

MEASURING THE CONSULTING SERVICES INDUSTRY IN CANADA

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Jean-Pierre Simard¹
Service Industries Division
Statistics Canada
jean-pierre.simard@statcan.ca

Abstract: Statistics Canada's business statistics program underwent a major re-engineering in the mid 90s, prompted by new requirements to significantly improve and expand provincial economic accounts to support new administrative procedures in the context of the harmonization of provincial sales taxes with the federal goods and services tax in Canada. The initiative had a major impact on how industry statistics are collected and produced annually. Statistics on the Consulting services industries are compiled according to this integrated survey model known at Statistics Canada as the Unified Enterprise Statistics (UES) program.

One of the greatest challenges associated with producing good estimates for the consulting services industry in Canada is maintaining an accurate frame of businesses. Misclassification of consulting services businesses occurs at a relatively high rate and as a result additional frame maintenance processes are required. Some of these processes are outlined in this paper.

Questionnaires were redesigned in recent years to adopt a new modular approach.

Keywords: Consulting services industry, establishment surveys, North American Industry Classification (NAICS), North American Product Classification (NAPCS), Unified enterprise survey (UES), Charter of accounts (COA), sampling, administrative data, modular questionnaire design.

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¹ Jean-Pierre Simard is Director of the Service Industries Division, Statistics Canada

Introduction

This paper is a contribution to the Voorburg Group of experts' meetings on the development of a framework for producing better and more comparable statistics on the Services sector. In preparing the paper, the author followed guidelines issued by the working group responsible for organizing the Voorburg Group's meeting in Wiesbaden, Germany, in October 2006.

The paper summarizes how output (and input) statistics are produced in Canada for the Management, Scientific and Technical Consulting industry and highlights some issues Statistics Canada faces in this area. The information was gathered from various sources and internal documents at Statistics Canada, and in particular from the industry report that is produced by staff of the Business Services Section, Service Industries Division, for the release of the Consulting industry data. The author wishes to acknowledge and thank Luc Provençal, Moreno Da Pont, and Matt Briggs for their contribution and invaluable assistance in putting the paper together.

1. Definition of Service being Collected

Statistics Canada's principal program for measuring output in the Management consultancy industry is the **Annual Survey of Management, Scientific, and Technical Consulting** (hereafter referred to as the consulting services survey). It is part of Statistics Canada's much broader **Unified Enterprise Survey (UES)**, a family of annual business surveys spanning over a wide range of industries that were redesigned in the past years to adhere to a common and integrated conceptual, methodological and operational survey framework (more details in Section 7). This particular statistical program is one of over thirty annual surveys that Statistics Canada conducts to service industries, and targets firms that provide a broad range of consulting services.

The **North American Industry Classification System (NAICS)**² defines these services as comprising three distinct five-digit NAICS industries, namely:

- Management consulting services (54161);
- Environmental consulting services (54162) and
- Other scientific and technical consulting services (54169).

The annual program encompasses these three industries. However, it should be noted that there are several other types of consulting services, most notably information technology consulting services, which are not covered by this industry and are rather included with other industries (NAICS) and therefore covered by another survey program.

This industry is divided into three NAICS subgroups³:

54161 - Management Consulting Services. These business units provide advice and

² Concordance tables exist between the North American Industry Classification System Canada 2002 (NAICS Canada) and revision 3.1 of the International Standard Industrial Classification of all Economic Activities (ISIC Rev. 3.1), and with the Statistical Classification of Economic Activities in the European Community (NACE), Revision 1.1.

³ Information extracted from Statistics Canada's internal website on standard classification.

assistance to other organizations on management issues, such as strategic and organizational planning, financial planning and budgeting, marketing objectives and policies, human resource policies, practices and planning, and production scheduling and control planning. Management consulting is further divided into three categories:

541611 - Administrative Management and General Management Consulting Services. Administrative management consultants provide advice and assistance on administrative issues such as financial planning and budgeting, equity and asset management, records management, office planning, strategic and organizational planning, site selection, new business start-up, and business process improvement. General management consultants provide a full range of consulting services, which may include administrative, human resources, marketing, process, physical distribution and logistics, or other management consulting services.

Exclusions: business units providing office or general administrative services on a day-to-day basis. Mutual fund managers, investment brokers.

541612 - Human Resource and Executive Search Consulting Services. Human resources consultants provide actuarial, benefit and compensation consulting services, employee assessment consulting services, organization development consulting services and personnel management consulting services. Executive search consultants provide selection and referral of executive personnel for employment by others.

Exclusions: professional and management development training.

541619 - Other Management Consulting Services. This category includes all management consulting specialities not covered above, such as freight rate consultants, physical distribution consultants, logistics management consultants, tariff consultants, operations research consultants, telecommunication management consultants and all other management consultants.

Exclusions: health and fitness consultants, personal trainers, property management companies.

Environmental Consulting Services (54162) provide advice and assistance to other organizations on environmental issues, such as the control of environmental contamination from pollutants, toxic substances and hazardous materials.

Other Scientific and Technical Consulting Services (54169) provide advice and assistance to other organizations on scientific and technical issues. These services include agricultural consultants, biological consultants, chemical consultants, geological consultants and economic consultants.

The target population for the survey consists of all **establishments**⁴ (sometimes referred to as firms or units) classified as providers of consulting services according to the North American Industry Classification System (NAICS) at the time of extracting the survey universe file from the business register. In effect, those in scope establishments would be the one coded to the appropriate sub-set of NAICS on Statistics Canada's business register.

The latest available annual data for that industry was released in March 2006 for reference year 2004.

2. Unit of measure collected

The information required (or derived from administrative data files) for this statistical program is reported in "number or counts", percentages, or Canadian dollars. While margins are not requested per se on the collection instrument, margins are derived internally from other reported data and disseminated from the program. An example is operating margins.

3. Market conditions and constraints

The management, scientific, and technical consulting services industry generated \$8.8 billion (current \$) in operating revenues in 2004. With total operating expenses of \$ 7.0 billion in 2004, the industry's operating profit margin reached 20.0% in 2004. The industry is labour intensive with salaries, wages, and benefits constituting the primary operating expenditure and accounting for 43% of operating expenditures. Not surprisingly, the industry is also highly geographically concentrated with approximately half of the industry's operating revenues generated by firms located in the largest province of Ontario (49%), followed by Quebec (17%), Alberta (17%) and British Columbia (12%). The largest 20 firms of the industry account for only 14% of industry operating revenue. However, these large firms reported an increase of 5.2% in operating revenue over 2003 and their profit margin grew to 14.8% from 10.5% the previous year.

The majority of revenues (78%) were earned by businesses specializing in management consulting services. Businesses that primarily provided scientific and technical consulting services earned 15% of industry revenues, while those that provided mainly environmental consulting services accounted for the remaining 7%.

At 20.0%, the operating profit margin in 2004 is large when compared to other industries. This can be explained by the fact that there are significantly more unincorporated firms in the Consulting Services industry than in other industries. In the case of **unincorporated firms**, the labour input of the owner or proprietor does not usually show up as a salary or wage expense. Instead, owners take their earnings from firm profits. Thus, it is normal to find that operating profit margins for unincorporated firms (54.3% in 2004) are higher on average than those of incorporated firms (13.5% in 2004), especially in human resource

⁴ An active **statistical establishment** is one production entity or the smallest grouping of production entities which produces as homogenous a set of goods and/or services as possible, which does not cross provincial boundaries, and for which records provide data on the value of output together with the cost of principal intermediate inputs used and cost and quantity of labour resources used to produce the output.

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intensive industries. In 2004, 30% of the firms of this industry were unincorporated, yet they generated as little as 16% of its total operating revenue and as much as 43% of its total operating profit. Incorporated businesses in this industry recorded an operating profit margin of 13.5% in 2004, up from just over 9.2% in 2003.

Table 1. Management, Scientific, and Technical Consulting Services in Canada: 2004

Management, Scientific and Technical Consulting services - Reference year 2004							
NAICS Code	Survey portion only			Tax replacement		All	
	Establishments	Total revenue	Employees	Establishments	Total revenue	Establishments	Total revenue
	Number	Millions of dollars	Number	Number	Millions of dollars	Number	Millions of dollars
5416	20,693	6,803	43,642	40,604	2,279	61,297	9,082
54161	15,729	5,234	29,792	33,433	1,897	49,162	7,131
541611	10,888	2,863	14,959	26,365	1,534	37,253	4,397
541612	1,665	1,464	10,132	2,044	107	3,709	1,571
541619	3,176	907	4,701	5,024	256	8,200	1,163
54162	1,210	599	6,189	1,131	55	2,341	654
54169	3,754	970	7,661	6,040	327	9,794	1,297

TABLE ON RELATIVE IMPORTANCE OF CONSULTING SERVICES INDUSTRY IN ECONOMY(GDP) / SERVICE ECONOMY

4. Standard classification structure and product details

The data is collected and compiled based on the **industry** concept as pointed out in Section 1, and follows the **NAICS**. The term “industry” refers to a generally homogeneous group of economic producing units, primarily engaged in a specific set of activities. An activity is a particular method of combining goods and services inputs, labour and capital to produce one or more goods and/or services (products). In most cases, the activities that define an industry are homogeneous with respect to the production processes used.

The survey is conducted primarily at the **establishment** level. 'Establishment' refers to the level at which the accounting data required to measure production is available (principal inputs, revenues, salaries and wages).

As is the case for most business surveys conducted by Statistics Canada, the survey content is aligned as closely as possible with common accounting principles and book keeping methods and terminology in use in North America (Generally Accepted Accounting Principles - GAAP). Therefore, information on both outputs and inputs is derived from businesses' reported revenues and expenses as per the standard income statement (the equivalent information can also be found on tax data files for major data items but not necessarily with the same level of details).

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The level of revenue and expense details on the survey is arrived at by carefully assessing and balancing the need for meeting data requirements from users (where the System of National Accounts and in particular the input-output tables play a key role) with the need to manage response burden. Emerging phenomenon such as the rapid growth in international trade in services has influenced content development as the program strives to improve the quality of data used to tabulate Canadian Balance of payments.

In recent years, Statistics Canada in partnership with its American and Mexican counterparts developed the **North American Products Classification System (NAPCS)**. This new commodity classification has reached a state where it can be implemented in the different survey programs. In the last few years, as surveys were being redeveloped, an effort was made to align to the known preliminary NAPCS details at the time (and more so on the output side). With the recent completion of the NAPCS development work, much more will be done in the coming years with respect to reviewing and adapting the survey content to align more closely to the new NAPCS details in its final form. Statistics Canada launched earlier in 2006 a corporately funded initiative to facilitate the widespread implementation of NAPCS to the annual business survey programs and in the economic accounts.

Statistics Canada's Service Industries Division is also counting on its close relationship with the US Bureau of the Census to collect information and feedback on the US experience in implementing NAPCS in the 2007 economic census. Lessons learned and conclusions drawn from the US experience are very likely applicable to the Canadian context given the similarities between the two economies and business behaviours.

To facilitate the attainment of the UES principal goals in terms of standardizing surveys, facilitating the use of administrative data, and managing response burden, Statistics Canada developed the **Chart of Accounts (COA)**. In a paper⁵ she presented at Statistics Canada's 2005 Methodology Symposium, Lucie Vinette described the COA as follows:

- Statistics Canada's chart of accounts is a list of accounts for the collection of financial data. In the business world, that list is commonly known as the general ledger. The accounts included in our general ledger, or chart of accounts, are mutually exclusive and hierarchical.
- Under Statistics Canada's chart of accounts, data can be collected at the establishment, enterprise and legal entity levels, since the chart of accounts contains a concordance between the three data sources. This makes it possible to compare data collected from various sources.

Statistics Canada's new COA provides a concordance and hierarchical relationships between the business accounting, tax terminology, and national accounting or economic concepts that are used by the majority of statistical programs and economic surveys. The

⁵ Statistics Canada's Symposium 2005 Methodological Challenges for Future Information Needs. PROGRESS IN COLLECTING BUSINESS DATA, Lucie Vinette.

COA is also an important condition to allow for **coherence analysis**⁶ and research on enterprise based, establishment based or legal entity based data. This is another area where Statistics Canada is making some tangible progress in its effort to better understand and improve the quality of business statistics, most especially for large and complex enterprises. The content of the survey to the Consulting services industry is fully COA compliant.

Table 2. Product lines by Management, Scientific, and Technical Consulting Services in Canada

Management, Scientific and Technical Consulting services Survey portion only - Reference year 2004			
NAICS CODE	Revenue categories	Establishments with the product line	Revenue of establishments with the product line
		Number	Millions of dollars
5416	Strategic management and planning, organizational structure and review services	8,981	1,733
	Financial management consulting services	4,065	687
	Human resources management consulting services	1,811	1,112
	Executive search services	888	254
	Operations management consulting services	1,726	167
	Marketing management consulting services	3,140	287
	Other management consulting services	2,479	578
	Market research and public opinion polling services	180	12
	Economic and social research	491	23
	Public relations services	558	20
	Information technology consulting services	518	79
	Education and training	2,033	88
	Environmental consulting services	1,556	576
	Geomatics / Geophysical consulting services	112	5
	Other scientific and technical consulting services	3,988	898
	Sales of other goods and services produced	1,126	147
	Total operating revenue	20,583	6,667
Investment and other income	6,527	136	
Total revenue	20,603	6,802	

5. Evaluation of standard vs definition and market conditions

6.1 National accounts

In Section 4, we referred to the recent development between Canada, the U.S. and Mexico of a new commodity classification (NAPCS). Another important initiative at Statistics Canada will affect the content determination and implementation of NAPCS into industry-based surveys. While NAPCS will provide a commonly agreed upon standard according to which to collect and disseminate commodity information on inputs and outputs, the level of details by which to collect the information will be highly influenced by its use in the System of National Accounts. The main objective of this new initiative is to modernize the System of National Accounts and better reflect the structural shifts in the Canadian economy in the past decades, where we observe a growth of the services sector relative to the manufacturing sector. Consequently, the Canadian input-output accounts will be realigned to deemphasize the goods producing industries to increase markedly the representation of service industries, to be more reflective of the

⁶ Coherence analysis is in essence an activity where enterprise level data from difference sources is confronted and scrutinized to better understand the implications of various level and types of business organization on the statistical system and data comparability.

relative importance of the different industries. This will result in a larger number of service industries depicted in the Canadian I-O tables and a corresponding expanded requirement from feeder programs for information on commodity details from service industries (and from programs that survey other industries that consume services as inputs to their production process).

Statistics Canada is fully committed to using NAPCS in the survey content determination. Efforts have been made in the last few years to implement NAPCS details where known and available. We expect to do more on this in the next few years as the SNA firm up requirements for commodity information, and we better assess the “reportability” of the information from businesses, and its availability from administrative data files.

6.2 Other issues

There are a few challenges associated with producing good statistics for the consulting services industries in Canada. One of the most difficult problems we face in relation to the survey frame and ensuring establishments coded to the consulting services NAICS really belong to that industry. Statistics Canada’s Business Register Division has an elaborate process and devotes a significant amount of resources to construct, maintain and update a complete frame for the business population. It relies on a wide range of sources rooted into different administrative processes that provide good signals of a business entity’s life cycle (various tax files, incorporation registration, payroll deduction accounts, survey feedback, etc.). Our experience over the years has nonetheless shown that there is a significantly higher rate of industry classification error in the consulting services industry. This is likely attributable to the fact that the industry is characterized by a larger number of smaller non-employer businesses (not as often subjected to profiling activities or subjected to surveying). This is also an industry where smaller businesses may change their line of business and service offerings more rapidly and frequently, to adapt to changing market conditions in comparison to larger and more established enterprises. We have also observed that this particular industry is often an industry where businesses for which there are ambiguities about their classification are classified to (“catch all” in the statistical jargon). The resulting effect is an unusually high out of scope rate at survey time in that industry.

Research and analysis conducted on 2002 data showed that only roughly 55% of operating revenue originally associated to the management consulting services industry really belonged to this industry once we adjusted for misclassification based on survey feedback. The out of scope rate was over 35% in both the management consulting industry (NAICS 54161) and in the other scientific and technical consulting (NAICS 541690). The analysis revealed that after thorough review and probing with businesses, the entities often belonged to one of the following industries: holding industry, computer system design industry, portfolio management industry, management services industry, engineer services, and others. The problem is largely related to the fact that any company that mentions “Consultant” or “Consulting” or “Management” in their business activity description has a good chance of landing in the Consulting services industry. The

business register's reliance on automatic coding that was not as fine-tuned as it could, may also have contributed to the problem.

The death rate on the frame in that industry is also significantly higher, again a reflection of the market conditions. The 2003 survey was indicative of a death rate near 30% in the consulting services industry. Given the large population size, any undue delays in processing these updates and changes on the frame have repercussions on the measuring of the industry. For reference year 2004, the combined death and out of scope rate observed from the survey reached as high as 47%. Statistics Canada is the only known source of economic data for that industry and as such is under pressure to continue to produce estimates for that industry in spite of these issues. The severity of the problems have however necessitated that rather bold adjustments be applied to the data, and are calling for corrective measures to resolve the issues.

Macro adjustments based on survey feedback information were applied in the past to account for the limitation with the frame. More recently, in light of the growing magnitude of the problem, we have launched a joint initiative with the Business Register Division to significantly improve the quality of the frame in this particular industry. The following list outlines a series of activities that have already been implemented or are under consideration as part of this initiative:

- Continue to maintain and expand the knowledge and understanding of the industry population in the subject matter division.
- Allocate additional resources to verify the quality of classification coding and apply corrections.
- Possibly expand the sample size and use the survey as an instrument to progressively clean up the frame.
- Review rules and procedures for the industry coding for births on the business register, and in particular in the context of automatic coding.
- Better training of the staff involved in industry coding.
- Investigate using alternate sources of information (industry associations lists) to supplement the frame.
- Investigate using financial ratios (cost of good sold, sales of services) derived from tax data to automatically recode or refine the automatic coding.

While it is important to recognize that intrinsically this industry will always present a greater challenge as far as the frame is concerned, we are confident that together these measures should result in real improvements over the current situation and contribute to more robust industry estimates.

7. Method for measuring output⁷

Statistics Canada's business statistics program underwent a major re-engineering in the mid 90s prompted by a new requirement to significantly improve and expand economic provincial accounts to support new administrative procedures in the context of the

⁷ The methodology description presented in this section was extracted from dissemination material produced by the Service Industries Division.

harmonization of goods and services tax in Canada. Under that program, tax revenues collected by Federal authorities are redistributed to participating regional authorities based on statistical information. The initiative has had a major impact on Statistics Canada's annual business statistics program and in particular on how industry statistics are collected and produced annually. The main thrust of the initiative was to integrate, harmonize, standardize, and consolidate a large number of annual industry surveys that were each conducted independently according to their own methodology and set of procedures. The goal of the corresponding program is to produce more timely, reliable and comparable regional data.

Two other important elements of that strategy were: 1. the **mandatory adoption of the central business register** as the survey frame to all such annual surveys, and 2. the **adoption of the North American Industry Classification (NAICS)**. Another pillar of that new approach in relation to the Agency's efforts to better manage response burden, was a significant effort to expand the use of administrative (tax) data, and the adoption of size thresholds below which smaller businesses are systematically excluded from surveys. A significant amount of resources went into this major reengineering and led to the creation of two new divisions that are essential and central to the new process. The Tax Data Division is responsible for the receipt and processing of all administrative data for the entire agency, while the Enterprise Statistics Division is primarily responsible for overseeing the development of a common methodology and for the central processing for virtually all annual industry based surveys. As a result, the role of subject matter divisions (distributive trade, manufacturing, services, etc.) is changing somewhat, deemphasizing direct survey operations and processing type work, and focusing more on programs and content development, outreach with both the providers and the users communities, data analysis and dissemination.

The resulting program is known as the **Unified Enterprise Survey (UES)** and covers a wide range of industries spanning over the manufacturing as well as the services sectors. While not all annual business surveys belong to the UES, the vast majority of them are now conducted according to this new unified approach, and only a minority falls outside the realm of the UES. The annual survey of consulting services industries adhere to this model and is part of this program.

The 2004 consulting services survey was mailed out to a sample of medium and large sized enterprises that were selected to represent all like sized enterprises in the industry. Estimates for the remaining smaller sized enterprises were generated using administrative sources. Of the industry's total operating revenue, 76% is generated by medium and large sized enterprises. The remaining 24% is generated from small enterprises.

Even though the basic objective of the survey is to produce estimates for the whole Consulting Services industry (incorporated and unincorporated businesses), not all businesses are surveyed. Rather, a sample is surveyed and the portion eligible for sampling is defined as all statistical establishments with revenue above a certain threshold (Note: the threshold varies between surveys and sometimes between provinces in the same survey). The excluded establishments are accounted for in the final estimates

using **administrative data**. However, only basic information is obtained from administrative sources; i.e., total revenue, expenses, depreciation and salaries, wages and benefits. Detailed characteristics such as the client base, revenue by type of services provided, and detailed expense items are collected **only for surveyed establishments**.

In the last two years, to facilitate the integration of services surveys to the more generic UES program while allowing for industry specific content, the questionnaires were redesigned in the spirit of the Model surveys developed by the Voorburg Group. This approach called for new supplementary survey modules that would measure characteristics of service activities to be developed and integrated to the questionnaire.⁸ In effect, the whole questionnaire was modularized into generic and industry specific modules. These modules are turned on or off depending on whether or not the information is relevant for the industry being surveyed (the redesigned questionnaire for reference year 2006 is presented in the appendix). This modular design ensures that a significant portion of the program is completely harmonized while still providing some flexibility for the collection of industry content.

The **frame** is the list of establishments from which the portion eligible for sampling is determined and the sample is taken. The frame provides basic information about each firm, including: address, industry classification, and information from administrative data sources (as discussed above). The frame is maintained by Statistics Canada's Business Register, and is updated using administrative data.

Prior to the selection of a random sample, establishments are classified into homogeneous groups; i.e., establishments coded with the same NAICS code, within the same province or territory. Quality requirements are targeted, and then each group is divided into four sub-groups called strata: take-all, must-take, take-some and take-none. The take-all stratum includes the largest firms of the industry in terms of the size of their total revenue. Every firm is sampled, which means each firm represents itself and is given a weight of one. The must-take stratum is also comprised of self-representing units, but these are selected on the basis of complex structure characteristics (multi-establishment, multi-legal, multi-NAICS, or multi-province enterprises). The take-some stratum consists of a statistical sample of records that are selected randomly to represent the non-sampled records. The take-none stratum consists of the smallest units, and is not subject to sampling. Administrative data will be used for the take-none units.

Data are collected through a **mail-out/mail-back process**, while providing respondents with the option of telephone interview or other electronic filing methods. The statistical establishment is used as the sampling unit, but selected establishments belonging to the same company, the same industry, and the same province are aggregated to create a "collection entity". This reduces respondent burden and simplifies collection. Therefore, companies with production in more than one province are mailed one questionnaire per province and instructed to report for all Canadian operations.

⁸ L.-M Ducharme and M. Da Pont provided an excellent overview of the survey redesign in their paper: Canada's annual surveys re-design for services: A practical view of the model survey (2005). The paper was presented at the 2005 meeting of the Voorburg Group in Helsinki.

Several checks are performed on the collected data to verify internal consistency and identify extreme values. Where information is missing, imputation is performed using either a "nearest neighbour" procedure (donor imputation), using historical data where available or finally, using administrative data as a proxy for reported data.

As part of the production of final estimates, data for companies operating in more than one province or territory are allocated to the provincial level. Administrative data are used to estimate for the portion of the industry that was excluded from survey activity (i.e. small firms whose revenues fell below cut-off thresholds). Sampled data are then weighted to produce estimates representative of the target population.

Prior to publication, combined survey results are analyzed for comparability; in general, this includes a detailed review of: individual responses (especially for the largest companies), general economic conditions, historic trends, and comparisons with administrative data (e.g., income tax, goods and services tax, payroll deductions records, industry and trade association sources).

8. Comparability of output data with price index practices

Statistics Canada does not currently produce an explicit price index for the consultancy services industry. However, there is a new project to develop such an index in the next twelve months as a part of a broader initiative at Statistics Canada on expanding statistical information on the Services sector.

9. Summary




Over the last decade, Statistics Canada developed and implemented a new integrated survey framework by which to conduct its industry surveys annually. This program is characterized by the use of a unique central business frame (the Business Register), standard industry and commodity classifications, standard concepts, methodologies and procedures, common tools, and an increased reliance on administrative data (annual income tax). The program also depends heavily on the central delivery of a number of critical functions in the areas of data collection, the provision and processing of administrative data, and the processing of survey data. Together these account for a more efficient and uniformed survey process across the whole spectrum of annual industry surveys. This Statistics Canada's program is called the Unified Enterprise Survey (UES). The reference to enterprise in the program is also a reflection of the fact that one of the stated objectives of the program is to ensure coherence in the data produced from establishment based or enterprise based programs. The annual survey for the consulting services industry is part of the UES program and therefore follows this integrated approach and survey framework.

While the survey benefits from the development and improvement of the UES and its infrastructure, it nonetheless faces challenges of its own. Quality problems with the survey frame in terms of industry classification in that industry where there is a larger number of smaller businesses and greater number of births and deaths, complicates the production of estimates. While these problems were circumvented in the past by

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combining survey information, industry and subject matter knowledge to develop and apply appropriate macro adjustments to the industry estimates, the size of the problems is now calling for other solutions. Statistics Canada's Service Industries Division and the Business Register Division will work together over the next several months to articulate and implement a series of new measures outlined in the paper to attempt to alleviate the problem.

Appendix – 2006 Survey Questionnaire

		Unified Enterprise Survey – Annual 2006 Survey of Service Industries: Consulting Services		This document is confidential when completed. Si vous préférez recevoir ce questionnaire en français, veuillez nous téléphoner au numéro sans frais suivant : 1 888 881-3666.	
If necessary, please make address label corrections in the boxes below. 					
0001	Legal name		0004	Address (number and street)	
0002	Business name		0005	City	
0021	Title of contact		0006	Province/ Territory or State	
0008	First name of contact		0053	Country	0007 Postal code/ Zip code
0028	Last name of contact		0010	Language preference	1 <input type="checkbox"/> English 2 <input type="checkbox"/> French
This information is collected under the authority of the <i>Statistics Act, Revised Statutes of Canada, 1985, Chapter S19.</i> COMPLETION OF THIS QUESTIONNAIRE IS A LEGAL REQUIREMENT UNDER THIS ACT.					
A - Introduction					
Survey Purpose This survey collects the financial and operating data needed to develop national and regional economic policies and programs. For more information on this survey, please access www.statcan.ca/english/survey/index.htm .			Confidentiality The <i>Statistics Act</i> protects the confidentiality of information collected by Statistics Canada. Please see the enclosed Reporting Guide for more information.		
Data-sharing Agreements In an effort to reduce reporting burden, Statistics Canada has entered into agreements with provincial and territorial statistical agencies for the sharing of data. The data are kept confidential and used for statistical purposes only. Please see the enclosed Reporting Guide for details of these agreements.			Fax or Other Electronic Transmission Disclosure Statistics Canada advises you that there could be a risk of disclosure during the facsimile or other electronic transmission. However, upon receipt, Statistics Canada will provide the guaranteed level of protection afforded all information collected under the authority of the <i>Statistics Act</i> .		
Please return the questionnaire within 30 days. Please mail the completed questionnaire in the enclosed envelope or fax it to Statistics Canada at 1 888 883-7999.					
Lost the return envelope or need help? Call us at 1 888 881-3666 or mail to: Statistics Canada, Operations and Integration Division, 150 Tunney's Pasture Driveway, Ottawa, Ontario K1A 0T6					
Visit our website at www.statcan.ca					
5-3600-176.1 2006-09-07 STC/UES-425-75388		2006 Survey of Service Industries: Consulting Services			

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B - Main Business Activity

1. Please describe the nature of your business.

0055

2. Please check the **one main activity** which most accurately represents your **main** source of revenue.

0261

Administrative management consulting and general management consulting services

0262

Human resource and executive search consulting services

0263

Other management consulting services

0264

Environmental consulting services

0265

Other scientific and technical consulting services

0040

None of the above – Please call **1 888 881-3666** for further instructions.

C - Reporting Period Information

1. Please report information for your **fiscal year** (normal business year) **ending between** April 1, 2006 and March 31, 2007. Please indicate below the period covered by this questionnaire.

From ⁰⁰¹¹

YYYY

^{MM}

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^{DD}

--

 To ⁰⁰¹²

YYYY

^{MM}

--

^{DD}

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2. If you **did not operate** this business unit for a **full year**, please check the reason(s) below:

0031

¹ Seasonal operations

² New business

³ Change of fiscal year

⁴ Change of ownership

⁵ Ceased operations

⁶ Temporarily inactive

Reporting Instructions:

- Report for business unit(s) specified on the label on the front page.
- Complete only the questions that apply to your business.
- When precise figures are not available, please provide your best estimate.
- Report in Canadian dollars only. Dollar amounts and percentages should be rounded to whole numbers.
- Consult the enclosed Reporting Guide for further information.

D - Revenue

	2299	CAN\$
1. Sales of goods and services (e.g., rental and leasing income, commissions, fees, admissions, services revenue) Report net of returns and allowances. A detailed breakdown will be requested in Section F .		
2. Grants, subsidies, donations and fundraising	2068	
3. Royalties, rights, licensing and franchise fees	2022	
4. Investment income (dividends and interest)	2097	
5. Other revenue (please specify):	2077	
	2098	
6. Total revenue (sum of questions 1 to 5)		

Measuring Output in the Management Consultancy Industry in Canada

E - Expenses		CAN\$
1. Salaries and wages of employees who have been issued a T4 statement	3010	
2. Employer portion of employee benefits (include employer contributions to pension, medical/life insurance plans, employment insurance, etc.)	3040	
3. Commissions paid to non-employees	4466	
4. Professional and business service fees (e.g., legal, accounting)	4315	
5. Outsourcing (include work contracted out such as payments to freelancers, personnel suppliers, artists, etc.)	3060	
6. Charges for services provided by your head office	4555	
7. Cost of goods sold – if applicable (purchases plus opening inventory minus closing inventory)	5721	
8. Office supplies	3301	
9. Rental and leasing (include rental of premises, equipment, motor vehicles, etc.)	4115	
10. Repair and maintenance (e.g., property, equipment, vehicles)	4178	
11. Insurance (include professional liability, motor vehicles, etc.)	4350	
12. Advertising, marketing and promotions (report charitable donations at question 22)	4365	
13. Travel, meals and entertainment	4370	
14. Utilities (include gas, heating, hydro, water)	4066	
15. Telephone, Internet and other telecommunication expenses	4101	
16. Property and business taxes, licences and permits	4410	
17. Royalties, rights, licensing and franchise fees	4440	
18. Delivery, warehousing, postage and courier	4179	
19. Financial services fees (e.g., bank and credit card charges)	4325	
20. Interest expenses	4630	
21. Amortization and depreciation of tangible and intangible assets	4520	
22. Charitable donations	4521	
23. Bad debts	4542	
24. All other expenses (please specify):	4531	4569
25. Total expenses (sum of questions 1 to 24)	4699	
26. Corporate taxes (if applicable)	4600	
27. Gains (losses) and other items (see Reporting Guide)	4601	
28. Net profit/loss after tax and other items (see Reporting Guide)	2304	

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F - Industry Characteristics - Consulting Services

Please provide a breakdown of your sales.

Please indicate if you are reporting in **either** Canadian dollars **or** percentage of total sales.

9973 1 \$ **OR** 2 %

2460	1. General, administrative and strategic management consulting services	
2461	2. Financial management consulting services	
2465	3. Marketing management consulting services	
2464	4. Operations management consulting services	
2462	5. Human resources management consulting services	
2463	6. Executive search services	
2469	7. Other management consulting services	
2467	8. Economic consulting services	
2470	9. Information technology consulting services	
2471	10. Environmental consulting services	
2586	11. Waste management consulting services	
2587	12. Agricultural, fishery and biological consulting services	
2473	13. Energy, mining, geological and geophysical consulting services	
2588	14. Safety and security consulting services	
2472	15. Other scientific and technical consulting services	
2559	16. All other sales (please specify):	2558
2305	17. Total sales (sum of questions 1 to 16)	

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G - Personnel		Number
1. Number of non-salaried partners and proprietors (if salaried, report only at question 2 below)	6321	
2. a) Number of paid employees (based on year-end T4 payroll summaries)	6339	
	6328	%
b) Percentage of paid employees who worked full time		
3. Number of contract workers (for whom you did not issue a T4, such as freelancers and casual workers)	6320	Number
4. Number of volunteers (including unpaid interns and co-op students) during the reporting period (estimates are acceptable)	6014	
5. Total number of hours worked by volunteers during the reporting period (estimates are acceptable)	6026	Number of hours
H - Sales by Type of Client		
Please provide a percentage breakdown of your sales by type of client.		
1. Clients in Canada		%
a) Businesses	8112	
b) Individuals and households	8100	
c) Governments and public institutions (e.g., hospitals, schools)	8233	
2. Clients outside Canada	8140	
Total		100%
I - Sales by Client Location		
Please provide a percentage breakdown of your sales by client location (first point of sale).		
		%
1. Newfoundland and Labrador	8400	
2. Prince Edward Island	8415	
3. Nova Scotia	8405	
4. New Brunswick	8410	
5. Quebec	8420	
6. Ontario	8425	
7. Manitoba	8430	
8. Saskatchewan	8435	
9. Alberta	8440	
10. British Columbia	8445	
11. Yukon	8455	
12. Northwest Territories	8451	
13. Nunavut	8452	
14. Clients outside Canada	8401	
Total		100%

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J - International Transactions in Services

Complete this section only if you have **purchased** services, royalties and/or rights outside Canada (imports), or **sold** services, royalties and/or rights outside Canada (exports).

Please report in Canadian dollars.

Note: Services cover a variety of industrial, professional, trade and business services, as well as transactions in royalties, rights, licences and franchise fees but **exclude** imports and exports of goods, transportation and travel costs.

		CAN\$			CAN\$		
		Payments made to suppliers outside Canada (imports)			Sales to customers outside Canada (exports)		
		Services	Royalties and rights	Services	Royalties and rights		
1.	United States	0538	0509	0558	0548		
2.	Mexico	0539	0510	0559	0549		
3.	United Kingdom	0540	0511	0560	0550		
4.	France	0541	0512	0561	0551		
5.	Other European Union countries ¹	0542	0513	0562	0552		
6.	Africa	0601	0597	0609	0605		
7.	Middle East countries ²	0602	0598	0610	0606		
8.	India	0603	0599	0611	0607		
9.	China	0543	0514	0563	0553		
10.	Japan	0544	0515	0564	0554		
11.	Other Asian Pacific countries ³	0545	0516	0565	0555		
12.	Australia/New Zealand	0604	0600	0612	0608		
13.	All other countries (please specify):	0546	0517	0566	0556		
	0613						
14.	Total	0547	0524	0567	0557		

1. **Other European Union countries** (defined as Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, and Sweden)
2. **Middle East countries** (Armenia, Azerbaijan, Bahrain, Georgia, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Palestinian Territory, Qatar, Saudi Arabia, Syrian Arab Republic, United Arab Emirates, Yemen, etc.)
3. **Other Asian Pacific countries** (Brunei Darussalam, Cambodia, Indonesia, Korea, Lao People's Democratic Republic, Malaysia, Myanmar, Papua New Guinea, Philippines, Singapore, Taiwan, Thailand, Vietnam, etc.)

Measuring Output in the Management Consultancy Industry in Canada

K - Provincial/Territorial Distribution

1. Please report the number of permanent business units/locations operating in Canada during the reporting period. Business unit is defined as the lowest level of the firm for which separate records are kept for such details as revenue, expenses and employment. 5001
2. Do you have permanent business units/locations in more than **one** province or territory?
 9966 ¹ Yes – **Please complete question 3**
³ No – **Please go to Section L**
3. Please report the following data for the provinces or territories in which you have business units.
 Please indicate if you are reporting in **either** Canadian dollars **or** percentages.
 9967 ¹ \$ **OR** ² %

	Number of business units (locations)	Total revenue	Salaries, wages and employee benefits	Amortization and depreciation of tangible and intangible assets	Total expenses
1. Newfoundland and Labrador	5002	4824	4826	4827	4927
2. Prince Edward Island	5003	4829	4831	4832	4932
3. Nova Scotia	5004	4834	4836	4837	4937
4. New Brunswick	5005	4839	4841	4842	4942
5. Quebec	5006	4844	4846	4847	4947
6. Ontario	5007	4849	4851	4852	4952
7. Manitoba	5008	4854	4856	4857	4957
8. Saskatchewan	5009	4859	4861	4862	4962
9. Alberta	5010	4864	4866	4867	4967
10. British Columbia	5011	4869	4871	4872	4972
11. Yukon	5014	4874	4876	4877	4977
12. Northwest Territories	5013	4879	4881	4882	4982
13. Nunavut	5012	4884	4886	4887	4987
14. Total	5015	4889	4891	4892	4992

Measuring Output in the Management Consultancy Industry in Canada

L - Contact Information					
0015	Date completed	Name of person to contact about this questionnaire:			
	YYYY MM DD <input style="width: 60px; height: 20px;" type="text"/> <input style="width: 60px; height: 20px;" type="text"/> <input style="width: 60px; height: 20px;" type="text"/>	0026 1 <input type="checkbox"/> Mr. 2 <input type="checkbox"/> Mrs. 3 <input type="checkbox"/> Miss 4 <input type="checkbox"/> Ms			
		0013 First name <input style="width: 100%; height: 20px;" type="text"/>			
		0054 Last name <input style="width: 100%; height: 20px;" type="text"/>			
		0014 Title <input style="width: 100%; height: 20px;" type="text"/>			
E-mail address 0018			Website address 0020		
Telephone number 0017	()	Extension number 0027		Fax number 0016	()
How long did you spend collecting the data and completing the questionnaire?					9910 Hour(s) 9909 Minutes <input style="width: 40px; height: 20px;" type="text"/> <input style="width: 40px; height: 20px;" type="text"/>
M - Comments					
We invite your comments below. Please be assured that we review all comments with the intent to improve the survey.					
9920	<hr/>				
9913	<hr/>				
9914	<hr/>				
9915	<hr/>				
9916	<hr/>				
Thank you for completing this questionnaire. Please retain a copy for your records.					
Visit our website at www.statcan.ca					

References

Report on the 2004 Survey of Management, Scientific and Technical Consulting Services, Statistics Canada, Service Industries Division

Standards Division, Statistics Canada Internal web site on Industrial Classification

Ducharme, L.-M. and Da Pont, M. (2005). Canada's annual survey's redesign for services: A practical view of the model survey, Paper presented at the 2005 Voorburg Group Meeting in Helsinki, Finland