



## feaco Federation News

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# Happy New Year!!!

January 2011

### Full Members:

Austria  
Croatia  
Cyprus  
Czech Republic  
Italy  
Finland  
France  
Greece  
Hungary  
Poland  
Portugal  
Romania  
Slovenia  
Spain  
Switzerland

### Associate Member:

Bosnia and Herzegovina

### Affiliate Member:

Hong Kong

### Message from the President

The year 2010 has been a complex and a heterogeneous one in Europe. Economic recovery is taking longer than expected and is proving to be a difficult process in most countries. The situation and the challenges are different in each economy. Nevertheless, there is general perception that we have entered a new cycle.

Many industries are going through profound changes. Organizations and institutions need to change, adapt and innovate in order to be successful in today's interconnected economy. As a consequence, there is a need to redefine business models and processes. This is creating opportunities for consultancy across Europe.

Consultancy companies have also changed, have become more efficient and have adapted their operations, delivery models, competences and offerings to the new market demands. Adapting has been key during the last year and will continue to be essential in the near future to offer more competitive services in a truly borderless economy.

National Associations are also going through changes and are adapting to the new economic realities. In many countries, the industry bodies are facing challenges as a consequence of budget restrictions and uncertainty. The current situation requires more than ever before greater representation. We encourage consultancy companies in the different countries to associate and take an active part in the National Associations.

At the European level, Management Consultancy needs a unified voice in Europe and Feaco is working hard to accomplish this vital role. National Association membership and active participation to this end is essential. Relationships with other organizations are also important: understanding the synergies and cooperation alternatives is crucial. Steps are being taken with ICMCI and EFCA in this direction.

I would like to take this opportunity to thank the cooperation and effort made by the National Associations members in Feaco initiatives. Having a large membership of Feaco is critical for the right European representation of our industry. I encourage all National Associations to become members and



take a more active part in Feaco. Finally, I would like to give a special recognition to the members of Feaco's Executive Committee for their support and efforts.

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## Introduction

The Executive Committee of FEACO would like to welcome Ezio Lattanzio from Assoconsult, Italy, and Alfred Harl from UBIT, Austria, to the Executive Committee. We are sure that this expansion of ExCo with the Presidents of 2 large Management Associations will increase FEACO's capacity to offer value to our members.

The ECIC working group is also expanding after several successful promotional events were organized in 2010. The additional human and financial resources will allow ECIC to broaden their lobbying efforts to other European Institutions.

The FEACO working group that has participated in the CEN pc381 for the elaboration of a standard for Management Consulting has successfully completed its work that started in 2008. The final draft of the standard was approved by the Committee and will be sent to the National Standardization bodies for approval. It is expected that the standard will be in effect by the Fall of 2011. A joint Committee led by FEACO and ICMCI will develop a marketing and promotional plan to ensure that the benefits of the standard for all stakeholders in the management consulting sector are well understood and disseminated.

The working group for the improvement of the annual FEACO market survey will make specifics proposals at the General Assembly in Helsinki in June 2011.

The Spanish and the Greek Association are working together to keep the FEACO website up to date. If you have any news or photos or studies for the site please send to [sesma@hol.gr](mailto:sesma@hol.gr) and [jcasals@consultoras.org](mailto:jcasals@consultoras.org).

Please be reminded that you have been requested by Jordi Casals to send him as soon as possible your association's updated contact details for the Feaco website. Also, the Greek Association sent out the username and password for accessing the Companies Database on the Feaco website, so member association are asked to update their member firms data.

We are also glad to report that despite the reduction of subscription fees Feaco is financially sound. The budget for 2010 is based on income of EUR 41,500 and expenses of EUR 29,000. There are still cash reserves in the bank of EUR 68,000.

Please remember that FEACO belongs to you so if you have any ideas about our activities or how FEACO can increase its visibility and added value to our members let us know.

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## FEACO News & Activities

### Feaco General Assembly

The Feaco General Assembly took place in Brussels on 22 November 2010 with the participation of 13 member associations. Main issues were the feaco survey, the state of industry index, the feaco website and newsletter, the 2011 conference, the ECIC group and the issue of standardisation.

The General Assembly approved the renewed membership of Austria and Italy and the status of Croatia as a full member.



They also decided not to increase fees, due to financial crisis, and to keep them at the 2010 level. Member associations will be receiving their invoice shortly.



The General Assembly also approved the mandates of the current Executive Committee members, the inclusion of Austria and Italy on the Executive Committee, and the appointment of David Ifrah as Secretary-General.

### **Feaco Survey 2009/2010**

The 2009-2010 FEACO survey of the European management consulting market conducted by the Research Centre on Management and HRM of University Pécs in Hungary in collaboration with the national management consulting associations in Europe shows that the size of the consulting market decreased from 86.2 billion € in 2008 to 83,7 billion € in 2009, which means a decline of -5%.

Business Consulting services remains the largest segment at a stable 43% followed by Outsourcing, slightly higher than 2008, at 19% and Development and Integration at 18%, which represents a 3% decline from the previous year. Industry and the Public Sector were the dominant client sectors in most countries. Germany remains the largest consulting market in Europe followed by the United Kingdom, Spain and France. This country ranking has remained stable over the last few

years as have annual increases in market size in these leading consulting markets.

For 2010 the forecast for the European consulting market is positive, with an increase by 1.6% to an estimated value of 85 billion euro.

The report contains quantitative information, statistics and charts, on the European Management Consulting market and qualitative information: trends and developments on local European markets: Bosnia and Herzegovina, Croatia, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Portugal, Romania, Slovenia, Spain, Switzerland and the UK.

The survey has been sent in a PDF file to Member Associations who contributed their statistics to the survey. The PDF file is also available for purchase on the FEACO website.

### **Feaco State of the industry survey**

The General Assembly decided to set up the state of industry index on a twice a year basis. This will be an online survey based on four questions, in order to get a snapshot of the consulting industry at any given moment and its evolution over time. The index will be supported by Syntec.

Please encourage your members to participate in the survey – it only takes 5 minutes to complete the questionnaire!!

### **Feaco 2011 Conference**

The 2011 conference will be held in Helsinki on 21-22 June under the title “Future 2020” and on the theme of knowledge intensive business services. Speakers will include large firms, government officials and academics. The



format will be part presentations, and part discussion panels.

More information regarding the conference programme and registration can be found on the conference website: <http://www.future2020helsinki.org/>

## **A European Standard for Management Consultancy Services**

Three members of ExCo continued to be very active in the CEN Committee 381 that has elaborated a draft Standard for Management Consultancy Services.

The Project Committee met in December 2010 in Milan, Italy, to complete the draft service standard prEN 16114 "Management Consultancy Services" for submission to the final vote. During this meeting the challenge was faced to discuss and agree upon 300 comments as

a result of the Public Enquiry. With the support of all participants from various European countries and the Italian Standards Institute UNI they were able to finalize the draft standard.

The Project Committee of the standard prEN 16114 „Management Consultancy Services“has decided to launch the formal vote on prEN 16114 Management Consultancy Services.

The standard covers good practice for Management Consultancy Services Providers (MCSPs). The rationale for the standard under preparation is to share European best practices in management consultancy.

The publication of this standard is expected in the 3rd quarter 2011. The agreed standard "Management Consultancy Services" is then mandatory for all CEN member countries and must

supersede any existing national standards. After a 9 months period the

European standard is supposed to become a global ISO standard.



In order to promote the standard among the management consulting profession and their stakeholders a task force was established under the leadership of Brian Ing (ICMCI) and Laura Arsenis (FEACO) with support of Francesco d'Aprile and Ilse Ennsfellner. The preliminary aim of this task force is

- to work on the marketing plan of the benefit of the standard (prEN 16114) in Europe;
- to propose European marketing efforts.

By the end of March 2011 the group will seek approval from the Project Committee for its program. The roll out of this program is supposed to start after the publication of this standard at the end of 2011.

## **Membership Issues**

We are very pleased to welcome back Assoconsult, the Italian Association, and UBIT, the Austrian Association.

ExCo also maintains contact with MCA, BDU and other associations that aren't currently



members. We listen and are confident that we will have more members in 2011.

## **News from FEACO member associations**

### **Croatia - UPS – AMC, Association of Management Consultants**

A new President has been elected for UPS – AMC, Mr. Gordan Kolak. The previous President, Mr Anton Florian Barisic, who served as President for 6 years, expressed his belief that the new presidency will continue to maintain and improve relationship with FEACO, promoting FEACO standards and values both in Croatia and in the SEE Region.

Feaco expresses its gratitude to Mr. Barisic for his active involvement in Feaco over the past 6 years and welcomes Mr.Kolak.

### **Finland - Liikkeenjohdon Konsultit LJK**

#### Finnish Economic news

The Finnish economy is doing well, as demonstrated by the two pieces of recent news below:

“Finland's seasonally adjusted gross domestic product (GDP) rose by 5.5 per cent year-on-year in October, Statistics Finland said in a statement Friday.”

“Car sales rose by some 24 per cent in Finland last year (2010), the Information Centre of the Automobile Sector said in a statement Monday.”

#### MC market in 2010

Major Finnish companies have been able to secure strong results throughout the economic crisis. Especially in 2010, when demand has been rising, the Finnish companies have invested in change management. It is generally anticipated that market competition will be different after the crisis compared to before. This is why companies have used MC services. 2010 has been a busy year for all major MC-companies in Finland.

### LJK activities autumn 2010

The Finnish Management Consultants Association, LJK, has actively enlarged the network both nationally and internationally.

We have participated in ICMCI Jordan Annual Conference, FEACO ExCom and have been responsible of the FEACO 2009/2010 Survey.

We have participated in the School of Economics Consultant programs in Finland by presenting Management Consultancy as work and some MC cases to the MBA students.

In November the LJK had the autumn GA including a presentation of Blue Ocean Strategy and Leadership by VIA Group in Finland.

In June 2011 LJK will arrange an international management consultant conference in Helsinki. This will be the major event of the LJK 50-year anniversary.

### **France - Syntec Conseil en Management (Chambre Syndicale des Sociétés de Conseil)**

SYNTEC- Management is planning to produce a document in 2011 on improving competitiveness of management consultancy firms in France and Europe, based on client interviews. Syntec-Management will collaborate with academics on measuring functional, transformational and normative values.

Season two of the SYNTEC web TV will focus on competitiveness, through a series of video interviews. The web TV is available at: [www.webjtdumanagement.com](http://www.webjtdumanagement.com).



## **Greece - Hellenic Association of Management Consulting Firms (SESMA)**

SESMA President and member firms participated in November 2010 in the business forum “The role of companies providing consulting services in the development of public and private sector” which was officially opened by President Georgi Parvanov and President Karolos Papoulias and was organized by the Embassy of Greece in Sofia in collaboration with the Hellenic Business Council in Bulgaria and the Bulgarian Chamber of Commerce and Industry. Some of the issues covered were the trends in recent times, the ways to optimize business operation despite economic slowdown, and the necessity to focus precisely on clients needs and assist clients through the whole process.

Position papers have been sent to officials of the public sector regarding the new development law and the effective implementation of the National Strategic Reference Framework 2007 – 2013 and the Operational Programme “Digital Convergence”.

Articles were prepared by the Board of Directors for the press regarding proposals for the implementation of the National Strategic Reference Framework 2007 -2013.

As SESMA participates as a partner in the project “Support of Women and Youth Entrepreneurship in Remote Districts of Uzbekistan” which is funded by Europeaid as part of the Institutional Building Partnership Programme, the project manager for SESMA took part in the training sessions organised in June 2010 in Termez and Tashkent, Uzbekistan. 40 participants in total were trained on Business Clusters and Business Angels. In October and November 2010, SESMA organised the Study Visit of the Uzbek partners in Greece, where they had the opportunity the partners had the

opportunity to meet representatives from governmental institutions, business chambers and networks, women’s agricultural cooperatives, business centers and professional associations.

## **Italy – Assoconsult**

ASSOCONSULT, the trade association of management consulting companies, member of CONFINDUSTRIA, has created the first edition of the Observatory for the Management Consulting market in Italy in 2010.

The Assoconsult Observatory is creating a corpus of information that will be updated every year and will include information on the size of the industry, details on its various business areas, economic sectors, geographic areas, size categories of clients and the evolution of the main indicators, such as turnover, staff, etc.

Thanks to this information, in the next few years, we will build up targeted surveys on subjects of shared interest, which will be selected on the basis of suggestions and ideas coming from all the interested companies; the subjects we could cover are, for example: the internationalization of consulting companies, pricing, analysis of specific sectors, etc.

The opening of the Observatory went hand in hand with a first study carried out in cooperation with the Tor Vergata University in Rome. The aim of this study is to offer an accurate picture of the Management Consulting sector, with an analysis of the various types of companies that operate in it and of the many areas it covers.

The first Report summarizes the results of the first 2009-2010 edition. The results of this research were announced on June 17<sup>th</sup>, 2010 at the Confindustria headquarters, on the occasion of the *Stati*



Generali della Consulenza, an event that was followed by 400 persons and will be repeated every year, in order to offer an opportunity for operators to exchange ideas on the state of the art and the prospects of this sector.

#### Brief summary of the report:

- the Italian consulting sector produces a 3.5 billion Euro turnover, which amounts to 0.25% of the national GDP; consulting in Italy is still less developed than in other comparable European countries, where on average the sector represents 0.38% of the GDP;
- there are 13,400 companies, 85 per cent of which employ less than three persons, and where the top ten companies hold only 20% of the market;
- 45,000 persons are employed in this sector;
- the per-capita turnover in Italy is equal to 80,000 Euros a year, which is half the European average. In addition, the smaller companies, the ones that have less than three employees, “survive” with a per-capita turnover of less than 50,000 Euros, which obviously does not allow them to invest in their future;
- consulting services are basically in the hands of a group of approximately 30 large companies, mostly international, that represent almost 40% of the market.
- the medium and small consulting companies work mainly for the Italian SMEs
- the large companies on the other hand, work mainly for large groups
- consulting services for the public account for 14% of the total turnover of the consulting.

#### **Portugal - APPC**

The general economic situation of Portugal was rather difficult, therefore measures have been taken to reduce the National Budget

Deficit, such as increase of taxes, reduction of public expenses and public investment. This means less work for consulting companies. In terms of global services as a whole, the Portuguese consultancy sector in 2010 were :

- +1,4 % for the first trimester
- +5% for the second trimester
- 11% in July 2010.
- +2,5% in August 2010.

APPC has 195 member companies, the majority of which (85%) belong to the engineering consulting sector, 8% belong to field of Architecture, 4% to the field of Environment and 3% to Economics and Management.

APPC is increasing its visibility as a social partner, which means that APPC is cooperating with political entities in the reform of legislation that affect the Consultancy activities. APPC is now a member of the board of EFCA.

#### **Slovenia - Association of Management Consultants of Slovenia (AMCOS)**

AMCOS continued with activities concerning public administration and public procurement and presented a set of position papers on various laws in preparation. On the other hand, we organised some meetings with private sector managers and professional associations.

Autumn months were also dedicated to membership issues and developing networks within Slovenia and abroad with a number of meetings and presentations of AMCOS activities.



At the International Furniture Trade Fair AMCOS co-organised a seminar on importance of brands in furniture industry with round table speakers from Slovenia and abroad.

In November, AMCOS actively participated at the national economic summit with the Slovenian government where key issues for the 2011 policy and measures were presented and discussed.

In December, at the AMCOS Phoenix Award ceremony, the 2010 award for the management project of the year was given to Pristop d.o.o. for the "Communication strategy and its implementation for Festival Ljubljana". Additionnaly, the project titled "InCo movement", by Vibacom was given special recognition for its quality. (Photo gallery: [www.gzs.si/slo/panoge\\_zbornica\\_poslovno\\_storitvenih\\_dejavnosti/52540](http://www.gzs.si/slo/panoge_zbornica_poslovno_storitvenih_dejavnosti/52540)).

### MC market

In 2010, MC market expressed cyclical development that seems to continue in 2011. Total MC income in 2010 is expected to be at the level of 2009. For 2011, our members' expectations remain prudent, however, app. one third of those that responded to our autumn survey seem to be quite satisfied with existing and expected demand and orders.

### Economic forecast

Official Slovenian economic forecast for 2011 indicates 1,9% GDP growth rate, 6,3% export growth rate, 5,2% import growth rate, 2,3% inflation rate and 7,7% unemployment rate. Business confidence in Slovenia has not yet returned and investment push factors are still missing. Nevertheless, some sectors started to employ and app. 40% of companies expect higher income than in 2010.

## **Spain - Asociación Española de Empresas de Consultoría (AEC)**

### The Spanish sector in numbers:

- During the period 2004-2009 the Spanish consulting industry grew an average of 9,1 %
- During 2009 the Spanish consulting industry grew 0,7% over the previous year
- Total revenue in 2009 was 9.6 billion euros
- The total revenue of the AEC members was 7.05 billion euros (representing 72% of the total revenue)
- Consulting activities represent 1% of Spanish GDP, but contributed to 8% of its growth

### Consulting in Spain

AEC companies represent over 72% of the Spanish consultancy market (around 9.6 billion euros) and over 60% of its employees. The consulting sector has the largest number of employees with a university degree out of all Spanish industries (73% of employees). The sector develops the highest rate of innovation (2 billion euros) working directly with clients in three main primary sectors:

- Finance (banking and insurance): 23%
- Telecommunications: 15%
- Public Administration: 14%
- Division of Revenues
  - 19%: Traditional consultancy (strategic, business processes, logistics, etc)
  - 42%: IT systems development and integration
  - 39%: Outsourcing

### AEC mission statement and objectives

The AEC is the umbrella organization for the largest consulting firms in Spain representing 82,000 highly educated professionals



The main objective of the AEC is to promote the interests of the Spanish management consulting industry and its member firms.

#### AEC figures

The AEC companies invested an average of 450 € in training per employee during 2009. The budget for 2010 is 1.2 million Euros. During the period 2004-2009 consultancy has created 35,000 new jobs in Spain. Our forecast for year 2010 in an increase of 1, 6% in sales.

AEC has 25 associate companies that employ 82,000 people. The Association has 5 Commissions to discuss the most relevant matters on our sector:

- Communication & Marketing
- Public Administrations
- Human Resources
- Relations with Trade Unions
- Good Government
- Innovation

#### **Hong Kong - Management Consultancies Association of Hong Kong (MCAHK)**

The Association is a trade association of management consultancies set up in 1999 by funding from the Government of the Hong Kong SAR. The Association currently has some 38 members comprising of most major international management consulting firms in Hong Kong and smaller local firms in the trade. The Association is operated by a General Committee of up to 12 members who meet about six times or more in a year.

The Association members serve Hong Kong's commercial sector and also China clients in Hong Kong and all over the Greater China.

The Association has during the year set up a work team comprising of six corporate members who are active in management consulting in the public sector. The work team

meet the government in-house consulting unit known as the Efficiency Unit of the Government of the HKSAR on a regular basis to discuss matters of mutual interest.

The Association maintains regular contacts with several governmental users, including the Financial Secretary, the Commerce and Economic Development Bureau and the Education Bureau. During the year, these users invited members of the Association either to join government-led delegations overseas or submit proposals for consulting studies in the Public Sector.

The Association sponsors member-representatives to attend FEACO's Annual Conference and General Assembly meeting annually.

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#### **ECIC news**

The main activities of ECIC for 2009-2010 as presented in the Feaco General Assembly:

- Feaco is registered as an official lobby organisation. As such, it is notified of all public consultations, and responded on some, for instance financial regulation.
- An event was organised to attract new members. As a result, the committee grew from 10 to 15 members.
- ECIC replied to the Ombudsman on the early warning system. The Commission is coaching a number of companies in relation to compliance with financial regulations.
- Participation in the Commission working group on technical co-operation
- Several lunch meetings were organised with EU officials

Upcoming activities will focus on:

- Financial regulation



- Procurement
- Relations with the EIB
- Framework contracts
- Follow-up of the creation of the European External Action Service

Lunches have been organised for the 1<sup>st</sup> and 15<sup>th</sup> of February 2010 with Mr. Laurent Sarazin, Head of Contract and Finances Unit, and Mr. Stefan Kerpen, Head of Technical Assistance Unit, EIB.

## EFCA news

### Leading firms to leadership

The European Consulting Future Committee launches a presentation for associations to discuss with firms on how to identify, evaluate and select strategic options to capitalise on excellence. Notwithstanding differences in size, resources and market operation and the diversity of activities of European engineering consultancies, all firms need to have a comprehensive insight into the external environment, including clients, and internal conditions affecting their structure, the way they do business and ultimately their competitive advantage.

A comprehensive EFCA presentation on key facts, trends and challenges, including a SWOT analysis helps in determining opportunities to be grasped, strengths to be built upon and maximised as well as threats and weaknesses to be eliminated or minimised.

The presentation outlines critical factors to success and failures, and sectors with the greatest potential of an increased demand for consulting engineering services. It introduces different types of contract and business models and encourages firms to investigate their position and roles in the changing supply chain. It underlines the importance of the risk transfer concept. Finally, it takes a look at the corporate

entities' required skills of managers and staff. The Committee Chair, Lena Wästfelt said: 'The presentation will certainly trigger debate and help both the associations and firms looking at new ways of doing things to take leadership'.

### The lowest-price proposal does not represent best value for the client

EFCA has published a policy paper to explain why it favours the use of the economically most advantageous tender ('best value for money'), and why it believes that the use of lowest price is neither in the interest of the public nor the client.

The paper explains arguments against price-based selection: the cheapest design will not lead to cost-effective project outcomes in the long term and hampers innovations that may lead to reduced lifecycle costs. It argues that consultants should be selected on the basis of their qualifications and that the award should be based on the economically most advantageous tender. The paper continues setting out a series of recommendations for effective competition based on the economically most advantageous tender.

The policy paper provides guidance regarding actions that member associations can take in response to price-based selection practices.

<http://www.efcanet.org/pages/news.aspx?item=14571>

## News from the European Commission

### Europe in figures 2010

With just over 450 statistical tables, graphs and maps, the yearbook is a definitive collection of statistical information on the European Union. Most data cover the period 1998-2008 for the European Union and its Member States,



while some indicators are provided for other countries, such as candidate countries to the European Union, members of EFTA, Japan or the United States.

[http://epp.eurostat.ec.europa.eu/portal/page/publications/eurostat\\_yearbook\\_2010](http://epp.eurostat.ec.europa.eu/portal/page/publications/eurostat_yearbook_2010)

## **FEACO** *upcoming events and activities*

- ✓ ExCo meeting – Brussels, 19 January 2011
- ✓ FEACO – ICMCI kick off meeting for Standard of Management Consultancy Services – Brussels, 27 January 2011
- ✓ ECIC Lunch meeting with Mr. Laurent Sarazin, Head of Contract and Finances Unit – Brussels, 1 February 2011
- ✓ ECIC Lunch meeting with Mr. Stefan Kerpen, Head of Technical Assistance Unit, EIB – Brussels, 15 February 2011
- ✓ ExCo meeting – Brussels, 7 April 2011
- ✓ ExCo meeting – Helsinki, 20 June 2011
- ✓ General Assembly meeting – Helsinki, 20 June 2011
- ✓ Feaco 2011 International Consulting Conference – Helsinki, Finland, 21 & 22, June 2011  
[www.future2020helsinki.org](http://www.future2020helsinki.org)