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”