

## Europe's Priority: Servicing Economic Growth

Gustavo Piga, [www.gustavopiga.it](http://www.gustavopiga.it)

University of Rome Tor Vergata

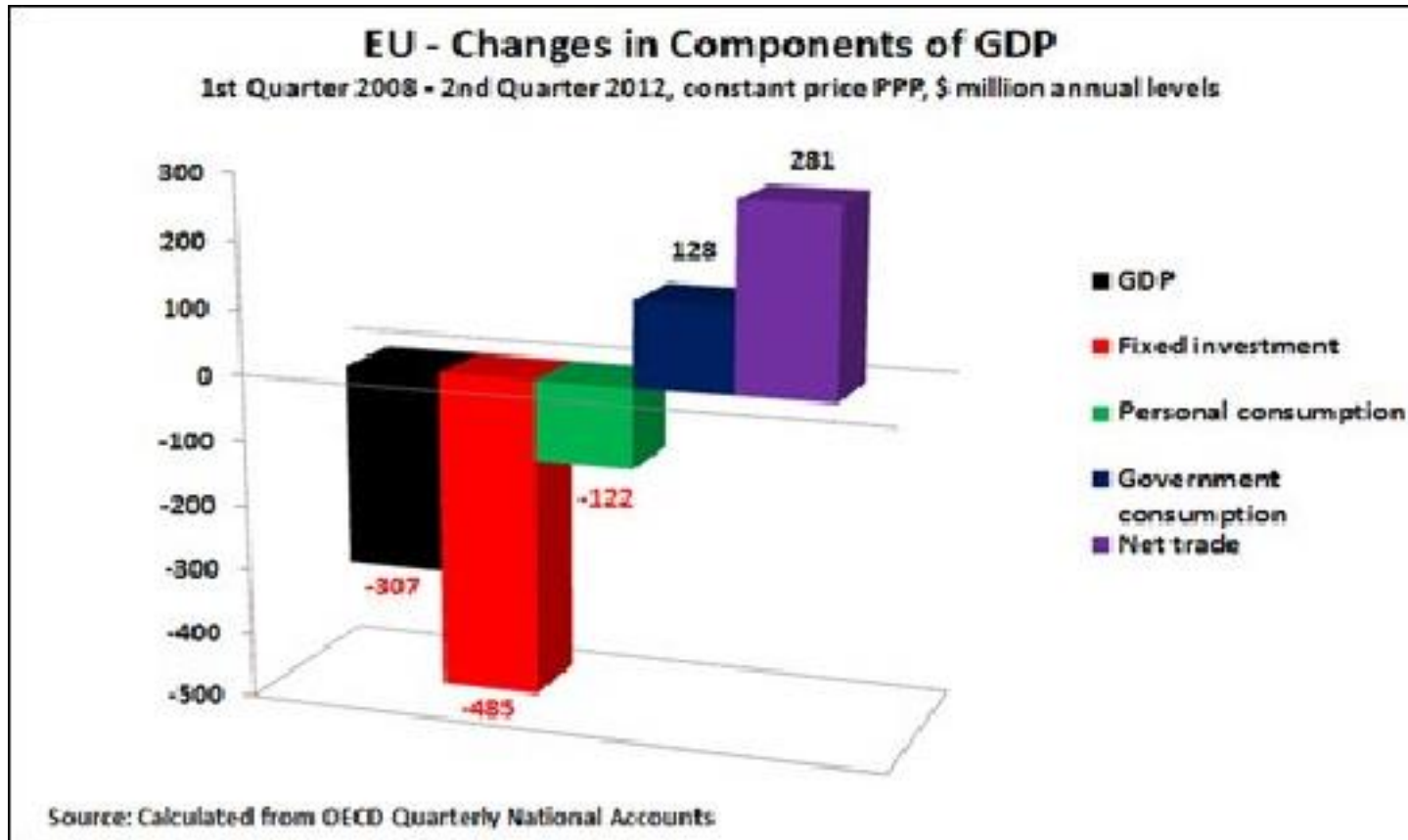
*Management Consulting as a Factor of Economic Growth*

Rome, June 21st, 2013

*La grande révolution européenne de notre époque, la révolution qui vise à remplacer les rivalités nationales par une union de peuples dans **la liberté et la diversité**, la révolution qui veut permettre un nouvel épanouissement de notre civilisation, et une nouvelle renaissance, cette révolution a commencé avec la **Communauté européenne du charbon et de l'acier**.*

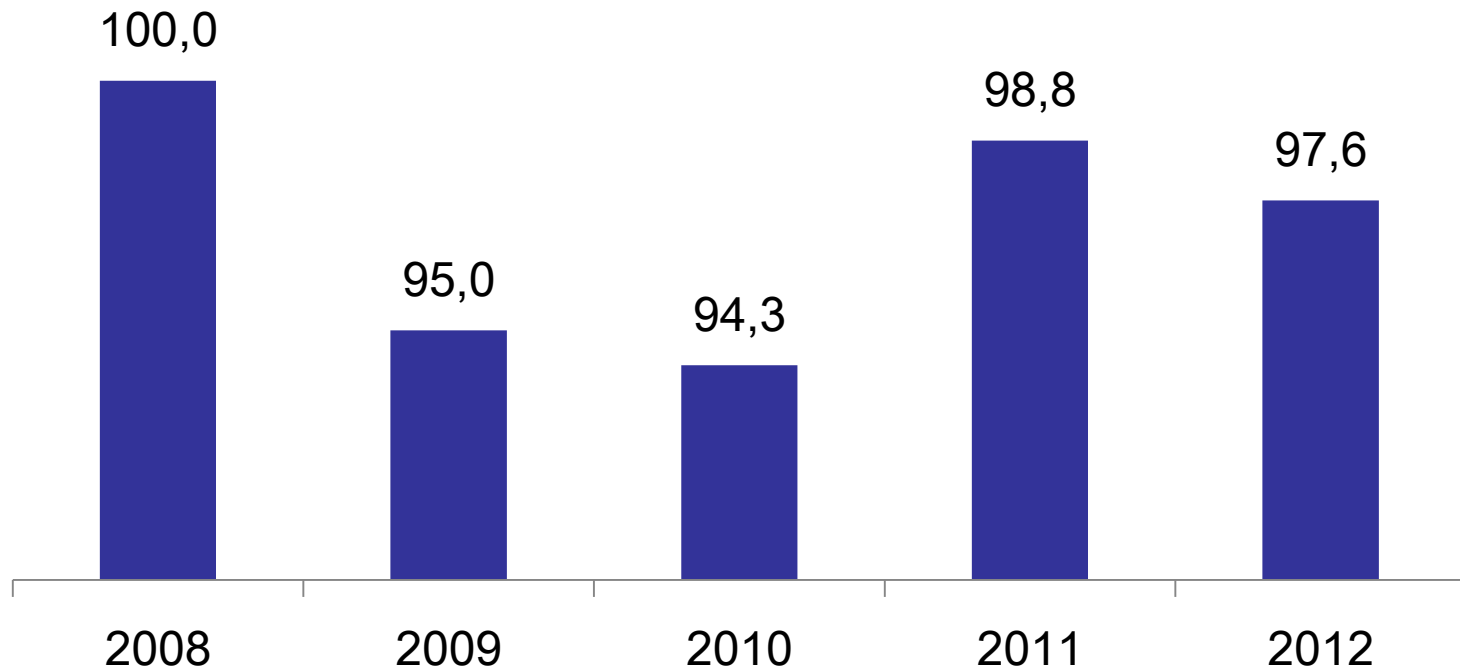
*Jean Monnet*

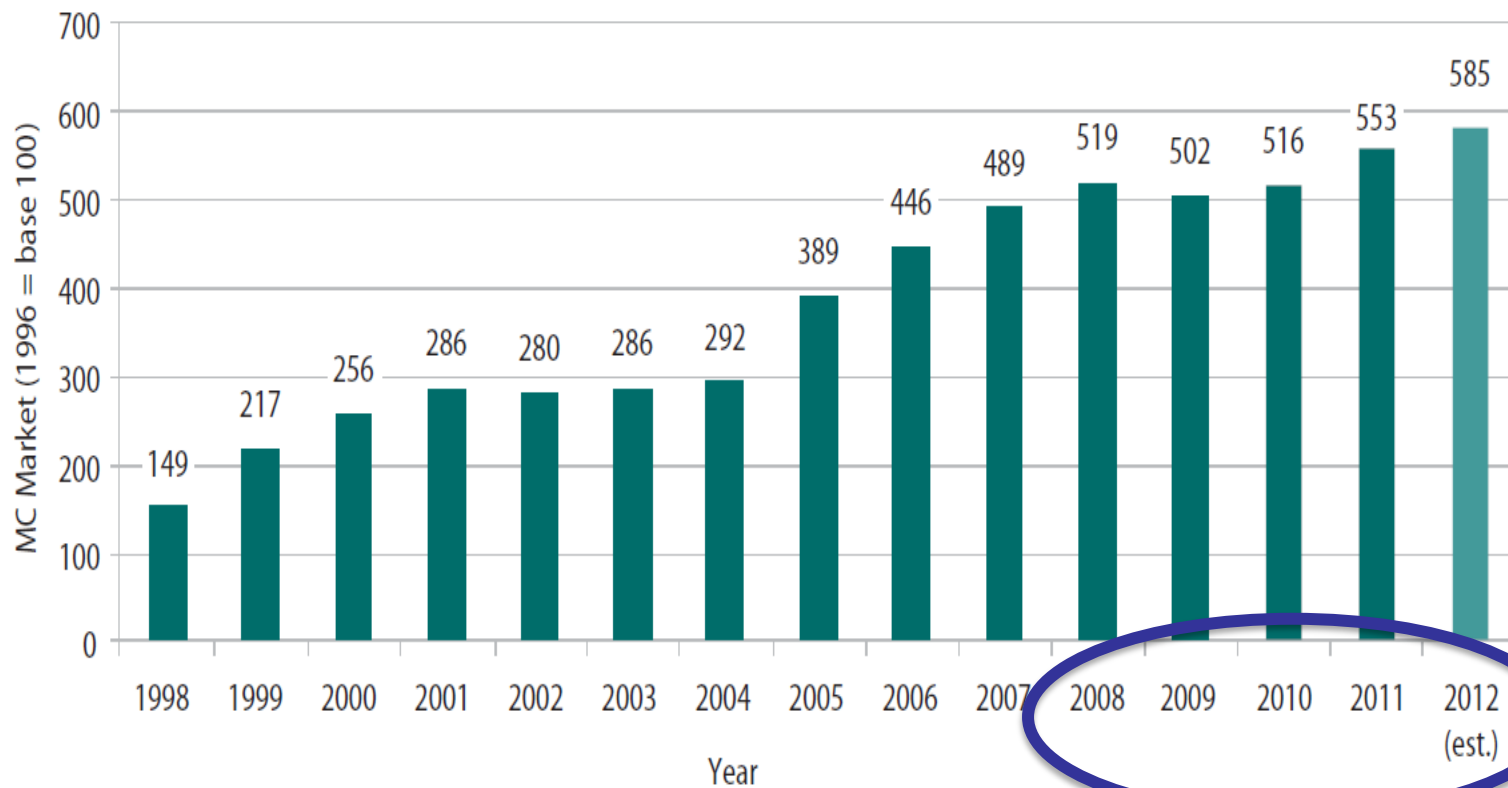
# Diversity, European Style



- In 2012 turnover is equal to roughly 3.150 Mil €, with a 1,2% decrease with respect to 2011... and still below the 2008 level.

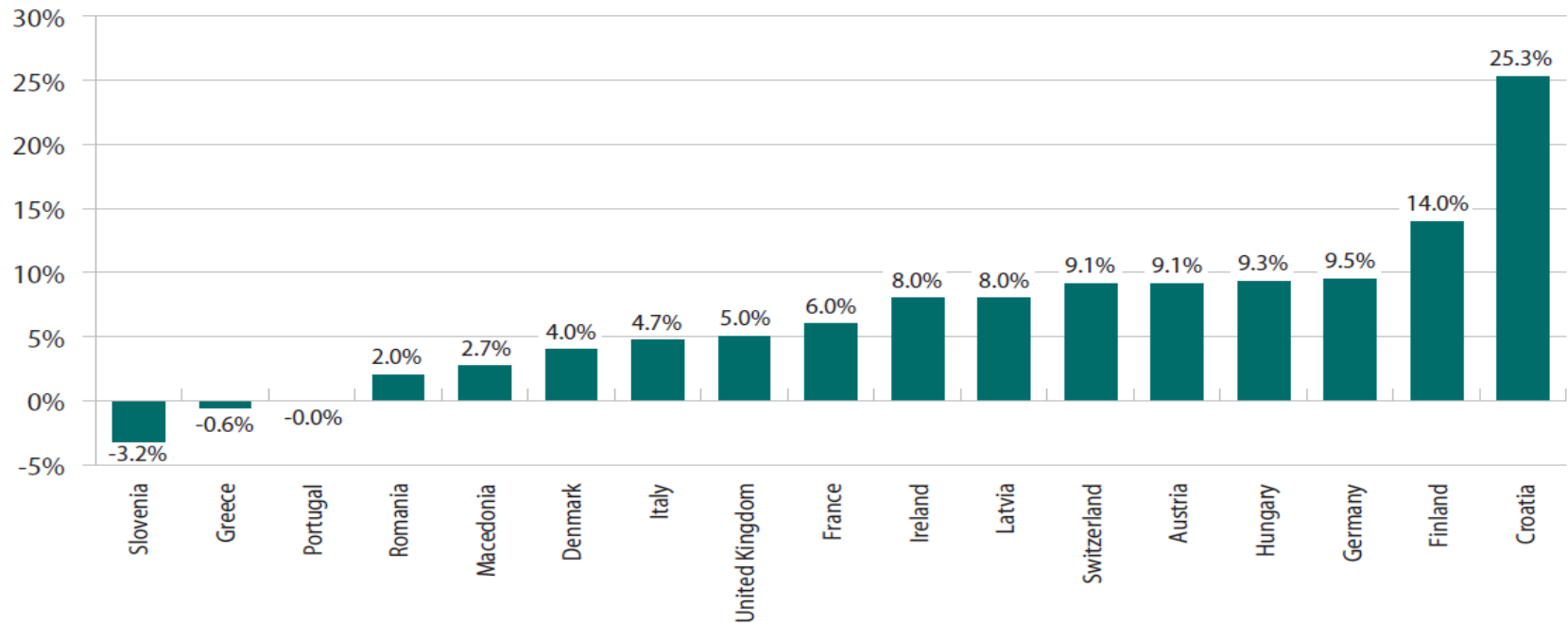
Evolution of MC turnover in Italy from 2008 to 2012  
(base index number 2008 = 100)



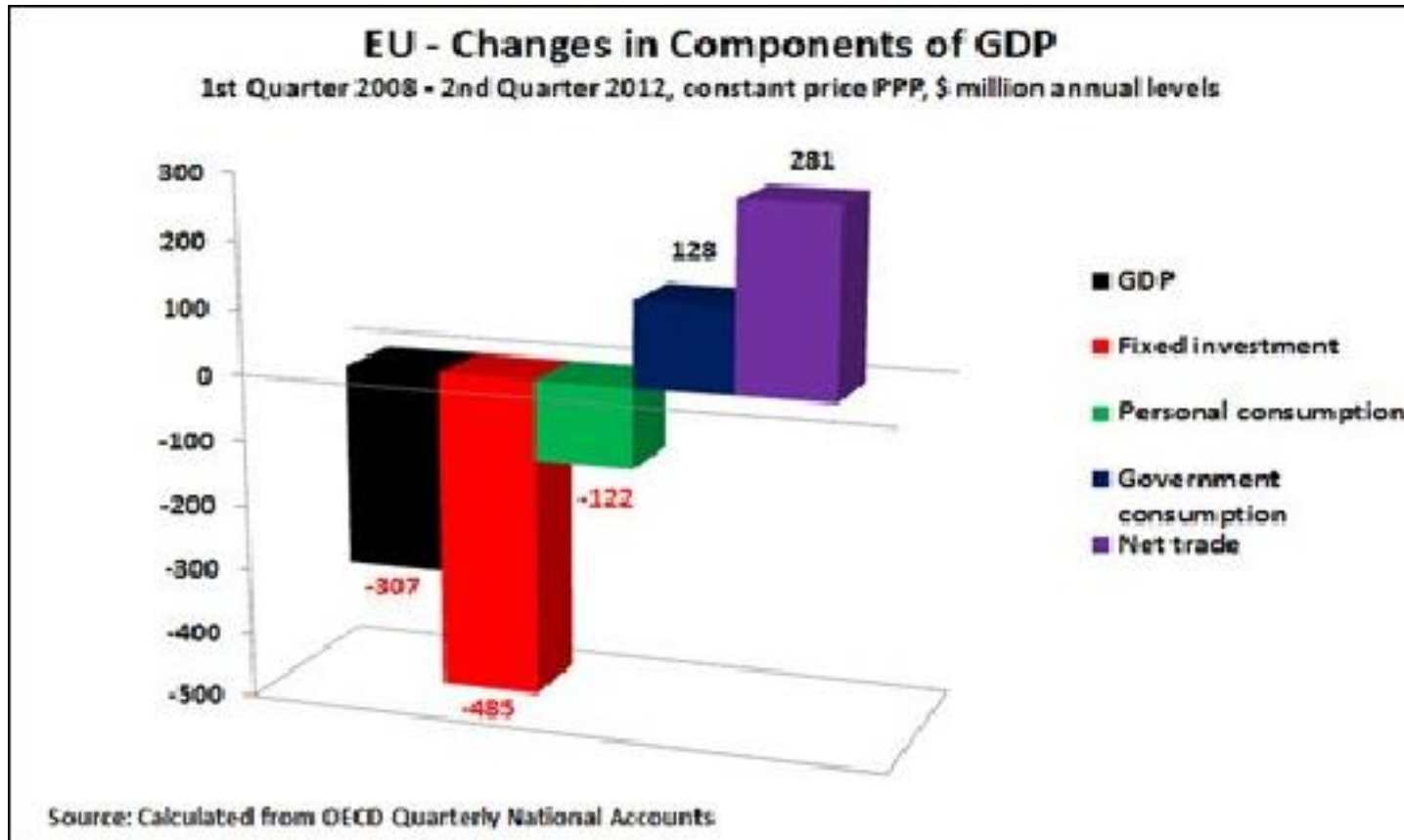


Feaco, Annual Survey,  
Turnover, 1996=100

**GDP growth dispersion per-capita within the euro area is huge:  
Germany is at +3,5% since dal 2007,  
Portugal -3,5, Spain -5, Italy -6,6 and Greece -14%.**

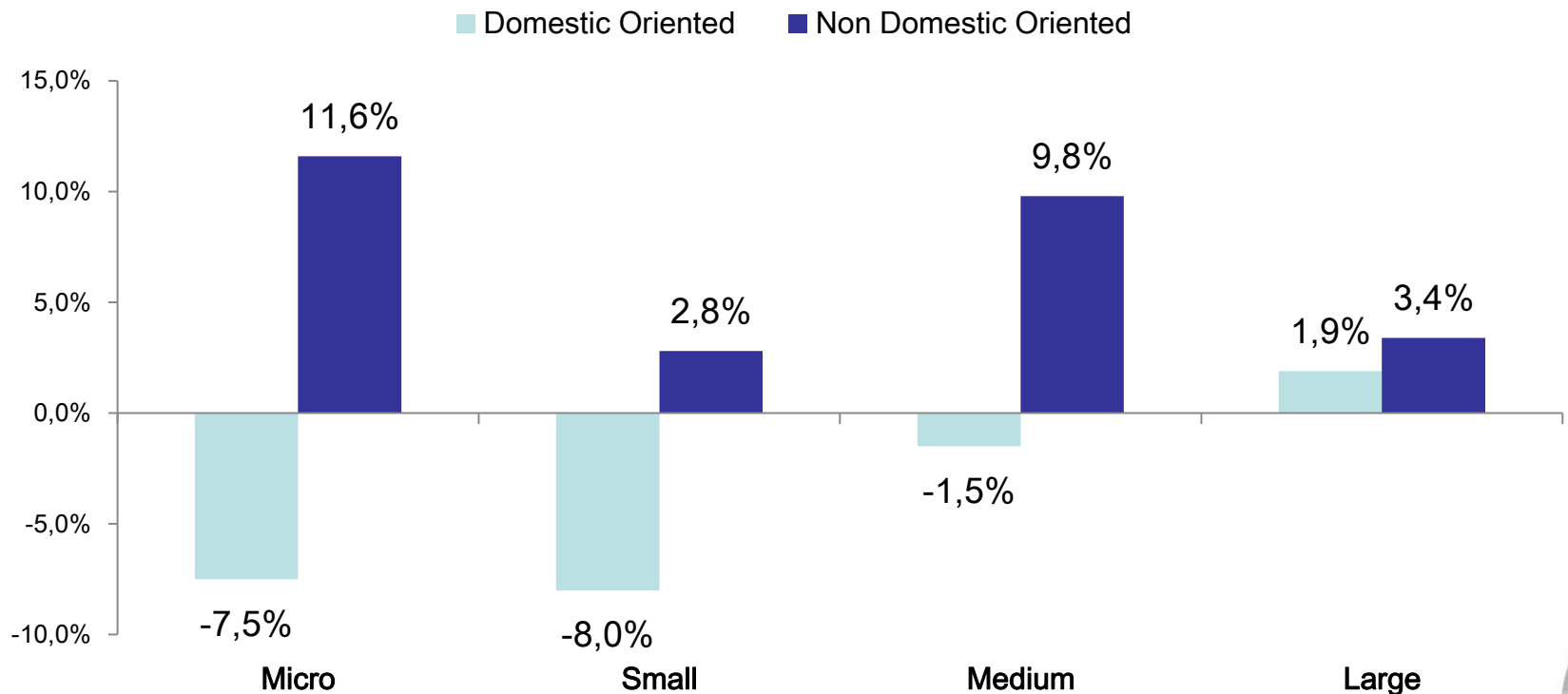


MC Growth Rate 2011, FEACO Annual Survey





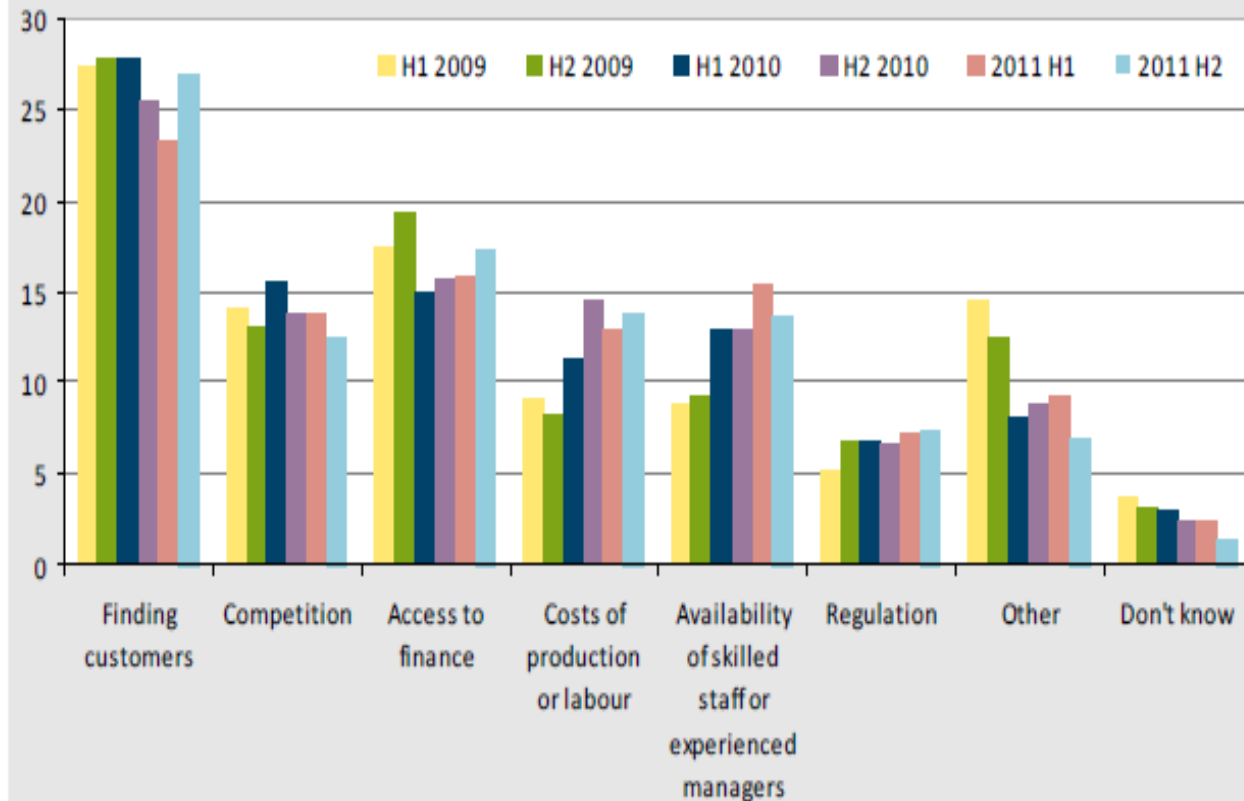
- Almost all companies that have international assignments/customers report an increase in turnover (+5% on average), **while pure domestic firms** suffer an above average reduction in total turnover (-5,4%)
- **Internationalization** has been an important leverage for counterbalancing the decline of the Italian domestic market.



**Chart 2**

**THE MOST PRESSING PROBLEM FACED BY EURO AREA SMEs**

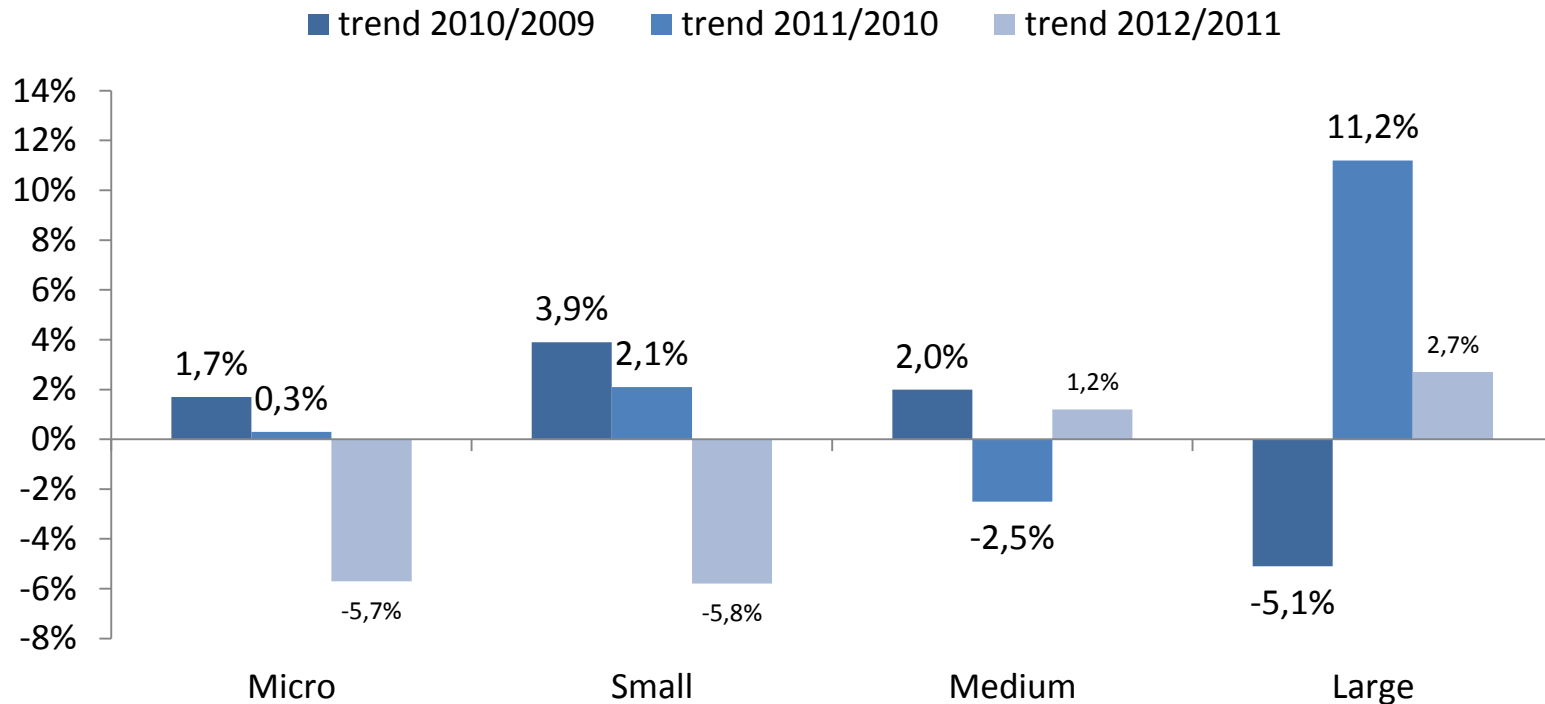
(percentage of respondents)

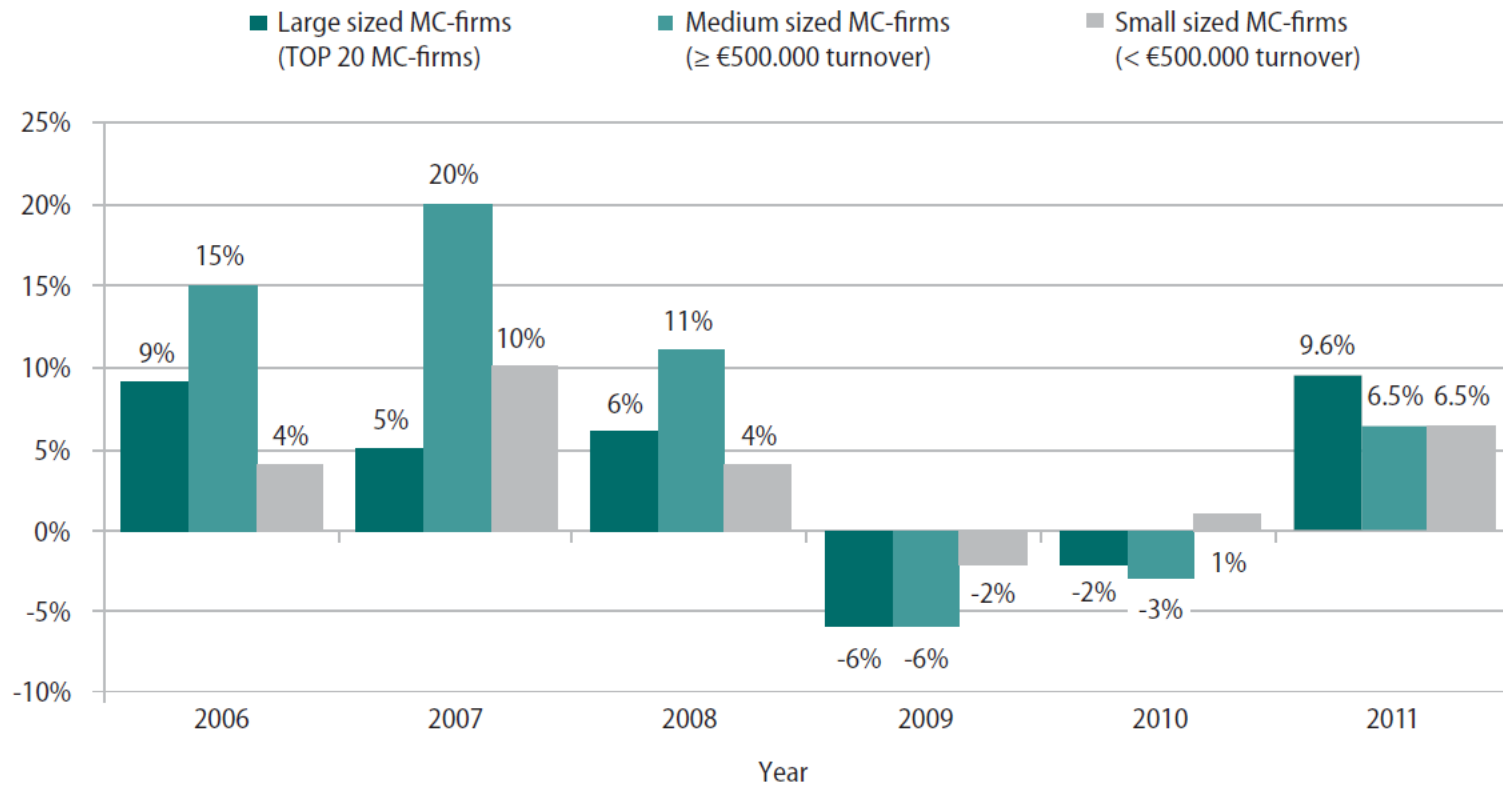


Base: All SMEs.

- The decrease is mainly due to small and micro firms

## Average trend in management consulting turnover in the last 3 years





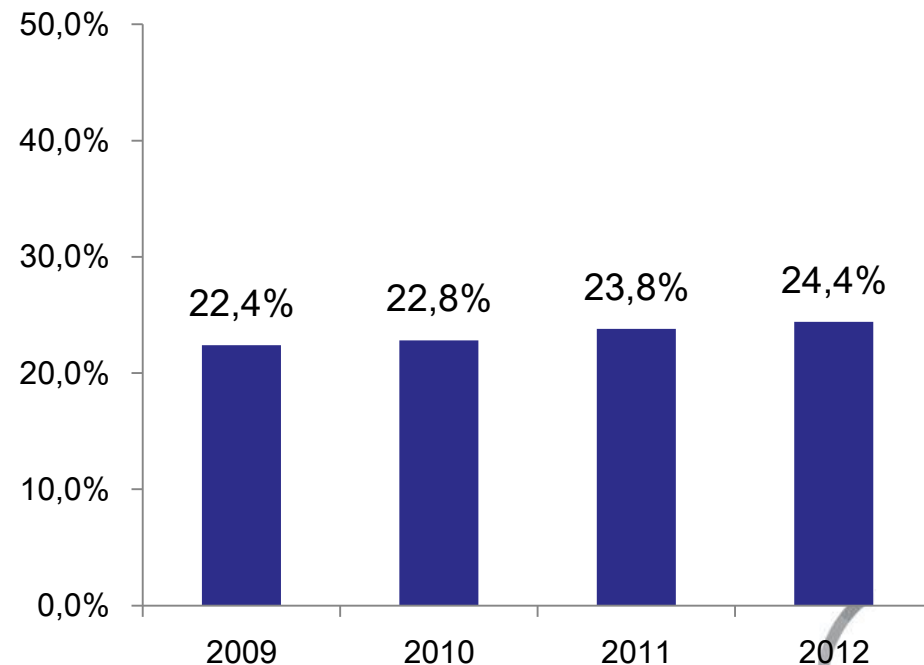
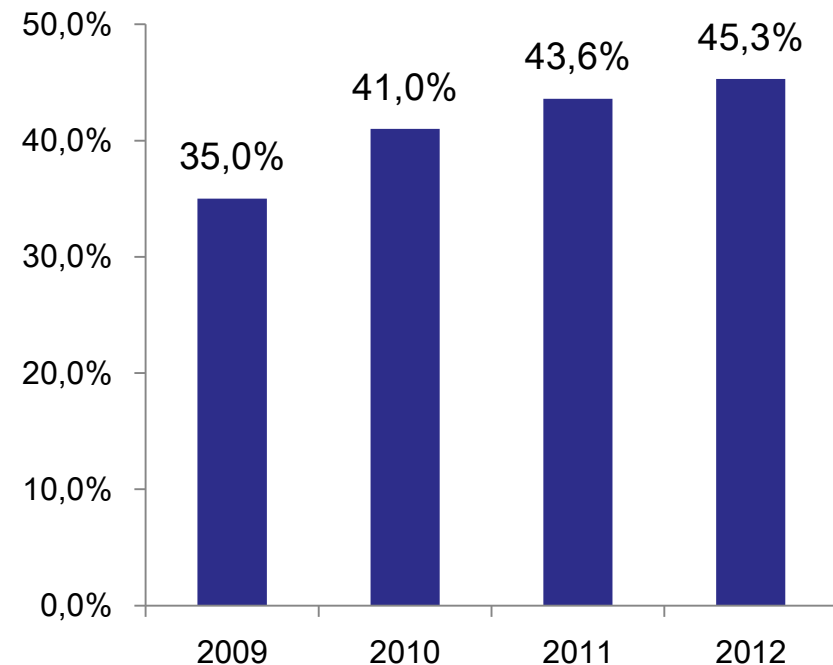
MC Growth Rate 2011, FEACO Annual Survey

- MC industry, while still fragmented, is getting towards and greater concentration

Large companies turnover and employment from 2009 to 2012

■ Turnover

■ Employees



- Is the market decline faced by the Management Consulting industry due:
  - to a **temporary crisis**? Where the key issue is having many customers in a difficult competitive position and therefore cutting down the consulting services?

or

- to a **structural change**? Where the key issues are that:
  - ... many customers having developed internally strong competences and therefore requiring less the “traditional” management consulting services
  - ... many customers being affected by big trends like digital revolution and globalization that are requiring a different consulting support

These two visions calls for radically different approaches  
to manage the present turmoil

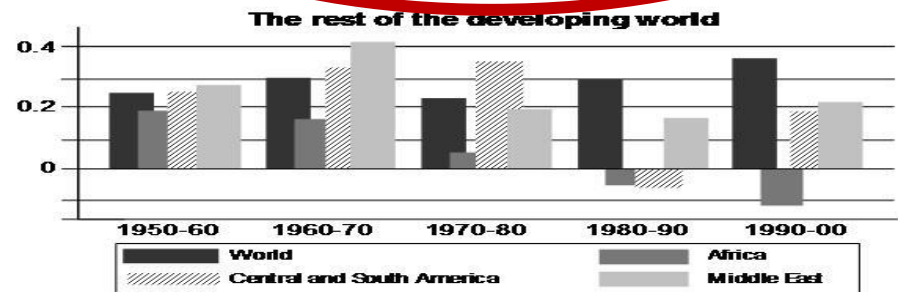
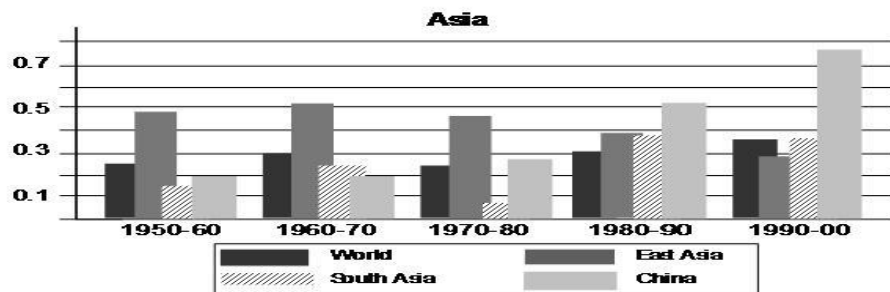
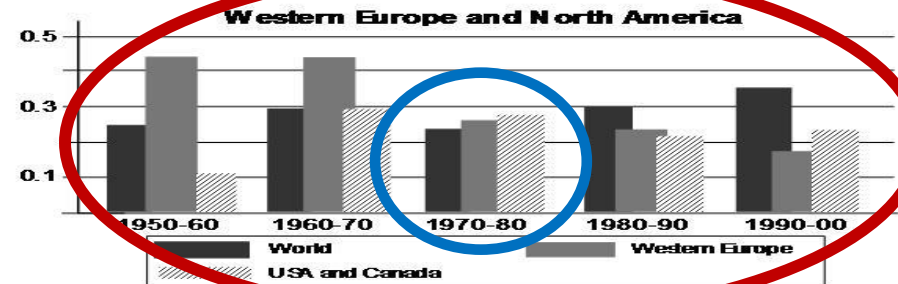
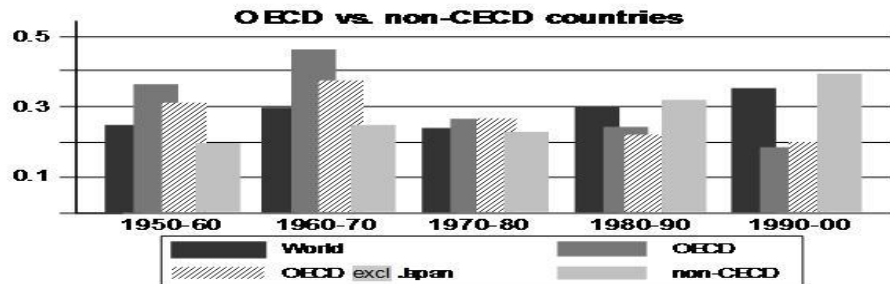
# This Recession is Smoke in Our Eyes



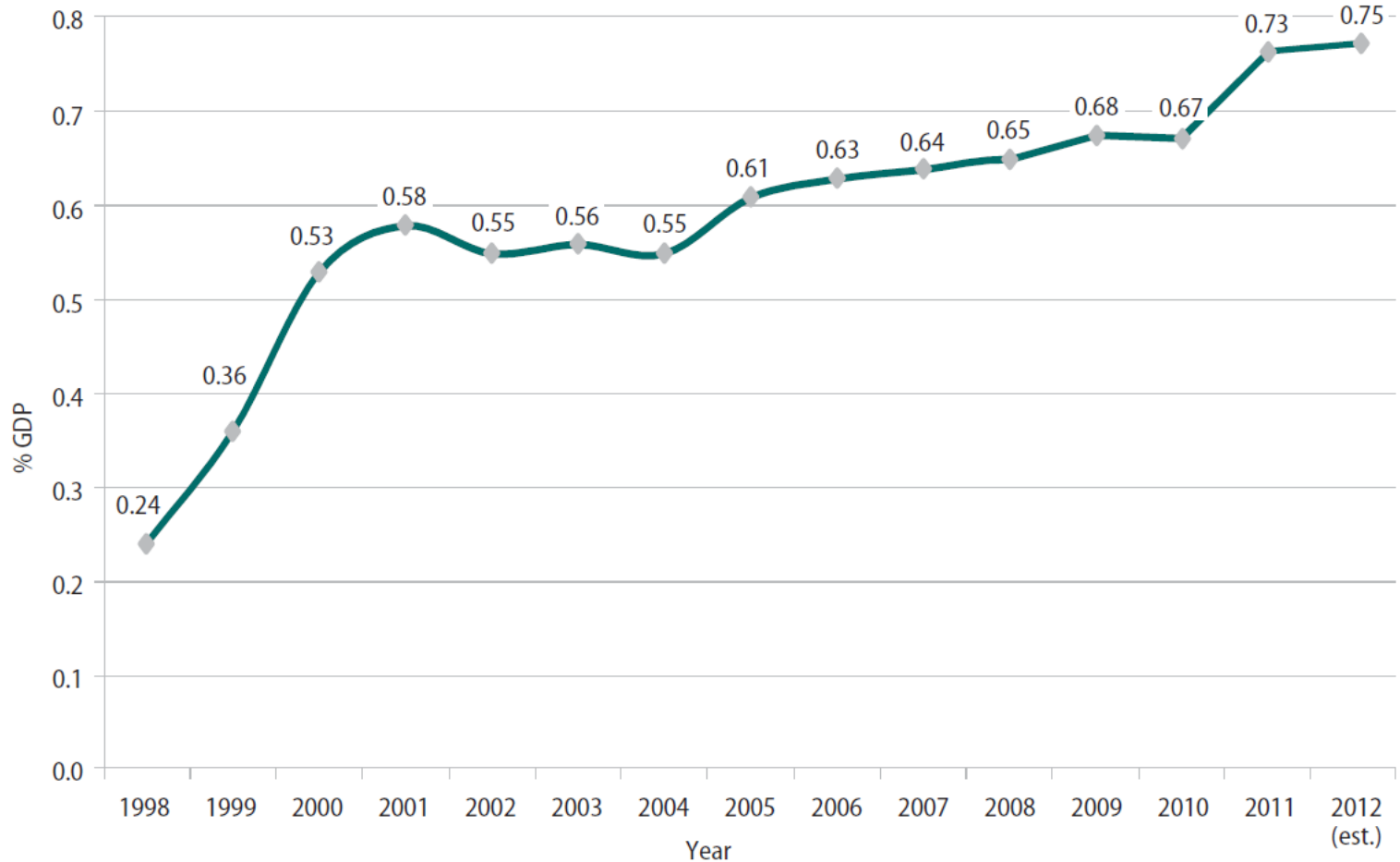
- This recession (2008 - ) is smoke in our eyes.
- **We** are suffering from a **LONG SLUMP**, 30 years old and more.

## *Tasso di crescita medio a livello mondiale. Confronti tra paesi*

Growth in the world, 1950-2000

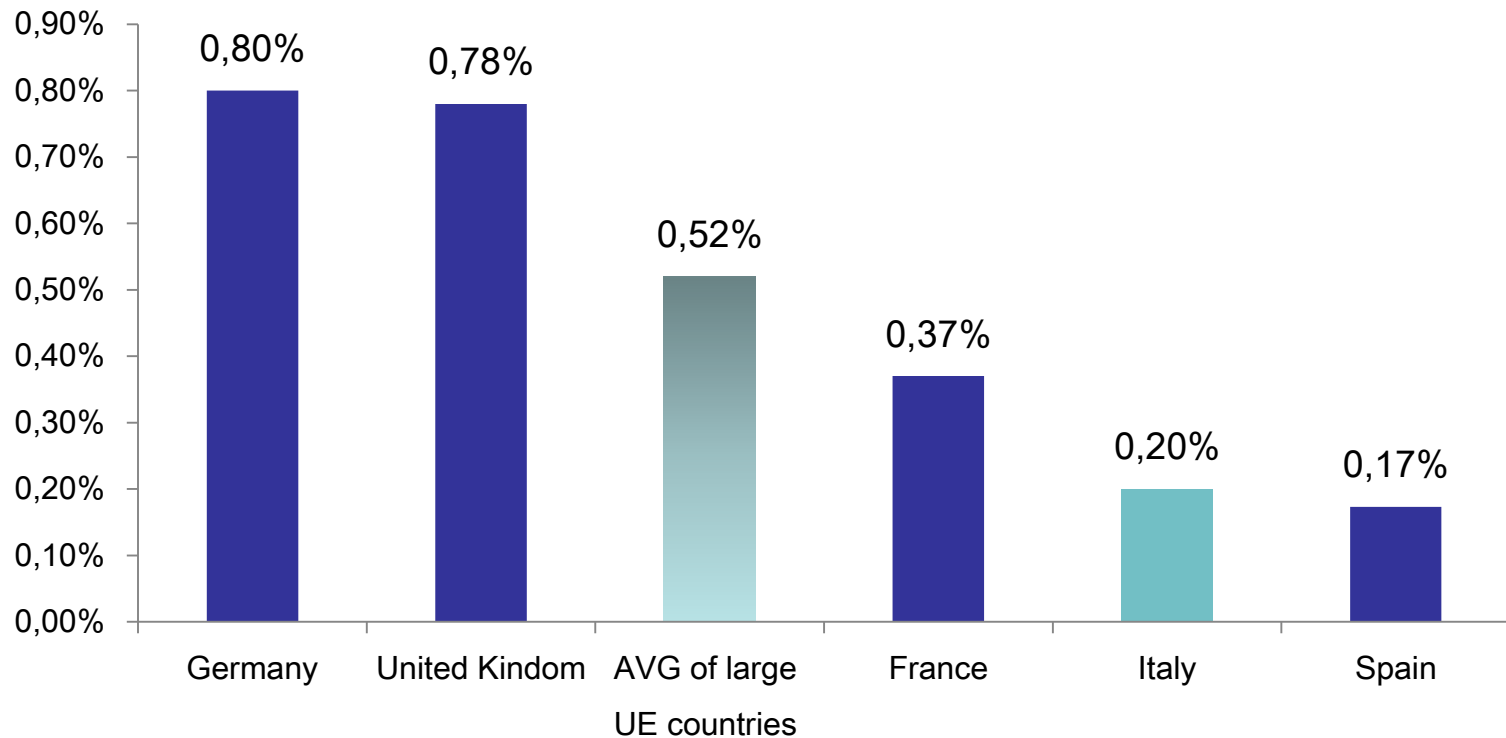


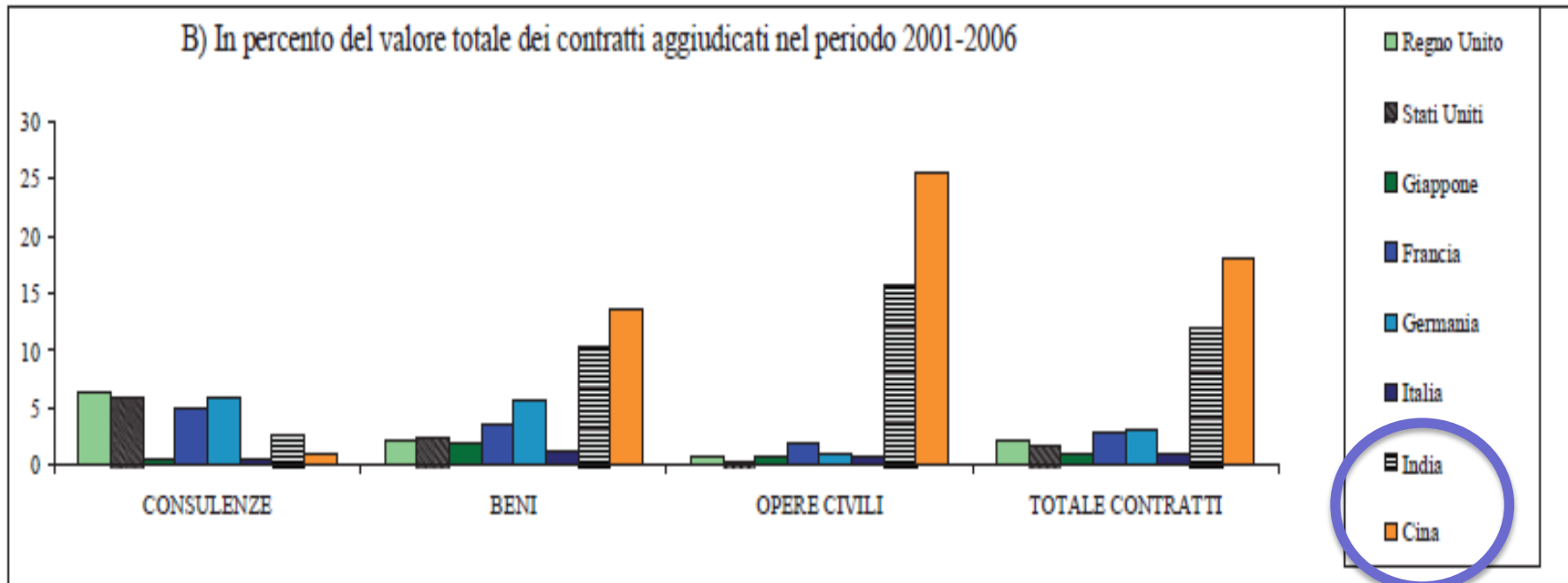




- MC share of national GDP is far lower than other major countries in Europe

MC turnover over the National GDP (in %)

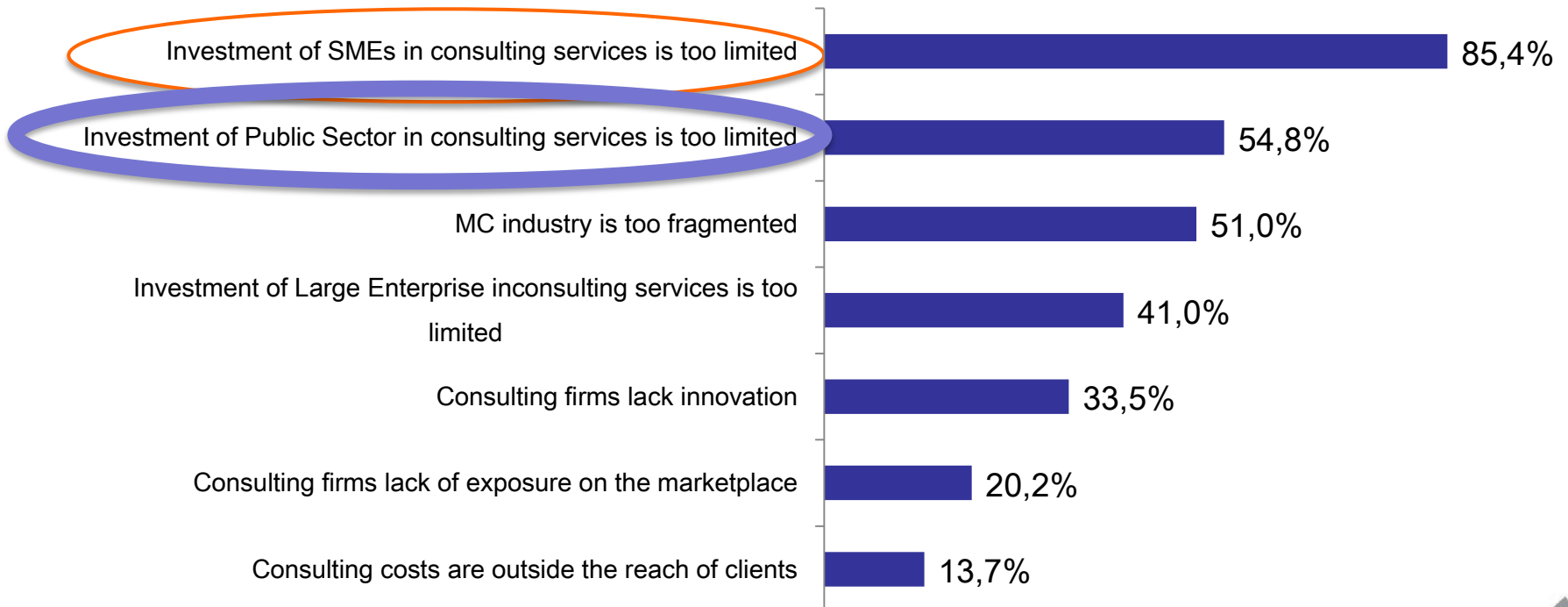




# Weathering the Storm

- ... and seems to be driving the limited role Management Consulting plays in the Italian economy

**“What hampers growth of MC in Italy?”**  
% of respondents who rated the factor “very important”.



## Small Business Act

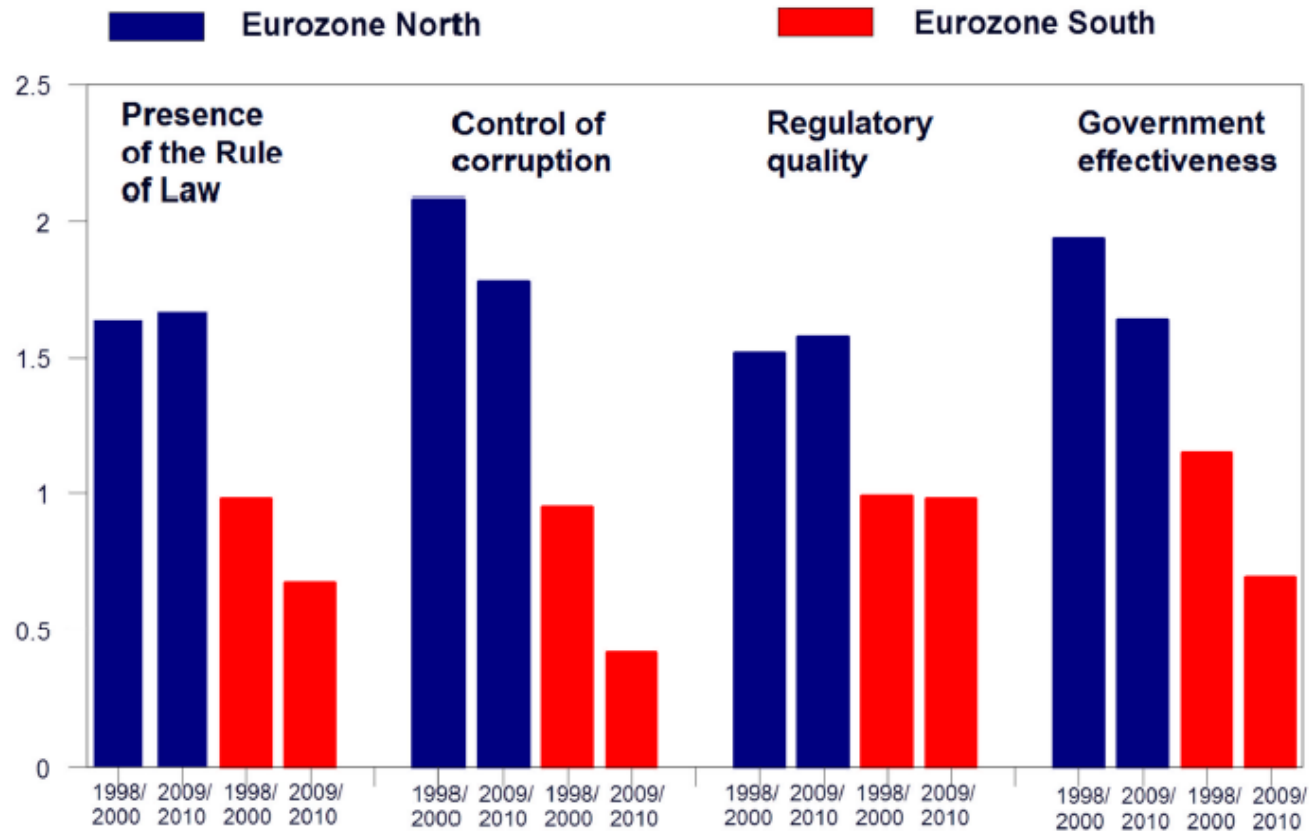
The essence of the American economic system of private enterprise is free competition ... The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this Nation. Such security and well-being cannot be realized unless the actual and potential capacity **of small business** is encouraged and developed. It is the declared policy of the Congress that the Government should **aid, counsel, assist, and protect**, insofar as is possible, the interests of small-business concerns in order to preserve free competitive enterprise.

**Mexico, Puebla. A plan for public support the local SMEs, financed with taxpayers' money ... 80% higher sales and 120% more profits for those SME's that receive consulting services. Especially thanks to support in 2 key functions: marketing, finance and accounting. At the end of the period of support, self-esteem and confidence of the owner-manager rise.**

**UK: the Government works with SMEs associations to grant space in 300 and more buildings (owned or rented) of the public sector to reduce SME costs and increase their competitiveness.**

**A New Industrial Policy is within Reach, that Involves  
MC, SMEs and Government.**

## SELECTED GOVERNANCE INDICATORS



Source: World Bank.



Let us Fix it Together.

Let us

**Dream**, (Re)Organize, Challenge.