



Survey of the European Management Consultancy

2016 | 2017

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

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Table of Contents

Introduction by the FEACO Chairman	4
Management Consulting industry at a glance	5
Foreword on report methodology and structure	7
SECTION A - Major trends in European Management Consultancy	8
Turnover Trend	9
Employment Trend	11
Revenue for Professional Service Lines	16
Client Industries	22
Export	26
SECTION B – Selected Management Consultancy country profiles	28
Austria	29
Finland	31
France	33
Germany	35
Greece	37
Hungary	39
Ireland	41
Italy	43
Norway	45
Slovenia	47
Spain	49
Switzerland	51
UK	53

Introduction by the FEACO Chairman

I am pleased to introduce the 2016/17 edition of the survey for the European Management Consultancy Market now covering 13 European countries which represent 85% of the European GDP.

In 2016, Management Consulting (MC) achieved a significant growth in terms of turnover and highly skilled employment, with a further increase expected for 2017. This is positive not only for our industry but, as consulting is generating economic development, for the European economy overall.

This positive trend is very much related to the leading role consulting firms have taken in bringing forward processes of digital transformation, with a growing emphasis on the use of social media, mobile technologies and big data. In all the 13 countries surveyed, in 2016 consulting related to digital transformation increased. Such a trend is directly linked to the growing relevance of Technology consulting, but it also pervades all the other service lines, particularly Strategy and Operations.

Digital transformation has changed the game and from the client side, there is greater need for a different set of services. MC will need to acquire new capabilities to match the challenging requests coming from its clients. In several European countries this has opened up a true “war for talents” where the consulting companies are fighting, among themselves and with leading players in the new economy, to recruit high potential, new graduates.

The Service Industries, first of all Financial Services, are the major buyers of consulting services; however, the Manufacturing Sector is also requiring more and more consulting, in many cases with respect to Industry 4.0 initiatives. After several years of continuous decline, consulting addressed to the Public Sector is back to growth, even though with a scattered pattern across the different European countries.

The Consulting industry is becoming more and more competitive and selective, with higher

entry barriers both with regard to competencies and to capital than there used to be a decade ago. Moreover, the relevance of digital transformation is generating new players that have their roots in mastering digital technologies more than in developing advices and that are going to enter into the market with new business models. The selection process among those consulting firms that will flourish and those that will have to close down, is going to continue, and might even accelerate, in spite of a general market recovery of the industry.

I am keenly aware that FEACO, thanks to its annual survey, can also contribute to facing the new challenges ahead. Management Consultancy should be a point of reference and a source of innovation for organizations and institutions across Europe. This is why, as part of its mission, FEACO continually seeks to represent a source of ideas and initiatives for promoting and developing future perspectives for the MC industry in Europe. Along these lines FEACO will publish in 2018 an in-depth analysis of the characteristics and challenges of consulting towards digital transformation.

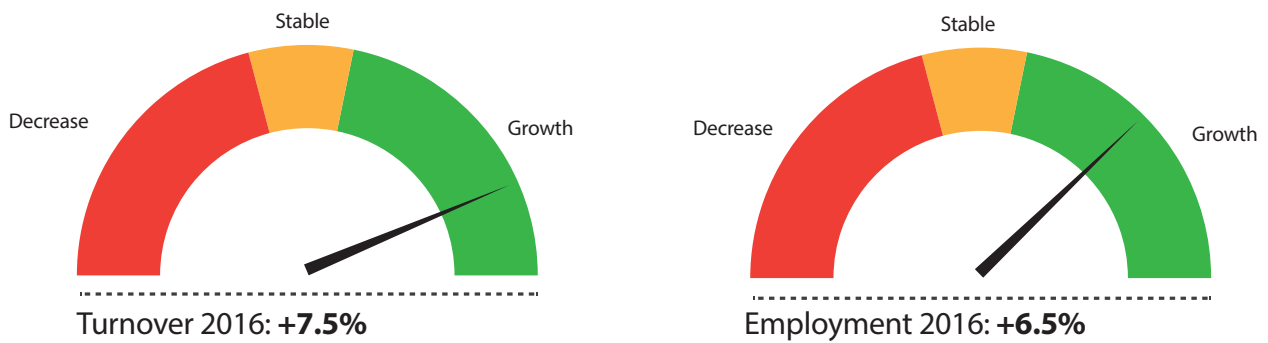


Ezio Lattanzio
FEACO Chairman

A handwritten signature in black ink that reads "Ezio Lattanzio". The signature is written in a cursive, flowing style.

Management Consulting industry at a glance

In 2016 Management Consulting industry has grown substantially in terms of turnover (+7.5%) and employment (+6.5%)



With a quite balanced growth all over Europe where in most of the countries MC turnover has grown between 4% and 8%

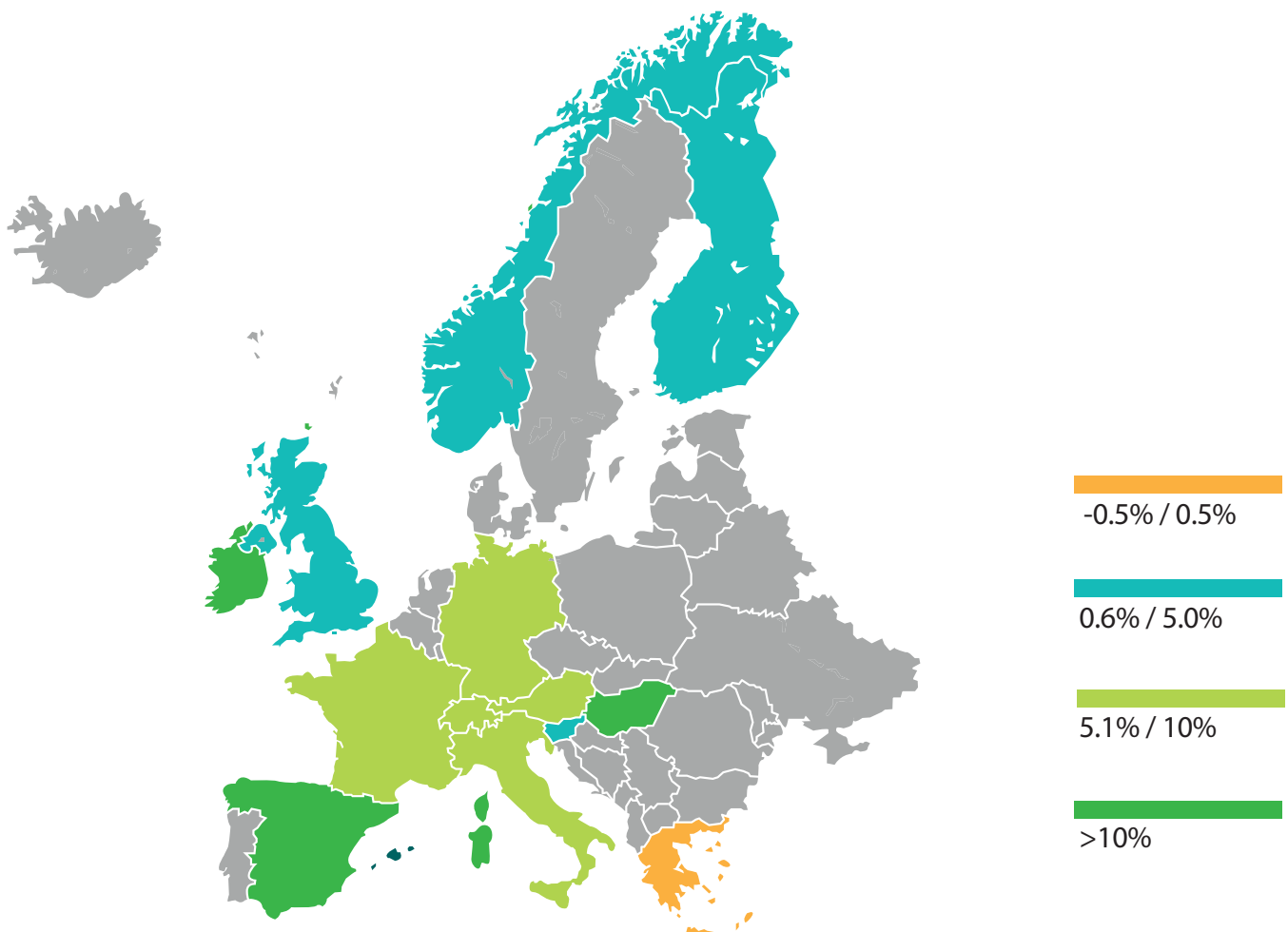
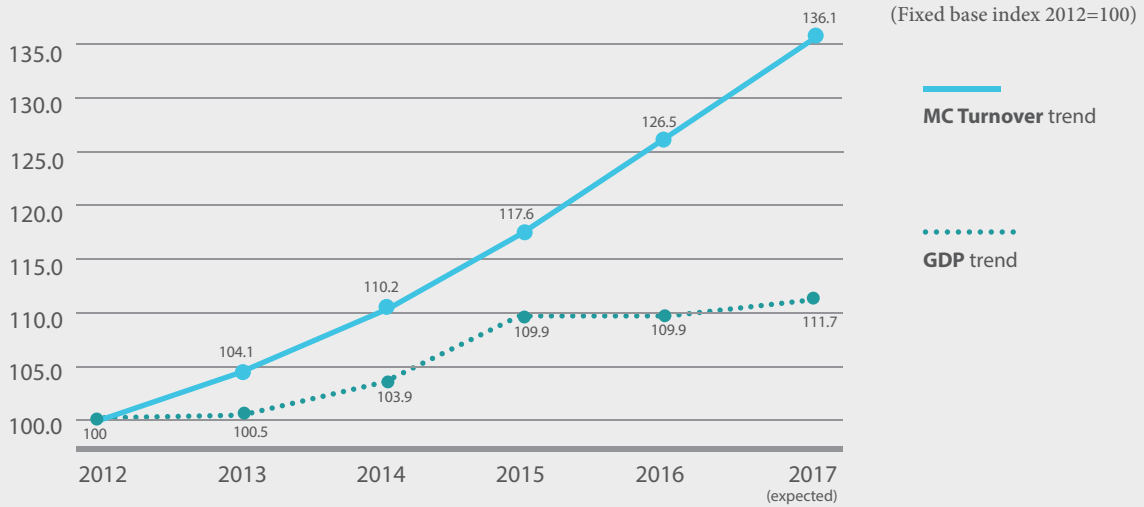


Figure 1 - MC Turnover growth rate in 2016

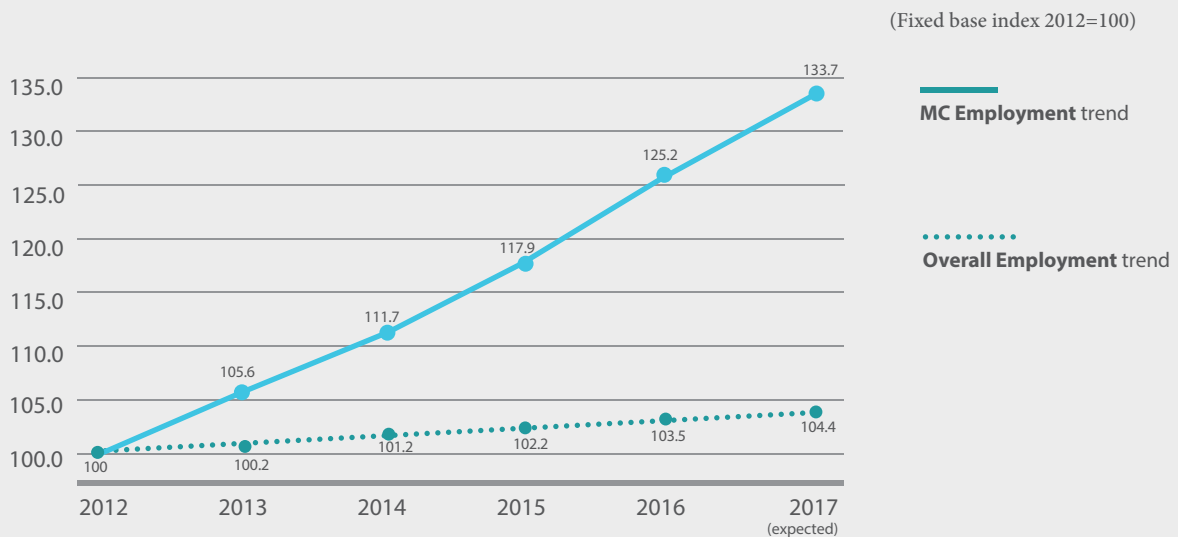
Management Consulting is a driver for the overall European economy

European panel - MC Turnover and GDP



In the past five years European MC turnover has been growing on average **6.4%** per year while the European GDP has grown **2.2%** per year

European panel - MC Employment and Overall Employment



... and European MC employment has been growing on average **6.0%** per year while the European overall employment is **0.8%** per year

The Management Consulting industry is also expected to achieve **positive trends in 2017**.



Foreword on report methodology and structure

This report aims to provide an overview of the European Management Consulting (MC) industry. It has been developed based upon data already collected by national MC Associations for their yearly surveys.

Each Association has been asked to provide:

- Key data on turnover, employment, service lines, client industries and exports from 2013 to the forecast for 2017;
- A country profile with a description of their national MC market, including references to the overall situation of the economy, major opportunities and threats faced by the Management Consulting firms, and other relevant issues.

National Associations, because of their history, their associate members and, sometimes, also because of law provisions, collect their data with respect to domains that are not fully homogeneous. Three major sources of differences relate to:

- **the subjects:** some Associations collect data only related to consulting firms (such as Italy) while others also take into account individual professionals (such as Austria);
- **the scope:** some Associations collect data only on their members (such as the UK), others on the overall market, irrespective of membership (such as Italy and Spain);
- **the focus:** Associations might treat differently businesses that are very closely related to MC, such as information technology (IT) consulting or consulting on finance & taxation.

In order to avoid adding up data that are not fully homogeneous, this report provides an overall picture of the European Management Consulting industry only in terms of trends, as the above mentioned differences should not distort the general trends of the MC industry. National data provided by the Associations have been weighted based on the national GDPs at market prices from Eurostat (2014 data), keeping the reference constant in order to avoid the short-term impact of GDP growth differentials.

At the same time, this report provides insights into the different national MC markets through dedicated country profiles. The country profiles include key industry data and qualitative analysis, as developed by national Associations.

Accordingly, this report is made up of two sections:

SECTION A – Major trends in European Management Consultancy

SECTION B – Selected Management Consultancy markets' profiles.

Thirteen national Associations have provided data for this report, namely:

- **Austria** – **UBIT**, Austrian Professional Association for Management Consultancy, Accounting and Information Technology;
- **Finland** – **LJK**, Finnish Management Consultants Association;
- **France** – **Consult'in France** (formerly Syntec Conseil en Management);
- **Germany** – **BDUeV**, German Association of Management Consultants;
- **Greece** – **SESMA**, Hellenic Association of Management Consulting Firms;
- **Hungary** – **VTMSZ**, Association of Management Consultants in Hungary;
- **Ireland** – **IMCA**, Institute of Management Consultants and Advisers;
- **Italy** – **Assoconsult**, Italian Association of Consulting Companies;
- **Norway** – **Virke**, Norwegian Enterprise Federation;
- **Slovenia** – **AMCOS**, Association of Management Consulting of Slovenia;
- **Spain** – **AEC**, Spanish Association of Consulting Companies;
- **Switzerland** – **ASCO**, Association of Management Consultants Switzerland;
- **UK** – **MCA**, Management Consultancies Association.



Section A

Major trends
in European
Management
Consultancy

Major trends in European Management Consultancy

This section is based on a European panel that includes Austria, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Norway, Slovenia, Spain, Switzerland and the United Kingdom, unless differently specified. The panel represents 86% of the 2016 overall European Gross Domestic Product (GDP). In order to identify the European trends, national data provided by the Associations have been weighted based on the national GDPs at market prices from Eurostat (2014 data).

This section includes analyses of European Management Consulting on:

- TURNOVER TREND**
- EMPLOYMENT TREND**
- TURNOVER PER PROFESSIONAL SERVICE LINES**
- CLIENT INDUSTRIES**
- EXPORT**

Turnover trend

The European Management Consulting (MC) turnover in 2016 has grown by 7.5%, further accelerating in its positive trend (Table 1). Also in 2017 a significant growth is expected: +7.6%. In 2016 all the countries in the European panel achieved a significant growth, with the only exception being Greece, which remained stable. Germany is continuing to grow at a smoothly increasing pace, while France and Spain have achieved a sudden acceleration in their growth. Hungary's fast growing trend is a recovery after a severe period of crisis. The UK decreased its growth path due to the impact of the Brexit decision, while Ireland, in spite of a potentially negative impact also on its economy, is maintaining a strong growth path. In 2017 the MC turnover is forecasted to grow at the same high rate as in 2016: 7.6% vs. 7.5% in 2016. Such strong growth is been driven again by France, Spain, Germany and Ireland. The growth rate at the country level is more balanced: all the countries in European panel are expected to grow, with the maximum growth rate expected in France (+11.5%) and the lowest in Greece (+3%).

TABLE 1: MC turnover trend by country (2013-2017)

Country	2013	2014	2015	2016	2017 (expected)	Yearly CAGR (2013-17)
Austria	9.0%	6.6%	6.7%	8.0%	6.3%	7.3%
Finland	4.0%	5.0%	5.0%	4.3%	4.0%	4.5%
France	0.8%	2.9%	6.3%	8.5%	11.5%	6.0%
Germany	6.3%	6.3%	7.1%	7.4%	8.3%	7.1%
Greece	2.8%	3.1%	2.9%	0.0%	3.0%	2.4%
Hungary**	N/A	N/A	8.4%	13.0%	8.0%	9.8%
Ireland	5.7%	4.9%	11.0%	11.1%	9.0%	8.3%
Italy	-0.3%	5.7%	6.9%	8.0%	6.0%	5.2%
Norway	3.3%	20.9%	1.7%	4.6%	5.0%	6.9%
Slovenia	-2.3%	-1.1%	2.1%	4.7%	4.5%	1.5%
Spain	3.7%	-2.3%	2.0%	11.9%	10.0%	4.9%
Switzerland	0.0%	11.4%	14.1%	9.0%	5.7%	7.9%
UK***	8.0%	8.4%	8.1%	4.8%	N/A	7.3%
European panel*	4.1%	5.9%	6.8%	7.5%	7.6%	6.4%

Source: Our elaborations on MC turnover - FEACO survey 2012-2017.

* European panel includes the 13 European countries of the FEACO survey (excluding Hungary in 2013-14 and UK in the 2017 forecast). These 13 countries represent 86% of the European GDP. The trends referring to Switzerland and the UK are calculated in the local currency so as to avoid distortion due to the exchange rate.

** Hungary CAGR data refer to the 2015-2017 period as earlier data are not available.

*** UK CAGR data refer to the 2013-2016 period as MC 2017 data are not available.

The MC industry recovery has been very much driven directly and indirectly by consulting in digital transformation: since 2014 most countries highlight that clients' companies are asking for more and more advice and implementation support in this area. In 2016 all the countries included in this analysis reported an increase in the consulting related to digital transformation. Moreover, given that consulting on digital transformation appears to require both new skills and a willingness/availability to invest, it appears that in most countries, the MC recovery has been driven by large and very large consulting companies

(respectively with more than 50 employees and more than 250 employees).

An analysis of the MC turnover trend in the past five years highlights a steadily growing path of the MC industry after the previous period of crisis/stagnation. Management Consulting industry appears to have been able to face and overcome the recession that affected Europe much better than the overall economy, which has shown a more limited and scattered growth trend. The MC market has grown on average 6.4% per year while European GDP has grown on average 2.2% per year (Table 2).

TABLE 2: MC Turnover and GDP trend for European panel* (2013-2017)

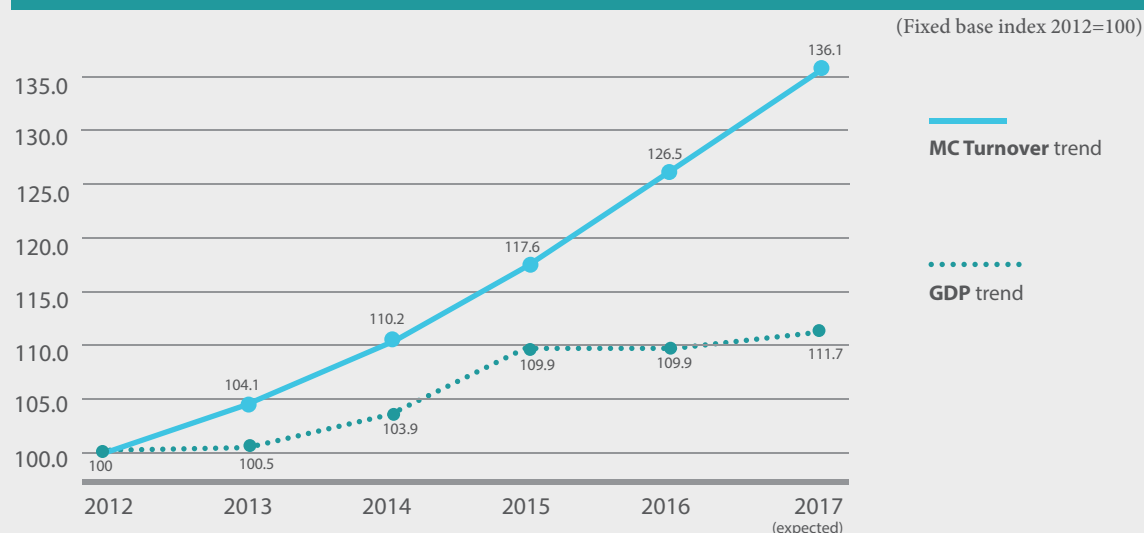
Year	MC turnover trend		GDP trend**	
	Fixed index (base 2012=100)	Growth rate	Fixed index (base 2012=100)	Growth rate
2012	100.0		100.0	
2013	104.1	4.1%	100.5	0.5%
2014	110.2	5.9%	103.9	3.4%
2015	117.6	6.8%	109.9	5.8%
2016	126.5	7.5%	109.9	0.0%
2017 (expected)	136.1	7.6%	111.7	1.7%
CAGR				
2013-2017		6.4%		2.2%

Source: Our elaborations on MC turnover - FEACO survey 2012-2017; GDP - Eurostat 2017.

* European panel includes 13 European countries of the FEACO survey (excluding Hungary in 2013-14 and UK in the 2017 forecast). These 13 countries represent 86% of the European GDP.

** GDP trend refers to nominal GDP, i.e. GDP at market price.

MC Turnover and GDP trend for European panel



The MC turnover trend by country highlights that in all countries except Ireland and Slovenia, the MC industry has performed better than its respective GDP. In most cases, the difference between MC industry growth and GDP growth is in the range of between 3 and 5%. In the case of Ireland, GDP is generally seen to overstate economy growth due to the high level

of Foreign Direct Investment; this means that also in Ireland MC growth is probably as high as economic growth. In the case of Norway, the strong differential between the MC growth rate and the GDP decline is due to the fall in the oil prices and the consequential restructuring in the Norwegian economy that called for an increased support of MC services.

TABLE 3: Comparison of MC Turnover vs. GDP yearly CAGR (2012-2017)

Country	MC turnover yearly CAGR (2012-17)	GDP*** yearly CAGR (2012-17)	Differences in CAGR between MC and GDP growth rate (2012-17)
Norway	6.9%	-3.1%	10.0%
Hungary**	9.8%	3.5%	6.3%
Austria	7.3%	2.3%	5.0%
Switzerland	7.9%	3.3%	4.7%
France	6.0%	1.6%	4.3%
Italy	5.2%	0.9%	4.3%
European panel*	6.4%	2.2%	4.2%
UK**	7.3%	3.1%	4.2%
Germany	7.1%	3.0%	4.1%
Greece	2.4%	-1.2%	3.6%
Spain	4.9%	2.0%	2.9%
Finland	4.5%	1.8%	2.7%
Slovenia	1.5%	3.0%	-1.5%
Ireland	8.3%	10.3%	-2.0%

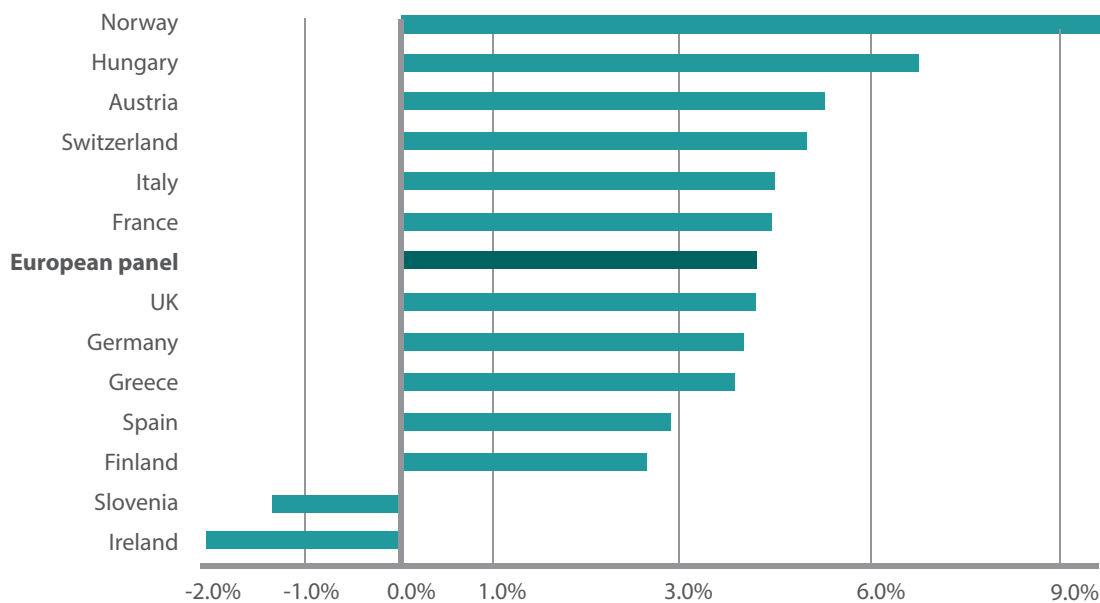
Source: Our elaborations on MC turnover - FEACO survey 2012-2017; GDP - Eurostat 2017.

* European panel includes 13 European countries of the FEACO survey. These 13 countries represent 86% of the 2015 European GDP.

** Hungary data do not include 2013-14 and UK data do not include 2017 forecast.

*** GDP trend refers to nominal GDP, i.e. GDP at market price.

MC turnover yearly CAGR (2012-2017)



Employment trend

The European Management Consulting employment in 2016 has grown by 6.2%, further accelerating in its positive trend. In 2017 a significant – even slightly larger – growth is expected: +6.8% (Table 4). In 2016 all the countries included in the report have achieved a significant growth, with the only exceptions of Greece and Slovenia where employment registered a slight decline. France,

Ireland and Switzerland are showing very high growth in the employment levels, a clear indicator that MC companies in these countries believe that the MC industry growth is going to last.

While data are fragmented, it appears that employment growth is concentrated mainly in the large and very large consulting companies, i.e. those with more than 50 employees.

TABLE 4: MC employment growth rate (2013-2017)

Country	2013	2014	2015	2016	2017 (expected)	Yearly CAGR (2013-17)
Austria	9.0%	6.6%	6.7%	6.8%	9.9%	7.8%
Finland	1.0%	4.0%	2.9%	21.5%	4.0%	6.4%
France	0.8%	2.9%	6.3%	8.5%	11.2%	5.9%
Germany	4.5%	5.9%	3.3%	4.5%	7.0%	5.0%
Greece	8.2%	8.9%	0.8%	-0.5%	1.5%	3.7%
Hungary**	N/A	N/A	0.0%	3.6%	4.5%	2.7%
Ireland	3.5%	3.5%	11.1%	13.2%	9.0%	8.0%
Italy	2.5%	1.6%	4.6%	6.8%	6.3%	4.3%
Norway	3.3%	10.0%	1.3%	8.0%	4.2%	5.3%
Slovenia	-5.2%	-2.9%	1.9%	-0.4%	0.2%	-1.3%
Spain	3.7%	-2.6%	2.4%	3.7%	5.0%	2.4%
Switzerland	1.1%	14.4%	14.3%	10.0%	5.6%	9.0%
UK**	16.0%	12.0%	9.5%	5.0%	N/A	10.6%
European panel*	5.6%	5.7%	5.6%	6.2%	6.8%	6.0%

Source: Our elaborations on MC turnover - FEACO survey 2012-2016.

* European panel includes the 13 European countries of the FEACO. These thirteen countries represent 86% of European GDP.

** Hungary data do not include 2013-14 and UK data do not include 2017 forecast.

The Management Consulting is traditionally a “people” business: an increase in turnover – unless driven by a variation in price levels – is related to an increase in billed hours and therefore in employment. However, in the short term, the employment trend does not always match turnover growth. Given the time required for the development of a consultant, many consulting firms, when a recovery is forecasted, may hire in

anticipation or, during a recession period, may retain their consultants.

A comparative analysis of the past five years’ trend in MC turnover vs. MC employment highlights that the MC employment level has grown slightly less than the MC turnover: 6.0% per year vs. 6.4% per year. In 2013 MC employment grew more than MC turnover and since then the turnover has increased at a faster path (Table 5).

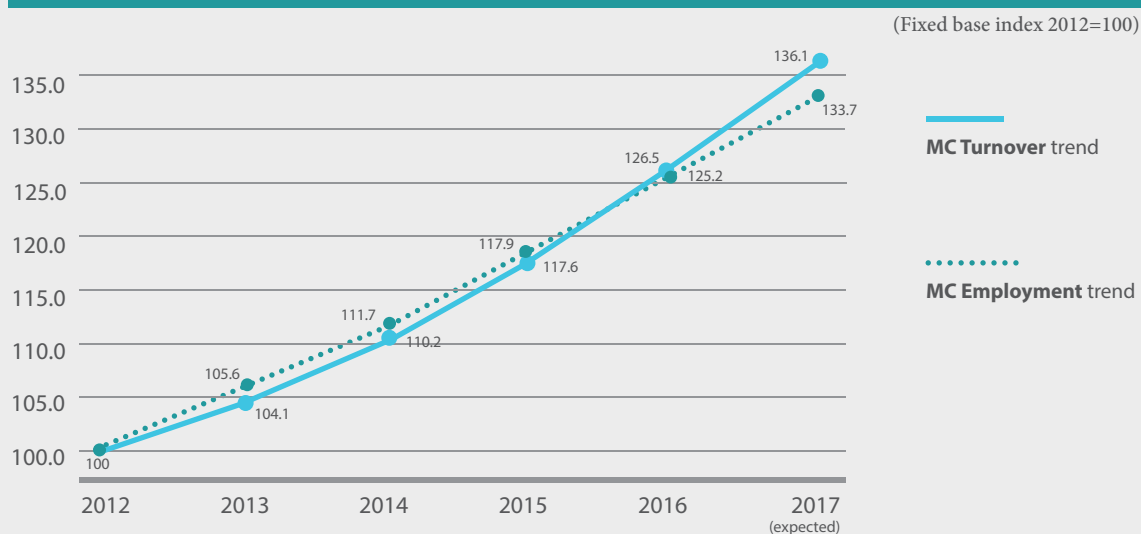
TABLE 5: MC turnover and MC employment trend for the European panel* (2013-2017)

Year	MC turnover trend		MC employment trend	
	Fixed index (base 2012=100)	Growth rate	Fixed index (base 2012=100)	Growth rate
2012	100.0		100.0	
2013	104.1	4.1%	105.6	5.6%
2014	110.2	5.9%	111.7	5.7%
2015	117.6	6.8%	117.9	5.6%
2016	126.5	7.5%	125.2	6.2%
2017 (expected)	136.1	7.6%	133.7	6.8%
CAGR				
2013-2017	6.4%		6.0%	

Source: Our elaborations on MC turnover - FEACO survey 2012-2017.

* European panel includes 13 European countries of the FEACO survey (excluding Hungary in 2013-14 and UK in the 2017 forecast). These 13 countries represent 86% of the European GDP.

European panel - MC Turnover and MC Employment



The comparisons of the MC employment growth rate and the MC turnover growth rate in the various countries show a differentiated picture: in five countries turnover has been increasing more than employment, in another five countries turnover and employment have been growing at a similar rate (+ or -1%) and in three countries employment has increased

more than turnover (Table 6). A recovery in the chargeability level after a period of crisis might explain the turnover-employment differential in Hungary, Slovenia and Spain, while a positive trend in the MC fees might justify these trends in the case of Germany and Norway.

TABLE 6: Comparison of MC Turnover vs. MC employment (CAGR 2013-2017)

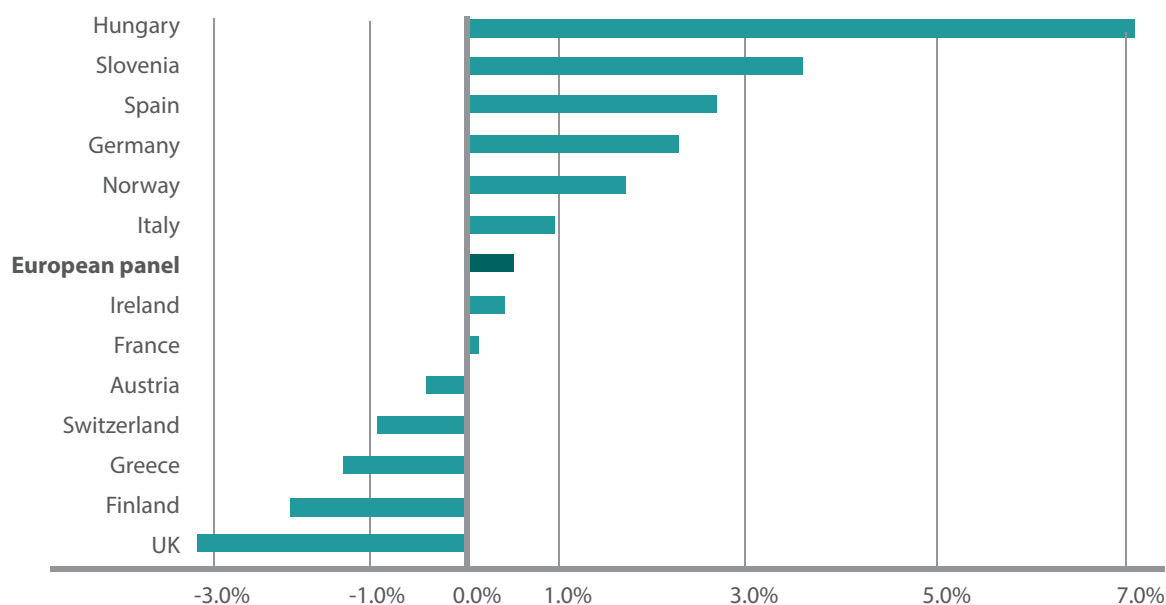
Country	MC Turnover yearly CAGR (2012-17)	MC Employment yearly CAGR (2012-17)	Differences in CAGR between MC turnover and employment growth rate (2012-17)
Hungary**	9.8%	2.7%	7.1%
Slovenia	1.5%	-1.3%	3.5%
Spain	4.9%	2.4%	2.6%
Germany	7.1%	5.0%	2.1%
Norway	6.9%	5.3%	1.6%
Italy	5.2%	4.3%	0.9%
European panel*	6.4%	6.0%	0.4%
Ireland	8.3%	8.0%	0.3%
France	6.0%	5.9%	0.1%
Austria	7.3%	7.8%	-0.5%
Switzerland	7.9%	9.0%	-1.0%
Greece	2.4%	3.7%	-1.4%
Finland	4.5%	6.4%	-2.0%
UK**	7.3%	10.6%	-3.3%

Source: Our elaborations on MC turnover - FEACO survey 2012-2017.

* European panel includes 13 European countries of the FEACO survey (excluding Switzerland due to missing historical data). These 13 countries represent 86% of the 2015 European GDP.

** Hungary data do not include 2013-14 and UK data do not include 2017 forecast.

Differences in growth rate between MC Turnover and Employment (2012-2017)



An analysis of the MC employment trend in the past 5 years highlights a steadily growing path of the MC industry after the previous period of crisis/stagnation. The Management Consulting industry appears to have been able to overcome the diffi-

culties of job creation that is affecting Europe. The MC employment has grown on average 6.0% per year while the overall employment in Europe has grown on average 0.8% per year (Table 7).

TABLE 7: MC Employment and overall employment trend for the European panel* (2013-2017)

Year	MC employment trend		Overall employment trend**	
	Fixed index (base 2012=100)	Growth rate	Fixed index (base 2012=100)	Growth rate
2012	100.0		100.0	
2013	105.6	5.6%	100.2	0.2%
2014	111.7	5.7%	101.2	1.0%
2015	117.9	5.6%	102.2	1.0%
2016	125.2	6.2%	103.5	1.2%
2017 (expected)	133.7	6.8%	104.4	0.9%
CAGR				
2013-2017		6.0%		0.8%

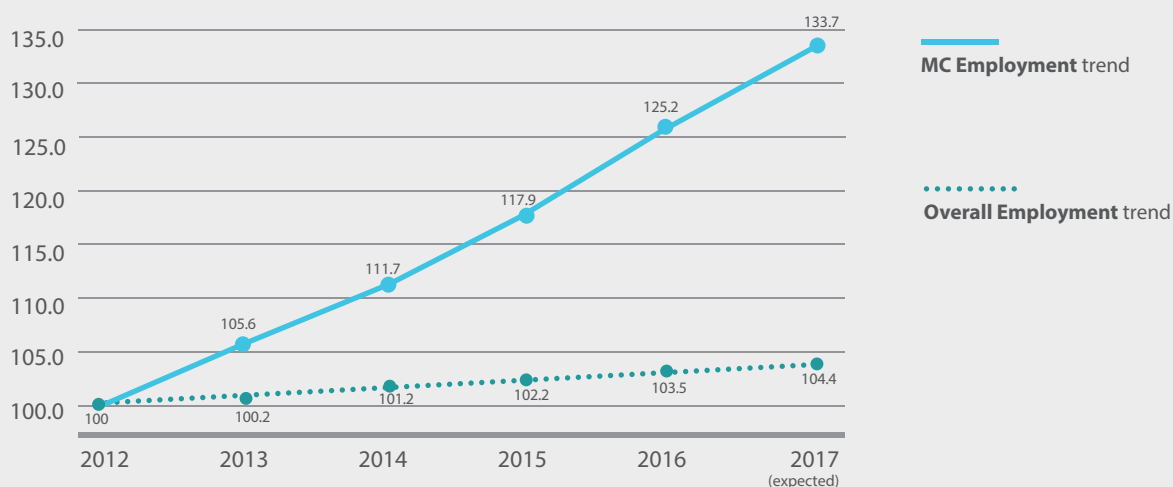
Source: Our elaborations on MC turnover - FEACO survey 2012-2017; GDP - Eurostat 2017.

* European panel includes 13 European countries of the FEACO survey (excluding Hungary in 2013-14 and UK in the 2017 forecast). These 13 countries represent 86% of the European GDP.

** Overall employment data up to 2016 are taken from Eurostat; 2017 forecast by European Economic Forecast – Spring 2017 - European Commission.

European panel - Total and MC Employment

(Fixed base index 2012=100)



The MC employment trend by country highlights that in all countries except Slovenia, the employment in the MC industry has performed much better than the overall employment in the country (Table 8). An evaluation of the MC industry impact on the overall employment

should also take into account that the employment generated by this industry is, in roughly 90% of the cases, characterised by professionals, mainly new graduates from universities, who find a qualified path into the labour market.

TABLE 8: Comparison of MC employment vs. overall employment yearly CAGR (2013-2017)

Country	MC employment yearly CAGR (2012-17)	Overall employment yearly CAGR*** (2012-17)	Differences in CAGR between MC and overall employment growth rate (2012-17)
UK***	10.6%	1.5%	9.1%
Switzerland	9.0%	0.9%	8.0%
Austria	7.8%	0.8%	7.0%
Ireland	8.0%	2.4%	5.6%
France	5.9%	0.6%	5.3%
European panel*	6.0%	0.8%	5.2%
Norway	5.3%	0.6%	4.7%
Italy	4.3%	0.2%	4.2%
Germany	5.0%	0.9%	4.1%
Finland	6.4%	0.2%	3.5%
Greece	3.7%	0.6%	3.1%
Spain	2.4%	0.8%	1.6%
Hungary**	2.7%	2.2%	0.5%
Slovenia	-1.3%	0.9%	-2.2%

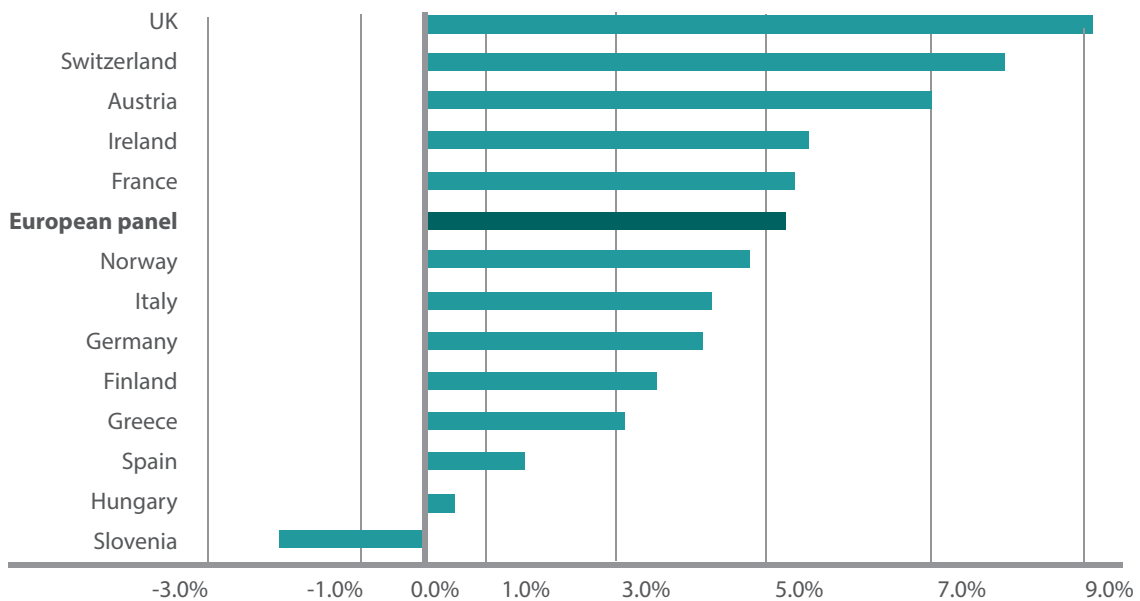
Source: Our elaborations on MC turnover - FEACO survey 2013-2016; GDP - Eurostat 2017.

* European panel includes the 13 European countries of the FEACO survey. These thirteen countries represent 86% of European GDP.

** Hungary data do not include 2013-14 and UK data do not include 2017 forecast.

*** Overall employment data up to 2016 are taken from Eurostat; 2017 forecast by European Economic Forecast - Spring 2017 - European Commission.

Differences in growth rate between MC and Overall Employment (2012-2017)



Turnover per Professional

Annual turnover per professional is considered by consulting firms as a good indicator of productivity, since it is related both to the average price level (the daily consulting fees) and to the average chargeability (the number of days a consultant is billed to clients). The turnover per professional is considered a more meaningful indicator than turnover per employee, given that professionals represent the core of the consulting companies as well as the driver of their revenues.

In the 2013-17 period, the European turnover per professional has increased on average 0.2% every year with significant fluctuations among years and countries. The very relevant increases that took place in Hungary and Slovenia are related to the recovery path out of a significant period of crisis. Apart from these two cases, the largest increase took place in Germany: +2.0% on average each year. On the oppo-

site side the UK, Finland, and Austria, registered the sharpest decrease in the turnover per professional: -2.9%, -1.9% and -1.7% per year respectively. All the other countries remained quite stable in the + or - 1% range (Table 9).

The trend in turnover per professional is related to changes in the pricing structure and in the chargeability level. While the survey does not collect, on a structured basis, data on consulting fees, there is scattered evidence that after a period of decline in consulting fees as a response to the industry recession, since 2015 the price level has stabilized and there are signs of a gradual recovery in the consulting fees structure. The slight increase in the turnover per professional is further evidence supporting a marginal increase in MC fees.

TABLE 9: MC turnover per professional trend by country (2013-2017)

Country	2013	2014	2015	2016	2017 (expected)	Yearly CAGR (2013-17)
Austria	-5.7%	0.0%	-2.6%	1.6%	-1.7%	-1.7%
Finland	3.0%	1.0%	2.1%	-14.1%	0.0%	-1.9%
France	0.0%	0.0%	0.0%	0.1%	0.3%	0.1%
Germany	1.7%	0.4%	3.7%	2.8%	1.2%	2.0%
Greece	-5.0%	-5.3%	2.1%	0.5%	1.5%	-1.3%
Hungary**	N/A	N/A	10.9%	7.8%	4.5%	7.6%
Ireland	2.0%	1.6%	0.0%	0.3%	0.0%	0.8%
Italy	-3.5%	3.6%	1.7%	0.2%	-0.3%	0.3%
Norway	0.0%	9.9%	0.4%	-3.1%	0.8%	1.5%
Slovenia	3.0%	1.9%	-0.9%	5.1%	4.3%	2.7%
Spain	0.0%	0.3%	-0.4%	1.6%	4.8%	1.3%
Switzerland	-1.1%	-2.6%	-0.2%	-2.0%	0.0%	-1.2%
UK***	-23.1%	3.1%	2.2%	7.3%	N/A	-3.4%
European panel*	-1.5%	0.1%	1.0%	0.5%	0.8%	0.2%

Source: Our elaborations on MC turnover - FEACO survey 2012-2017.

* European panel includes the 13 European countries of the FEACO survey (excluding Hungary in 2013-14 and UK in the 2017 forecast). These 13 countries represent 86% of the European GDP. The trends referring to Switzerland and the UK are calculated in the local currency to avoid distortion due to the exchange rate.

** Hungary CAGR data refer to the 2015-2017 period as earlier data are not available.

*** UK CAGR data refer to the 2013-2016 period as MC 2017 data are not available. The UK data here reported are based on the MCA methodology that uses a sampling procedure to estimate the average fee income per consultant. However the standard approach of including the entire turnover and employment has been used for including the UK data in the European panel.

The country by country analysis of five years' trend in turnover per professional highlights very different paths. Some countries, such as Germany and Norway, are constantly increasing the turnover per

professional, while other countries, such as Austria and the UK, are constantly decreasing. But also there are several countries that are alternating years of increase with years of decrease (Table 10).

TABLE 10: MC turnover per professional trend by country (2013-2017; fixed base 2012=100)

Country	2012	2013	2014	2015	2016	2017 (expected)
Austria	100.0	94.3	94.3	91.9	93.4	91.8
Finland	100.0	103.0	104.0	106.1	91.1	91.1
France	100.0	100.0	100.0	100.0	100.1	100.4
Germany	100.0	101.7	102.1	105.9	108.9	110.2
Greece	100.0	95.0	89.9	91.8	92.3	93.6
Hungary**	N/A	N/A	100.0	110.9	119.6	124.9
Ireland	100.0	102.0	103.5	103.6	103.8	103.8
Italy	100.0	96.5	99.9	101.6	101.7	101.4
Norway	100.0	100.0	109.9	110.4	107.0	107.8
Slovenia	100.0	103.0	105.0	104.0	109.3	114.0
Spain	100.0	100.0	100.4	100.0	101.6	106.5
Switzerland	100.0	98.9	96.3	96.1	94.2	94.2
UK***	100.0	76.9	79.3	81.1	87.0	N/A
European panel*	100.0	98.5	98.6	99.6	100.1	100.9

Source: Our elaborations on MC turnover - FEACO survey 2012-2017.

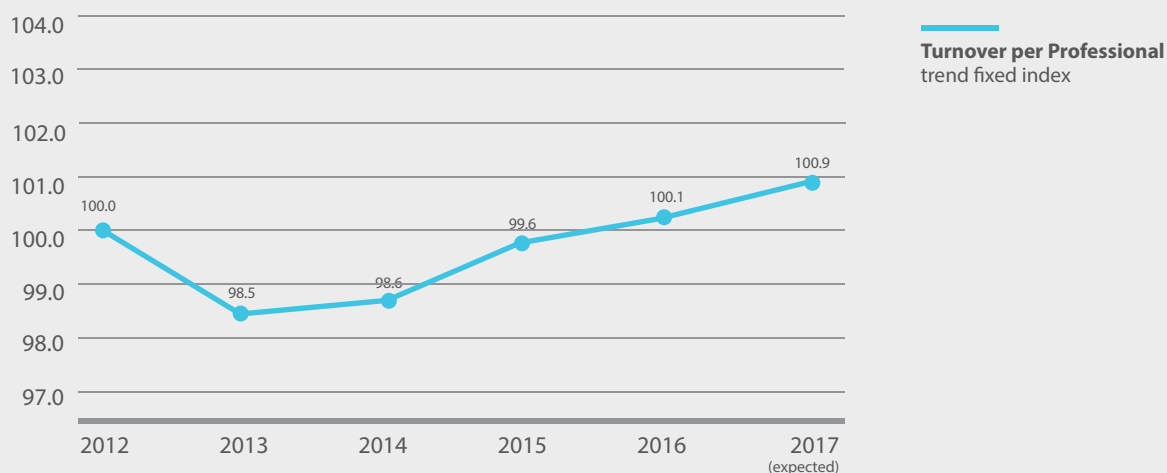
* European panel includes the 13 European countries of the FEACO survey (excluding Hungary in 2013-14 and UK in the 2017 forecast). These 13 countries represent 86% of the European GDP. The trends referring to Switzerland and the UK are calculated in the local currency so to avoid distortion due to the exchange rate.

** Hungary fixed base 2014 = 100.

*** UK data refer to the 2013-2016 period as MC 2017 data are not available. The UK data here reported are based on the MCA methodology that uses a sampling procedure to estimate the average fee income per consultant. However the standard approach of including the entire turnover and employment has been used for including the UK data in the European panel.

Turnover per Professional trend

(Fixed base index 2012=100)



An analysis of the turnover per professional shows significant differences across Europe: in the last three years, in Switzerland the average revenue per professional has been above 300,000 € per year, in Germany around 250,000 €, while in Spain, Greece and Italy 120,000 € (Table 11).

Given that there should not be major discrepancies

in chargeability levels among countries, the significant gap in turnover per professional by country appears to be mainly driven by a different pricing structure among the various national markets: as a matter of fact Northern countries have, on average, daily consulting fees that are much higher than those charged in Mediterranean countries.

TABLE 11: Turnover per professional by country (average 2015-2017)

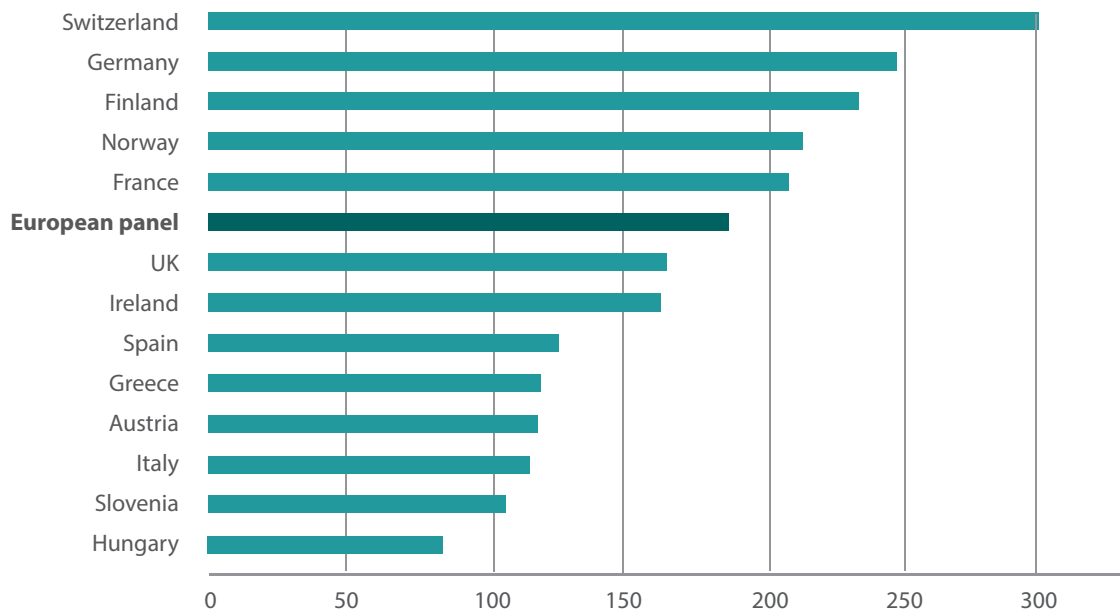
Turnover per professional	Country	Turnover per professional (Average 2015-2017)
Above 200,000 €	Switzerland	308,509 €
	Germany	248,311 €
	Finland	233,300 €
	Norway	208,543 €
	France	205,021 €
From 150,000 to 200,000 €	European panel*	186,608 €
	UK**	164,071 €
	Ireland	159,832 €
From 100,000 to 150,000 €	Spain	125,293 €
	Greece	117,557 €
	Austria	116,906 €
	Italy	112,908 €
	Slovenia	103,625 €
Below 100,000 €	Hungary	80,768 €

Source: Our elaborations on MC turnover - FEACO survey 2014-2017.

* European panel includes 13 European countries of the FEACO survey. These 13 countries represent 86% of European GDP.

** The UK data are based on the 2015-16 average.

Turnover per professional (Avg. 2015-2017 in 000€)



A detailed comparison of the turnover per professional by consulting companies' size has not been possible because of the lack of data. However, by analysing Germany and Italy as two representative countries respectively of Northern and Southern Europe (Table 10), it appears that in both countries there is a very large difference between the turnover per professional in large consulting companies and

in small-medium consulting firms. In Germany the turnover per professional in a large company is on average almost 60% higher than in a small-medium consulting company. In Italy the gap is even wider: the turnover per professional in a large company is on average more than twice than in a small-medium consulting company.

TABLE 12: Turnover per professional in large vs. small-medium consulting firms

Country	Large consulting firms Turnover per professional (Avg. 2015-16)	Small-medium consulting firms Turnover per professional (Avg. 2015-16 data)
Germany	323,000 €	204,000 €
Italy	185,000 €	89,000 €

Source: Our elaborations on MC turnover - FEACO survey 2015-17.

This evidence matches qualitative data from many countries, highlighting that, during the recession period, many small-medium consulting companies have been very aggressive in terms of pricing in

their fight for acquiring orders and, because of that, they have had a decline in their turnover per professional (See Section B for more details).

Service lines

The MC market has been analysed by Service Lines, considering the following seven major segments: strategy, operations, sales & marketing, finance & risk management, people & change, technology and other services.

STRATEGY: these activities support organisations in analysing and redefining their strategies, improving their business operations and optimising their corporate and business planning, business modelling, market analysis and strategy development. It also includes governance of major organisation redesigns, including company-wide transformation/restructuring programmes and strategic advisory in major financial transactions (M&A, IPO, etc.).

OPERATIONS: these activities are related to the integration of business solutions through Business Process Re-engineering (BPR); customer/supplier relations management (CRM); turnaround/cost reduction, purchasing & supply chain management, including manufacturing, research and development (R&D), product development and logistics.

SALES AND MARKETING: these activities aim to evaluate and redesign Sales & Marketing activities in terms of customer insight and relationship management, sales and channel management, product portfolio management and branding, and digital marketing.

FINANCE AND RISK MANAGEMENT: these activities support organisations in analysing and redefining their planning, budgeting and performance management models and improving their capabilities in measuring and optimising enterprise risks (credit, market, operational, environmental, quality, etc.). They also support addressing regulatory requirements and developing compliance management.

PEOPLE AND CHANGE: these activities support organisations in dealing with the effects that change has on the human element of the organisation (Change Management), which also includes Human Resources (HR) Consulting, targeting the improvement of the 'people' element of an organisation through HR strategies, performance measurement, benefits, compensations and retirement schemes, talent development programmes and executive coaching.

TECHNOLOGY: these activities support organisations in evaluating their IT strategies with the objective of aligning technology with business processes. These services include strategic support for decisions related to the planning and implementation of new technologies for business applications, including IT Network & Security and Data Centre architecture.

OTHER SERVICE LINES: these activities include a variety of complementary professional services to MC projects, such as training, market studies, outplacement, executive selection and recruitment

The two main service lines in 2016 are Operations and Technology, with a market share of 21.6% and 20.2% respectively (Table 11). They have all been growing in absolute and relative terms, driven by the strong involvement of MC firms in supporting the digitalization process (see Section B for more details). Strategy and People & Change, while growing slightly in absolute terms, are facing a decline in market share, probably due to clients focusing more on the technology side of the business processes' change. Finance & Risk as well as Sales & Marketing are rather stable in terms of market share.

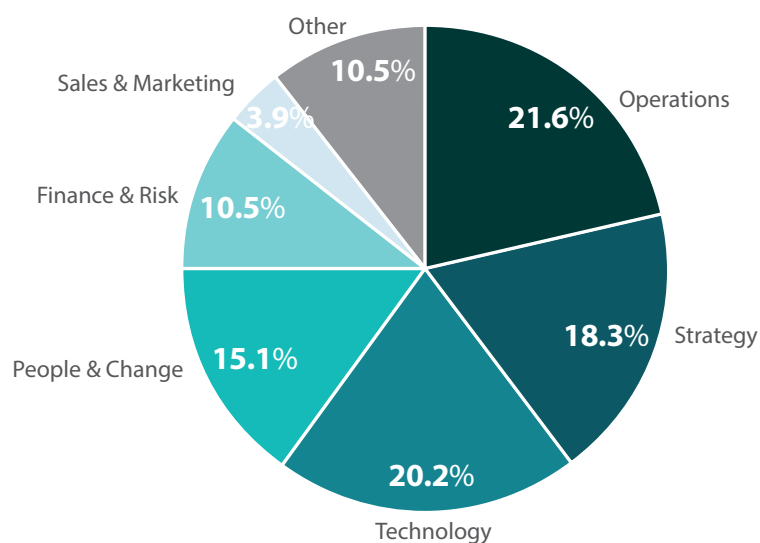
TABLE 13: MC Turnover distribution by Service Lines (2016)

Country	Operations	Strategy	Technology	People & Change	Finance & Risk	Sales & Marketing	Other
Austria	18.0%	33%	7.0%	15.0%	7.0%	11%	9.0%
Finland	20.0%	20.0%	10.0%	10.0%	20.0%	5.0%	15.0%
France	15.0%	21.0%	15.0%	26.0%	7.0%	3.0%	13.0%
Germany	40.0%	19.0%	22.0%	13.0%	2.0%	4.0%	0.0%
Greece	24.0%	33.0%	11.0%	6.0%	10.0%	3.0%	13.0%
Hungary	16.0%	9.0%	42.0%	8.0%	16.0%	9.0%	0.0%
Ireland	26.0%	17.0%	24.0%	14.0%	5.0%	4.0%	10.0%
Italy	12.6%	20.6%	17.5%	7.1%	24.7%	7.4%	10.1%
Norway	19.0%	31.0%	15.0%	26.0%	7.0%	2.0%	0.0%
Slovenia	32.0%	25.0%	15.0%	9.0%	8.0%	11.0%	0.0%
UK	11.0%	8.0%	28.0%	13.0%	15.0%	1.0%	24.0%
European panel*	21.6%	18.3%	20.2%	15.1%	10.5%	3.9%	10.5%

Source: Our elaborations on MC turnover - FEACO survey 2006-2015.

* European panel includes only 11 European countries of the FEACO survey as detailed data for Spain and Switzerland are missing. These eleven countries represent 74% of European GDP.

MC turnover by Service Lines (2016)



In order to look at the long-term change in the MC service lines portfolio, a comparison with the average 2006-2008 data has been carried out. The 2006-2008 period has been taken as reference as it is immediately before the crisis that affected Europe and also, since 2009, the MC industry. Such a comparison highlights a major change in the MC portfolio of activities:

- Strategy has lost its central position in the MC portfolio (it was 30% in 2006-08 while now it has gone down to 18%)

- People & Change has slightly reduced its importance (it was 18% and now it is around 16%) but it always remains an important pillar of MC activities
- Operational/Functional consulting has grown considerably from 37% to 56% of the overall volume of MC activities

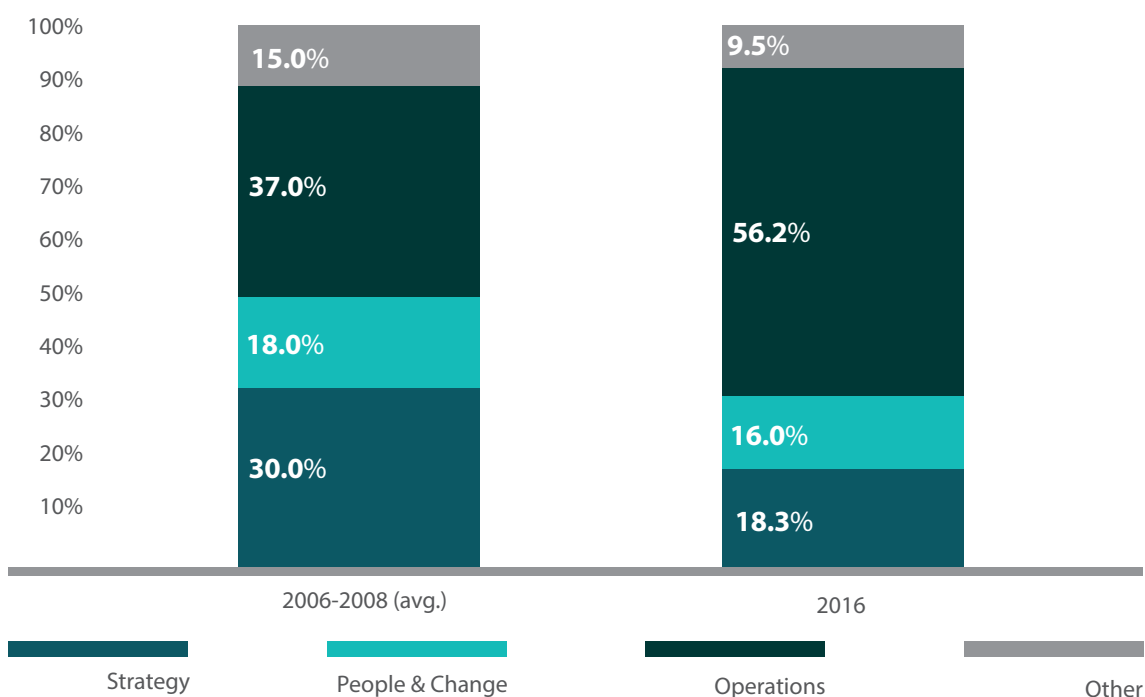
Moreover, it appears that Project Management, which at the time was identified as a distinct service line today remains important but tends to be in many cases a "support activity" within MC projects.

TABLE 14: MC Turnover distribution by Service Lines: a 2006-2008 vs 2016 comparison

	Strategy	People & Change	Operations	Other
2006 - 2008 (avg.)	30.0%	18.0%	37.0%	15.0%
2016	18.3%	16.0%	56.2%	9.5%

Source: Our elaborations on MC turnover - FEACO survey 2005-2017.

Evolution of MC Turnover by Service Lines



Client industries

The MC market has been analysed by Clients, considering the three most relevant segments of economic activity, namely Manufacturing, Service and Public Sector, and is then detailed by industries within the Services.

The **Manufacturing Sector** includes all the Consumer and Industrial Products, namely Aerospace & Defence; Automotive; Consumer Products; High Tech Products; Machinery; Chemicals, Pharmaceutical & Biotech; Other Manufacturing Industries.

The **Service Sector** includes **Financial Services** (Banking & Financial Services; Insurance), **Energy & Utilities** (Oil & Gas; Chemicals & Petrochemicals; Utilities), **Telecoms & Media** (Communication; Media & Entertainment; Telecommunications; Publishing) and **Other Services** (Retail; Travel & Leisure; Private Healthcare; Software & Computer Services;

Business Services).

The **Public Sector** includes Governments (both at a Central and Local level); Supranational Institutions (EU, WB, EIB, etc.); Public Healthcare.

The European Management Consulting industry is strongly focused on the private Service sector: 60.1% of MC turnover in 2015. Consulting services to the Manufacturing sector represent 25.8% of the overall MC market, with the Public sector representing the remaining 14.1% (Table 12).

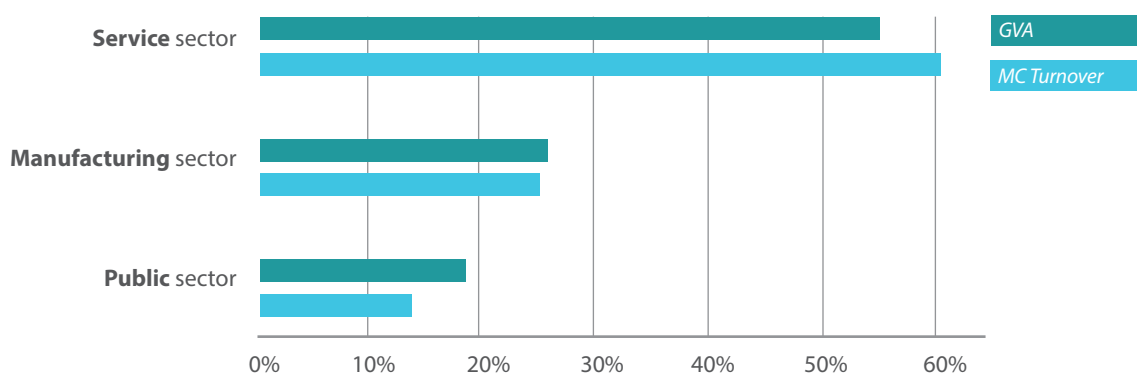
A comparison of the distribution of MC turnover by economic sector and the corresponding distribution of the Gross Value Added (GVA) highlights that proportionally a larger share of MC is addressed towards clients in the Service sector, while a much smaller share is towards the Public sector.

TABLE 15: European MC turnover and GVA distribution by economic sector (2016)

Economic Sector	MC turnover*	GVA
Manufacturing sector	25.8%	26.0%
Service sector	60.1%	55.0%
Public sector	14.1%	19.0%

Source: Our elaborations on MC turnover - FEACO survey 2014-2016; GDP - Eurostat 2015; GVA - Eurostat 2016.

* European panel includes all the 13 European countries of the FEACO survey. These 13 countries represent 86% of European GDP.

European MC Turnover vs Gross Value Added shares by economic sector (2016)

TABLE 16: MC turnover vs GVA – share of economy sectors by countries (2016)

MC turnover by sectors (share of 2016 MC turnover)			Country	GVA by sectors (share of 2016 GVA)		
Mftg	Service	P.A.		Mftg	Service	P.A.
37.7%	53.2%	9.1%	Austria	29.4%	53.1%	17.5%
21.0%	69.0%	10.0%	Finland	29.8%	48.9%	21.3%
26.0%	64.0%	10.0%	France	21.2%	56.1%	22.7%
34.0%	56.9%	9.1%	Germany	31.1%	50.7%	18.2%
26.0%	38.0%	36.0%	Greece	19.8%	59.2%	21.0%
11.0%	72.0%	17.0%	Hungary	34.9%	47.2%	17.8%
22.0%	50.0%	28.0%	Ireland	40.4%	48.0%	11.6%
35.2%	55.0%	9.8%	Italy	26.0%	57.2%	16.8%
18.0%	55.0%	27.0%	Norway	34.4%	42.0%	23.7%
38.0%	50.0%	12.0%	Slovenia	34.5%	48.8%	16.7%
11.0%	74.0%	15.0%	Spain	26.3%	55.0%	18.7%
24.0%	69.0%	7.0%	Switzerland	26.5%	54.2%	19.3%
16.0%	59.0%	25.0%	UK	19.8%	62.0%	18.2%
25.8%	60.1%	14.1%	European Panel *	26.0%	55.0%	19.0%

Source: Our elaborations on MC turnover - FEACO survey 2016-2017; GDP - Eurostat 2016; GVA - Eurostat 2016.

* European panel includes 13 European countries of the FEACO survey. These thirteen countries represent 86% of European GDP.

A focus on MC spending by Client Industries (Table 17) highlights that Financial Services is the highest spender: 26.6% of the MC turnover. Immediately after there is the consulting addressed towards the Consumer & Industrial Products and then the Public

Administration, with a market share of 25.8% and 14.1% respectively. Energy & Utilities together with Telecoms & Media represent the second and third largest spenders within the Service sector, with 8.2% and 7.5% of the overall MC market. respectively.

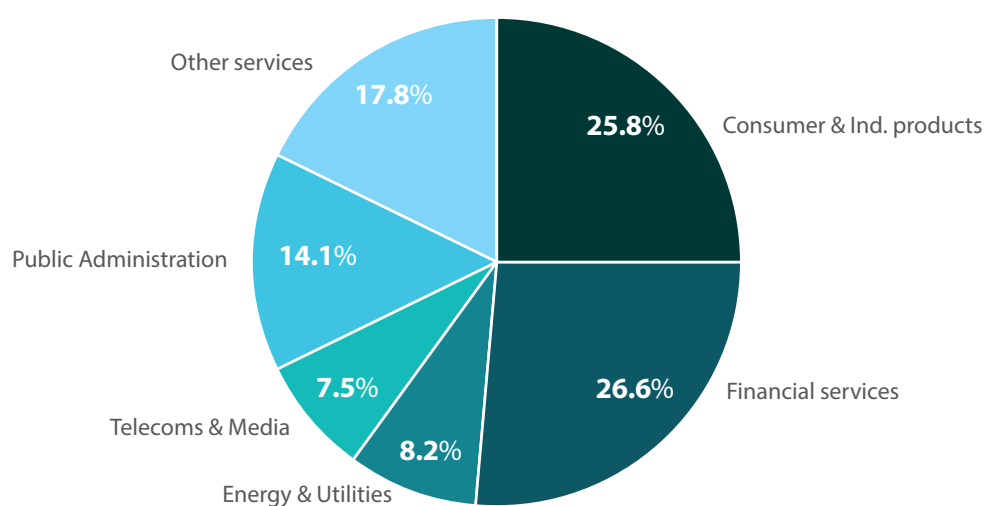
TABLE 17: MC turnover by major client industries (2016)

Country	Consumer & Ind. products	Financial Services	Energy & Utilities	Telecoms & Media	Other services	Public Admin.
Austria	37.7%	4.8%	3.6%	2.3%	42.5%	9.1%
Finland	21.0%	16.0%	13.0%	15.0%	25.0%	10.0%
France	26.0%	32.0%	9.0%	4.0%	19.0%	10.0%
Germany	34.0%	24.2%	7.6%	7.7%	17.4%	9.1%
Greece	26.0%	8.0%	4.0%	9.0%	17.0%	36.0%
Hungary	11.0%	20.0%	18.0%	26.0%	8.0%	17.0%
Ireland	22.0%	19.0%	10.0%	11.0%	10.0%	28.0%
Italy	35.2%	26.0%	6.1%	7.9%	15.0%	9.8%
Norway	18.0%	22.0%	12.0%	5.0%	16.0%	27.0%
Slovenia	38.0%	19.0%	15.0%	7.0%	9.0%	12.0%
Spain	11.0%	30.0%	11.0%	13.0%	20.0%	15.0%
Switzerland	24.0%	35.0%	7.0%	3.0%	24.0%	7.0%
UK	16.0%	29.0%	8.0%	8.0%	14.0%	25.0%
European Panel *	25.8%	26.6%	8.2%	7.5%	17.8%	14.1%

Source: Our elaborations on MC turnover - FEACO survey 2016-2017.

* European panel includes the 13 European countries of the FEACO survey. These 13 countries represent 86% of European GDP.

Evolution of MC Turnover by major Client Industries



In order to look at the long-term change in the MC service lines portfolio, a comparison with the average 2005-2008 data was carried out. The 2006-2008 period has been taken as reference as it is immediately before the crisis that affected Europe and also, since 2009, the MC industry. Such a comparison

highlights that only minor changes in the client industries took place (Table 18). This applies also the consulting services towards the Public Administration where the decline registered in a few countries has been counterbalanced by an increase in others.

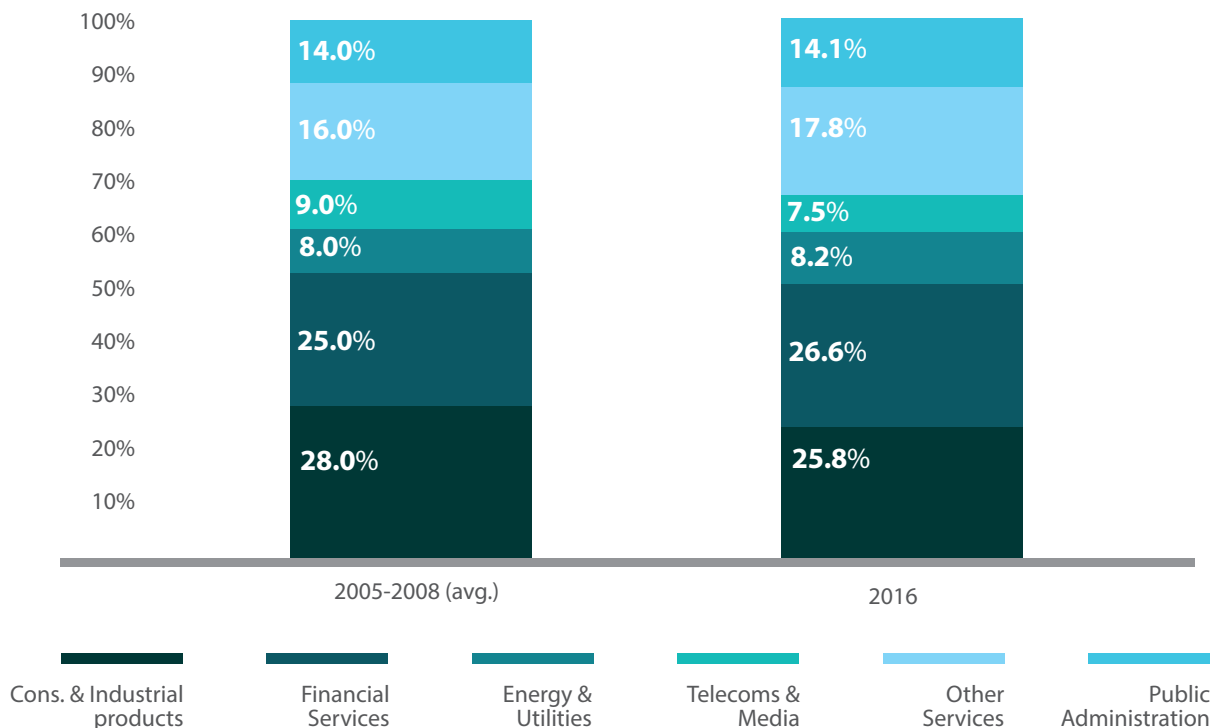
TABLE 18: MC turnover by major client industries: a 2005-08 vs. 2016 comparison

	Consumer & Ind. products	Financial Services	Energy & Utilities	Telecoms & Media	Other services	Public Admin.
2005-08 (avg.)*	28.0%	25.0%	8.0%	9.0%	16.0%	14.0%
2016	25.8%	26.6%	8.2%	7.5%	17.8%	14.1%

Source: Our elaborations on MC turnover - FEACO survey 2005-2017.

* FEACO European 2006 data on the client industry are missing, in order to have a three years' average 2005 data was taken into account. Therefore the average is based on 2005, 2007 and 2008 data.

MC Turnover distribution by major Client Industries



Export

The European Management Consulting industry, while mainly domestic, has on average 19% of its turnover coming from export (Table 19).

Most exports are related to management consultancies carried out within the European Union. Spain – thanks to strong links with Latin America – as well as smaller countries such as Finland, Austria and Slovenia – given their international exposure – are the countries with the highest share of MC export.

In 2016 export turnover has increased in terms of market share: up to 19.2% compared to 16.0% in 2015. The growth was driven mainly by Finland, the UK and France.

In spite of such increase, in most countries the MC industry is naturally targeting the domestic market and export is, for most of the companies, a back-up strategy when the internal market is not giving them enough opportunities. There are, however, the two cases of Hungary and Slovenia, where the export market is seen as a key reference for their market development, and the case of Finland where many MC companies are developing their business looking at the overall Nordic countries market.

TABLE 19: MC Turnover Domestic vs. Export (2016)

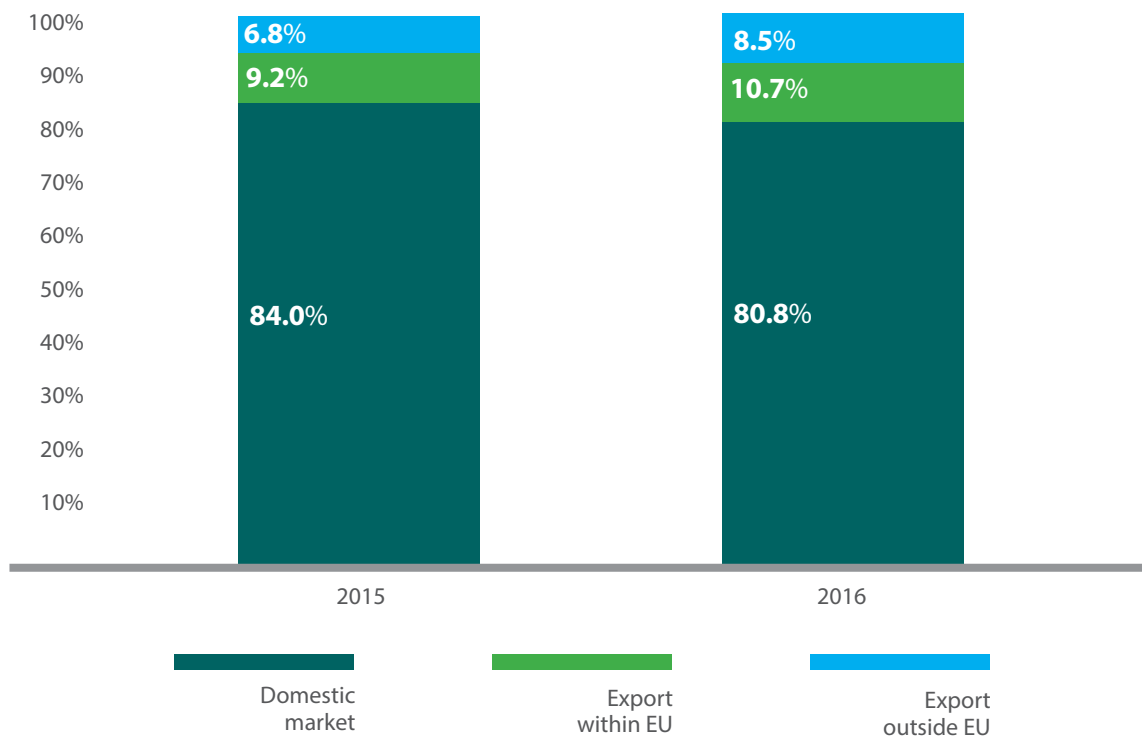
Country	Domestic market	Export within EU	Export outside EU
Austria	79.3%	17.6%	3.1%
Finland	50.0%	17.0%	33.0%
France	84.0%	11.0%	5.0%
Greece	84.0%	6.0%	10.0%
Hungary	80.0%	4.0%	16.0%
Ireland	90.0%	8.0%	2.0%
Italy	90.1%	N/A	N/A
Slovenia	69.0%	20.0%	11.0%
Spain	73.4%	N/A	N/A
Switzerland	87.5%	10.0%	2.5%
UK	75.0%	12.0%	13.0%
2016 European panel *	80.8%	10.7%	8.5%
2015 European panel **	84.0%	9.2%	6.8%

Source: Our elaborations on MC turnover - FEACO survey 2006-2015.

*2016 European panel includes only 11 European countries of the FEACO survey, excluding Germany as export data are not available. These eleven countries represent 62% of European GDP.

**2015 European panel includes only 10 European countries of the FEACO survey, specifically also Hungary was not included. Such difference in the perimeter taken into account does not affect the reliability of the comparison.

MC Turnover Domestic vs. Export (2016 vs. 2015)





Section B

The profiles on national Management Consulting (MC) markets reported in this section are based on the data provided by the national Associations of Austria, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Norway, Slovenia, Spain, Switzerland and the United Kingdom.

Each country profile has a short introduction on the state of the overall economy in the country, then it focuses on the MC industry, providing industry data as well highlighting the major trends in the business (as collected by the national Association).

Selected Management Consultancy markets profiles

AUSTRIA

Key data on the Management Consulting industry

TURNOVER

4,150 Mln. € in 2015	(+6.7%)
4,480 Mln. € in 2016	(+8.0%)
Forecast:	
4,760 Mln. € in 2017	(+6.3%)

EMPLOYMENT

12,637 employees in 2016

EXPORT

- 20.7% of the overall MC turnover
- 85% within the EU
 - 15% outside the EU

TURNOVER/PROFESSIONAL

117,543 € per year (avg. 2015-17)

In 2016 the Austrian GDP increased by 1.5% with a growth forecast of 2.4% for 2017 and 2% for 2018. The Austrian business structure is mainly based on small and medium-sized enterprises and its economy is based on a highly developed services sector (70.8% of GDP) as well as the high tech industry. The Austrian workforce is characterized by a high standard of qualification, vocational training and low strike rate, with a functioning social security system. The current focus is on skills shortages, especially in the ICT Sector.

In 2016 MC turnover reached 4.48 billion € with an 8.0% increase over the previous year. With a forecast growth rate at 6.3% for 2017, management consultancy - as well as knowledge-based services

in general - is growing more than the overall Austrian economy. MC employment in 2016 reached almost 12,700 employees and in 2017 it is expected to increase by 9.9%, slightly more than the turnover growth. Moreover in Austria there are more than 23,000 self-employed consultants.

In 2016 Strategy consulting represents the largest MC service line, with a market share of 33.4%. Other relevant service lines are Operations (17.6%) and People and Change (14.6%). All these service lines, plus the Sales and Marketing consulting, are expected to achieve a very relevant increase in 2017.

The greatest share of MC clients is represented by the Consumer and Industrial Products segment, which accounts for 37.7% of the whole MC turnover

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in 2016. The Public Sector represents around 9.1%. MC services are essentially targeted towards the domestic market. In 2016 exports represented slightly more than 20.7% of the total MC turnover: 17.6% exported within the EU and 3.1% outside the EU.

The current trends in the Austrian consulting industry include: Disruptive Innovation Management, Change Management (on topics such as flexible workplace environment and changing demographics), Business Process Optimisation Management, Adaptive Management (mainly regarding mobility and interactive marketing), IT-Strategy Management, Industry 4.0 Consulting and Resource Efficiency.

This country profile has been prepared by UBIT.

The Austrian Professional Association for Management Consultancy, Accounting and Information Technology (UBIT) was founded in 1985 as a self-governing subsidiary of the Austrian Federal Economic Chamber. Based on the Austrian Economic Chamber Act, membership of the association is regulated by law. In 2016 membership reached 66,459 members overall with 23,132 members in management consultancy.

The main tasks for UBIT are representation of interests as well as providing services for the UBIT Members. UBIT is actively responsible for developing and shaping the economic and regulatory backdrop in Austria. As such UBIT develops and defends business interests, interacting with regulatory authorities and government on a national and EU level.

UBIT initiates, moderates and partners regional, national and global promotion activities for the benefit of the Austrian Consulting industry sector. Service is

provided through information and advice for association members. Also, UBIT is the most important training and education partner for the consulting services. UBIT Toolbox includes the Constantinus Award (Award for best practices), Incite (Academy for education and qualification) and Austrian Consultants Days.

National Association



**Austrian Professional Association for Management
Consultancy, Accounting and Information Technology**

www.ubit.at | www.incite.at

FINLAND



Key data on the Management Consulting industry

TURNOVER

2,205 Mln. € in 2015 (+5.0%)
2,300 Mln. € in 2016 (+4.3%)
Forecast:
2,390 Mln. € in 2017 (+4.0%)

EMPLOYMENT

13,000 employees in 2016

- 80% professionals
- 20% staff

EXPORT

50% of the overall MC turnover

- 34% within the EU
- 66% outside the EU

TURNOVER/PROFESSIONAL

233,300 € per year (avg. 2015-17)



The Finnish economy is growing slowly: +0.8% in 2016 with a +1.6% forecasted for 2017. A decline in investment rates is the main determinant of its slow economic growth, in spite of positive net exports. Wage reforms are thought to restore competitiveness in the labour market and support consumer demand. General recovery in key industries such as electronics and paper, a slight improvement in external demand and a decline in energy prices are also expected to play a role in revamping the Finnish economy in the next few years.

MC turnover is increasing at higher rates than GDP: +5% in 2015 and +4.3% in 2016. A similar trend is also expected for 2017 (+4%).

MC employment has increased by 8% in the last two

years. In 2017, a further 4% increase in employment is expected in countertrend to the overall country employment trend, where unemployment is expected to increase.

Half of the Finnish MC turnover is coming from large firms, with the remaining half shared equally among small and medium-sized firms.

In terms of service lines, most of the turnover is shared equally among three different segments: Stra-

FINLAND

tegy, Operations and People & Change, amounting to 20% each. Sales & Marketing and Finance & Risk represent 10% each of total MC turnover, while 5% of the market is covered by the Technology consulting. Strategy and People & Change are expected to achieve the highest growth in 2017.

The Consumer & Industrial segment represents approximately 21% of the total MC turnover, while Finance is about 16%, Telecom approximately 15%, and Energy about 13%. Public Administration represents about 10% of the MC market and the other segments account for about 25%.

In Finland the MC industry is very much oriented towards export that represents around 30% of the overall MC turnover: 2/3 of exports are to EU countries and 1/3 to countries outside the EU.

This country profile has been prepared based on the questionnaire provided by the Finnish Management Consultants Association (LJK).

LJK was formed in 1961 to represent the management consultancy industry to its clients, the media and the Government. The association supports its members by training, education, networking and public relations.

LJK is a member of FEACO (European Federation of Management Consultancies Associations), ICMCI (International Council of Management Consulting Institutes) and ICC (International Chamber of Commerce)

National Association



Finnish Management Consultants Association

www.ljk.fi

FRANCE

Key data on the Management Consulting industry

TURNOVER

5,435 Mln. € in 2015 (+6.3%)
5,900 Mln. € in 2016 (+8.5%)
Forecast:
6,580 Mln. € in 2017 (+11.5%)

EMPLOYMENT

32,000 employees in 2016

- 90% professionals
- 10% staff

EXPORT

16% of the overall MC turnover

- 69% within the EU
- 31% outside the EU

TURNOVER/PROFESSIONAL

205,021 € per year (avg. 2015-17)

In 2016 the French economy grew 1.1%, virtually the same as in 2015 (1.2%). The lack of acceleration in 2016 was due to temporary factors that strained economic activity, especially exports. According to the EU forecast, real GDP growth in 2017 should be the highest since 2011 and reach +1.5%. Economic growth is projected to continue to strengthen in 2018, boosted by investment and consumption. Domestic demand will be supported by rising confidence, enhanced by new government policy, cuts in social contribution and business taxes, and continued favourable financing conditions. The labour market should gradually recover. Inflation should also remain low, since pressures on production capacity remain limited. Some severe budget spending restraints should

bring the fiscal deficit down to just below 3% of GDP in 2017, but a long-term strategy is needed to reduce public spending and continue lowering high taxes that weigh on employment and investment. The tax system needs to be simplified. In addition, the new government policy should shift spending from lower priority and inefficient spending towards infrastructure, education and social expenditure. Such a strategy, combined with reforms to strengthen innovation and competition, should create conditions for French firms to become more productive.

In 2016 the MC industry has grown by 8.5%. It is the fourth consecutive year of market growth and such a trend puts the consultancy sector in the forefront of the growing sectors.

FRANCE

The top four client sectors are represented by Financial Services, Industry, Public Administration and Energy. Financial Services increased from 30% in 2015 to 32% market share in 2016, while Industry reached 26%, Public Administration returned to third place with 10% and Energy tightened slightly to 9% (against 11% in 2015).

The breakdown of service lines is as follows: Strategy (21%), Organisation - change management (19%), Performance improvement (15%), Finance and risk management (7%), HR consulting (7%), IT advice (15%), Cost reduction (5%), Innovation consultancy (5%), CSR consultancy (2%).

There was a very slight indication of price increases, which began in 2015 and was confirmed in 2016. The consultancy price index rose from 103.5 at the end of 2015 to 104.7 at the end of 2016.

Forecasts for 2017 suggest that the current period is more than just a cyclical effect and that the market has started a long period of growth driven by digital transformation. Overall, consulting firms expect growth to continue, with a growth forecast between 11% and 12% in 2017.

The market appears globally better. It divides fairly sharply into two segments, with, on the one hand, a fast-growing segment driven by digital transformation projects and, on the other hand, a more modest growth segment where the digital technology dimension is absent.

In 2016, international projects represent 39% of the total activity of consulting firms. This percentage, stable compared to 2015, is mainly achieved by the major consulting firms, whose turnover is 48% related to international activities.

In 2016, the number of consultants grew by 8.5% to around 32,000 people and it is expected to grow by 11% in 2017 up to the level of almost 36,000 employees. In 2017, consulting firms are planning to recruit almost 9,000 positions, 47% of whom are young graduates (meaning around 4,100 young graduates).

Even if the potential for the consulting business represented by the ETI/SME segment seems important, the market share of enterprises of less than 5,000 people represents only 11.5% of the consultancy business in France. The digital transformation market remains a large accounts market, where it is necessary to be listed to earn major projects. In this context, independent consulting firms have no other choice than to accompany this evolution

by collaborating and concentrating. This evolution explains a good part of the acceleration of the external growth and the mergers of the current period.

This country report has been prepared by Consult'in France.

Consult'in France – Syntec Strategy and Management, includes 85 firms, representing over 60% of the management consultancy market in France. It brings together diverse types of companies, both in size and area of expertise, which work for private companies as well as public administrations.

Consult'in France defends the interests of consultancies and represents the profession for a wide range of stakeholders including public and governmental authorities.

The association is part of the SYNTEC Federation, which includes 1,250 groups of companies mainly in the fields of Engineering, IT, Consulting, Training and Public Relations. The SYNTEC Federation represents around 750,000 jobs for a consolidated turnover of 70 billion €.

National Association



Consult'in France

www.consultinfrance.fr

GERMANY

Key data on the Management Consulting industry

TURNOVER

27,000 Mln. € in 2015 (+7.1%)
29,000 Mln. € in 2016 (+7.4%)
Forecast:
31,400 Mln. € in 2017 (+8.3%)

EMPLOYMENT

140,000 employees in 2016
• 83% professionals
• 17% staff

TURNOVER/PROFESSIONAL

228,998 € per year (avg. 2015-17)

The German economy is expecting an increase of 1.8% in economic output in 2017 and a further 1.6% growth in 2018, on average within all euro area countries. However, forecasts might be slightly increased from the evidence of there being "more momentum in domestic demand than previously anticipated". Germany's export strength demands that foreign surpluses should be mitigated, for example by more domestic investments.

The turnover of the consulting industry rose notably in 2016 by 7.4% to 29.0 billion €. There has been a significant increase in employment: around 6,000 additional jobs have been created in consulting firms in 2016, of which 5,000 are at the consultancy level. For

2017 the MC industry is expected to achieve a further growth of 8.3%. Behind this impressive growth there is the profound digital change that companies, organisations and administrations in Germany are undertaking. These companies are increasingly looking for support from management consultants in order to continue to be successful in adapting their strategies, processes and IT systems. At the same time, consulting firms are continuing to drive the expansion of their own digital consulting portfolio and business models.

The consumer goods industry (growth forecast of 2017: +10.3%), trade (+10.0%) and chemicals/pharmaceuticals sectors (+9.6%) will see particularly

GERMANY

strong client demand. In addition, companies from the financial services sector (+8.0%) and vehicle construction (+8.4%) will be driving up the demand of consulting services. In 2016 these two target groups generated more than a third of the MC industry turnover.

Consulting expects a particularly high increase in the areas of change management (+9.9%), business development & innovation (+9.8%) and CRM and sales (+9.7%) as a result of the extensive and deep transformation requirements of the clients.

Such a positive outlook has encouraged consulting companies to further expand their recruiting activities in 2017. In particular three out of four of the major consulting companies plan to hire additional senior and junior consultants in 2017. Two-thirds of medium-sized consulting firms also want to raise their staff levels to consultancy levels. This is by far the highest value in a long time and it is a strong sign of confidence in the future.

This country report has been prepared by BDU (German Association of Management Consultants).

Currently, BDU represents around 500 Management- and IT-Consulting and Executive Search companies with approximately 13,000 consultants employed. This makes BDU one of the world's leading associations representing the MC industry.

The work of the association is based on two columns: on the one hand, BDU represents the legal and political interests of the entire sector; on the other it provides services such as benchmarks, networking, professional training and a proof of quality label. BDU regards itself as an independent, neutral association of highly qualified market participants.

National Association



Germany BDU e .V., German Association of Management Consultants

www.bdu.de

GREECE

Key data on the Management Consulting industry

TURNOVER

211.9 Mln. € in 2015 (+2.9%)
212.0 Mln. € in 2016 (+0.0%)
Forecast:
218.4 Mln. € in 2017 (+3.0%)

EMPLOYMENT

2,010 employees in 2016

- **90%** professionals
- **10%** staff

EXPORT

16% of the overall MC turnover

- **62.5%** within the EU
- **37.5%** outside the EU

TURNOVER/PROFESSIONAL

117,557 € per year (avg. 2015-17)

The Greek GDP in 2016 remained stable (0.0%) and, as estimated, has achieved 0.8% growth in the second quarter of 2017, mostly taking into account the very good performance of tourism and exports. Unemployment has been decreasing, reaching 23.1% in December 2016, and has shown a further decrease in 2017, reaching 21.2% in June 2017.

The MC industry followed the trend of the national economy and remained stable (0.0%). The demand for consulting services mainly comes from banking sector projects, the need for financial and operational restructuring of companies in order to receive further financial aid, as well as the demand for support in developing new strategies in order to adjust

to the new economic climate of client demands. The MC industry is expected to grow by 3% in 2017.

The MC industry turnover is estimated at 212 million €, with the largest share of the market (68%) coming from the large MC firms, including Greek and multinational companies. Large MC firms have been growing, medium-sized consulting firms remain stable, while the majority of small firms have shown a decrease in turnover, resulting in some cases in a change of business activity.

Regarding the outlook of the MC sector in Greece in 2017, large consulting firms believe that the situation in the MC industry will become better, while

GREECE

small and medium-sized companies are more conservative on their views of the situation. In general, it is believed that the MC industry situation will improve, due to the following factors: the implementation of funded programmes, the increasing need for financial and operational restructuring of companies that need to conform to the legislation for business loans (i.e. non-performing loans), as well as the request for strategic planning. Taking into account the six years of recession and the four years of relative stability, companies request the aid of MC firms in order to identify and reach new markets, new products or new processes in order to maintain or expand their business. However the pricing of MC services in Greece continues to lag behind the rest of the EU countries and MC fee rates are still decreasing.

MC employment is around 2,000 people, 90% of them professionals.

Due to the economic climate, many firms have increased their work abroad, both within and outside EU 28, with an average 16% degree of internationalization of Greek MC firms.

As to the service lines, Strategic management consulting continues to be leading service, increasing from 32% to 33% of the total turnover, Operations remain in second place, while Technology is in third place, having a minor lead over Finance & Risk.

Taking into consideration the economic situation of Greece, the most important priority of MC customers is cost reduction, in second place there is growth and in third place innovation.

As to the client industries, the Public Sector continued to be the major customer for MC services in 2016, mainly due to the completion of projects from previous funding programmes. Consumer and industrial products are in second place, while Energy & Utilities follow.

This country report has been prepared by the Hellenic Association of Management Consulting Firms (SESMA).

SESMA was founded in 1991 by 23 leading Consultancies in Greece. Today the members of SESMA are 48, including the large Greek firms and the international firms which operate in Greece. SESMA members represent more than 70% of the total turnover of the consulting market in Greece and employ more than 1,500 highly skilled and experienced consultants.

SESMA has extensive experience in the organisation of conferences/forums, networking events and training for its members, as well as for consultants from other countries. In addition, SESMA is active in lobbying the government about issues that are relevant to the consulting profession by taking part in working groups and committees, drafting of position papers, preparing studies, and assisting in legislation issues.

SESMA is a member of the European Federation of Management Consulting Associations (FEACO), the Federation of Greek Enterprises and the Federation of Industries of Northern Greece.

National Association



Hellenic Association of Management Consulting Firms (SESMA)

www.sesma.gr

HUNGARY

Key data on the Management Consulting industry

TURNOVER

323 Mln. € in 2015 (+8.4%)
365 Mln. € in 2016 (+13.0%)
Forecast:
388 Mln. € in 2017 (+6.3%)

EMPLOYMENT

4,975 employees in 2016

- 90% professionals
- 10% staff

TURNOVER/PROFESSIONAL

80,768 € per year (avg. 2015-17)

The Hungarian economy, after a small break at the end of 2015 and early 2016, continues to grow at a rate above 3% in 2017. Most experts forecast a similar growth for 2018. This growth rate is driven primarily by two key factors: 1) strong industrial growth, driven by exports into EU and by a double digit growth in the energy and utility industries; 2) accelerated drawing on EU funds, which contribute to a significant part of the national investments and represent around 4% of Hungarian GDP. As these two elements are unlikely to change in the near future (in spite of several disputes between Hungary and the EU), overall optimism prevails.

Those segments of the national economy, which are driven mostly by domestic factors (financial sector and

telecom) are underperforming with respect to the national average. At the same time the Wholesale and Retail industry growth shows the strength of domestic consumption.

The general positive expectations are also reflected in the excellent performance of the stock markets, which had an outstanding year of growth from 2016-2017: well over 10%.

The MC industry overall is still recovering from the post-crisis years. Total consulting turnover is estimated at 120 bn HUF (388m €) including consulting exports. The number of practitioners by the end of 2017 is expected to reach 5,060, with is a

HUNGARY

slight increase on 2016. The MC industry is contributing 0.4% to the national GDP, which is significantly less than in the more developed EU countries.

Over the past several years more and more Hungarian practices and freelancers are engaging in projects abroad, thanks to a growing engagement of Hungarian consultancies in projects financed by EU pre-accession funds, and to an increasing international activity of local consultancies leveraging on the wage differences between Hungary and central parts of the EU. MC export is around 15% of the total turnover, and is expected to grow in the coming years.

There is a remarkable stability in the number of active large and medium-sized consulting companies, which are responsible for around 75% of all MC turnover, while the small firms (fewer than 10 employees) are declining, giving way to freelancers. More and more professionals, who were active previously in top or mid-level industrial management, or employed in big consultancies, are taking projects, or temporary assignments as freelancers. This constitutes a significant challenge for the bigger consultancies, as it is pushing expert fees down.

In spite of the decade long efforts of the Hungarian Consulting industry to engage more in supporting small and medium-sized enterprises, revenues coming from these clients continue to be rather small, and most of the revenues continue to come from large corporations and institutions.

IT-related consulting projects continue to dominate the sector: even if we exclude development and integration services, IT-related projects represent 42% of all consulting revenue. This is reflecting the well-known character of the Hungarian consulting sector being mostly development and investment driven. Strategy, including M&A, follows as in second place with a 22% share.

With regard to consulting fees, there is a strong double effort to push the fees down. On the one hand in government and government dominated sectors (e.g. Energy and Utilities) public procurers strive to limit consulting fees per diem, sometimes even at

the expense of quality. On the other hand, as the tendency to use freelancers continues, clients are enforcing freelance level fees on consulting companies. Thus the average fee per diem is around 450€, well below the European level; and there is little hope for practitioners that this may change significantly in the near future.

As to the outlook, the rather stable performance of the Hungarian national economy is providing hope that consulting industry may continue to grow in the forthcoming years, as long as the EU economic area continues to perform well and EU funds will continue to provide financials to public-related consulting procurements.

Exports of consultants and consulting services are expected to represent a stable feature of Hungarian consulting in the coming years, as long as the gap between local fees and European consulting fees continues to persist. This goes in parallel to the stream of emigration of Hungarian professionals to the EU area: around 10-15% of the active Hungarian workforce has been moving to the EU area in the past decade. In the longer term, this tendency may result in consultant shortages and might trigger an increase in the fee level.

This country profile has been prepared as part of the questionnaire provided by the Hungarian Management Consultants Association (VTMSZ).

VTMSZ was formed in 1991 to represent the management consultancy industry to its clients, the media and the Government. The association supports its members by training, education, networking and public relations. VTMSZ is a member of FEACO (European Federation of Management Consultancies Associations) and ICMCI (International Council of Management Consulting Institutes).

National Association



VEZETÉSI TANÁCSADÓK MAGYARORSZÁGI SZÖVETSÉGE

**Association of Management Consultants
in Hungary-VTMSZ**

www.vtmsz.hu

IRELAND

Key data on the Management Consulting industry

TURNOVER

644 Mln. € in 2015 (+11.0%)
715 Mln. € in 2016 (+11.1%)
Forecast:
780 Mln. € in 2017 (+9.0%)

EMPLOYMENT

5,081 employees in 2016
• **88%** professionals
• **12%** staff

EXPORT

10% of the overall MC turnover
• **80%** within the EU
• **20%** outside the EU

TURNOVER/PROFESSIONAL

159,832 € per year (avg. 2015-17)

The Irish economy is projected to continue to expand at a sustainable pace, with growth projected at 5.1% (GDP) in 2016 and 5.0% in 2017. Both exports and business investment are forecast to moderate but remain solid. Activity in the domestic sector will remain firm and employment will grow steadily with wage pressures possible as the labour market tightens.

The outlook continues to be complicated by uncertainty related to 'Brexit' with most independent assessments suggesting an adverse outcome for the UK economy which would have clear implications for the Irish economy. If the UK leaves both the Customs Union and the Single Market, the cost of doing business for many Irish firms with the UK will increase. The weakening of ster-

ling vs. the euro is expected to have implications for Irish exporters trading with the UK. However the most recent data on goods exports to the UK – up 14% in value January to June 2017 – do not indicate any significant slowdown in goods trade as yet.

Exports grew by 4.6% overall in 2016 and are projected to grow by 4.5% in 2017 with caveats as above due to Brexit. Unemployment reduced to 7.8% in 2016 and is projected to reduce to 6.1% in 2017.

The Irish MC market trend is ahead of GDP performance, with MC turnover projected to grow

IRELAND

by 9% in 2017. Employment is forecast to follow the same trend as turnover: +9% in 2017. Sole practitioners and consulting firms with up to 10 employees account for almost 40% of total MC employees.

In 2016 the analysis by service line highlights the continued predominance of the Operations and Technology segments at 26% and 24% respectively, followed by Strategy and People & Change at 17% and 14% respectively.

In terms of Client Industries, the Public Sector represents the largest share of the Irish MC turnover (28%), followed by Consumer & Industrial Products (22%) and Financial Services (19%).

The geographic scope of Irish MC consulting firms is mainly domestic (90%), with exports to EU countries comprising an additional 8% and exports outside the EU 2%.

This report has been prepared based on information provided by IMCA (Institute of Management Consultants and Advisers).

IMCA is the national and internationally recognised professional institute for management consultants and business advisers in Ireland.

IMCA's mission is to foster and promote the value, quality and benefits of business consulting and advisory services in Ireland by establishing, supporting and measuring quality standards, by representing and supporting the profession, and by promoting the value and benefits delivered to clients.

IMCA's principal objective is to advance the professions of management consultancy and business advice by establishing and maintaining the highest standards of performance and conduct by its members, and by promoting the knowledge and skills required for that purpose.

National Association



Institute of Management Consultants and Advisers

www.imca.ie

ITALY

Key data on the Management Consulting industry

TURNOVER

3,548 Mln. € in 2015 (+6.9%)
3,832 Mln. € in 2016 (+8.0%)
Forecast:
4,062 Mln. € in 2017 (+6.0%)

EMPLOYMENT

39,593 employees in 2016

- 86% professionals
- 14% staff

EXPORT

9.9% of the overall MC turnover

- 50% within the EU
- 50% outside the EU

TURNOVER/PROFESSIONAL

112,908 € per year (avg. 2015-17)

Italy is recovering from the economic crisis: in 2016 its GDP has grown by 0.9% with a 1% growth rate expected in 2017. Such a growth is mainly driven by export and business investments. In addition, private consumption is contributing to GDP growth in spite of a slowing job creation and modest wage gains.

In 2016, the MC market in Italy was around 3.8 billion € with an increase of 8% from 2015 and an expectation of a further 6% in 2017. Such a growth has been mainly driven by the large consulting firms, which have seen their turnover increasing by 11.6% in 2016, with a forecast of 7.2% growth in 2017.

In 2016, MC employment grew by 6.8% and it is expected to have similar growth (+5.6%) in 2017.

Such a growth is strongly related to the large consulting companies whose employment increased by 14.7% in 2016 and is expected to increase by 10.3% in 2017.

The MC market in Italy is highly fragmented with about 20,000 consulting firms, over 85% of which employ fewer than three persons. The MC industry appears to be highly concentrated, with the largest 35 firms representing more than 50% of the total Italian MC turnover, while the almost 18,000 micro MC companies represent just around 20% of the overall turnover.

Considering the service lines, IT and Operations together represent more than 30% of the Italian MC market and these are the two sectors that have

ITALY

been growing at the highest rate. Finance & Risk as well as Strategy still represent the two most important consulting areas (respectively roughly 25% and 21% of the overall MC market) even though they are growing at a much slower rate.

In 2016, 55% of the MC demand has come from Services, mainly from Financial Services and Telecoms & Media. The Manufacturing sector – both consumer and industrial – represents 35% of the Italian market, with Public Administration (including the health sector) representing slightly less than 10% of the market. In the past five years, the Service sector has been the main driver of the overall growth of the MC industry. Consulting to Public Administration has declined, with a 2016 turnover still below that reached in 2011. In the past two years, consulting projects related to Industry 4.0 have contributed greatly to a relevant growth of the consulting projects in the manufacturing sector. The consulting activities supporting digital transformation processes have been the major driver for the recovery of the MC industry in Italy. In 2016 over 75% of consulting companies (and roughly all large consulting companies) were heavily involved in supporting the adoption of new digital technologies, with a growing relevance of projects related to mobile technologies and big data. In 2014 and 2015 only 32% and 48% respectively of the MC companies had their turnover linked to a significant extent to digital transformation projects.

In 2016 Export accounts for around 10% of the Italian MC turnover and it has increased much less than the internal market: +3.6% vs. +8.4%. Such a trend highlights that, with a few exceptions, the export market is rather residual for Italian MC companies.

From 2008 to 2013 the Italian MC industry has been affected first by a decline in turnover and then by stagnation. Starting from 2014, the MC industry has been growing strongly. However such a turnaround has determined a deep change in the structure of the industry: there is a significant decrease in the average price level of consulting services, compensated by an increase in the employment/working hours. There has also been a significant selection among micro consulting companies and a

reinforcement of the large players, in a marketplace where not all the companies (especially the micro consulting firms) have the expertise required in the digital arena. The evidence from 2016, as well as the forecast for 2017, underlines that these changes are structural and are expected to continue for the next few years.

This country profile has been prepared by Assoconsult.

Assoconsult is the Italian association of consulting companies, established in 1997 and based in Rome. The association has as its members roughly 400 consulting firms of any size representing overall around 50% of the MC turnover in Italy.

Assoconsult is committed to setting the standard for consulting practice in Italy. It develops themed meetings, conferences, knowledge-exchange initiatives, work groups, research projects, networks and events for its members.

Assoconsult is part of Confindustria (the main Italian Association of Private Enterprises), and FEACO (the European Federation of Management Consultancies Associations).

National Association



ASSOCONSULT- Italian Association of Management Consulting Firms

www.assoconsult.org

NORWAY

Key data on the Management Consulting industry

TURNOVER

841 Mln. € in 2015 (+1.7%)
880 Mln. € in 2016 (+4.6%)
Forecast:
924 Mln. € in 2017 (+5.0%)

EMPLOYMENT

4,750 employees in 2016
• **90%** professionals
• **10%** staff

TURNOVER/PROFESSIONAL

209,000 € per year (avg. 2015-17)

The country's economic growth has picked up again after a period of slow development. Low interest rates have been and remain an important contributor to this positive change, and Norwegian companies' improved competitiveness can also be attributed to a weak exchange rate. Expansive financial policy has also contributed to increased activity. The property development market in Norway was also experiencing high growth throughout 2016, but this has changed in 2017, amongst other things due to legislative change. It is expected that it will be some time before the main effect of the drop in oil prices is phased out; oil investments fell by one third from their peak in 3Q2013 until 1Q2017, but now appear to have stabilized. Employment levels are good

compared to almost any other country but they are below usual Norwegian standards. Moreover the unemployment level has had a recent drop largely due to people pulling out of the labour market. For the future an increase in the percentage of the population that is employed is expected. So while the unemployment rate was 4.7% in 2016, it will probably drop to 4.3% in 2017 and forecasted at 4.1% in 2018.

The Norwegian MC market grew by almost 5%, a positive result when taking into account the effect of what has happened in the oil & gas market. The oil & gas market changes have forced MC firms to focus on other sectors while the financial sector has remained a solid reference for MC firms. There is

NORWAY

growing price pressure but rates have nonetheless remained fairly stable. For 2017, the MC industry turnover is expected to grow at a similar rate.

In 2016 MC employment increased to a significant extent to around 4,750 people.

In terms of service lines, the MC industry in Norway in 2016 has been driven by the Technology and Operations segments, which represent 37% and 25% of the total MC turnover respectively, followed by the Strategy segment (17%), Finance & Risk (14%) and People & Change (8%). Technology is the service line that is expected to grow most rapidly in 2017, driven by digital transformation projects.

Norwegian MC customers are asking, to a significant extent, for support for digital transformation projects (many of them related to mobile technologies) and business model innovation. Due to the impact of the downturn of the oil & gas sector, projects related to productivity improvement and cost cutting are also in great demand.

The Public sector (including Health) is the largest client sector for MC in Norway, accounting for 27% of the total market, as a result of the Government's focus on modernising and simplifying the Public sector. Financial Services and Consumer & Industrial Products (including Retail) represent the second and third sectors, respectively with 22% and 18% of the market. Energy & Utilities, in the present downturn, represents a 12% share.

The Norwegian MC market is predominantly domestic, although an increasing number of firms has been restructuring towards a Nordic model. This move has been driven by the largest and most global MC firms.

This country profile has been developed based on the questionnaire provided by Consulting Norge, part of the Norwegian Enterprise Federation – Virke. Virke (formerly “HSH”) is the Norwegian Enterprise Federation and represents more than 250 industries; it has over 20,000 member companies and organisations. Virke was established in 1990 as a result of a merger between several industry and employer organisations, several of which had roots dating back to the 19th century. “Consulting Norge” (English: “Consulting Norway”) is the industry organisation for the MC industry in Norway, is a part of Virke and was established in 2010.

National Association

VIRKE
HOVEDORGANISASJONEN

Consulting Norway

www.virke.no

SLOVENIA

Key data on the Management Consulting industry

TURNOVER

244.5 Mln. € in 2015 (+2.1%)
256.0 Mln. € in 2016 (+4.7%)
Forecast:
267.6 Mln. € in 2017 (+4.5%)

EMPLOYMENT

2,680 employees in 2016

- 92% professionals
- 8% staff

EXPORT

31% of the overall MC turnover

TURNOVER/PROFESSIONAL

103,625 € per year (avg. 2015-17)

In 2016, the Slovenian economy continued its recovery with a GDP growth of 3.1%. The increase of private consumption (+4.2%) as well as of exports (+6.4%) had a favourable impact on the general economic activity. However, investments have not yet fully recovered, mostly due to a slowdown of investment in the public sector. Nevertheless, infrastructure projects are ongoing and will have a positive impact in future years. Thus, expectations for 2017 are optimistic, and a further GDP growth of 3.6% is foreseen.

In 2016 the MC industry turnover continued to grow with an increase of 4.7% and reached 256 Mln. €. Forecasts for 2017 highlight approximately the same growth rate: +4.5%. In 2016, MC employment was

quite stable, and the same is expected for 2017. Slovenian MC firms are managing their growth in a flexible way, looking for temporary external collaborators whenever necessary.

The main service lines are Operations (32%) and Strategy (25%), while Technology has become the third most relevant (15%). Less substantial service lines are: Sales & Marketing (11%), Finance & Risk (8%) and People & Change (9%). In 2017, increases are expected with respect to Sales & Marketing, Technology and Strategy.

The Manufacturing Industry as a whole (Consumer and Industrial Products) is the biggest client with a market share of 38%. It is followed by Financial Services with 19%, Energy & Utilities with 15%, Public

SLOVENIA

Sector with 12% and Telecom & Media with 7%.

For 2017, the areas where MC firms will be able to achieve the highest growth include Manufacturing Industry plus Energy & Utilities, while a slight decline is expected in Telecom & Media.

Slovenian management consultancies are intensively trying to expand to other markets. The MC export turnover is growing year after year, and in 2016, it reached approximately 31% of the overall turnover.

Due to the MC market recovery, consulting fees are expected to grow. Further growth of the MC market will depend mostly on export and expected public infrastructure projects.

A consultant's role is supposed to be that of "multi-tasking", with the ability to provide solid, profound, useful and up-to-date knowledge in order to help clients build new strategies, including more qualitative factors, such as environment and social responsibility, demographic changes etc., to mitigate (all kinds of) potential risks, and initiate and support innovations. On the other hand, a high degree of specialist knowledge and skills is also expected. Digitalisation transformation will bring a new way of cooperation with IT software providers for many industry and service projects.

This country profile has been prepared by AMCOS. AMCOS – Association of Management Consulting of Slovenia was founded 23 years ago.

National Association

AMCOS
Association of Management
Consulting of Slovenia

**Association of Management
Consulting of Slovenia**

<http://amcos.gzs.si>

SPAIN

Key data on the Management Consulting industry

TURNOVER

1,827 Mln. € in 2015 (+2.0%)
2,045 Mln. € in 2016 (+11.9%)
Forecast:
2,250 Mln. € in 2017 (+10.0%)

EMPLOYMENT

19,404 employees in 2016
• **85%** professionals
• **15%** staff

EXPORT

26.6% of the overall MC turnover

TURNOVER/PROFESSIONAL

125,293 € per year (avg. 2015-17)

The Spanish economy has been recovering during recent years, with a positive GDP growth in 2014 (+1.4%), in 2015 (+3.2%), and in 2016 (+3.6%). This positive trend is also expected to continue in 2017 (+3.1%). Low borrowing rates, low oil prices, and a positive fiscal stimulus, have been boosting consumption. Labour market conditions are improving but the unemployment rate is still high (18.6% in 2016) and only structural reforms will be able to reduce it to a significant extent.

In 2016 the MC industry has increased by roughly 12% and the forecasts for 2017 highlight an increasing growth (+10%). The recovery of the MC market has been made mainly by projects related to the digital transformation of companies' business models.

More in general, consulting on digital transformation and big data have been strongly required both by private sector and public administration.

MC employment is following the changes in turnover without fully matching its trend: in 2016 it increased by 4% and a further 5% growth is expected in 2017.

In 2016 the main MC services lines were related to Technology and Strategy, with quite stable shares. The major client industries were Financial Services, Public Administration and Telecom & Media. The market structure in 2017 is forecasted to be roughly the same.

The domestic market, representing 73.4% of the

SPAIN

overall turnover, has been the main driver of the turnover growth in 2016. For 2017 it is estimated that turnover will increase. Latin America represents the main export market for Spanish consulting firms.

The main areas in which Spanish MC firms are growing are:

Risk Management: the present competitive environment introduces increased uncertainty and emerging risk. MC firms help companies to develop and implement a formal risk management strategy and framework to promote and govern effective risk management practices across the System. This task requires development of an appropriate risk appetite statement, with defined risk tolerances; formation of an overarching risk management strategy; and creation of an overarching risk management policy.

Customer Experience: today, enterprises are focused on the customer like never before. In our rapidly changing, increasingly digital world, building a strong customer relationship is the most important part of building a great business. Customers have become harder to define, understand and please than ever before. Traditional approaches to creating customer-first experiences are just one step down the road to excellence. A great experience in today's digital world is most often defined by how unique it can be made to each individual. MC firms support their clients to completely reinvent how customer experience is designed and delivered, moving from a subjective and largely intuitive process to a data-driven decision, highly engineered process that delivers continuous measurable improvement in business outcomes and customer satisfaction.

Analytics: in the era of big data, companies across a range of industries are recognizing the need for better intelligence and insight about their business. They want to work out how to make the best decisions, by drawing on the right information, at the right time. MC firms are supporting their clients as to

predictive analytics, allowing them to uncover and exploit patterns in their historical data as well as to identify both risk and opportunities ahead.

Supply chain optimization: the traditional business model is under increasing challenges, with many disruptive forces at work. Against these new challenges, the traditional supply chain approach is struggling to make the necessary breakthrough in performance whilst disruptive supply chain forces are increasing. To make this performance breakthrough, the supply chain needs to be fundamentally reinvented, moving from a simplistic one-size-fits-all to a more modular and synchronized end-to-end approach. MC firms help companies transform in a digital environment across critical capability areas, covering strategic architecture, integrated operational excellence, supply chain risk and resilience, and operational talent and capability enablement.

This report has been provided by AEC – Asociación Española de Empresas de Consultoría. AEC, the Spanish Association of Consulting Companies is a national, non-commercial organisation, which represents the major IT Consulting companies (whose main activities are outsourcing, IT development and integration) as well as major Management Consulting companies in Spain (representing roughly 16% of the turnover of AEC associates). Its 23 members represent more than 70% of the Management & Technology sector.

National Association



Spanish Association of Consulting Companies

www.consultoras.org

SWITZERLAND

Key data on the Management Consulting industry

TURNOVER

1,780 Mln. CHF (1,620 Mln €) in 2015 (+14.1%)
1,940 Mln. CHF (1,765 Mln €) in 2016 (+9.0%)
Forecast:
2,050 Mln. CHF (1,864 Mln €) in 2017 (+5.7%)

EMPLOYMENT

6,400 employees in 2016

- 90% professionals
- 10% staff

EXPORT

12.5% of the overall MC turnover

- 80% within the EU
- 20% outside the EU

TURNOVER/PROFESSIONAL

339,100 CHF (308,500 €) per year (avg. 2015-17)

The Swiss economy, after a vibrant 2014 where GDP grew by 2% and a slow growth in 2015 (+0.8%), in 2016 grew by 1.3% as a result of the domestic demand strengthened by negative interest rates and increasing real wages. The outlook for 2017 is positive.

The MC industry, after a growth above 10% both in 2014 and 2015, has also been growing in 2016 at a high rate: +9%. The outlook for 2017 remains largely positive, even though the expected growth is forecasted to be between 5% and 6%. The expected yearly average growth for the next five years (2017-2022) is 4.1%. Digitalisation (mainly Industry 4.0) is a top driver of the demand side but also efficiency improvements, change management and

regulatory services are driving the growth of the MC industry.

In 2016, MC employment was around 6,400 people and a significant growth is also expected for 2016 (+6%), showing that MC firms are consolidating the growth achieved in the previous years. Large consulting companies (i.e. with 50 or more employees), while limited in number, account for roughly 75% of the overall employment in the industry. There is currently a “war for talent” going on. More women are in the MC profession: women consultants were 22% in 2016 while only 17% in 2006.

Analysis by service line highlights the predominance of Strategy, representing a 29% share of the market.

SWITZERLAND

In terms of client industries, Financial Services represents the largest share of the Swiss MC turnover (35%), including Banking (24%) and Insurance (11%). The second group of client industries is represented by Consumer & Industrial Products (24%), including the Pharma sector (15%). Consulting to the Public sector represents 7% of the market but it is declining.

The geographic scope of Swiss consulting firms is mainly domestic (87.5%), with exports to EU countries comprising 10% of the total MC turnover and exports outside the EU 2.5%. Even if the internationalization is at a high level in Switzerland, the MC export in 2016 has been declining mainly due to currency change challenges.

This report has been prepared based on information provided by ASCO: Association of Management Consultants Switzerland.

ASCO is a co-founder and member of FEACO, the European Federation of Management Consultancies Associations (Fédération Européenne des Associations de Conseil en Organization) based in Brussels and a member of ICMCI, the International Council of Management Consulting Institutes, the global association for quality assurance in the MC firms.

National Association



Association of Management Consultants Switzerland

**Association of Management Consultants
Switzerland (ASCO)**

<http://www.asco.ch>

UNITED KINGDOM

Key data on the Management Consulting industry

TURNOVER*

8,400 Mln. £ (9,000 Mln. €) in 2015 (+8.0%)
8,800 Mln. £ (9,400 Mln. €) in 2016 (+4.8%)

EMPLOYMENT*

60,000 employees in 2016

- 92% professionals
- 8% staff

EXPORT

25% of the overall MC turnover

- 48% within the EU
- 52% outside the EU

TURNOVER/PROFESSIONAL

153,349 £ per year (avg. 2015-16)

**estimated, based on MCA figures.*

The UK's comparatively strong recent economic performance might be about to stall, even though the UK's performance is still continuing the positive growth of recent times. In August this year, the Bank of England reduced its forecast for 2017 growth to 1.7%. Whether this cooling foreshadows a recession is contentious. The range of commentary on the UK's prospects varies enormously.

The Government's current travails are well documented. Having decided to seek a mandate in June 2017 for her Brexit vision, Prime Minister Theresa May suffered a disastrous reversal, losing her majority and damaging her credibility. The result was viewed in many quarters as a rejection of her 'hard' Brexit vision and certainly put in place a cross-party majority for 'soft' Brexit. Since the Election, ministers

have scarcely troubled to hide differences over the direction of Brexit.

The UK MC market is one of the largest in Europe. The MCA membership share alone, based on around 60 firms, is equal to around 4.4 Billion £ fee income in 2016. As the MCA estimates that this is perhaps 50-55% of the total market, then the total value of the UK consulting market is likely to be in the £8-10 Billion range. The British MC turnover has increased on average by more than 8.0% per year since 2013, with a growth rate of 4.8% in 2016, making it one of the fastest growing markets in Europe. MCA member firms are employing roughly 32,000 employees, approximately 92% of them are professionals and 8% are supporting staff. The UK total employment can be estimated as nearly double

UNITED KINGDOM

that figure: around 60,000 employees. A large share of the industry employment is represented by consultants specialised in digital technologies/digital transformation.

With regard to service lines, digital consulting remains the largest service with a 28% market share. Despite negative comparable growth, Operations consulting is now the second largest service line. Sales and Marketing, Environmental, Business Transformation and Human Capital service lines have also grown.

In terms of client industries, the largest part of the UK's MC turnover is represented by Financial Services (29%), followed by the Public Sector (25%). There has been substantial growth in Retail and Leisure, Private Health and Life Sciences. The Public Sector remains the second largest service line and in the adjustment has grown in terms of share.

Breaking down the MC turnover by geographic areas, 75% is related to the domestic market, while 25% is due to exports, split between exports within and outside the EU (12% vs. 13% respectively).

In the UK MC market several types of disruption are currently happening to consulting. The first is the degree to which the analytics requirements can increasingly be delivered by technology. This calls into question the scalability of some projects in human terms and may even ask exacting questions of larger firms' recruitment strategies. The second is how far the support techniques are diversifying, together with the precise nature of clients' technical advisory needs, thereby producing a wider range of narrower advisory specialisms. Clients want expertise. They also have complex needs. Hence, the ability of a single firm, even a large one, to fulfil client requirements is constrained. Specialisation is thus paradoxically driving partnerships and the creation of advisory ecosystems, across consulting and beyond. The strong growth performance of niche experts, often operating in areas at the margins of 'traditional' consulting, such as marketing and

brand, indicates how important and potentially lucrative specialisation can be. At the same time the traditional pyramidal model of large consulting firms faces disruptive threats, especially at the entry level, from automated analytics and from the desire on the part of management, wherever possible, to break the link between growth and human resource expansion. The medium-sized firms are facing even harder times and a strong pressure to change.

This country profile has been developed based on the questionnaire provided by the MCA and the estimates on the MC industry are based on their data considering that the Management Consultancies Association (MCA) represents approximately 50% of the UK Consulting industry.

The Management Consultancies Association (MCA) is the representative body for management consultancy firms in the UK and has been at the heart of the UK Consulting Industry since 1956. The Association represents around 60 of the UK's leading management consultancy firms. The MCA's mission is to promote the value of management consultancy both for the economy and society as a whole. The MCA's member companies comprise around 50-55% of the UK Consulting Industry, employ around 32,000 consultants and work with over 90 of the top FTSE 100 companies and almost all parts of the Public Sector. The UK Consulting Industry is among the best in the world and a vital part of the business landscape.

National Association

MCA

A POSITIVE FORCE
FOR THE ECONOMY

The Management Consultancies Association

www.mca.org.uk

About FEACO, the European Federation of Management Consultancies Associations

FEACO, is a European not-for-profit organization established in 1960.

The Federation represents 15 national associations:

Austria
Croatia
Finland
France
Germany
Greece
Hungary
Italy
Norway
Portugal
Romania
Slovenia
Spain
Switzerland
United Kingdom

The purpose of **FEACO** is to assist in the promotion and development of the profession of Management Consultancy in Europe by providing support to its constituent National Association membership in those areas where a collective voice is stronger than the sum of its individual members.

FEACO is closely engaged with the European institutions and particularly keen to maintain high level interactions with the European Commission and the European Parliament.

FEACO is also registered in the European Transparency Initiative (ETI).

MAIN ACTIVITIES

Developing the MC market, raising its image and profile at European and international levels, by the promotion of common professional ethics, quality and best practice.

Promoting the interests of MC 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 (not including lobbying for sales opportunities).

Developing a dynamic forum for networking and service provision, by encouraging networking by members and between members through the sponsorship and organisation of conferences and meetings, the establishment of mutual interest working groups and through close cooperation with other consultancy organisations.

FEACO has used its best effort in collecting the information published in The Survey of the European Management Consultancy Market 2016/2017. Data have been collected from the national Associations from **June to October 2017**. **FEACO** does not assume, and hereby disclaims any liability for any loss or damage caused by errors or omissions in their surveys, whether such errors result from negligence, accident or other causes.

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