

Management Consultancy Activities in the United States

21st Meeting of the Voorburg Group

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Definition of the Service

Provision of advice and assistance to businesses and other organizations on management issues

Measured in terms of industry output and product output – revenues based on the value of the service being provided

Evolving nature of the service requires changes to industry and product classifications covering both turnover and prices

Definition of the Service (continued)

5416 – Management, Scientific, and Technical Consulting Services

54161 – Management Consulting Services

541611 – Administrative Management and General Management Consulting Services

541612 – Human Resources and Executive Search Consulting Services

541613 – Marketing Consulting Services

541614 – Process, Physical Distribution, and Logistics Consulting Services

541618 – Other Management Consulting Services

54162 – Environmental Consulting Services

54169 – Other Scientific and Technical Consulting Service

Table 1. Market Conditions and Constraints	Estab-lishments with pay-roll (number)	Total receipts/ revenue (\$millions) (rounded)	Em-ploy-ees (number)	Esab-lishments without payroll (number)	Total receipts/ revenue (millions) (rounded)
NAICS Code and Kind of Business					
5416 Management, Scientific, and Technical Consulting Services	116,159	105,452	738,675	464,605	18,637
54161 Management Consulting Services	93,549	90,915	626,646	(NA)	(NA)
541611 Administrative Management and General Management Consulting Services	48,377	53,708	352,805	(NA)	(NA)
541612 Human Resources and Executive Search Consulting Services	16,247	14,321	121,685	(NA)	(NA)
541613 Marketing Consulting Services	18,887	14,329	94,635	(NA)	(NA)
541614 Process, Physical Distribution, and Logistics Consulting Services	5,305	6,906	43,927	(NA)	(NA)
541618 Other Management Consulting Services	4,733	1,650	13,594	(NA)	(NA)
54162 Environmental Consulting Services	8,536	6,933	57,219	(NA)	(NA)
54169 Other Scientific and Technical Consulting Services	14,074	7,605	54,810	(NA)	(NA)

Market Conditions and Constraints

(continued)

Management consultancy in the US is highly competitive with few barriers to entry and exit

Establishments with payroll (employers) differ markedly from nonemployers

There are four times as many nonemployers (464,605) as there are employers (116,509)

Employers' receipts per establishment averaged \$908 thousand; for nonemployers, it was only \$40 thousand

Product Lines by Management Consulting Services for the United States: 2002

	Estabs	\$Millions	Handling Line	Special- ization	Pct. of Total
Management Consulting Svcs. (Ind. Total)	93,549	\$90,915		(X)	100.0
Management Consulting Svcs.	85,127	85,108	78,714	92.5	86.6
Admin and Gen'l Mgt. Cons. Svcs.	50,548	55,416	48,472	87.5	53.3
Human Res. Cons. Svcs.	10,683	14,019	7,775	55.5	8.6
Mkting. Cons. Svcs.	22,203	18,452	13,612	73.8	15.0
Process, Phys. Dist. and Logist. Cons. Svcs.	6,543	8,415	6,581	78.2	7.2
Other Mgt. Cons. Svcs.	7,550	4,133	2,276	55.1	2.5
All other	(X)	(X)	12,201	(X)	13.4

Product Lines by Management Consulting Services for the United States (continued)

Substantial product line detail shown for NAICS 54161 as part of the 2002 Economic Census

Detail will be somewhat increased for the 2007 Economic Census, based on private and public sources, including primary input from national income accountants and from price statisticians (mostly just renaming existing lines)

An example of an increase in detail for 2007: Administrative and General Management Consulting Services (2002) has been divided into two new broad product lines “Strategic Management Consulting and Implementation Services” and “Financial Management Consulting and Implementation Services” (2007) with even more detail shown under each of these two new broad categories

Some product lines were dropped for 2007 because they were economically insignificant in 2002 (e.g., management services/ construction management, facilities management services, excluding computer, environmental consulting services, public relations services, and engineering services)

Product Lines by Management Consulting Services for the United States (continued)

2002

Administrative and General
Management Consulting Services

2007

Strategic Management Consulting and
Implementation Services

Business Strategy and Planning
Consulting and Implementation Services

Corporate Development and
Restructuring Consulting and
Implementation Services

Other Strategic Management Consulting
and Implementation Services

Financial Management Consulting and
Implementation Services

Management Accounting and
Controllershship Consulting and
Implementation Services

Other Financial Management Consulting
and Implementation Services

Evaluation of Standard vs. Definition of Market Conditions

The North American Product Classification System (NAPCS)
products generally reflect market realities

2007 Economic Census Will Collect Products Under the Following
Broad Headings:

- Management Consulting and Implementation Services
(projection: will comprise approximately 84% of NAICS
54161 Receipts)
- Other Consulting Services (projection: will comprise
approximately 5% of NAICS 54161 Receipts)
- Other Services (projection: will comprise approximately 11%
of NAICS 54161 Receipts)

National Accounts and Measurement Issues

Management consulting services industry is a producer of intermediate services

None of the service output of this industry is sold in the form of final demand

The service of management consultants is to improve the efficiency of other kinds of business in producing final goods

Turnover/Output Data Methods and Criteria for Choosing Various Output Methods

In US, the primary source of turnover by product data is the Economic Census (performed for every 5th Year ending in “2” and “7”)

Because of the high degree of industry detail in NAICS 54161 (see Slide 3), the need to collect additional product line detail for this industry is minimized

Administrative records sources would be inadequate to produce this level of industry data

For industries requiring product detail as input to the national accounts, administrative record sources are always inadequate

Evaluation of Comparability of Turnover/Output Data with Price Index Practices

Currently, the US PPI program has minimal price data for deflating the turnover data available by industry and product detail

This situation will greatly improve, beginning in 2007

Evaluation of Comparability of Turnover/Output Data with Price Index Practices (continued)

7 major product lines for turnover

- Strategic management consulting and implementation services
- Financial management consulting and implementation services
- Marketing management consulting and implementation services
- Human resources management consulting and implementation services
- Operations and supply chain management consulting and implementation services
- Other consulting services
- Other services

Evaluation of Comparability of Turnover/Output Data with Price Index Practices (continued)

5 major PPI series (beginning in 2007)

- Administrative and management consulting services
- Human resources and executive search consulting services
- Marketing consulting services
- Process, physical distribution, and logistics consulting services
- Other receipts

Summary

Due to the great degree of industry data (and product detail) granularity available, additional turnover by product detail is not required for management consultancy in the US

Beginning in 2007, US statistics on management consultancy should be in direct alignment for turnover/output and prices as the Bureau of Labor Statistics adds new PPI series that virtually match available Census data on turnover

Questions?

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