

The french SPPI for business and management consultancy services



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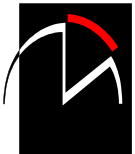
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1/ Service being priced

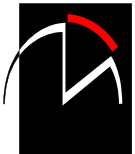
- In CPC 1.1
 - Management consulting services (class 8311)
 - Business consulting services (class 8312)
 - With public relations services
 - And other business consulting services





2/ Pricing unit of measure

- Management consulting service is unique
- Customers:
 - 1/ banks, insurance, telecoms
 - 2/ public administration, big trade



3/ Market conditions and constraints

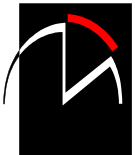
■ Turnover: 13 000 millions € (2003)

- Value added: 7 400 millions €
- 42 000 companies
- Employing 113 200 persons
- Cyclical activities
 - Y2K
 - then implementation of ERP
 - adoption of the Euro
 - 35h / reduction of working time
 - now BPO and transformation of government administration



3/ Market conditions and constraints

- Big companies (integrated operators)
- Medium size companies (no implementation)
- Small size companies (niche consulting)





4/ Standard classification

- CPC 1.1 , CPA (2002) and survey classifications are quite the same:
 - General manag strategy consult
 - Financial idem
 - Human resources idem
 - Marketing sales manag+CRM
 - Production idem+ supply chain
 - Other manag idem



5/ Standard vs definition and market

- Financial management includes “merger and/or takeover” consulting, with increasing output:
 - Do we survey the banks, due to our type of sampling?





6/ National accounts

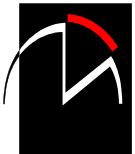
- PPI is used as a deflator for turnover of CPF 74.14 (=CPA)





7/ Pricing methods

- fixed price based on
 - Type of qualifications
 - Number of persons by qualification
 - Wage by qualification
 - Number of days of work
 - Risk coefficient
 - And negotiation with client





7/ Pricing methods

- time-spent basis is rare (high level advice)
- success fee is rare (with industrial clientele or when success is patent)
- subscriptions in a very few cases (in case of crisis management)





7/ Pricing methods

- For 81 companies:

- Pricing based on

number

weight

- Working time

274

94%

- Contract pricing

5

2%

- Percentage fee

1

4%





7/ Pricing methods

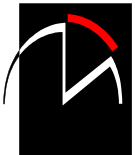
- The main data type in the survey is the unit value of realised daily rate :
 - Realised daily rate 90%
 - RDR by qualification 53%
 - RDR for all qualifications together or by activity field 32%
 - Turnover per person corrected with activity rate 5%
 - Input prices(wages) and margin rate 4%





7/ Pricing methods

- And the target of measurement is for 94% the hourly charge-out-rate



8/ Quality assessment

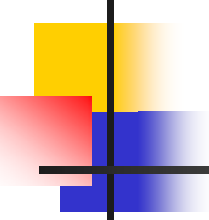
- **Shipment price:** the contract is based on some qualifications for some weeks or months (until 6 –8 months). Hourly charge out-rates for different qualifications should be a good proxy of the completion of services;
- **Current production:** our pricing method is disconnected from the type of product.
- **Transaction price:** charge out rate per qualification or for all the staff? Non homogenous.



8/ Quality assessment

- **Output prices** : our pricing item are charge out rates, far from the output of the industry.
- **Timely measure**: pricing data is lagged, and our charge out rates are probably averages calculated on variable periods.
- **Constant quality maintained**: due to our pricing method, the no-modification of qualifications pyramids could affect the index and create gaps with actual prices





■ **thank you**



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