

PROACTIVE PARTNER FOR COVID RECOVERY

No decline in turnover; instead lots of work for consultants and auditors

HYBRID FORMS OF WORK ARE HERE TO STAY

Attractive professions thanks to new forms of work

NEW SERVICES FOR CUSTOMERS

Digitalisation, sustainability and cooperation in networks (ecosystems)

GENDER & COMPETENCE DIVERSITY

Technology competence indispensable; proportion of women at 40 percent, increasing number of part-time jobs

2021

EXECUTIVE SUMMARY MARKET STUDY MANAGEMENT CONSULTING, ADVISORY & AUDIT

ASCO®



EXPERT
SUISSE

CONTENTS

- 2 EDITORIAL
- 3 STUDY RESULTS
- 7 IMPRINT

EDITORIAL

Within the overall structure of the economy and society, the management consulting and auditing sector is an indispensable pillar, sparring partner and auditor of business activities. Interdisciplinary knowledge enables consultancy and auditing companies to act as a partner advising their customers from a technological, economic, tax, legal or strategic perspective, for example, throughout the entire company lifecycle and across all sectors and sizes of companies, organisations and authorities.

The variety of topics dealt with by auditing and consultancy companies is also reflected at association level in the collaboration between EXPERTsuisse and ASCO. The interaction between auditing and consulting is subject to strict rules, however, to prevent self-auditing and conflicts of interest. For the very first time, the two industry associations have jointly conducted a market study which analyses the latest developments in the heterogeneous and diverse eco-system. The topics addressed included how the different providers were able to master the challenges of the COVID-19 crisis and what the sector expects of the future. To come right to the point: during the COVID-19 crisis, consultancy and auditing companies provided the Swiss economy with necessary, helpful support in overcoming short-term challenges, and now they are also ready to actively tackle the major issues of the future. Digitalisation, sustainability and collaboration in networks – also known as eco-systems – will shape the business landscape over the next few years. Consultants and auditors have a fundamental role to play in this. What's more, the new forms of collaboration – both within the sector and in interaction with customers – are opening up new and attractive professions in consultancy and auditing. Part-time employees and working mothers and fathers are certain to benefit from this.

ASCO



Claudio Stadelmann
ASCO Board of Directors

EXPERTsuisse



Dr Marius Klausner
Director & Board
of Directors Delegate



Luzia Hafner
Board Member &
Head of Studies

.....
Gender information: We have endeavoured to use language that is as gender-neutral as possible in this brochure.
.....

Liability waiver: The information included in this market study is based on self-assessments of industry members. The issuing parties have taken all appropriate measures to ensure that the information contained in this document is as accurate and up to date as possible. The issuing parties give neither explicit nor implicit assurance or warranty in respect of the information contained in the market study and therefore decline all legal liability and responsibility.
.....

.....
© All copyrights and rights of publication are reserved. Reproduction or forwarding to online services, in full or in part, shall only be permitted with the consent of both issuing parties and with full acknowledgement of the source. Market Study 2021 – Management Consulting, Advisory & Audit, ASCO/EXPERTsuisse, 2021.
.....

STUDY RESULTS

The market study of the management consultancy, advisory and auditing sector, represented by the industry associations ASCO and EXPERTsuisse, has come at the right time. Conducting a large-scale survey on the current situation, how the economy is expected to develop and the success factors for the future of an entire industry during the biggest, global economic crisis since the 1980s is both a challenge and a stroke of luck. The extremely high response rate and the open answers given in the many personal interviews and discussions are an indication of the active and committed corporate culture that is in place at the consultancy and auditing firms in Switzerland.

The following findings from the study are a sign of a healthy sector, but one which has also recognised the challenges of the time and is working on further developing and strengthening professions, forms of collaboration and the reputation of the sector as a whole, as well as knowledge and awareness of the individual services on offer.

Dynamic market development

The consultancy and auditing sector in Switzerland is largely represented by the associations ASCO and EXPERTsuisse. Their members generate annual turnover of around CHF 3.8 billion. The overall turnover reported as part of the market study is around CHF 5.032 billion. The indirect value creation is likely to be in the double-digit billions, as the mandates generate multiple returns compared to the mandate costs. Furthermore, the development of the market seems to have lost little of its momentum. The short-term growth forecasts are very promising, particularly for the larger companies [more than 50 full-time employees (FTEs)] in the sector, at around 5.8% for the current year (2021). The long-term growth expectations are also positive.

The COVID-19 crisis had no impact on the course of business for around 60% of the 800 or so companies that took part in the study. Where an impact was recorded, this was rated as positive in 28.4% of cases, and only 11.6% of the survey respondents had fewer mandates to handle. In the auditing and fiduciary sector, 61% of companies had practically the same mandate volume, and the equivalent figure for companies in the consultancy sector was 46%. The large companies in the sector benefited disproportionately, without any causal explanation for this being derived from the study.

Heterogeneous offering

The heterogeneity of the sector has traditionally been reflected in the very diverse terms with which its services and activities are described. In the 2021 market study, we have tried for the first time to break down the wide range of offerings so as to create a uniform and thus comparable structure. This differentiation of areas of activity is a new approach and comprises the following terms: management consulting, advisory, audit and business services/outsourcing. While the first two areas of activity represent external advisory activities, auditing refers to the independent validation, certification and attestation of financial and, increasingly, non-financial statements. Business services/outsourcing covers recurring activities in day-to-day business (e.g. in finance and IT) that are outsourced to external service organisations.

The following table summarises the structure of the market, whereby turnover from 2020 was taken into account for all companies that were able to provide it specified according to areas of activity.

The following table shows how many people (in FTE) are employed in each of the main activity areas, as well as the turnover for 2020 in the respective areas. In 2020, the highest annual turnover per FTE was achieved in management consulting (TCHF 379), followed by advisory (TCHF 271).

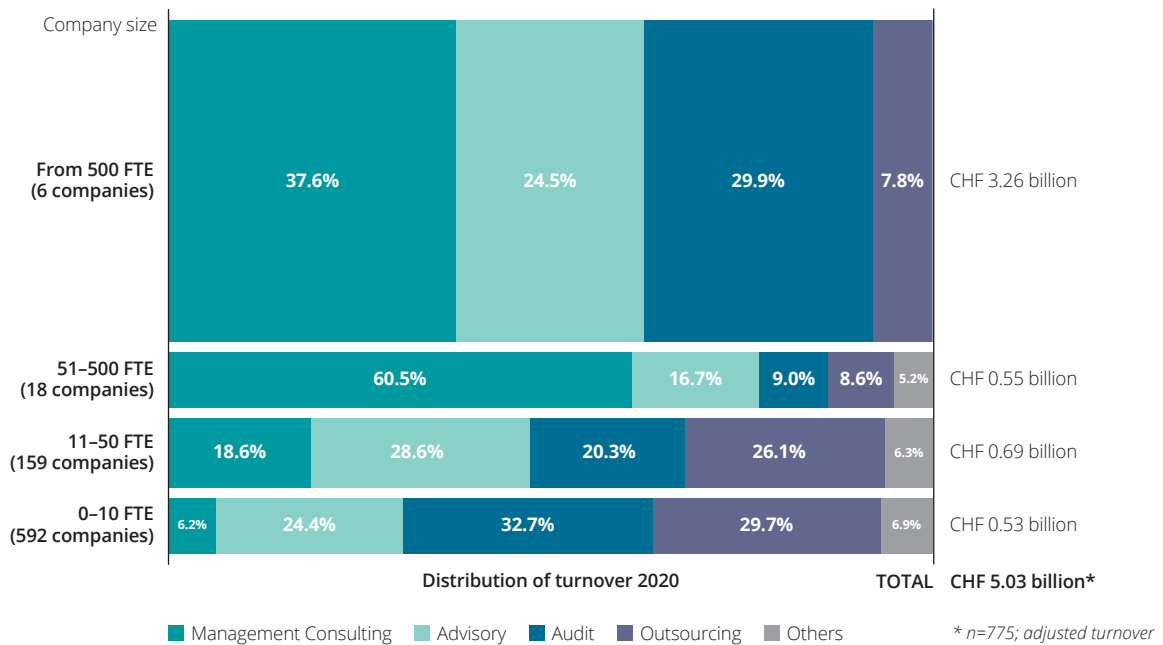
Export and import of services

The market volume in 2020 was generated largely by domestic turnover (81%). This is due to the fact that fiduciary firms above all have a higher domestic share. The export turnover (Swiss consultants and auditors for foreign customers) and import turnover (foreign consultants and auditors for domestic customers) were 9% and 10% respectively. Among the large companies in the sector (more than 500 employees), there are only minor differences in the proportions of domestic/import/export turnover, at 76%, 11% and 13%, as experts from abroad are assigned mandates slightly more frequently. As was the case in the last few years, the export-import balance is negative, which means that, overall, more services are imported than are exported.

Business development and innovation

Looking back, the management consultancy and auditing sector has proven itself to be system-relevant and a backbone of the strong Swiss economy,

INDUSTRY STRUCTURE BY PROVIDER SIZE AND AREA OF ACTIVITY



to which it will also be a proactive partner moving forward. The management consultancy and auditing sector helped the Swiss economy get through the crisis as well as possible, while digitalisation services will remain important in the long term and sustainability services are gradually gaining in importance. This is indicated by political and regulatory developments such as the corporate responsibility initiative as well as competition-driven development pressure in the area of data processing and data usage.

Even before the pandemic, many companies realised that digitalisation cannot be avoided if they want to remain competitive in the market. Accordingly, the COVID-19 crisis has acted as an accelerator, particularly for services in the area of transformation and digitalisation, cyber security, cloud services, data analytics and data protection. As a result of this, technology consulting in particular has experienced stronger growth. Various consultancy firms that were not leading in the technology sector up to now are aware of their weaknesses and are expanding their competences accordingly.

Hybrid forms of collaboration with the customer

The COVID-19 crisis has shown us that virtual interaction with customers is possible. However, there are some interactions, such as dealing with strategic tasks and conceptual, creative work, where face-to-face collaboration is more productive. On-site

project work was sometimes required for bank customers due to the handling of confidential bank data.

Customer demand for increased nearshoring and offshoring increased somewhat during the pandemic. It became clear to customers that important components of project activities can be outsourced and do not need to take place on site. Nevertheless, “Swissness” and local control remain crucial for the successful implementation of project plans. Basically, it is assumed that the need to “return to the customer” will endure and, as a result, new hybrid and flexible working models will become the norm for collaborating with the customer. In future, remote working will still account for a significant proportion of working hours.

Eco-systems and partnerships

Digitalisation is not only a sought-after service for customers, it is also a key competence for company employees. Working together digitally applies both within the company itself and when dealing with customers and supporting customers with their digitalisation issues. Consultancy and auditing firms will increasingly develop eco-systems and platform businesses along the customer interfaces. Targeted networking capability is important not only for small market participants, but also for the larger ones. In the process, strategic partnerships are established and/or start-ups are acquired, for instance. One important finding is that the creation of eco-systems

PERSONNEL AND TURNOVER BY AREA OF ACTIVITY

	In FTE	2020 turnover* in TCHF	Average per FTE in TCHF
Management Consulting (Strategy consulting & operations management consulting)	3985.4	1 509 394	379
Advisory (Legal, tax and financial consulting, transaction advisory, risk/control)	4484.3	1 216 250	271
Audit (financial statement, other audits)	5483.3	1 335 994	244
Outsourcing (Business services outsourcing & IT services outsourcing)	2651.3	637 751	241

* n=768; adjusted turnover per activity area

will further increase complexity. Consultancy firms need to quickly be able to adapt to new trends with agility and implement them successfully for their customers.

Digitalisation and sense of purpose

Classic consultancy services – such as business model optimisations with efficient and end-to-end continuous processes – will continue to play an important role. With the digitalisation of processes in particular, there is a strong need among many public-sector entities to catch up versus the private sector. Projects within the scope of cultural and organisational development and operating models will increase and be shaped to a greater extent by sense of purpose and new values.

Rising customer demand in the area of sustainability

According to the study interviews, a strong trend is emerging for services in the area of sustainability. Here, a distinction needs to be made between separate sustainability services, such as calculating the carbon footprint, and the sustainability aspects that are integrated into other services, like strategy development and business modelling. Although the level of turnover for sustainability projects at most auditing and management consultancy companies is not yet noteworthy, it is assumed that the topic of sustainability will be incorporated across a broad spectrum in companies' value creation chains and there will be a significant rise in the associated need for consulting and implementation services. In relation to climate-neutral procurement in supply chains, for example, there is already high demand for consultancy services among suppliers at the supply stage of the manufacturing industry. Non-financial

reporting in the area of sustainability offers considerable potential too, as regulatory requirements are also expected for different industries, which will result in certain auditing obligations, such as within the framework of implementing the counterproposal for the corporate responsibility initiative.

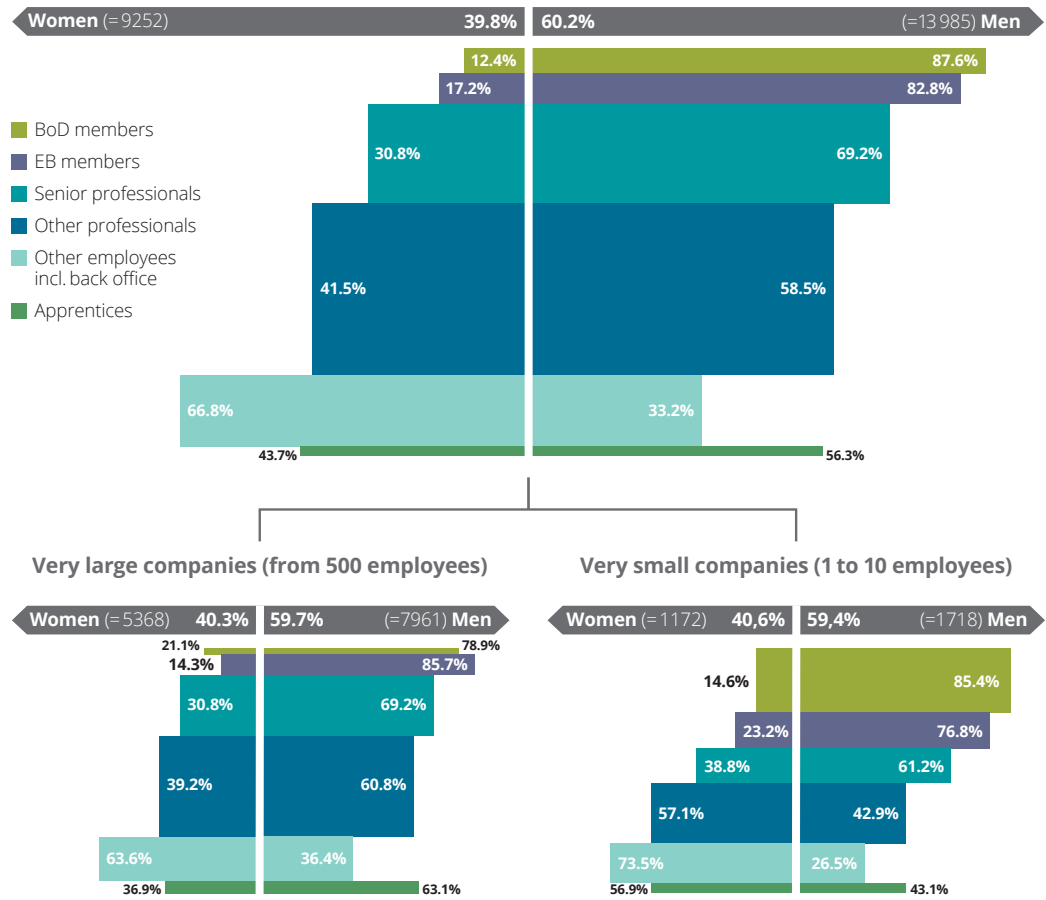
Competence and gender diversity

Thanks to innovations in digitalisation and sustainability, the professions in consulting and auditing are becoming more attractive. In addition, hybrid forms of work will remain part of the new normal, enabling professionals to better combine their work and family life. Technological expertise is decisive for both consulting and auditing; therefore, the consulting and auditing sector needs to leverage this to also act effectively on the hugely competitive personnel market.

Besides competence diversity, gender diversity is another important aspect of employer attractiveness. In total, the percentage of women in the consulting and auditing sector is high at around 40%, although this differs according to function level and company size. The differences are mainly at Board of Director (BoD) and Executive Board (EB) level, where the number of women represented is only around 12% and 17% respectively.

It is interesting that, at Board of Directors level, the very large companies are ahead of the very small companies when it comes to the proportion of women, at 21% and 15% respectively, while the very small companies demonstrate better gender diversity at Executive Board level (23%) compared with the very large companies (14%).

GENDER-DIVERSITY BY FUNCTIONAL LEVEL



(Total n=797; Large companies n=6; Small companies n=518)

OUTLOOK

High employer attractiveness in the competitive personnel market

Consultancy and auditing firms enjoy a continued high level of attractiveness on the personnel market, which is demonstrated in the number of new hires. There are plans to appoint around 2177.5 FTEs in total across the entire sector in 2021. Recruitment freezes as a result of the COVID-19 crisis or economic conditions currently do not feature in the data across the sector. But, as employee demands have further increased when it comes to the work environment, it is important that digitalisation and sustainability are utilised in order to enable meaningful professional careers. Market participants who focus particularly on these aspects of “new work” and “new leadership” will emerge as outperformers in the management consultancy and auditing sector, which is growing overall.

Uninterrupted demand from customers

Based on the quantitative findings as well as the study interviews, it was clear that the market participants are feeling positive about the upcoming years. In terms of market development from 2022 to 2026, they assume average annual growth (compound annual growth rate – CAGR) of 2% to 15% depending on the area of activity and company size. Lower growth perspectives pertain mainly to routine and standard activities and higher growth prospects to strategic activities. The services relating to digitalisation and sustainability will continue to be the big growth drivers.

IMPRINT

Issued by

ASCO

Association of Management Consultants
c/o EXPERTsuisse
Stauffacherstrasse 1
8004 Zürich
www.asco.ch
office@asco.ch

EXPERTsuisse

Swiss Expert Association for Audit,
Tax and Fiduciary
Stauffacherstrasse 1
8004 Zürich
www.expertsuisse.ch
info@expertsuisse.ch

Authors

Andreas Bürge – b-impact AG
(interviews)
Luzia Hafen, EXPERT suisse
(Head of Studies)
Dr Marius Klausner, EXPERTsuisse
(Director of EXPERTsuisse)
Claudio Stadelmann, BearingPoint
(Director of ASCO)

Contributors

Azad Ali – EXPERTsuisse
Markus Braun – EXPERTsuisse
Daniel Schwab – EXPERTsuisse

Design

Design – Partner & Partner AG
Typesetting and layout – cube media AG

Study partners



