

# 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”