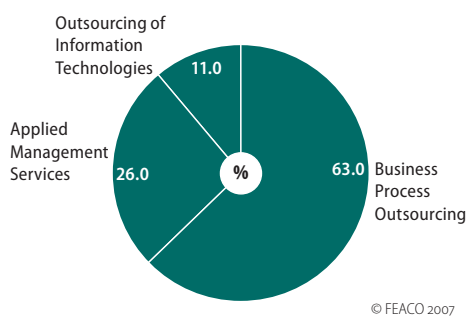
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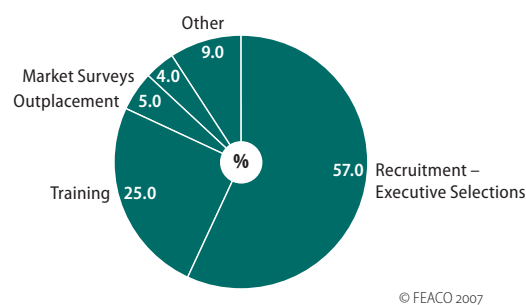
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Fig. 5c (left): Breakdown of Consulting Turnover, 2006

Fig. 5d (right): Breakdown of Development & Integration Turnover, 2006



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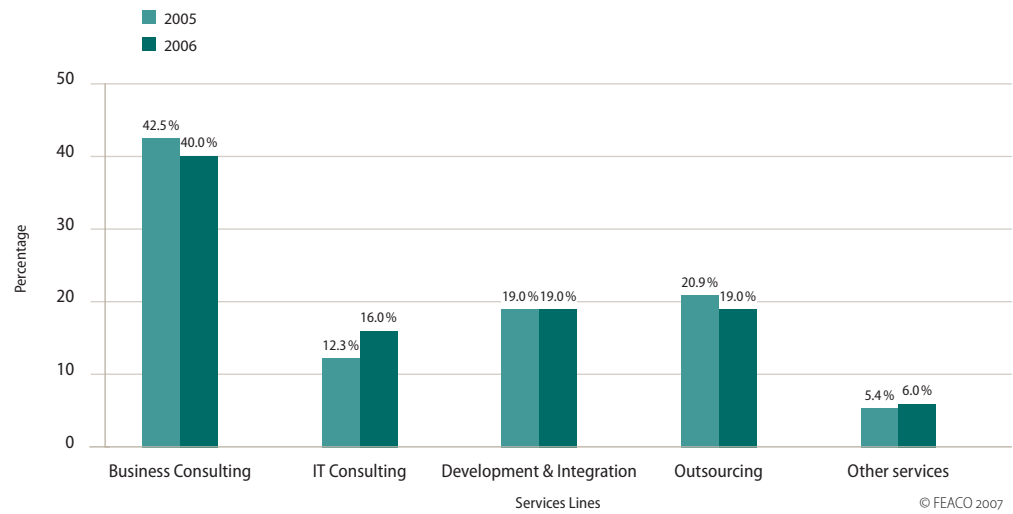
Fig. 5e (left): Breakdown of Outsourcing Turnover, 2006

Fig. 5f (right): Breakdown of Other Services Turnover, 2006

Compared to 2005, the 2006 composition of key service lines shows a slight reduction of Outsour-

cing and Business Consulting, and an increase in IT Consulting.

Fig. 6: The European
MC Market
Composition by
Key Service Line,
2005-2006

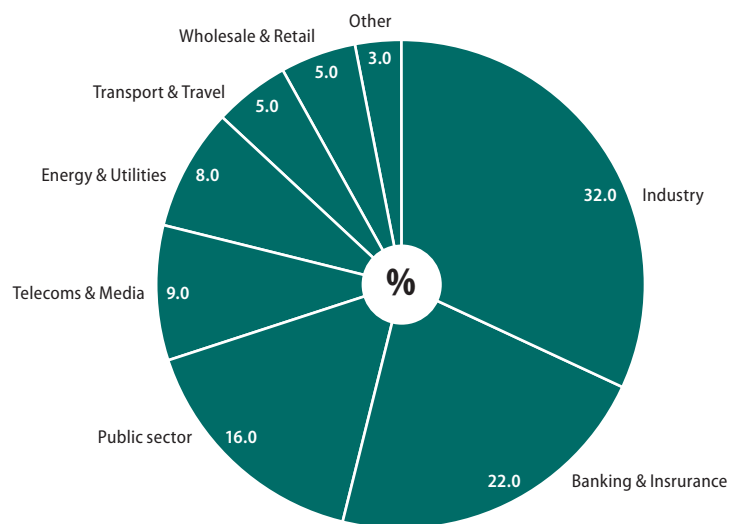


Analysis by Client Sector

The analysis by client sector shows the same hierarchy as in 2005. Demand from three sectors is significantly larger than from other sectors: Indu-

stry (32% of the total turnover), Banking and Insurance services (22%) and Public sector (16.5%), which together account for almost 70% of total sales in 2006.

Fig. 7: Composition
of MC Market by
Client Sector, 2006



The weight of the Industry sector is in each country more or less close to the European average, be it to a lesser degree in the UK, Spain and Romania.

Greece, Hungary, Denmark, Romania, Poland and the UK have a large proportion of business with the Public sector, whereas Banking and Insurance are strongly represented in Switzerland, France, Germany and Spain.

Selected European MC Markets

Analysis by Country & Region

Germany and the UK remain the major markets in Europe for total turnover as well as total Consul-

ting and BC turnover. Regarding total Consulting and BC turnover only, France comes in third position, while Spain comes in third place when regarding the total turnover.

Country	Total 2006 Turnover of MC firms (million €)	Share of total MC Market in Europe in 2006	Total 2005 Turnover of MC firms (million €)	Share of total MC Market in Europe in 2005	Total staff	Turnover per employee (€)	Total Consulting Turnover in 2006 (million €)	Share of total Consulting Market in Europe in 2006	Total BC Turnover in 2006 (million €)	Share of total BC Market in Europe in 2006	Total MC Firms Market Growth 2006	GDP Growth 2006 (Eurostat, July 2007)
Germany	21,700	29.3%	19,700	30.5%	157,000	138,200	14,712.6	39.3%	11,001.9	43.3%	11.4%	2.9%
United Kingdom	20,408	27.6%	18,008	27.9%	95,000	215,000	11,076.3	29.6%	7,749.7	30.5%	10.4%	2.8%
Spain	7,570	10.2%	6,894	10.7%	90,000	84,000	1,589.7	4.2%	757.0	3.0%	9.8%	3.9%
France	6,560	8.9%	5,860	9.1%	38,500	170,400	3,807.4	10.2%	3,236.7	12.7%	12.0%	2.0%
Netherlands	2,700	3.6%	2,280	3.5%	15,000	180,000	-	-	-	-	29.5%	3.0%
Austria	2,600	3.5%	950	1.5%	26,900	96,400	1,950.0	5.2%	390.0	1.5%	4.5%	3.3%
Italy	2,500	3.4%	2,000	3.1%	38,000	65,800	1,625.0	4.3%	1,550.0	6.1%	12.0%	1.9%
Denmark	1,993	2.7%	1,544	2.4%	13,100	151,800	1,235.7	3.3%	-	-	22.5%	3.5%
Portugal	1,050	1.4%	1,100	1.7%	15,000	70,000	668.2	1.8%	343.1	1.4%	-4.8%	1.3%
Belgium	1,050	1.4%	950	1.5%	8,700	121,000	-	-	-	-	10.7%	2.8%
Switzerland	744	1.0%	730	1.1%	4,000	185,000	200.9	0.5%	-	-	9.0%	3.2%
Norway	609	0.8%	550	0.9%	-	-	-	-	-	-	10.7%	2.8%
Czech Republic	407	0.6%	390	0.6%	9,200	44,000	194.5	0.5%	141.6	0.6%	4.3%	6.4%
Hungary	270	0.4%	251	0.4%	4,800	56,000	228.0	0.6%	122.9	0.5%	7.6%	3.9%
Poland	260	0.4%	240	0.4%	6,000	43,000	123.1	0.3%	122.1	0.5%	8.3%	6.1%
Romania	260	0.4%	200	0.3%	6,500	40,000	156.0	0.4%	-	-	30.0%	7.7%
Greece	202	0.3%	181	0.3%	1,800	112,000	143.6	0.4%	130.2	0.5%	11.9%	4.3%
Slovenia	142	0.2%	120	0.2%	2,100	67,500	108.3	0.3%	104.6	0.4%	18.0%	5.7%
Bulgaria	60	0.1%	56	0.1%	3,000	20,000	-	-	-	-	7.1%	6.1%
Bosnia	50	0.1%	45	0.1%	-	-	-	-	-	-	66.7%	-
Total	74,000	96%	62,049	96%			37,468.0		25,405.0		10.7%	

Where the data for some countries could not be collected estimates (*italic*) have been made.

Source: Eurostat, July 2007

Tab. 2: Key Figures of selected European MC markets

Behind a European average weighted growth rate of 10.78%, the growth by country shows a large spread. The highest growth rates were experienced

in Romania (30%), Denmark (23%) and Slovenia (18%), while in 2005 the highest growth was recorded respectively by the UK, Denmark and Romania.

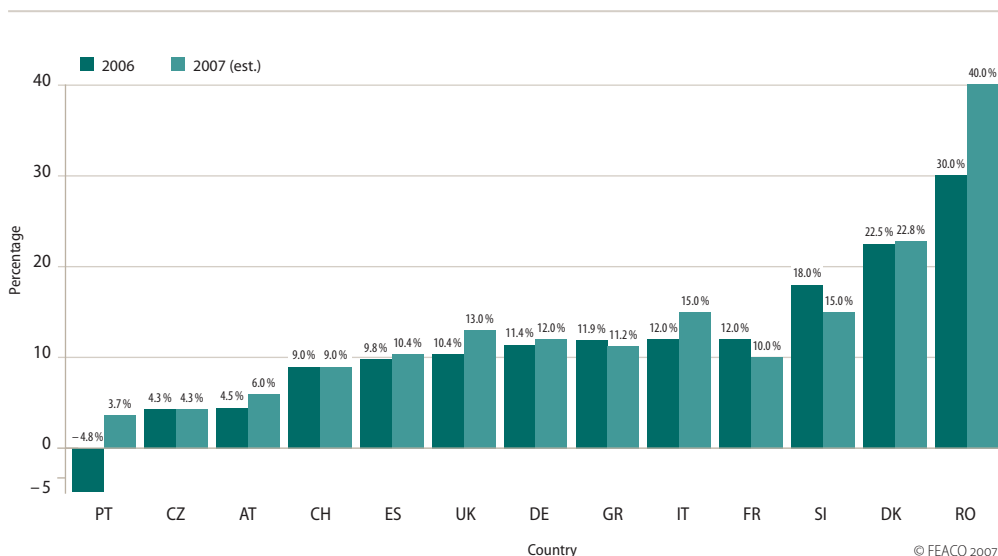
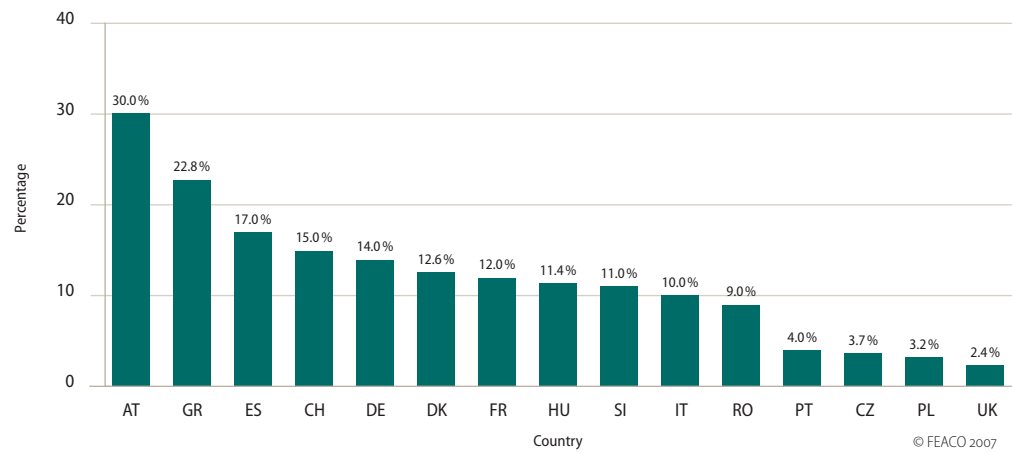


Fig. 8: Growth Rates - Breakdown by Country/Region, 2006 & 2007

Fig. 9: Export of
MC Services
by selected
Countries, 2006



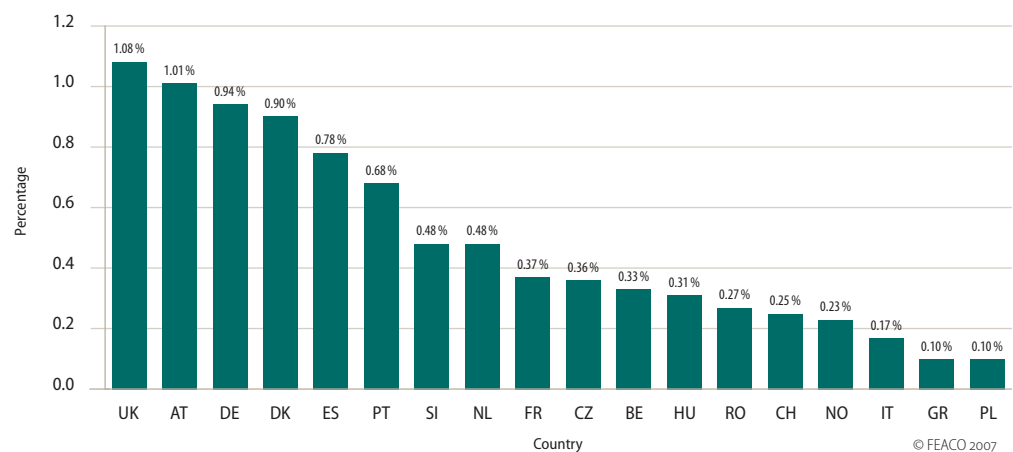
The MC export rate varies according to country, from 30% of the total MC turnover for Austria in 2006 to 2.4% in the United Kingdom.

European countries. As a result, the contribution of the Management Consulting sector to the GDP continues to increase.

A comparison of the annual MC growth rate to the growth rate of the Gross Domestic Product (GDP) demonstrates that the MC growth rate is significantly higher than the GDP growth rate in most

For the UK and Austria, the percentage of MC to GDP already exceeds 1%. This percentage is between 0.2% and 1% for 12 other countries and below 0.2% for only three countries.

Fig. 10: Management
Consulting as a
Percentage of DGP,
2006



Tab. 3: MC Turnover
and GDP in selected
European Markets,
2006

Country	Gross Domestic Product (million euros)	Share of total Economy in Europe	GDP Growth 2006	Total Turnover of MC firms (million euros)	Total Turnover of MC firms as % of the GDP
Germany	2,309,100	20.0 %	2.9%	21,700	0.9%
United Kingdom	1,892,229	16.4 %	2.8%	20,408	1.1%
Spain	976,189	8.5 %	3.9%	7,570	0.8%
France	1,791,953	15.5 %	2.0%	6,560	0.4%
Austria	256,667	2.2 %	3.3%	2,600	1.0%
Netherlands	527,916	4.6 %	3.0%	2,700	0.5%
Italy	1,475,401	12.8 %	1.9%	2,500	0.2%
Denmark	219,544	1.9 %	3.5%	1,993	0.9%
Portugal	155,216	1.3 %	1.3%	1,050	0.7%
Belgium	314,084	2.7 %	2.8%	1,050	0.3%
Switzerland	301,723	2.6 %	3.2%	744	0.2%
Norway	266,923	2.3 %	2.8%	609	0.2%
Czech Republic	113,051	1.0 %	6.4%	407	0.4%
Hungary	89,884	0.8 %	3.9%	270	0.3%
Poland	271,530	2.4 %	6.1%	260	0.1%
Romania	97,118	0.8 %	7.7%	260	0.3%
Greece	195,213	1.7 %	4.3%	202	0.1%
Slovenia	29,742	0.3 %	5.7%	142	0.5%
Total selected countries	11,283,483	97.8 %			
Total EU27	11,536,166	100.0 %	3.0 %		

Where the data for some countries could not be collected estimates (*italic*) have been made.

Source: Eurostat, July 2007

Analysis by Service Line

	AT	CZ	DK	FR	DE	GR	HU	IT	PL	RO	SI	ES	CH	UK
Total turnover (million euros)	2,600	407	1,993	6,560	21,700	202	270	2,500	260	260	142	7,570	744	20,408
Major service lines (%)														
Business Consulting (BC)	15%	24%	62%	49%	51%	64%	44%	62%	46%	40%	74%	10%	27%	38%
IT Consulting	60%	24%		9%	17%	7%	38%	3%		20%	3%	11%		16%
Development & Integration	5%	9%	6%	22%	21%	3%	4%	2%	na	5%	9%	42%	73%	12%
Outsourcing	10%	14%	3%	12%	7%	4%	ns	7%		10%	2%	37%	ns	33%
Other services	10%	30%	29%	8%	5%	21%	14%	26%		25%	12%	na	ns	ns
Total	100%	100%	100%	100%	100%	100%	100%	100%		100%	100%	100%	100%	100%
BC Details														
Strategy (SC)	3%	6%		8%	21%	19%	5%	12%			39%	4%		9%
Organisation/Operations Mgt (OM)	4%	7%		19%	23%	19%	8%	15%			22%	5%		11%
Project Management (PM)	3%	2%	na	5%	incl. in OM	20%	28%	10%	na	na	4%	ns	na	12%
Change Management (CM)	3%	2%		5%		2%	1%	12%			5%	1%		2%
HR Consulting (HR)	3%	8%		13%	7%	5%	2%	13%			5%	ns		4%
Total	15%	25%		50%	51%	65%	44%	62%			75%	10%		38%

ns : not significant; na : not available

Tab. 4: MC Market
Composition by
Service Line

Analysis by Client Sector

Tab. 5: MC Market
Composition
by Client Sector

	CZ	DK	FR	DE	GR	HU	IT	PL	RO	SI	ES	CH	UK
Banking & Insurance	18%	9%	31%	24%	6%	21%	21%	2%	10%	10%	26%	32%	18%
Industries	51%	42%	27%	39%	28%	10%	40%	9%	16%	36%	18%	37%	27%
Telecoms & Media	6%	7%	9%	8%	3%	17%	8%	5%	2%	18%	16%	7%	8%
Wholesale & Retail	1%	4%	6%	4%	4%	3%	3%	3%	2%	8%	4%	4%	6%
Energy & Utilities	4%	4%	13%	7%	5%	11%	6%	13%	25%	9%	8%	5%	9%
Transport & Travel	8%	2%	3%	6%	4%	1%	2%	1%	na	4%	5%	4%	5%
Public sector	7%	26%	10%	9%	44%	33%	17%	54%	45%	13%	17%	8%	25%
Other	5%	6%	1%	3%	6%	4%	3%	13%	na	2%	6%	3%	2%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Definitions of the client sectors can be found in Appendix 1.

Main trends in Management Consulting in 2006/2007

* Feaco estimates:

When the data could not be collected for some countries, estimates have been made. These estimates are indicated with an asterix (*)

Austria

In view of the relatively high turnover reported by the Austrian association this year, it is considered that they may have worked with a different perimeter of the market than the one feaco operates with.

2006 was marked by an increase in revenue and a substantial growth in exports of consulting services, particularly to EU and Eastern European countries. Export of consulting services now represents 30 % of total services.

The Austrian economy grew by +3.2 % in 2006, the highest growth rate registered since 2000. Evidence from business surveys points to a continuation of this strong expansion in the coming months. The stimulus of economic activity is likely to shift from exports to investment. Consumer spending is still lagging behind, but the situation on the labour market and the results of consumer confidence surveys give cause for cautious optimism. Inflation remains low, which is unusual in view of the booming economy. In the year 2007, the Austrian economy is expected to grow by over 3%. On the back of robust activity, employment is rising steadily.

Clients put more emphasis on Organisation Management. They are more demanding as regarding quality and implementation creating a need for more co-operation and qualification of consultants and for image building and value creation through qualification and standardization in Management Consultancy.

The number of management consultants and consultancy companies, particularly one-man companies and small companies, has grown rapidly in 2006 and is still increasing.

UBIT – Fachverband Unternehmensberatung und Informationstechnologie

The Professional Association of Management Consultancy and Information Technology -, UBIT - represents more than 43 000 companies and self-employed entrepreneurs in Austria.

UBIT has 4 professional divisions:

- Management Consultants (12,000)
- Information Technology Providers (27,500)
- Self-employed Accountants (3,500)
- Telecoms Service Providers (300)

UBIT is part of the Austrian Federal Economic Chamber, which represents nearly 400,000 companies throughout Austria. Membership of the Chamber is obligatory. The Austrian Federal Economic Chamber is not comparable to chambers in other countries because it constitutes – together with the Unions and the Chambers of Labour and Agriculture – the framework of the Austrian Social Partnership, a strong counterpart to the government.

The Chamber influences the legislative and administrative processes and plays an important role in safeguarding the interests of the whole Austrian economy. It is also the formal Austrian body responsible for supporting the countries export businesses.

UBIT as the legal representative of the consulting and IT industries, negotiates the collective agreements with the Trade Unions on wages, working conditions etc.

UBIT has 9 regional chapters (one in each province) which are legally independent bodies. Individual membership is with the regional chambers – which are also the sources of finance for the federal association. The top representatives of these regional branches together are the representatives of the national institute – UBIT.

Since 2002, the formation of Expert Groups has allowed a significant number of members to engage in effective and visible ways to transfer know-how and promote their services and products.

A number of Working Groups dealing with various subjects exist on the regional and federal level.

Major Activities during last 12 months

UBIT has contributed to the development legal and legislative framework in Austria as a stakeholder with the right to voice its opinion during the legislative process in areas concerning its members. It has submitted many position papers and in some cases contributed substantially to the formulation of legislation. Some examples are:

- Implementation of the 'e-coordination-Board' supervising the EU Lisbon process (e-Government, e-Health, e-Learning, etc.)

Austria	
Total turnover (million euros)	2,600
Growth rate 2006	4.5 %
Growth rate 2007 (prevision)	6.0 %
Key service lines (%)	
Business Consulting	15.0 %
IT Consulting	60.0 %
Development & Integration	5.0 %
Outsourcing	10.0 %
Other Services	10.0 %
Key sectors	
Export (%)	30.0 %
EU	25.0 %
Countries outside the EU	5.0 %
Management Consulting firms	9,300
Large & medium size	465
Small Size	8,835
Number of consultants	
Total staff	27,000*

- Implementation of new Telecoms, Copyright and e-Government legislation
- New formal descriptions (Berufsbild) on the management consultancy profession and the Telecom Services profession
- Preparation work for Digital TV
- Position Papers on Computer Implemented Instructions
- Public Sector Information directive
- Corporate Governance Rules
- Creating a new profession with the self-employed accountants

Bulgaria*	
Total turnover (million euros)	60*
Growth rate 2006	
Growth rate 2007 (prevision)	
Key service lines (%)	
Business Consulting	
IT Consulting	
Development & Integration	
Outsourcing	
Other services	
Key sectors	
Export (%)	
EU	
Countries outside the EU	
Management Consulting firms	
Large & medium size	
Small Size	
Number of consultants	
Total staff	3 000*

Bulgaria

The demand for consulting services is growing, partially because more foreign companies which are more used to hiring consultants are establishing themselves in the country. Nevertheless, foreign investment in the Bulgarian market is still lower than in other neighbouring EU markets.

The diversity of the consulting services is growing, as well as the nationalities of the consulting companies operating on the Bulgarian market. The market is polarizing and companies are becoming more specialised. New market entrants are appearing and more and more companies, even small ones, deliver consulting services across borders either directly on assignment basis, or through local partners.

EU membership remains the main driving force in the public sector market. Given the fact that from 2007 Bulgaria will have at its disposal substantial funding through the EU Structural & Cohesion Funds, demand from the public sector is likely to increase considerably.

Other drivers are the effects of increasing internationalisation and globalisation, financial stability and growth, which allows more companies to invest in consultancy, the inflow of know-how and good business practices which educate the market and make clients more demanding, and the continuing mergers and acquisitions.

The investments in IT (hardware & software), production facilities and equipment, and other new business support technology, call for experienced consultants to assist with the process of technological restructuring

The lack of transparency of new procedures and requirements that need to be applied, as well as the relatively low 'administrative capacity' of the public institutions involved in the process of EU funds absorption, are hampering the development of the market.

Only a limited number of local companies can afford the price of quality services. Demand from foreign or joint companies is higher.

The growing competition among the consultants is creating confusion among new and (potential) clients, as there are considerable variations in price and quality these clients are not yet familiar with the increasing types of consultancy services and support they can receive from consulting companies.

More experienced clients appear to be better able to assess the quality of the services that they are getting. They are becoming more demanding in terms of the deliverables and results and the relationship with the consultants. They require more and more references, which limits the opportunities of purely Bulgarian consulting companies.

More clients are willing to invest in long-term relationships with consultants as clients are becoming more aware of the benefits of sharing their medium to long terms plans with consultants.

Clients are more frequently using consultancy services in global and/or regional agreements. However, if the global provider fails to meet the expectations, clients now have the freedom to use local suppliers as well.

The overall demand for quality consultancy services is increasing and therefore it is possible to have project fees that are far higher than they were 2 to 3 years ago.

Clients mostly base their choice on price, delivery of concrete value added, the existing relationship with the consultant and experience, reputation and image of the consultancy company.

Given the recent EU membership of the country and the new challenges the clients are facing, both consolidation and new investments can be expected. However, taking into consideration the additional financial opportunities offered by the EU Structural and Cohesion Funds, it's more likely that there will be a shift towards new projects.

In the next years clients are expected to focus on growth, globalization (new markets & competition), and supply optimization.

Fee rates have gone up in both the public and private sector, in most every business segment.

Because the consulting market in Bulgaria is still relatively young and not so experienced, it is expected

that cross-border activities for the Bulgarian companies in the next few years will remain limited to the nearest neighbours. The Balkans (predominantly Serbia, FYROM, B&H, Montenegro, Croatia), as well as some ex-soviet republics, with which Bulgaria has well established relations in addition to a common language and business practices as well as similar macro economic developments, which allow local consultants to 'export' their know-how.

Some Bulgarian companies though want to penetrate the western European market. Those that are members of international networks aim at continuing growth towards the Near East and Asia.

However, all in all, the Bulgarian consultancy market is still not well organized and the services are not well balanced. There is still a lack of knowledge on how to deal with consultants and what benefit they can bring. The sector needs to be better promoted and clients should to be taught how to work with consultants, so they can take a more pro-active approach.

BAMCO – Bulgarian Association of Management Consulting Organizations

The Bulgarian Association of Management Consulting Organizations (BAMCO) unites, for the benefit of the members and clients, management consulting companies and independent management consultants who adhere to a code of conduct and professional standards and who promote public recognition of the management consulting profession by meeting the highest professional and ethical standards.

BAMCO has a 10-year track record and unites 31 management consulting companies and 56 individual consultants who are all Certified Management Consultants.

Four committees deal with ethics, membership, financial control and training and certification issues.

Czech Republic

APP – Asociace pro Poradenství v Podnikání

The Czech Association for Consulting for Business, APP is a member of the Economic Chamber of the Czech Republic, as organisation with over 13.500 members. Within the Economic Chamber APP forms the trade association for consultants. APP issues its quarterly bul-

BAMCO's mission is to contribute actively to implementing economic reform in Bulgaria and to create favourable business conditions for its members. BAMCO strives to achieve the following objectives:

- Improvement of the status and reputation of the management consulting profession;
- Protection of the interests of management consulting organisations;
- Promotion of professional standards and a Code of Ethics in the management consulting sector;
- Improvement of qualification and upgrading of the professional level of management consultants; (BAMCO is authorized to offer the qualification Certified Management Consultant (CMC)).
- Creation of opportunities for networking and exchanges among its members;
- References about members to clients and institutions;
- Introduction of world's best practices in management consulting;
- Establishment and development of the consulting services market;

BAMCO partners are local and foreign governmental institutions and non-governmental organizations such as:

- The British Council;
- Institute of Management Consultants (IMC London);
- Management Consultancies Association – UK;
- Firm Level Assistance Group Consortium (FLAG);
- United States Agency for International Development (USAID);
- Foreign Investments Agency, Privatization Agency, Executive Agency for Promotion of Small and Medium Enterprises;
- Business associations: BARDA, BAP, BAMDE;
- Foundation for Development of Entrepreneurship etc.

leting Poradenství ("Consulting"). APP closely cooperates with the Ministry of Industry and Trade and its special bodies such as the company Czechinvest. One of APP's tasks is to manage the so -called National Consultants Register, which is governed by Czechinvest. APP cooperates with other official bodies in the Czech Republic and participates in the legislative process.

Czech Republic	
Total turnover (million euros)	407
Growth rate 2006	4.3%
Growth rate 2007 (prevision)	4.3%
Key service lines (%)	
Business Consulting	34.8%
IT Consulting	24.0%
Development & Integration	9.0%
Outsourcing	13.5%
Other services	29.7%
Key sectors	Manufacturing (Automotive. 22%) Banking and Insurance sector (18%)
Export (%)	3.7%
EU	2.5%
Countries outside the EU	1.2%
Management Consulting firms	1,363
Large & medium size	165
Small Size	1,198
Number of consultants	8,500
Total staff	9,200

Denmark	
Total turnover (million euros)	1,993
Growth rate 2006	22.5%
Growth rate 2007 (prevision)	22.8%
Key service lines (%)	
Business Consulting	62.0%
IT Consulting	
Development & Integration	6.4%
Outsourcing	2.5%
Other services	29.1%
Key sectors	Manufacturing (26.7%) Public sector (25%)
Export (%)	12.6%
EU	7.1%
Countries outside the EU	5.5%
Management Consulting firms	7,550
Large & medium size	3,850
Small Size	3,700
Number of consultants	9,500
Total staff	13,100

Denmark

Over the course of 2006, the Danish market developed in a very positive manner and was marked by strong optimism. Both public and private organisations were interested in developing themselves. The combination of many customers primarily focusing on growth oriented strategies and a growing lack of experienced employees increased demand for consulting services. A number of companies also point to an increased awareness among customers of the need to adapt their business to the changed demands following from globalization.

A sound and strong Danish economy has led to growth and a wish among senior executives to carry out changes in their companies in order to prosper from the economic upturn. Company investment reached a record-high in 2006.

As far as the constraints to growth are concerned, it is felt that the structural reform of the municipalities and regions in Denmark has led to a postponement of projects in the public sector. In addition, many consultancies point to the lack of a sufficiently large base of talented and experienced consultants to recruit from.

As regards client behaviour, an overall observation is that clients are showing a more "professional" behaviour and are increasingly demanding as regards the quality delivered by the consultants.

- Clients have become more loyal towards consultants. They prefer to use consultants they know and trust.
- Clients have become better at stating clearly their demands and expectations. They want consultants with experience from projects, which have led to concrete good results.
- Clients want tailor-made products.
- There is a tendency towards more centralized purchasing because of the development of centralized rules for calls for tenders. At the same time, there is increased need for a dialogue between consultant and client in order to specify the details of the project. The requirements for a professional interplay between client and consultant are more nuanced than rigid rules regarding calls for tender allow.
- The clients are looking for coherent and continuous projects rather than stand alone, one off project.

Danish companies base their choice of consultant primarily on delivery of concrete value added and the existing relation with a consultant. Competences in the relevant fields and Personality of the advisor also play an important role in the choice. Surprisingly, price is not a priority, but more of a secondary consideration.

Because of the positive economic climate in Denmark, clients are expected to focus in the next years on growth, innovation and globalisation. Cost reduction projects have moved to fourth place.

DMR – Dansk Management Råd

The Danish Management Board (DMB) is the trade association for Danish management consulting companies within the Confederation of Danish Industries (DI), representing more than 180 management consulting companies. Its mission is to:

- develop professionalism and ethics in the consulting trade
- develop and improve framework conditions for consulting institutes in Denmark
- develop Denmark as a knowledge society

Professionalism and Ethics

Responsible consulting companies acknowledge their ethical obligations. Consequently, they find it natural to be members of DMB and undertake to act in conformity with its code of professional conduct.

With the annual Consultants' Award, DMB wants to draw attention to unique and successful consulting assignments, and to acknowledge the best projects in the consultancy business.

Better Framework Conditions

A strong consulting sector strengthens the competitive power of its customers. However, it is a prerequisite that the sector is able to work within a satisfactory framework. Therefore, DMR supports the following political issues:

- Better tenders - better advice
- Business development - use the sector in the optimal way
- The public sector as world class supplier

Denmark - A Knowledge Society

DMR takes an active part in the development of society. As a member of DI and other relevant networks, DMB is a factor in setting the agenda.

France

With a positive growth rate which has increased for the third year in a row, the French consultancy market confirms the rebound that started towards the end of 2004. After the 12% growth record of 2006, market turnover now surpasses the pre-crisis level of 2001. In the 10 year period, since 1996, revenue has tripled.

The highest growth rate was achieved by the more "traditional" consulting companies: medium size consulting companies, which achieved a 17% increase in 2006, whereas large companies recorded 9%, and small ones only 5%. For 2007, a two-digit growth rate is anticipated. The medium size consulting companies show the highest confidence, anticipating an 18% increase.

Growth is mainly fuelled by the rebirth of demand. Most demand is linked to expansion, transformation, improvement of efficiency, mergers and acquisitions and globalisation. New regulations, which are nevertheless expected to continue to generate new projects, are no longer the sole source of growth. Consulting companies accompany their clients' strategy and expansion in Eastern Europe as well as in China and in India.

The trend towards internationalisation is becoming particularly pronounced for the financial and banking sectors, as well as in the energy sector.

Other drivers of growth are linked to, technological innovations and the industrialization of processes in the service industry.

The financial and banking industry and the power and energy sector, which respectively account for 30% and 13% of the total market, are the most buoyant sectors. Public sector, at 10%, is slightly increasing, whereas industry, still in second position with a 25% market share, continues to decrease.

So far, the demand for sustainable development remains a minor outlet, since its scope is wider than management and process reengineering.

Based on the comparison between the growth rate of the market (+12%) and the evolution of the number of management consultants (+10%), the ratio between supply and demand seems more balanced than in previous years. In some instances, such as the big and medium size segments, one can even notice a slight discrepancy in favour of consulting companies as demand becomes higher than supply. This should help easing their relation with the centralized procurement functions within client companies.

Still, the price of the average-man-day only slightly evolved in 2006 to +1.5%. This level covers only

in part the costs implied by increased internationalisation, higher qualification of resources, improved methodologies and marketing.

In this respect, the challenge for consulting companies will be to continue recruiting the most qualified and to find innovative ways to attract and to keep them in the long term.

SYNTEC Conseil en Management (Chambre Syndicale des Sociétés de Conseil)

SYNTEC Conseil en Management represents the management consultancy industry towards clients, media and public bodies.

With around 80 member companies representing more than 50 % of the total management consultancy market in France its missions are:

- to promote the management consulting market in France and internationally,
- to defend the collective interests of its members,
- to anticipate and reflect on the future of the profession

Its main objective is to ensure the quality, the integrity and the commitments of member companies in their area of expertise. Any company wishing to become a member must adopt and comply with the code of conduct elaborated by the association.

The network

Some of the association's work is externally focused. It provides data on the sector on an annual basis, in order to offer the clearest possible view on the market and demonstrate the value of its actors through networking events, working groups and press relations programmes.

SYNTEC Conseil en Management initiated a number of working groups dedicated to the development of the profession and the promotion of its consultants:

- a Group focused on clients' Purchasing departments
- a Group focused on the Financial Sector
- a Group focused on the Public Sector
- a Group focused on attracting students and young professionals

The reference

SYNTEC Conseil en Management also became a reference for the press and public/private partners for any information regarding the management consulting market in France. Our annual study is a unique source of key data on the activity as well as the only statistical study on trends, client requirements and the organization of French consulting companies.

France	
Total turnover (million euros)	6,560
Growth rate 2006	12.0%
Growth rate 2007 (prevision)	10.0%
Key service lines (%)	
Business Consulting	49.3%
IT Consulting	8.7%
Development & Integration	22.0%
Outsourcing	12.0%
Other services	8.0%
Key sectors	
	Banking & Insurance sector (31%) Manufacturing (25%)
Export (%)	12.0%
EU	8.0%
Countries outside the EU	4.0%
Management Consulting firms	10,258
Large & medium size	258
Small Size	10,000
Number of consultants	35,000
Total staff	38,500

SYNTEC Conseil en Management is run principally by a Board of Directors and holds regular member,

meetings and ad hoc working groups with the support of the syndicate's standing units.

Germany	
Total turnover (million euros)	21.700
Growth rate 2006	11.4%
Growth rate 2007 (prevision)	12.0%
Key service lines (%)	
Business Consulting	50.7%
IT Consulting	17.1%
Development & Integration	20.7%
Outsourcing	6.9%
Other services	4.6%
Key sectors	
	Manufacturing (Automotive. 13%) Banking & Insurance sector (24%)
Export (%)	14.0%
EU	10.0%
Countries outside the EU	4.0%
Management Consulting firms	15,250
Large & medium size	3,750
Small Size	11,500
Number of consultants	112,000
Total staff	157,000

Germany

After they had to fight weak growth from 2002 until 2004, the German management consultants got back on the track to success faster and more dynamically than expected. The turnover of the consulting sector grew in 2006 in comparison to the previous year with 11.4% to €14.7 billion (2005: €13.2 billion, not including IT-Implementation, Software Development and Outsourcing Services). 82% of the market registered an increase in turnover (2005: 57%, of which 34% an increase of over 15%). According to the consultants five themes top the clients' priorities list: (in order of importance) client relationship management, innovation, cost management, globalization, and organic growth.

Enterprises have in 2006 made more money available for product development or market extension. As a result, there was an increase in demand for advice on growth related themes. The venture capital branch, with its investments and activities in relation to mergers and takeovers gave a strong push. In 2006 the largest demand came from the industry sector. Revenue from this sector grew from €4.66 billion in 2005 to €5.01 billion in 2006. Also demand from the financial sector grew from representing 22.5% of total demand to 23.9% of total demand. Which means that banks and insurance companies invested €3.51 billion in assistance from consultants; in 2005 this was just €3 billion. The pressure for change in the financial sector requires from many market players new strategies and ways of operating. For instance, competition from external competitors like directbanks and -insurers has increased. As a result, local banks and insurers have to expand their marketing activities and renew their operational structures.

International consulting activities are on the rise. The lion's share of the consulting revenue comes from consulting projects in the local market.

However, in comparison to 2005 this part is decreasing. In 2005, 92% from the revenue was made in the local market; in 2006 this was reduced to 86%. This trend appears to be progressing: one quarter of the consulting companies, which until now only operated on the local market, plans to expand its activities to Central or Eastern Europe before 2010. Among the medium sized companies, with a revenue of between €2.5 – €5 million, this is even 40%. Even small consulting companies intend to operate more on foreign markets, on average 15% intend to

do business outside Europe. Clearly, whether active on local or foreign markets, large or small, in the end only global thinking consultants will be able to service their clients well.

2007 will see an increase in consultants. In 2006 there were about 73,000 consultants active in about 14,250 consulting companies. This represents an increase of about 7% in comparison to 2005. Also in 2007 companies will continue to hire consultants. About 90% of the consulting companies with more than €5 million revenue intend to employ more consultants with experience. The large consulting companies also intend to employ recently graduated persons with fresh scientific know how. About two thirds want to create new posts for junior consultants.

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BDU e.V. – Bundesverband Deutscher Unternehmensberater

The BDU currently counts about 520 member companies from the Management-, HR- as well as IT- Consulting sector. This membership represents about 13,000 consultants in Germany, which makes the BDU one of the largest economic and trade representation for management consultants worldwide. The main objectives of the BDU are the contribution to the economic and social sectoral framework agreements as well as the establishment and promotion of quality standards for management consulting. This objective is translated in the BDU professional code, to which all members subscribe. Additionally the BDU grants the internationally recognized individual related title of Certified Management Consultant, CMC, which is exclusively granted to BDU member consultants. The BDU operates in close cooperation with other national and regional professional and industry associations. Companies and their advisers can exchange and learn about market development, trends in professional development as well as organizational issues relevant to consulting companies and their quality development. These meetings regularly spurn projects, studies and publications. Two well established sector congresses, the „Beratertag“ for management consultants and the „Personalberater-tag“ for HR consultants – as well as a vast programme of seminars and Workshops underline the aims of the association: improvement of consultancies' competences, members as well as non-members.

Greece

After a period of recession, both the private and the public sector have shown signs of recovery in 2006. The investment incentives provided by the Government as well as new legal framework regarding PPP resulted in increased demand of consulting services.

Many Greek consulting companies have continued to offer consulting services to EU projects mainly in Eastern Europe with increasing sales for major players due to EU enlargement.

The main drivers of growth were formed by the increasing demand from the public sector; the completion of the 3rd Support Framework Programme and a new stream of PPP projects. Modernisation of public sector authorities generate also demand for various project management projects in areas such as IT, Business Process Reengineering and restructuring. Globalization and demand from emerging markets in the Balkans and Eastern Europe due to EU enlargement, as well as private investments subsidized by Law 3299/2004 (investments incentives law) also stimulated the market. More large clients demonstrated an interest in increasing their competitiveness. Deregulation of certain industry sectors such as telecoms and energy has boosted investment thereby generating significant demand for consulting projects in these particular sectors.

Constraints to growth were caused by a lack of private sector understanding for added value provided by the consulting industry; a lack of liquidity in the market and underestimated budgets in the public sector. Increased supply of consulting services (mainly provided by freelancers) lead to high competitiveness and lower fee rates. CSF funds were underutilized in spite of the involvement of highly experienced consulting companies. The complexity of the taxation system and bureaucracy discouraged potential investors to start up or to expand business activities.

No major changes could be observed in client behaviour. There is an emphasis on more specialized and high quality services and more value for money, especially in the private sector where the decision lies on the strength of the proposals and the anticipated added value. The pressure on rates has continued, in both the public and private sector.

Clients base their choice respectively on price, existing relations they have with providers, the reputation and image of the consultancy company, projects presented for reference & knowledge of the sector delivery of concrete value added recommendations from trusted person

In the coming months, the main priority is expected to be the consolidation of projects, while making an effort to invest in new ones.

The 3 main priorities of clients in the next years are expected to be cost reduction, growth and client relationship management

Fee rates were stable in all service areas for both private and public sector clients. A fee increase was observed in the IT consulting sector

In the next year Greek consulting companies intend to expand their cross-border business to both, Eastern EU and Eastern European countries, as well as to the near East and Asian countries.

The level of demand in the Greek consulting market has still a long way to go to approach the EU average. The ratio of total fees in relation to GDP is very low, which indicates a still immature market for which all market players (consulting companies, clients, the government) need to take actions to improve.

SESMA

The Hellenic Association of Management Consulting Companies (SESMA) was founded in 1992. Currently SESMA has 55 member companies (54 full members and 1 affiliate member), including the large domestic and international companies which operate in Greece.

SESMA's members represent more than 80% of the turnover of the management consulting market in Greece and employ more than 1,800 highly qualified consultants. Greek consulting companies also carry out important projects abroad, a large number of them have offices in other countries. It is estimated that about 30% of our members' turnover is derived from the export of management consulting services.

SESMA's aim is

- *to promote the interests of its members and to support and coordinate actions aiming at this objective, by organising lectures, conferences, educational sessions, by publishing informative brochures and journals, training of new professionals, by participating in educational or other national and community programs;*
- *to represent the profession at the national and international levels, by participating in governmental committees for the promotion of laws which ensure the interests of its members and by participating in other professional bodies and associations;*

Greece	
Total turnover (million euros)	202
Growth rate 2006	11.9%
Growth rate 2007 (prevision)	11.2%
Key service lines (%)	
Business Consulting	64.4%
IT Consulting	6.6%
Development & Integration	3.3%
Outsourcing	4.4%
Other services	21.3%
Key sectors	Public administration (45%) Manufacturing (Consumer products, 14.4%)
Export (%)	22.8%
EU	13.4%
Countries outside the EU	9.4%
Management Consulting firms	170
Large & medium size	45
Small Size	125
Number of consultants	1,500
Total staff	1,800

- to inform its members about all relevant scientific, technical, economical and educational subject which concerns the profession; and
- to develop a spirit of cooperation and solidarity between its members and to promote cooperation between them.

On the national level SESMA is a member of the Federation of Greek Enterprises (SEV) and the Federation of Industries of Northern Greece (SBBE).

Hungary*	
Total turnover (million euros)	270*
Growth rate 2006	7.6%
Growth rate 2007 (prevision)	-
Key service lines (%)	
Business Consulting	44.3%
IT Consulting	37.8%
Development & Integration	4.2%
Outsourcing	0.0%
Other services	13.7%
Key sectors	
Export (%)	11.4%
EU	0.7%
Countries outside the EU	10.7%
Management Consulting firms	
Large & medium size	
Small Size	
Number of consultants	3,900
Total staff	4,800*

Hungary

In 2006 and early 2007 the Hungarian economy was influenced by four major events: (a) the two elections (national elections in the spring, and local elections in the autumn), (b) the economic adjustments, reforms and restrictions, that the government started to introduce and realize in the middle of the year, (c) the still substantially stable and growing economy, influenced also by the positive trends of the other European markets, and last but certainly not least (d) hopes of large EU funds to boost regional, SME and infrastructure development in the upcoming years.

As a result of the elections in 2006, public sector expenditure virtually came to a halt between March and August. As a result of certain changes in government, a number of managers from the private sector were appointed to public positions, which is leading to the adoption of "modern" management techniques (i.e. performance measurement; quality assurance; defined processes/workflows, etc.). This provides new opportunities in almost all consulting categories, but primarily in the areas of strategic positioning, operational restructuring and change management; it is probably the first time that the latter figures on the agenda of public sector clients.

As a result of massive overspending by the public sector in previous years, the government was forced to adopt a rather austere adjustment and reform program in the middle of 2006. As a result of this, we can see first efforts to curb public spending. Since the public sector is traditionally a key consumer of such services, this may have an unfavourable effect on the consulting industry in the long run. This stands in contrast with the above-mentioned increased need for assistance.

Despite the restrictions caused by the economic adjustment and reform program, there are only very few signs if any, that this will lead to an overall economic fallback. Although internal consumption is curbed and the overall growth of the economy is slowing down somewhat, the industrial indexes of the first quarter of 2007 show a steady growth (industrial growth rate in Q1 is 9%). While employment in the public sector is being downsized, employment in the private sector is improving. The first positive

macroeconomic effects of the adjustment program are complemented by the positive trends in the other European markets. The Hungarian private sector, traditionally dominated by international markets, is benefiting from these trends and continues to grow, resulting in a growing demand for consulting services. The leading sector is banking, insurance and financial services, but demand in the manufacturing, automotive and commercial sectors is also considerable. Many companies initiated consolidation projects (IT and process architecture consolidation; organizational consolidation), but M & A initiatives are increasing, as well as Information Technology and Customer Relationship Management consulting.

In 2006 the 2004-2006 EU funding period ended, and the development funds associated with it ran out. During the following period (2007-2013) large sums have been foreseen, primarily for regional development, infrastructure, health care, environment protection and professional training. Unfortunately, preparation work has suffered certain delays, and the positive effect this will have on the development of the sector cannot yet be seen.

With regard to the overall consulting industry, it is difficult to see definite trends. Strategy Consultancy, which traditionally was an important force of the consulting industry in Hungary, but which showed some signs of decline in the previous years is picking up again, partly because of the growing government needs in this field, and partly because of private sector demand to increase efficiency and prepare for the global market. Operations Management and Project Management remained stable, demonstrating a certain stability of demand in the market. A rather new development is an increasing demand for Change Management, which now figures for the first time on the agenda of government decision makers. HR consulting is rather eclectic, but mostly up, while Information Technology consulting is experiencing a modest growth. The consolidation of large IT initiatives and architectures of the previous years has not yet been finished, and certain new demands are on the rise, such as Client Relationship Management, which appears to have great potential. Development and Integration: The market for enterprise integration solutions is well developed and continues to generate demand, not least as a result of M&A activities in Hungary and in the region. This trend is strengthened by the active efforts of Hungarian companies to invest in the region. Outsourcing con-

tinues to increase; the country has not yet explored its full potential on this field. Both, the restrictive policies in the public sector as well as cost-reductions in the private sector, are likely to further generate demand for technological outsourcing.

As regards client behaviour, the predominant trend is the increasing price consciousness of customers. As a consequence, consultancies face falling consultancy rates. Although demand increased because clients have developed a sound understanding of how consultants create value, the supply side of consulting has extended as well. The clients are more demanding, not just in terms of industry knowledge and expertise but also in terms of the way in which they want to be treated by the consultants. Although, to be justified, a consulting projects more often require a sound business case, it is clear that the industry is still and increasingly based on mutual trust and reliability.

VTMSZ – Vezetési Tanácsadók Magyarországi Szövetsége

The Association of Management Consultants in Hungary was founded in 1990. Approximately 180 consultants of our member companies have obtained the qualification Certified Management Consultant recognized worldwide. Our Association has offered the qualification Certified Management Consultant in the frame of its examination system effective from 1994. Similarly to other national partner associations abroad, not all organizations active in the field of management consulting are members of our Association. The priority is rather to spread the guidelines and ethical standards of our profession crystallized throughout decades as widely as possible.

The main objective of the Association is to unite, for the benefit of the members and of the society, into a

professional association those management consulting companies and independent management consultants who contribute to the establishment and maintenance of professional regulation and promote the public recognition of the management consulting profession by meeting the highest professional and ethical standards

The objectives of the Association are:

- to promote, develop and encourage management consulting activities in Hungary;
- to improve the quality of management consulting services;
- to protect the interests of clients by setting high professional and ethical standards;
- to protect the common interests of members, the profession and the society as a whole;
- to promote the international relations of the profession;
- to contribute to the development of sound and ethically agreeable relations between management consultants and clients;
- to organise training of management consultants and to promote the proliferation of the internationally recognised CMC designation.

Activities of the Association

- Development of a system of professional and ethical standards and safeguards the compliance of its members;
- Representation of the common interests of its members, and those of the profession as a whole;
- organisation of conferences, seminars, workshops and presentations;
- proposals and statements on subjects that fall within its scope of activities;
- co-operation with related national and foreign associations;
- contacts with government organisations and public institutions.

Italy

Assoconsult – Associazione Federativa delle Imprese di Consulenza Direzionale e Organizzativa

Founded in 1997 by the merger of AICOD and ASSCO, Assoconsult is the Association of the Italian Management Consultancy Companies.

It is member of Confindustria (Confederation of the Italian Industries), FITA / Confindustria Servizi Innovativi e Tecnologici (Federation of the Associations of the Italian Professional Innovative and Technological Services Companies) and FEACO

The objectives of Assoconsult are:

- to promote the development of management consultancy;

- to consolidate the image and the professional role of management consultancy;
- to spread the knowledge of the best organizational and management techniques in the value of consultancy for the improvement of efficiency and competitiveness in public and private sectors;
- to link internationally the Italian association to assure interchange of knowledge and experience;
- to promote the management consulting services to the Institutional, economical, political, social, cultural, national and local boards;
- to represent the management consulting companies by appointing official representatives to national and international events;

Italy	
Total turnover (million euros)	2,500
Growth rate 2006	12.0 %
Growth rate 2007 (prevision)	15.0 %
Key service lines (%)	
Business Consulting	62.0 %
IT Consulting	3.0 %
Development & Integration	2.0 %
Outsourcing	7.0 %
Other services	26.0 %
Key sectors	Manufacturing (28%) Banking & Insurance sector (21%)
Export (%)	10.0 %
EU	5.0 %
Countries outside the EU	5.0 %
Management Consulting firms	9,000
Large & medium size	
Small Size	
Number of consultants	
Total staff	38,000

- to promote and actively protect the legal rights of the associated companies.

Assoconsult achieves its aims through the following activities:

- the participation as member to the activities promoted by Confindustria, by Confindustria Servizi Innovativi e Tecnologici and by FEACO
- the presence in institutional committees
- the study of profession related subjects
- the creation of associative committees and working groups

- the organization of conferences, training seminars and courses
- the publication of brochures and newsletter.

Assoconsult members take part to the association's life through the working groups and common projects in the areas of Research & Innovation (Regional Development), Internationalization, Financial sector consulting, Public Utilities (Energy Management), e-Government (Government Change Management), Quality, Security, Environment (Process rationalization), Consulting University, Public Sector and Human Resources.

Poland*	
Total turnover (million euros)	260*
Growth rate 2006	8.3%
Growth rate 2007 (prevision)	
Key service lines (%)	
Business Consulting	46.0%
IT Consulting	
Development & Integration	
Outsourcing	
Other services	
Key sectors	
Export (%)	3.2%
EU	2.7%
Countries outside the EU	0.5%
Management Consulting firms	
Large & medium size	
Small Size	
Number of consultants	
Total staff	6,000*

Poland

The most important long term driver of growth in the MC market is the economic growth in Poland resulting from the access to the European Union in 2004 which was accompanied by the large inflow of economic assistance from the EU. In particular the European restructuring funds helped raise the demand for consulting services from both private and public sectors.

Though this growth was noted also in 2006 it was however undermined by the unemployment rate, which is the highest in the EU, and mass immigration. The privatization process was stopped and no important decisions are being made to halt the growth of public debt, to re-structure health care or social insurance systems. Another strong factor adding to the lack of stability was the political change. The new government coalition caused radical personal changes not only at the government level but in practically all the institutions of the public sector, including state-controlled enterprises, frequently resulting in lack of competence, avoidance of decision taking etc.

European funds play an important role as a source of growth but at the same time hamper the growth and development of certain consultancy services. For example donations and re-financing from the ESF (European Social Fund) completely ruined the training market.

There is a growing number of clients. Clients have better business experience, they tend to know their own markets better and their requirements and expectations from the consultants are higher. They expect to see the tangible advantages from management consulting. Frequently they are focused on immediate results.

Respondents unanimously agreed that the most important consideration for choosing the consultant is existing relation with the client, immediately followed by price and projects presented for reference.

Quite important are also delivery of concrete value added, reputation and image of the consultancy company, and structure & competence of the proposed team.

Less important are: knowledge of the sector, competences in the relevant fields, risk participation or personality of the advisor, whereas company culture, competence in innovation, certification, international presence and network, consultant's quality control system were not considered important.

There is a feeling that price is even more important now than several years ago. This focus on price results in a preference for freelancers and very small firms and frequently has an adverse effect on the quality of the work. For this same reason the growth in demand for consulting services can for a large part be attributed to the very small, often one-man consultancies, specializing in one standard service – for example filing applications for EU loans.

Nearly all consultancies are of the opinion that consolidation projects will continue to prevail.

Customers priorities are expected to be: innovation, growth, and globalization.

Also cost reduction, client relationship management, increased shareholder value, increased risk and implementation of new IT and communication systems are likely to receive a certain amount of attention.

With regard to fee rates for the service areas in the private and public sector, companies consider that the rates for virtually all types of consulting services have remained stable, or went slightly up, whereas those for development & integration also remained stable and those for outsourcing have gone up.

Neither the consultancies who are active only on the local market, nor the companies that already are active on other markets have plans to expand their business further abroad.

It is expected that 2007 will be a better year than 2006 – at least in terms of assignments' volume but it remains to be seen whether the fees will not decrease.

SDG – Stowarzyszenia Doradców Gospodarczych

SDG, the Polish Association of Economic Consultants, was established at the end of 1990. Following registration in January 1991 at the Provincial Court of Warsaw, SDG has been performing its statutory activities which are aimed at stimulating the development of the market of consulting services in Poland.

The objective of the Association is to support the activities in the area of consulting and its development in Poland. This objective is realised through an exchange and dissemination of information, organisation of seminars, training and professional workshops, propagating the principles of professional ethics, support to the development of consulting companies, co-operation with governmental agencies and other non-governmental bodies, as well as other national and international organisations.

The association has a particular focus on improving the quality of consulting services and on the application of business ethics. Around this issue evolved a re-

search into the home market and the contacts initiated with consultants and consulting organisations abroad. As a member of ICMCI the SDG has granted since July 1998, the title of the Certified Management Consultant (CMC) was granted to 36 consultants, including 22 members of the Association.

In 1995 SDG commenced issuing its own bulletin, entitled "Konsultant" which aims to better integrate the Polish consulting circles, and also constitutes also a means of communication between the Association and the external world. It is directed in particular to the Polish administration and to business entities.

SDG has MC companies and individual consultants for its members. Every person and company active in the area of management consulting in Poland and fulfilling the statutory requirements can become a member of the association. Individual consultants may become ordinary or extraordinary members and the companies may become supporting members. The Professional Ethics Code applies to all members of SDG.

SDG is the organiser of this year's International Management Consulting Conference, which will take place on 04/05 October in Warsaw. To register and for information see: <http://www.feacoz2007.sdg.org.pl>

Portugal

The considerable change in total turnover reported for the Portuguese market this year is due to a decision made by the Portuguese Association to use external data sources which appear to operate with a different perimeter of the management consultancy market. Unfortunately, since this perimeter could not be verified in detail, it could not be corrected to align with the perimeter used in this report.

In spite of the general economic upsurge, the year 2006 was again a difficult year for the Portuguese Management Consultancy Sector. The market reported a decline of 1.4% (on the basis of the same market perimeter). The GDP is estimated to have grown by 1.2% in 2006, but is projected to accelerate to 1.8% and 2.1% in 2007 and 2008. Nevertheless, in comparison to previous years, 2006 meant a rebound of economic activity mainly due to strong exports growth.

Since 2002 the Portuguese government has been focusing its attention on bringing the budget deficit below the Euro Zone's Stability and Growth Pact ceiling of 3% of GDP. To reach this objective, it has implemented reforms in the public sector and curbed public finances through fiscal consolidation and measures to restrict both consumption and public investment. This process has led to a decline not only in public investment but also in private in-

vestment, as companies tend to postpone their decisions when the economic situation is uncertain.

A very important driver for the growth of the consulting industry is the need for companies to be more productive and efficient in a global market. Consultants can help companies to become more competitive and assure their survival in an increasingly competitive market.

With a declining private and public consumption, the government has concluded that the most appropriate way to push economy forward is to encourage companies to increase their exports. This strategy has already borne fruit, as in 2006 exports helped to lift growth above forecast.

Clients are more demanding and want to get more for less money. They tend to delay payments and want consultants to propose solutions that give fast results. Clients base their choice of consultant on the delivery of concrete value added, competence in the relevant fields and knowledge of the sector, the reputation and image of the consultancy company and projects presented for reference.

Clients are still very cautious about the near future, and so the majority of them want to consolidate

Portugal	
Total turnover (million euros)	1,050
Growth rate 2006	-4.8%
Growth rate 2007 (prevision)	3.7%
Key service lines (%)	
Business Consulting	
IT Consulting	
Development & Integration	
Outsourcing	
Other services	
Key sectors	
Export (%)	4.0%
EU	1.2%
Countries outside the EU	2.8%
Management Consulting firms	4,442
Large & medium size	466
Small Size	3,976
Number of consultants	
Total staff	15,000*

projects. The slow recovery of the Portuguese economy does not allow companies to be completely optimistic about the coming months. Oil prices are high and will remain high in the future and interest rates have increased steadily in the last year and a half and will continue to increase. Cost reduction will remain a main priority for the clients, however, a desire for growth and competitiveness is also likely to stimulate a demand for innovation.

In the past few years consulting fees in Portugal have stabilized in all service areas and sectors. Nevertheless, due to the still unstable macro economic situation, clients continue to try to force consulting fees down.

Consulting companies that already have international experience in traditional foreign markets, like the Portuguese speaking countries of Africa, want to continue doing business in those markets and to increase their turnover there. Eastern Europe and Latin America pose a challenge for those companies and they appear to be getting some first results. Those companies that have no international experience, or are only starting to expand their horizons, are demonstrating an interest in entering those markets as well.

APPC – Associação Portuguesa de Projectistas e Consultores

APPC, the Portuguese Association of Engineering and Management Consultants represents the Portuguese

Engineering, Architecture and Management Consultancy Sector. Founded in 1975, it started as an association that admitted both individuals and companies, but in 1995, membership became restricted to companies.

Currently, APPC has about 150 members with headquarters in mainland Portugal and in the autonomous regions of Madeira and the Azores, with a turnover exceeding 350 million euros, encompassing consultancy companies from the Engineering, Architecture, Environment and Management Sectors.

The goals of APPC are: to unite, represent, express and defend the professional interests of the economic players that provide Consulting services; to convey to third parties the ethical and technical guaranties inherent to those companies affiliated in the Association; to stimulate the delivery of services displaying technical and scientific advances, quality and development, for the benefit of the country, the clients and the community.

APPC is a member and the country's sole representative in the major Federations of the Sector, both European and International, namely EFCA (European Federation of Engineering Consultancy Associations), FEACO and FIDIC (International Federation of Consulting Engineers).

As the representative of consultancy companies, APPC intends to keep an eye on the quality of the services provided, on the strengthening of the Consultants' image and on the maintenance of fair competition.

Romania	
Total turnover (million euros)	260
Growth rate 2006	30.0%
Growth rate 2007 (prevision)	40.0%
Key service lines (%)	
Business Consulting	40.0%
IT Consulting	20.0%
Development & Integration	5.0%
Outsourcing	10.0%
Other services	25.0%
Key sectors	Public sector (45%)
Export (%)	9.0%
EU	3.0%
Countries outside the EU	6.0%
Management Consulting firms	640
Large & medium size	70
Small Size	570
Number of consultants	
Total staff	6,500*

Romania

The market has experienced an upward trend and the acceptance of management consulting services has increased. Local companies are growing into medium sized companies as many foreign consulting companies are opening operations in Romania, some of them acquitting local companies. Still, only a limited number of the 'top' consultancy companies have offices in Romania, as they appear to prefer to conduct operations from abroad.

The main drivers of the market were the economic stability and predictability, the significant inflow of the foreign capital, and the EU accession process.

Development was constrained by the fact that recognition of management consulting is still limited in some industry sectors and even in the public sector. Clients have only reduced budgets available for professional services and the public sector remains very bureaucratic and lacks professionalism.

Clients are becoming more and more experienced and demanding. Because of the increasing presence of the international consultants, clients start to understand better the role and the value of consulting and are slowly accepting higher rates, leading to an increase in fees for strategy consulting, operations management, project management, development and integration and IT consulting. Fees for change management, HR consulting and consulting on outsourcing remained stable

As regards external markets, Romanian consultancies are still too small even to consider ambitious expansion plans. However, some of the local companies have started to implement projects in the bordering countries, such as Ukraine, ex-Yugoslavia, Turkey and Moldova.

AMCOR – Asociatia Consultantilor in Management din Romania

The Romanian Management Consultancies Association, AMCOR, comprises more than 80 companies active on Romanian market, including the market leaders. The AMCOR mission is to safeguard professionalism and ethics on the Romanian consulting market and to

act as the single voice of the Romanian consultancies, in relations with the authorities, the clients, the academic environment and other stakeholders.

AMCOR main activities are:

- promotion of professionalism, ethics and best practice among members
- networking meetings
- market study

- partnerships and joint actions with the IT and HR Associations
- publishing of management consulting books
- training seminars
- cooperation with Academic environment
- continuous communication with the market players
- professional working groups

Slovenia

2006 marked an increase in demand for consulting services, which led to a substantial demand for consultants by consultancies.

The main factors for growth of the consultancy market were the economic growth in the country, EU membership (more competitive pressure; companies operate in larger environment), rising awareness with top managers that buy consulting services (expert solutions) in the market contributes to better business results, foreign investments and increased impact of companies' owners.

The main constraints to growth were caused by the fact that demand from the public sector decreased and the fact that consulting companies were not able to meet all clients' demands due to the fact that they could not employ or hire sufficient consultants. National public sector demand is still stagnating.

The client behaviour did not change. The past trends continued: clients are becoming more demanding and they put substantial pressure on fees. Good references from past work are an inevitable selection criterion for the client, but not sufficient by itself.

In addition clients base their choice of consultant on delivery of concrete value added, reputation and image of the consultancy company, competence of the consulting company as a whole, price, personality of the advisor.

Most of the companies predict a continuation of the investment cycle that has already started. As a result, increased demand is expected in a large number of new projects. The main priorities of clients in the next years will be growth, supply optimisation and innovation.

Fee rates remained stable for most service areas in both, the private and public sector. Fees for HR consulting and Development and Integration went up slightly, only those for Project Management showed some decrease, with the exception of more complex projects.

Expansion abroad started a few years ago and is intensifying. Slovenian consulting companies mostly

develop business in the southeast (Balkans) and east of Europe. Some venture into the Western EU and Eastern EU as well.

For 2007 an increase in demand for consulting services is expected. Nevertheless, competition continues to grow and private sector clients are less "reliable" than they were a few years ago.

There is continuous pressure on fees in spite of the fact that price is neither the only nor the most important factor for clients' choice. Price is important, but in combination with other criteria.

On the basis of successful projects in the past, clients now invite consultants as team members in creating future development plans and business process improvement projects.

National public sector demand still stagnated in 2006, but is expected to improve in the second half of 2007, which could cause the 2007 consulting growth rate to again approach 20%; without improvement of public sector demand, a 14–15% growth is expected in 2007.

AMCOS – Združenje za Management Consulting Slovenije

The Association of Management Consulting of Slovenia, AMCOS was founded in 1992 and has been a member of FEACO since 1993. AMCOS forms part of the Chamber of Commerce and Industry of Slovenia which has recently been reorganized in a representative national chamber of commerce and industry with non-obligatory membership.

AMCOS main tasks are:

- the representation of members at a local, national and international level in order to promote their interest and the role of the consulting sector in the national economy;
- the promotion of recognition and the of the reputation of the consulting sector;
- the support of the consulting sector's development through the promotion of high quality, professionalism and business ethics;

Slovenia	
Total turnover (million euros)	142
Growth rate 2006	18.0%
Growth rate 2007 (prevision)	15.0%
Key service lines (%)	
Business Consulting	73.9%
IT Consulting	2.6%
Development & Integration	9.2%
Outsourcing	1.9%
Other services	12.4%
Key sectors	
	Manufacturing (Consumer products. 13%)
Export (%)	
EU	11.0%
	4.0%
Countries outside the EU	
	7.0%
Management Consulting firms	
Large & medium size	52
Small Size	902
Number of consultants	1,800
Total staff	2,100

- the identification and promotion of best consulting projects (the Phoenix award);
- the organisation of activities for members;
- the promotion of cooperation, networking and alliances within the sector in Slovenia and abroad.

AMCOS members account for some 30% of the turnover of the management consulting companies in Slovenia.

Spain	
Total turnover (million euros)	7,570
Growth rate 2006	9.8%
Growth rate 2007 (prevision)	10.4%
Key service lines (%)	
Business Consulting	10.0%
IT Consulting	11.0%
Development & Integration	42.0%
Outsourcing	37.0%
Other services	0.0%
Key sectors	Banking & Insurance sector (24%)
Export (%)	17.0%
EU	9.0%
Countries outside the EU	8.0%
Management Consulting firms	10,250
Large & medium size	250
Small Size	10,000
Number of consultants	
Total staff	90,000

Spain

The market in 2006 was marked by growth particularly in the banking (24%) and public sectors (16%). Demand from the telecommunications sector has stagnated almost to the point of coming to a halt at 15%. For 2007 it is expected that demand from the industry as well as from the banking and insurance and the public sectors will grow, respectively by 30%, 23% and 17%.

As regards the services, outsourcing increased by 20%, in particular business process outsourcing and application management. Outsourcing is expected to continue to grow in 2007.

The factors that stimulated growth in the Spanish consultancy market were the optimisation of business processes and the reduction of costs by the consulting companies.

On the other hand, to consolidate growth, consultancies need to start paying more attention to client relationships, to improving the perception that clients have of the sector and to the recruitment of quality staff. At the moment the sector lacks qualified staff, both in numbers as well as in quality.

Over the past years the clients have become better informed about consulting services. They know what they want and what they are buying. The reason for this is that many clients used to work in the consulting sector.

However, purchases approval committees have greater influence, which implies that decisions are mostly driven by financial criteria.

Clients primarily base their choice of consultant on delivery of concrete value added, competence of the consultancy company as a whole, knowledge of the sector, competences in the relevant fields and, of course, price.

Currently about 75% to 80% of the budget is dedicated to consolidation projects and only 20% to 25% to innovation. Considering that innovation is the true source of value generation, this should be the other way around.

Investment in innovation is starting to take place in client relationship management, and internal process improvement with the objective of creating cheaper products which can go to market faster.

The 3 main priorities of clients in the next years will be cost reduction, supply optimization and client relationship management.

As regards the role and contribution of our industry to business growth and competitiveness, we need to keep focusing on the fact that the value provided by our professionals is not compatible with some practices where aspects such as knowledge, innovation, expertise and continuous training are set aside, in favour of costs.

The majority of the companies are multinationals and have business in all countries. Nevertheless, there is a tendency to expand to China, India and Morocco, the latter mostly because of the low cost.

AEC – Asociación Española de Empresas de Consultoría

AEC, the Spanish Association of Consulting Companies is a national, Madrid based, non commercial organisation, which has the major consulting companies in Spain for its members. Its 21 members represent more than 80% of the Management and Technology sector and employ over 60% of the professionals in this sector.

Its main activities are:

- Promotion of transparency and image building of consulting.
- Training, promotion and awareness building, as a strategy to create a consulting purchasing culture.
- Creation of confidence and dialogue to consolidate the association as a recognised authority and forum for sectoral issues and meetings.
- Promotion of efficiency and the application of good commercial and business practices

To reach its objectives, AEC has created the following committees:

- Public sector
- Human resources
- Communication and Marketing
- Innovation and Competitiveness
- Good governance

Some of the current activities of the AEC are:

- The annual survey of the Spanish consulting market
- Sectoral studies (banking, telecommunications, public sector...)

- Working groups and meetings for professionals and for capturing and managing talent
- The communication plan

Switzerland

Overall, the Swiss market developed well in 2006, but the larger companies prospered more than the smaller ones. The main driver of growth was the globalisation of the leading Swiss companies and mergers & acquisitions. The development of the market was curbed by the fact that more clients reverted to 'in house' consulting.

Clients are very focused on price. They prefer experienced consultants and smaller projects often breaking up one large project into various smaller projects

Clients mainly base their choice of consultant on the overall competence of the consultancy company, its competences in the relevant fields and its knowledge of the sector, and to a certain price. The personality of the advisor is also an important selection criterion.

In the coming months clients may well start investing in new projects. In the next years, clients are likely to focus on growth, client relationship management and innovation. IT investments go to more flexible systems (e.g. modularisation of processes)

ASCO – Association of Management Consultants Switzerland

The mission of ASCO is to be the voice of high quality business consultancy in Switzerland. It is the only

association for management consultancy in Switzerland with 48 firm members and 162 individual members, representing approximately 48% of the national MC market.

ASCO objectives are to promote the benefits of cooperation with external business consultants, to build an effective platform for interaction among consultants as well as with clients and also to support its members in their business creation and performance.

To serve these goals various events and activities are being executed such as an annual consulting-day with the "Award for Best Business Transformation", regular market surveys, think-tank and networking events, round tables with CEOs of the largest consulting companies and lobbying events with members of Swiss government or parliament. In cooperation with leading service companies regularly best-practice presentations are being offered for information and training of members and their clients.

ASCO also represents the interests of the Consulting sector as a member of "Economie Suisse", the largest umbrella organization representing the Swiss economy.

Switzerland	
Total turnover (million euros)	744
Growth rate 2006	9.0%
Growth rate 2007 (prevision)	9.0%
Key service lines (%)	
Business Consulting	27.0%
IT Consulting MC+ITC	
Development & Integration	73.0%
Outsourcing	0.0%
Other services	0.0%
Key sectors	Banking & Insurance sector (32%) Manufacturing (21%)
Export (%)	15.0%
EU	11.0%
Countries outside the EU	4.0%
Management Consulting firms	570
Large & medium size	40
Small Size	530
Number of consultants	3,400
Total staff	4,000

United Kingdom

Clients' satisfaction with the work management consultants do continues to be high. An overwhelming majority of clients are either satisfied or very satisfied with the results consultants achieve; they're also very happy with the overall responsiveness and calibre of the consultants they work with. Above all, clients credit consultants with helping them do things more quickly, making this far and away the most valuable aspect of consulting. Today's consulting industry spans a wide array of companies, some of which only undertake management consulting work, but many of which are part of larger companies that offer other services such as systems development, outsourcing, audit, tax, corporate finance and engineering consulting.

Aggregate growth masks a wide variation in the performance of the segments and, indeed, individual companies' descriptions of their experience in 2006 varied from "horrid" to "outstanding". Those mixed views mean that their optimism for 2007 is tempered with caution. Market growth was tempered by an ongoing 'war for talent'.

Consulting represented 54% of total turnover, whereby IT Consulting increased by no less than 77%, to represent a turnover of €3.33 billion and BC by only 4.5% to €7.76 billion. Development and Integration increased by 33% to €2.53 billion and Outsourcing by a mere 0.3% to €6.75 billion.

United Kingdom	
Total turnover (million euros)	20,408
Growth rate 2006	10.4%
Growth rate 2007 (prevision)	13.0%
Key service lines (%)	
Business Consulting	38.0%
IT Consulting	16.3%
Development & Integration	12.4%
Outsourcing	33.1%
Other services	0.2%
Key sectors	Public sector (25%) Banking & Insurance sector (18%)
Export (%)	2.4%
EU	0.9%
Countries outside the EU	1.5%
Management Consulting firms	15,250
Large & medium size	3,750
Small Size	11,500
Number of consultants	
Total staff	95,000

31% of income from the private sector came from financial services, way ahead of the next biggest sector, the services sector, which accounts for 19%. For the second year running, the steepest growth has been in the business and construction sector, up by 49%. By contrast, demand for management consulting in the public sector grew by only 5%, substantially lower than in previous years. The largest markets within management consulting were IT Consulting, programme and project management, and operations.

Financial management consulting continues to boom: Outsourcing advice work also went up significantly in comparison to the 6% growth reported in 2005. Fee income from HR consulting also grew considerably. By contrast, strategy fee income fell.

Segmenting companies into different types of firm, suggests that companies which offer outsourcing

and IT systems development as well as a wide range of management consulting services, have the biggest share of the consulting fee income (61%). The next most significant segments are companies that offer tax, audit and other advisory services alongside management consulting at 16%, and companies that offer "pure" management consulting only at 13%. Companies whose background is in project management and engineering are the newest entrants into the management consulting arena, and have only 1% of the market at present. They are, however, the fastest growers and continue to drive structural change in the industry.

It is estimated that the industry as a whole employs around 62 000 consultants in the UK. The biggest increases in staff numbers have come among consultants (up 17% on 2005) and contractors (up 20%). By contrast, the number of partners/directors has fallen yet again, by 13%.

FEACO associations in other countries:

Belgium

Ascobel – Belgische Vereniging van Adviseurs in Organisation en Beheer/Association Belge des Conseils en Organisation et Gestion

Ascobel acts as a professional association for management consultants active in sectors such as Finance and Business Consulting, Strategy Consulting and Operations Management Consulting including implementation and outsourcing.

Ascobel's main mission is to bring together "consulting" players in the Belgian market to

- represent them at policy making levels
- promote the "consulting" profession and
- network with other organisations representing the interests of the « knowledge economy » in Belgium.

The main project for the year 2007 is the publication of a report on the state of knowledge economy in Belgium. The main objective of this project is to define general recommendations for Belgium to strengthen its knowledge economy. The report is being drafted by the member companies of Ascobel.

Bosnia and Herzegovina

LESPnet – Udruženja poslovnih savjetnika (associate member)

The Association of Business Consultants in Bosnia and Herzegovina, LESPnet, represents the best management consultants from Bosnia and Herzegovina.

na. LESPnet was established in 2001 and now has 22 member companies. LESPnet has been working on the development of the management consulting profession and economic development projects in Bosnia and Herzegovina. LESPnet also serves as a focal point for clients that need consulting services in Bosnia and Herzegovina.

Croatia

AMC-UPS – Udruga Poslovnih Savjetnika (associate member)

The Association of Management Consultants, AMC-UPS is a voluntary, independent association of consultancies and individual consultants, established in July 2002. AMC founders are the Croatian Employers' Association

(HUP-CEA), the Institute of Economics Zagreb and Deloitte & Touche Croatia.

The association's primary aim is to promote professionalism in the delivery of management and business consulting services by qualified practitioners.

The AMC has defined professional standards for Croatian management consultants. It provides training and in some cases administers certifications in

accordance with international principles and practices. (CMC, EFQM training, CIEH)

The AMC mission is to promote excellence and ethics in management consulting through certification, education and expertise.

Vision

- A flexible, well-organized and dynamic association with active and professional members
 - An association, which establishes and promotes best conditions for delivering consulting services in the Republic of Croatia
 - An association, which establishes standards of quality for delivering business consulting services in accordance with international standards;
 - An association, which helps to develop a modern and competitive Croatian economy
 - An association who collaborates with other organizations with similar aims and who
- participates in the work of the Government.

Overall goals

- Improving the quality of business consulting services Defining and monitoring professional standards of business consulting
- Training and certifying business consultants in accordance with international standards
- Protecting and promoting interest of the members, especially in the area of raising the quality

- of business consulting services in Republic of Croatia
- Achieving active membership

Primary activities and services – year 2006

- Training and professional development
- Establish and Promote International Certification and Credentialing (CMC)
- Establish and promote business excellence according to international standards (EFQM)
- Develop and organise workshops in the area of Corporate Social responsibility (CSR) for Croatian consultants and entrepreneurs
- Encourage and Monitor Ethical and Professional Practices (Ethics workshop)
- Attract and Maintain Members with Professional Qualifications
- Market the Value of Consulting to the Business Community
- Provide Access to Industry Knowledge and Services to Members

Membership

At the end of 2006, AMC counts over 200 members, both companies and individual consultants.

Ethics and Professional Conduct

Acceptance and adherence to the AMC code of professional ethics, statutes and other internal acts of the association, is a prerequisite for membership.

Cyprus

Cyprus Association of Business Consultants

Finland

LJK ry - Liikkeenjohdon Konsultit

Norway

ABF – Abelia Bedriftsrådgiverforening

ABF, the Norwegian Association of Management Consultants is the branch organisation for Management Consultancy industry in Norway. It is part of Abelia, the trade and employers association which is associated with Norway's largest employers' organisation: the NHO (Confederation of Norwegian Business and Industry). Abelia is a non-profit, non-party political organisation funded by membership fee paid by the member companies

The NBF, Norges Bedriftsrådgiverforening was established in 1993 with the objective of introducing quality and ethical standards into the sector. The organisation

has been a member of FEACO since 1994. The organisation is also a member of ICMCI, the international council of management consulting institutes, and training for CMC certification. The NBF joined Abelia in 2003 and converted its name to Abelia Bedriftsrådgiverforening (ABF).

Abelia is dedicated to improving the business environment for its member companies in the knowledge- and technology based sector, and to promoting the industry's contribution to economic growth and social progress. By influencing policy, Abelia improves business opportunities for members and supports initiatives that stimulate demand for members' products and services.

Membership provides companies with opportunities like:

- Influencing government and other decision makers on important policy issues
- Meetings, conferences and workshops with the other companies within Abelia as well as 17,300 other NHO member companies.

- Access to news and research on trends within the industry, public policy issues and Abelia's different activities.

Free legal advice on labour legislation, HSE, employment contracts, wage determination, human resources strategies.

Sweden

SMK – Sveriges Managementkonsulter

The Swedish Management Consultants Association is one of the founding members of FEACO. The organi-

sation is the premier professional association and sole certifying body of the CMC, Certified Management Consultant Certificate, for management consultants in Sweden. SAMC has about 70 members. SAMC promotes excellence and ethics in management consulting through certification, education, and professional

Hong Kong

MCAHK – Hong Kong Management Consultancies Association (affiliate member)

To promote the professional services offered by Hong Kong management consultancy companies and to represent the interests of the sector, the Management Consultancies Association of Hong Kong was established in 1999.

The aim of the MCAHK is:

To Promote the Professional Services offered by Hong Kong Management Consultancy Companies and to represent the Interests of the Sector.

The objectives of the MCAHK are:

- To represent the collective interests of the management consultancy sector of Hong Kong.
- To promote the development of market opportunities for the management consultancy sector.

- To develop the perception of management consultancy.
- To promote public awareness of the services offered by management consultants
- To expand and develop the skills of individual members as a progressive career development activity
- To provide opportunities for consultancy practitioners to network with their peers in Hong Kong, Mainland China and overseas.

The purposes of the association are: to provide a central body for inquiries - particularly for overseas parties who wish to use the services of Hong Kong based consultants, to provide a networking and educational arena for local consultants, to be a conduit for information, and to act as a representative for issues pertaining to management consultants. MCAHK has 23 corporate members and 9 associate corporate members, among which very large as well as smaller sized companies, and 6 individual members.

About FEACO, The European Federation of Management Consultancies Associations

FEACO, the European Federation of Management Consultancies Associations, was established in 1960 in Paris. The national consultancy associations that are members of FEACO must comply with the Feaco Guidelines for Professional Conduct and Best Practice. As with the ever-increasing numbers of consultants in the business services sector, offering a 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.

In January 1991, FEACO established its operational office in Brussels to develop relations with the European Union and other international organisations. The Federation now counts 23 national member associations:

- 16 from the European Union: Austria, Belgium, Cyprus, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Poland, Portugal, Slovenia, Spain and Sweden;

- two from EFTA: Norway and Switzerland;
- two from Central & Eastern Europe: Bulgaria and Romania;
- two associate members: Bosnia & Herzegovina and Croatia;
- one affiliate member: Hong Kong.

Objectives

FEACO is primarily a European organisation. Its general purpose is to assist in the promotion and development of the profession of Management Consultancy in Europe by providing support to its members, the National Consultancy Associations, in those areas where a collective voice is stronger than the sum of its individual members.

The main objectives are: the promotion of networking, internationalisation, best practice and business integrity, the communication of developments of relevance to the sector at EU level, and the promotion and representation of the sector at EU level.

Its main activities are:

- The development of the Management Consultancy market, raising its image and profile at European and international level, by the promotion of common professional ethics and quality (Best Practice).

- The promotion of the interests of Management Consultancy with the different European and International organisations, by maintaining a close relationship with the European Institutions and other pan-European and international organisations in order to ensure an awareness of and defend professional interests (this does not include lobbying for sales opportunities).
- The development of a dynamic forum for networking and service provision, by encouraging and promoting opportunities for networking among its members, through the sponsorship and organisation of conferences, networking forums, the establishment of mutual interest working groups, and the promotion of close cooperation with other consultancy organisations.

Some recent and upcoming activities:

- Over the past months, FEACO has co-organised, with the European Investment Bank a series of seminars aimed at explaining and promoting the role of consultants in the EIB's policies and 'project management cycles' on external aid, regional development, cleaner energy and external assistance.
- The ECIC working group had meetings with policy makers in the European Institutions and the OECD on the subject of the role of consultants in the provision of external assistance by the EU.
- The Pendo group launched its 'Report on Managing Change in Europe'; see: <http://www.thependogroup.eu>

FEACO held its first two 'networking forums for consultants', where consultants can meet face to face with prospective partners. on 04/05 October the third networking forum will take place at the occasion of the Annual International Management Consulting Conference, in Warsaw, Poland; to register see: <http://www.feaco2007.sdg.org.pl/english.htm>

Fédération Européenne des Associations de Conseils en Organisation
European Federation of Management Consultancies Associations
FEACO
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Appendix 1 – definitions–

1. European MC Market:

EU 27, Norway, Switzerland and Bosnia & Herzegovina.

2. Nordic region:

Denmark, Norway, Sweden and Finland

3. Eastern Europe:

Slovenia, Bulgaria, Romania, Hungary, Czech Republic, Slovakia, Poland, Estonia, Latvia and Lithuania.

4. Segmentation and Definitions of Key Client Industry Sectors

Industry Sector:

Consumer Products: food and tobacco products, textile & apparel, beauty & toiletries, metal (except machinery & automotive products and equipment) wood & furniture, paper and printed products

Pharmaceuticals: pharmaceuticals manufacturers and biotech companies

Healthcare: providers (hospitals and physicians), payers (insurance companies and HMOs) and distributors (of medical equipment and supplies)

Automotive Products: automotive (motorized road transport vehicles) manufacturers, suppliers, systems integrators and distributors

Aerospace and Defense Products: includes commercial and defense aerospace, airlines and airports and space (civilian) and related manufacturing and associated research

High Tech Products: cutting edge technology: the most advanced technology currently available, this also includes cutting edge technology used in civilian and defense related aerospace.

Not for Profit Private Sector

Banking and Insurance Sector:

All Banking and Financial services: including commercial banks, investment managers, mutual funds companies, brokerage firms, investment

banks, private banking and trust companies, saving banks, credit unions, mortgage banking companies, international banks and finance companies

Insurance: insurance carriers, agents, brokers and services

Wholesale & Retail Sector:

Wholesale & Retail: all distribution incl. luxury retailers, specialty retailers, big-box and category killers, mass merchandisers, discount retailers, grocery chains, convenience stores, drug chains, car dealers, restaurants, home improvement chains, catalogue retailers and e-tailers of durable and non-durable goods such as building materials, hardware, general merchandise, food, automotive dealers, apparel and accessories, furniture, food & drink etc...

Transport & Travel Sector:

Transport/travel includes all transport by air, road or water of goods or passengers: private transportation organisations (travel and urban transport), carriers and shippers as well as logistics services companies

Telecoms and Media Sector:

Communication/Media/Entertainment: publishers, entertainment companies, record labels; all communications not being telecommunications

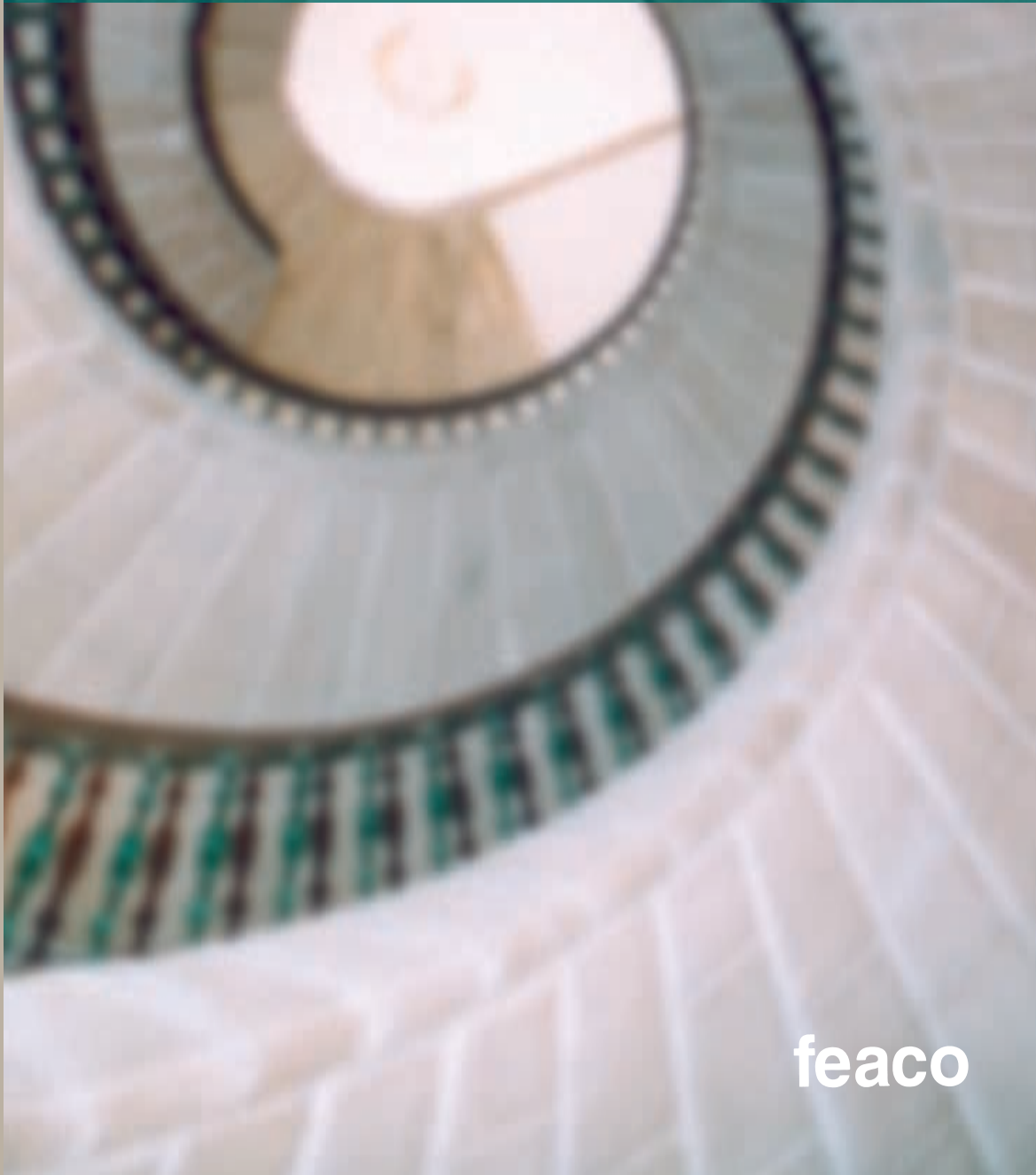
Energy & Utilities Sector:

Energy: petrol and gas extraction, coal, mining, chemicals & petrochemicals

Utilities: production and distribution of electricity, gas and water (incl. irrigation systems and sewage treatment)

Public Sector: services provided to all levels of the public sector.

Other Sectors: e.g. services sector, mining



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