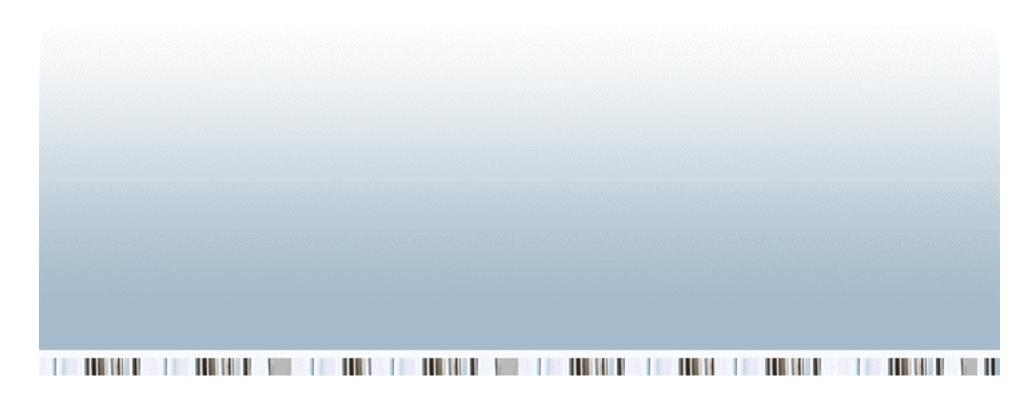


Business and Management Consulting



Papers From:

Australia
France
Germany
New Zealand



Output Definition

Output of business and management consulting firms is the provision of advice and assistance on management issues and general business services. Output Definition

- General Consulting
- Marketing
- Human Resource
- •Financial
- Public Relations

IT not included except for Germany

Pricing Methodology

- Charge-out rate method
 - Hourly rates
 - Used in Australia, New Zealand, Germany, France
- Charge out rate (\$) X realised rate %
 - Used in Australia,

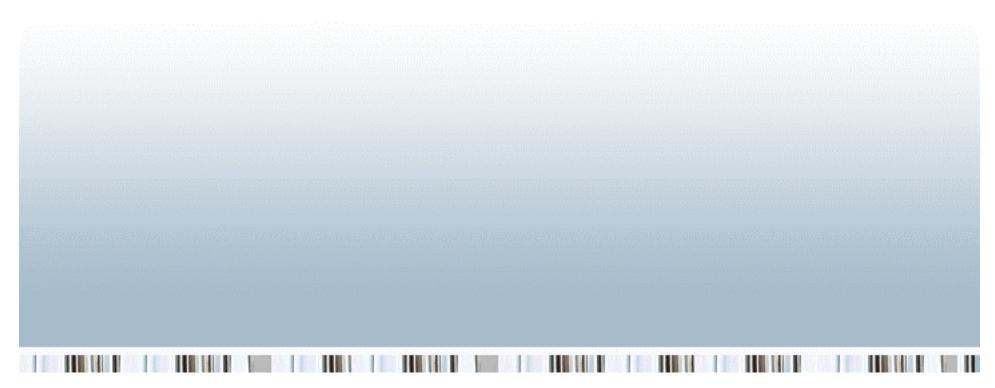
Pricing Methodology

- Realised charge-out rate
 - Average of rates from several contracts
 - Model contract
 - Used in France, US, Germany
- Model pricing of estimated contract or actual contract
 - Used in Germany (partly), US



Pricing Methodology

- Success fees
 - Contingency fees



Sampling

- Probability proportionate to size of turnover data sample
 - Used by Germany, France
 - Business Register used as Frame
- Judgement sample
 - Used by Australia, New Zealand
 - No frame source



Sampling

- Initial data collection by in person visits
 Used by Australia, France, US
- Weights for firms
 - Turnover or revenue data
 - Periodically updated

Quality Adjustment

- No quality adjustment for charge out rate method
- Estimated Model Pricing rarely requires quality adjustment – only if specific contract characteristics are discontinued or substituted

Quality Adjustment/Challenges

- Realised Charge Out Rates
 - Question as to whether average realised rates may reflect service changes
 - Very few reporters are able to provide data for this method

Challenges

- What about handling of new contracts?
 - Are they ever comparable?
- What about travel expenses?
 - Are they specifically included or described in the contract?
 - Are they a cost of doing business?

Challenges

- Are secondary sources available that can be used to help price this industry?
 - Germany reference "Kennedy Information Report"