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Report on the 2001 “Consulting Industry”

March 21, 2003

Management, Scientific & Technical Consulting Services

The North American Industry Classification System defines these services as comprising three distinct five-digit NAICS industries, namely, Management Consulting (54161); Environmental Consulting (54162) and Other Scientific and Technical Consulting (54169). For the purpose of this release the use of the phrase “The Consulting Industry” is the aggregate of these 3 industries.

Management consultants (54161) provide objective information and guidance to clients on a wide variety of management and general business issues such as strategic and organizational planning; financial planning and budgeting; marketing objectives and policies; human resource policies, practices and planning and executive search services.

Prominent management consulting firms: AON CONSULTING INC; KPMG CONSULTING LP; MCKINSEY & COMPANY INC; TOWERS PERRIN INC.; WILLIAM M MERCER LIMITED; SPENCER STUART & ASSOCIATES (CANADA) LTD; THE BOSTON CONSULTING GROUP OF CANADA LIMITED.

Example of management consulting services advertised - internet based solutions to global business, marketing strategies, financing for expansion, venture capital acquisition, international trade matters, investigation of subsidies, risk management, health plan management, profit sharing strategies, compensation solutions, cost effective retirement strategies, investment counselling, outsourcing and recruitment and executive search.

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.

Prominent environmental consulting firms: JACQUES WHITFORD ENVIRONMENT LIMITED; KOMEX INTERNATIONAL LTD; GARTNER LEE LIMITED; BEAK INTERNATIONAL INC.

Example of environmental consulting services advertised - environmental consulting, air quality, environmental audit, site assessment, site remediation, waste treatment, engineering consulting, impact studies for development, wetlands studies.

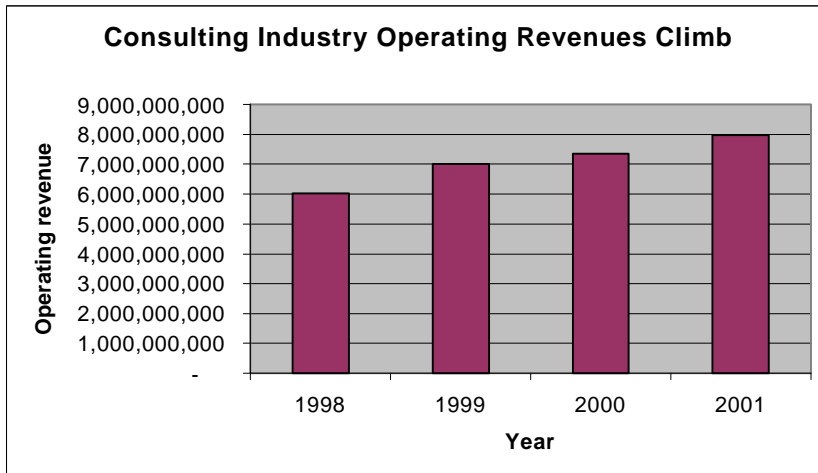
Other Scientific and Technical Consulting Services (54169) provide advice and assistance to other organizations on scientific and technical issues. Includes agricultural consultants, biological consultants, chemical consultants, geological consultants and economic consultants, among others.

Prominent scientific and technical consulting firms: SEIMAC LIMITED; AGRITEAM CANADA CONSULTING LTD; DECOLLEMENT CONSULTING LTD; GROUPE AST (1993) INC; TIMBERLAND CONSULTANTS LTD; HEF PETROPHYSICAL CONSULTING INC

Example of scientific and technical consulting services advertised- offshore environmental and marine meteorology consulting; agri-business planning, natural resource management, human resource development consulting in developing countries; well-site consulting; geological consulting services.

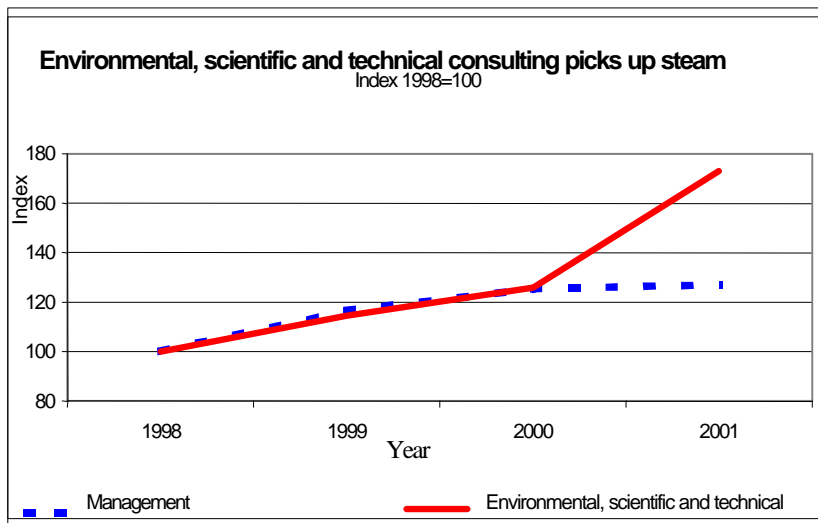
Highlights for 2001

The Consulting industry generated \$8.0 billion in operating revenues in 2001, an increase of \$628 million or 8.5% from 2000. Despite weaker economic conditions in 2001, the consulting industry managed to improve operating revenues by expanding human resource, environmental and scientific consulting services. Businesses specializing in environmental consulting services generated 46% of the total industry growth in 2001.



Management Consulting continued to dominate this industry accounting for 81.6% of total operating revenues. Improved revenues from its human resources component lifted revenues by \$229 million or 3.6%, but industry growth was hampered by a decline in general consulting revenues.

The Consulting industry relies heavily on a high concentration of human capital employing 58,000 employees in 2001, an increase of 1.3% from 2000.



As a knowledge-based industry, salaries and wages continued to be the primary operating expenditure representing 42% of each dollar earned in 2001. This cost of human capital jumps an additional 15% when sub-contract and consultant fees are considered, together representing 57% of each dollar earned in 2001 (53% in 2000). The contribution of the more than 10,000 partners and proprietors working in the industry are not included in this measurement of human capital.

The industry's before tax operating profit margin was 19.0% in 2001, a slight decrease from 19.4% in 2000. Establishments providing consulting services numbered 49,241 in 2001, up 4.8% from 46,979 in 2000.

Management, Scientific & Technical Consulting Industry Products as defined by the North American Product Classification System (NAPCS)”

Management Consulting Services

Strategic Management Consulting Services
Business Strategy and Planning Consulting Services
Corporate Development and Restructuring Consulting Services
Other Strategic Management Consulting Services, n.e.c.
Financial Management Consulting Services
Management Accounting and Controllershship Consulting Services
Other Financial Management Consulting Services
Marketing Management Consulting Services
Marketing Strategy Consulting Services
Market Development Consulting Services
Sales Management and Development Consulting Services
Other Marketing Management Consulting Services
Human Resources Management Consulting Services
Compensation and Benefits Consulting Services
Other Human Resources Management Consulting Services
Employee Relations and Communication Consulting Services
Personnel Policies and Procedures Consulting Services
Organizational Development Consulting Services
Performance Evaluation Consulting Services
Federal and State Program Compliance Consulting Services
Recruitment and Retention Consulting Services
Other Human Resources Management Consulting Services, n.e.c.
Operations and Supply Chain Management Consulting Services
Integrated Supply Chain Management Consulting Services
Operations Management Consulting Services, except Logistics Consulting
Logistics Management Consulting Services
Inventory Management Logistics Consulting Services
Distribution and Transportation Logistics Consulting Services
Warehousing and Storage Logistics Consulting Services
Other Logistics Management Consulting Services

Environmental Consulting Services

Environmental assessments
Environmental assessments, water
Environmental assessments surface water
Environmental assessments, groundwater
Environmental assessments, air
Environmental assessments, indoor air
Environmental assessments, outdoor air
Environmental assessments, soil
Environmental assessments, noise
Environmental assessments, multi-media

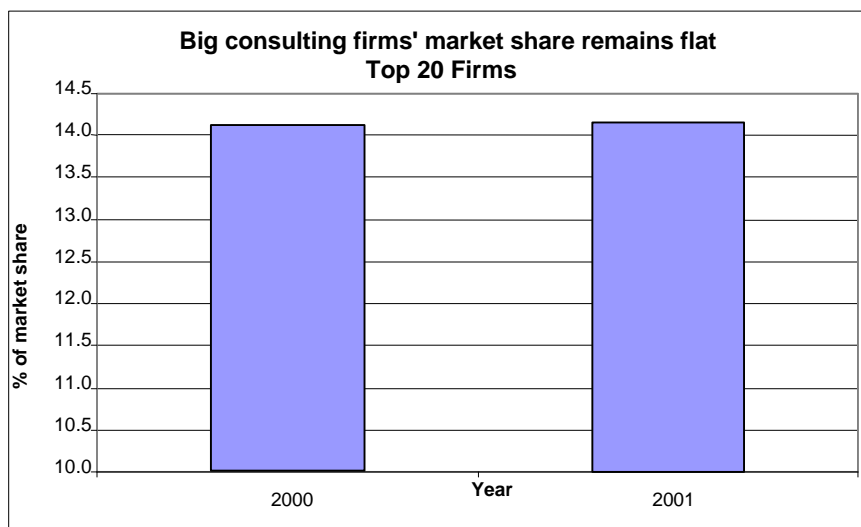
Scientific and Technical Consulting Services (products not fully developed)

Industry facts and figures

Establishments providing management, environment, scientific and technical consulting services numbered 49,241 in 2001, up 4.8% from 46,979 in 2000. This industry is generally composed of medium to small consulting firms. To illustrate this, the top 20 firms' share of total operating revenue stood at only 14% in 2001 (Chart 1). Large and medium-sized firms tend to provide a wider array of services while small firms tend to be more specialized. Because of this specialization, larger firms often hire smaller firms when they need special expertise as evidenced by the extent of sub-contacting expenses by large and medium-sized firms.

The survey targeted 2,538 respondents in 2001, up from 2,412 in 2000. This surveyed portion represented 84.7% of operating revenues for the industry. The non-surveyed portion was determined from administrative sources.

Chart 1



Industry composition – Management Consultants dominate the industry

The management consulting industry (NAICS 54161) dominates the overall consulting industry in many respects. The 2001 survey showed that management consultants represented 81.6% of industry operating revenues, 80.6% of salaries and wages paid, 78.8% of professionals employed, 61.2% of technical workers employed and 77.6% of overall industry employment (Text Table 1).

Text Table 1- Industry Composition of revenue, salaries, and personnel

	Operating revenue	Salaries, wages paid	Professional employees	Technical Employees	Total employment
Management Consulting	81.6%	80.6%	78.8%	61.2%	77.6%
Environmental consulting	7.5%	9.0%	9.7%	22.5%	10.9%
Scientific and technical consulting	10.9%	10.4%	11.5%	16.3%	11.5%
All	100.0%	100.0%	100.0%	100.0%	100.0%

Operating revenues 2001

Operating revenues for “The Consulting Industry” climbed to \$8.0 billion in 2001, up \$628 million or 8.5% (Chart 2). The Environmental, Scientific and Technical Consulting industry accounted for 64% of total industry growth in 2001, as operating revenues soared by \$399 million to reach 1.5 billion dollars. The increase was primarily due to improved operating revenues by environmental consulting firms. Businesses that specialized in environmental consulting services contributed 46% of the growth of Environmental, Scientific and Technical Consulting (Chart 3 and Chart 4).

Chart 2

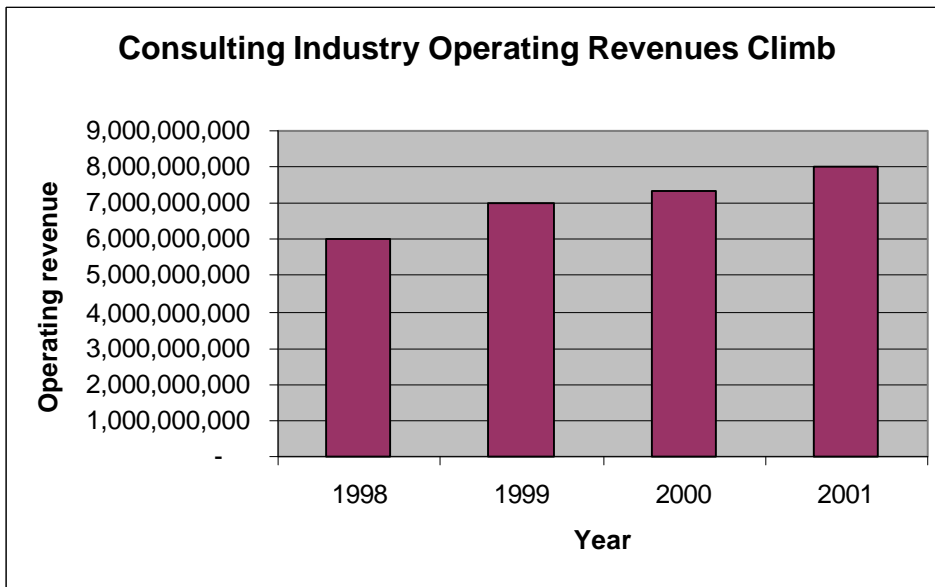


Chart 3

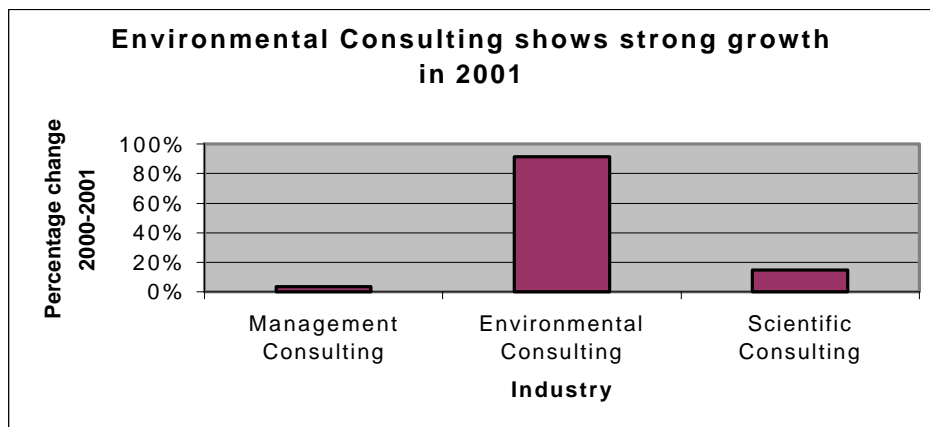


Chart 4

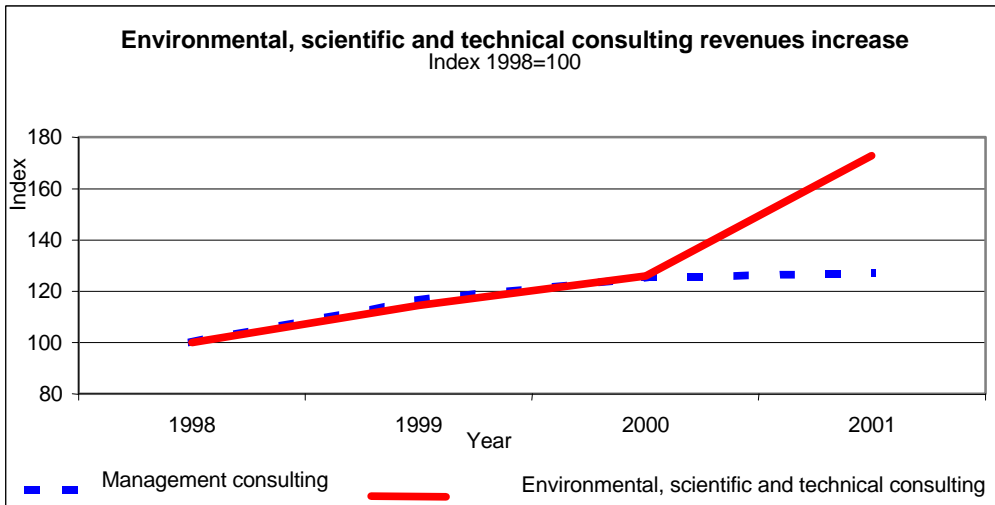
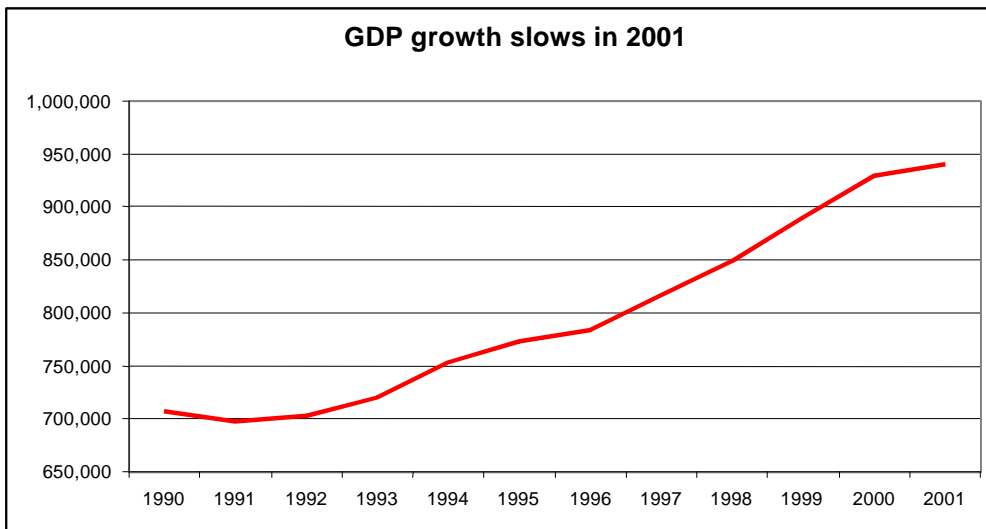
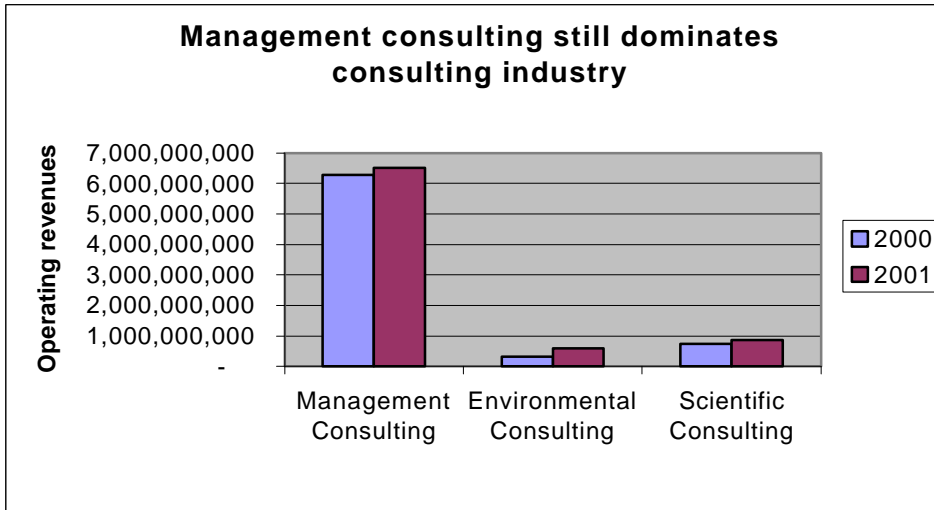


Chart 5



For Management Consulting, revenues rose by \$229 million or 3.6% in 2001. The growth was due to higher revenues from human resources consulting services, tempered by a drop in general consulting services. Management Consulting continued its dominant position in “The Consulting Industry” representing 81.6% of total operating revenues in 2001 (Chart 6).

Chart 6

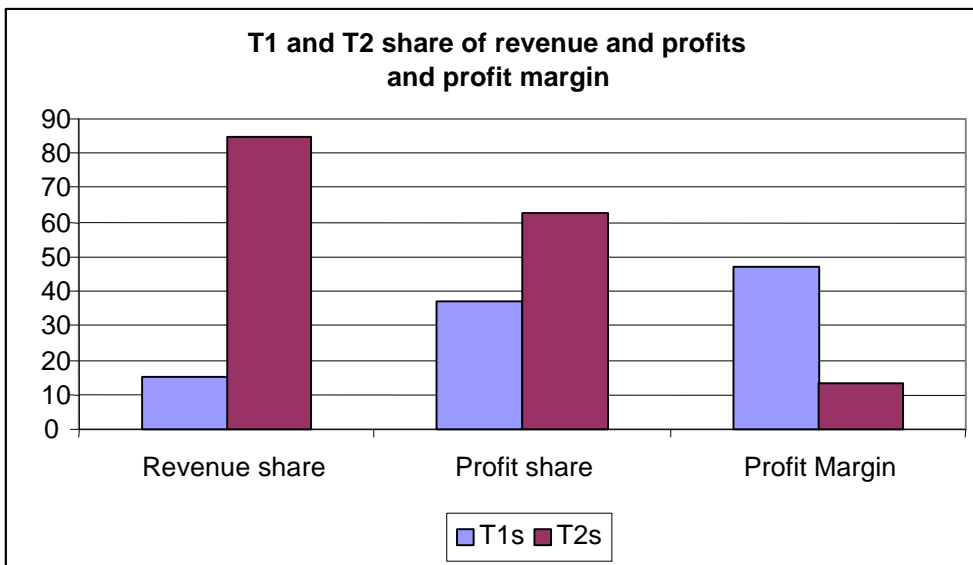


Profit margin

Operating profit margin for “The Consulting Industry” as a whole stood at 19.0% in 2001, down slightly from 19.4% in 2000. For Management Consulting, the operating profit margin slipped to 19.0% in 2001 from 19.5% in 2000. For Environmental, Scientific and Technical Consulting, it remained stable at 19.2 % in both years.

Corporate (T2s) and Non-corporate (T1s) profit margins including revenue and profit share for the Consulting industry are shown in the Chart below. On average, corporate profit margin averaged 13% while unincorporated businesses reported an average profit margin of 47%.

Chart 6a



Provincial data

At the province level, industry data for environmental and scientific and technical consulting is not available due to residual disclosure restrictions and unacceptable data quality in some provinces and industries. However, provincial data is available for Management Consulting (NAICS 54161) where quality was good to excellent at the province level.

More than one-half (54%) of Management Consulting operating revenues were generated in Ontario, up three percentage points from 51% in 2000. The provincial distribution of management consulting activity within Canada reflects the general distribution of business activity where Ontario, Quebec and British Columbia traditionally account for about 85 percent of industry revenues and employment. Provincially, Ontario and Alberta led the revenue growth for Management Consulting, but Québec and British Columbia experienced decreases consistent with the slippage in GDP grow in 2001(Charts 7 and 8).

As stated above, operating profit margin for the Management Consulting industry at the Canada registered at 19.0% at the Canada level in 2001, but varied slightly from province to province.

Chart 7

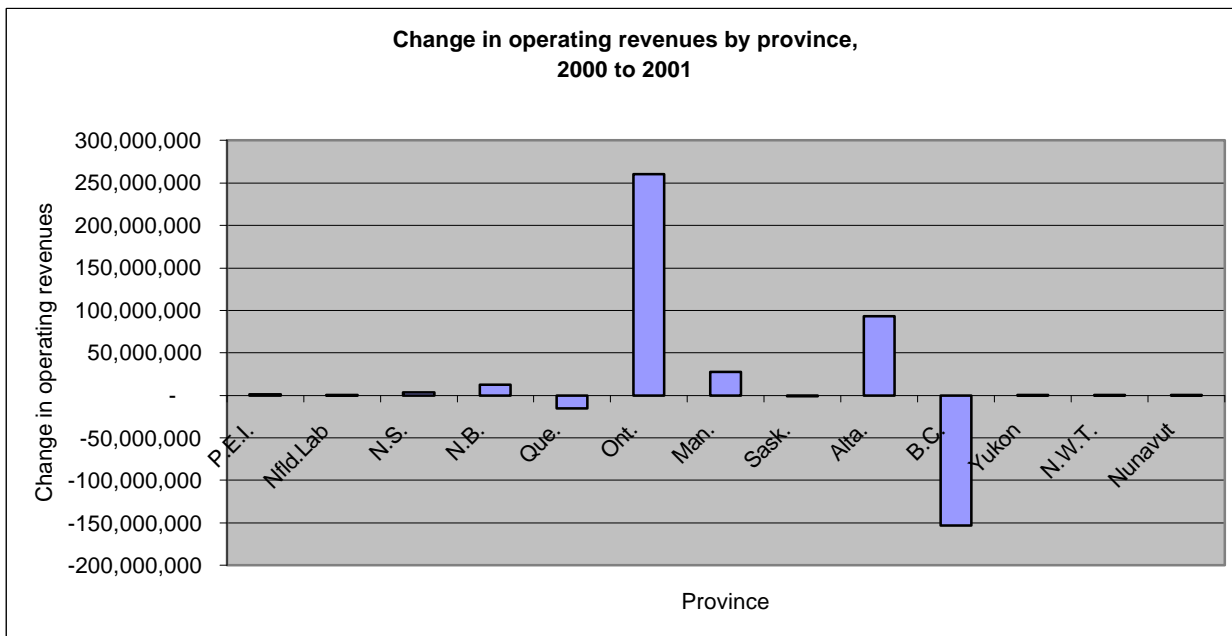


Chart 8



Table 2 – Comparison of Major variables, 1998 to 2001

Management consulting					
	Establishment count	Operating Revenue millions	Wages and Salaries millions	Operating Expenses millions	Profit margin
1998	29,593	5,165.3	1,897.2	4,208.9	19%
1999	35,251	6,015.4	2,221.6	4,761.7	21%
2000	40,117	6,285.5	2,430.2	5,062.4	19%
2001	40,957	6,514.8	2,544.2	5,278.3	19%
Environment, scientific and technical consulting					
	Establishment count	Operating Revenue	Wages and Salaries	Operating Expenses	Profit margin
1998	4,068	857.5	308.2	698.4	19%
1999	5,688	981.8	355.1	793.1	19%
2000	6,862	1,066.9	416.6	862.4	19%
2001	8,284	1,466.1	596.0	1,185.1	19%

Operating expenditures

As a knowledge-based industry selling services rather than goods, salaries and wages are the primary operating expenditure for the Consulting Industry. Fees paid to sub-contractors and fees paid to consultants contribute even more to the cost of supplying knowledge to clients. Together these people-based expenditures accounted for 57% of each dollar earned in 2001, up from 53% in 2000.

Customer characteristics

For the Management Consulting industry, 71% of the customers were Canadian businesses while Canadian governments purchased 17% of this industry's services. Ten percent of operating revenues were generated abroad.

Governments purchased 24% of Environmental Consulting services in 2001.

Exports

Chart 9 below shows the distribution of foreign sales by the location of the customer. Consulting firms in Canada have demonstrated their international scope by exporting \$717 million of their services in 2001 not only to US clients, but to clients in a host of international locations, despite the downturn in exports observed in other sectors of the Canadian economy in 2001. More than \$220 million of services were sold to non-USA clients. Asia and European customers were dominant as they generated more than \$140 million.

Management consulting services accounted for \$570 million or 81% of services exported in 2001. Environmental and Scientific services represented 6% and 13% respectively.

In 2000, exports were at about the same level at \$712 million.

Chart 9

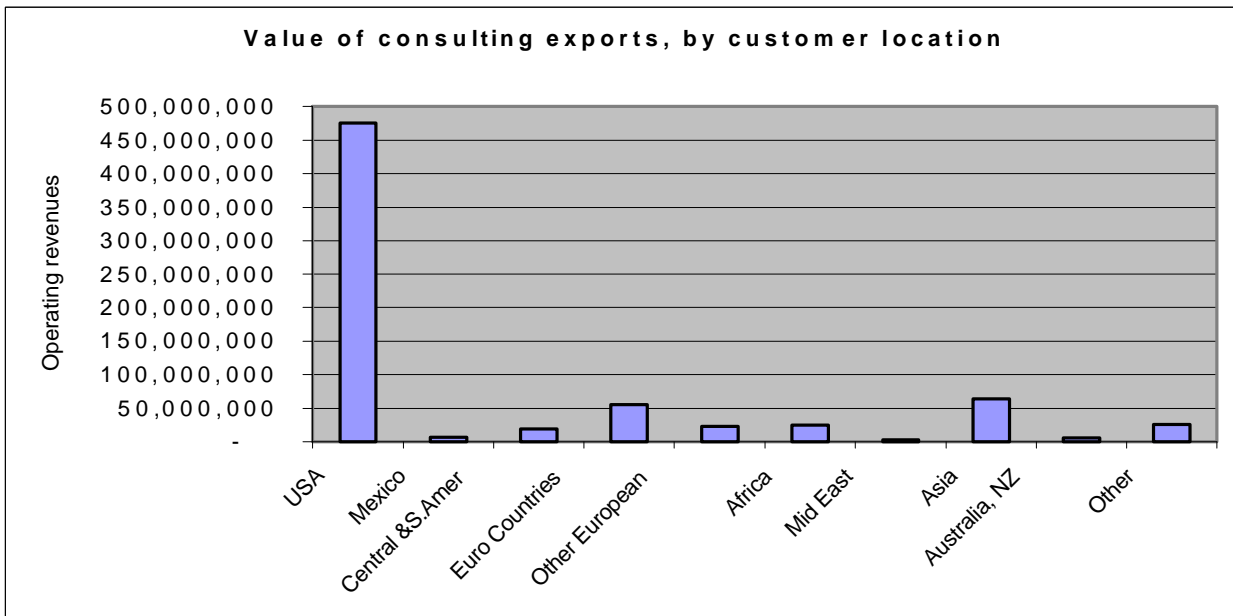
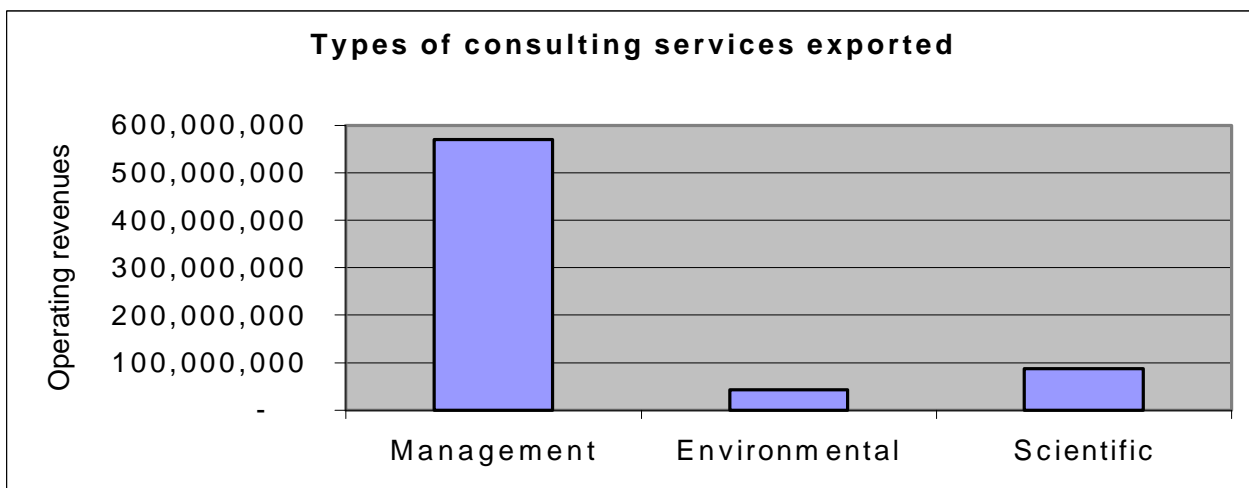


Chart 10



Charts 11 and 12 illustrate how broadly-based the export of consulting services was in 2001 amongst large, medium and small firms. Chart 11 depicts large firms contributing about 55% of the value of exports in 2001, closely followed by medium-sized firms at 43% of exports.

The number of firms involved in exporting consulting services are further illustrated in Chart 12. Here, medium-sized firms show how broadly-based consulting abroad is with more than 200 exporting consulting services in 2001, compared to 60 large firms and 46 small firms.

Chart 11

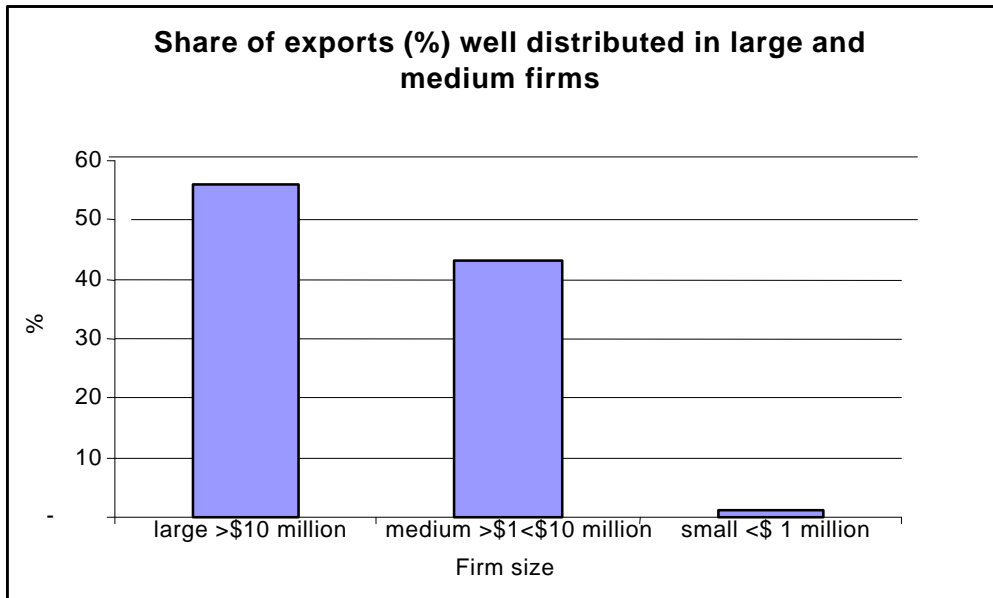
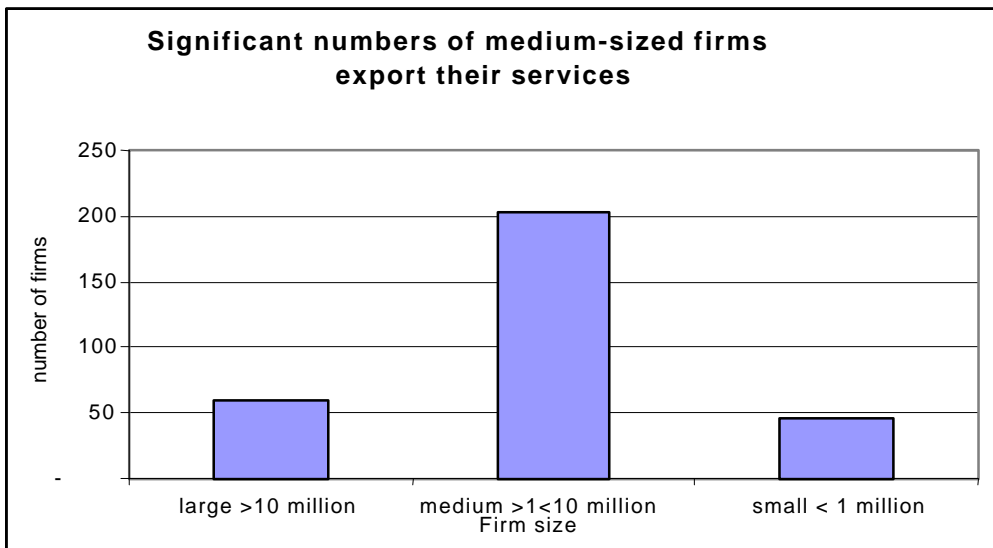


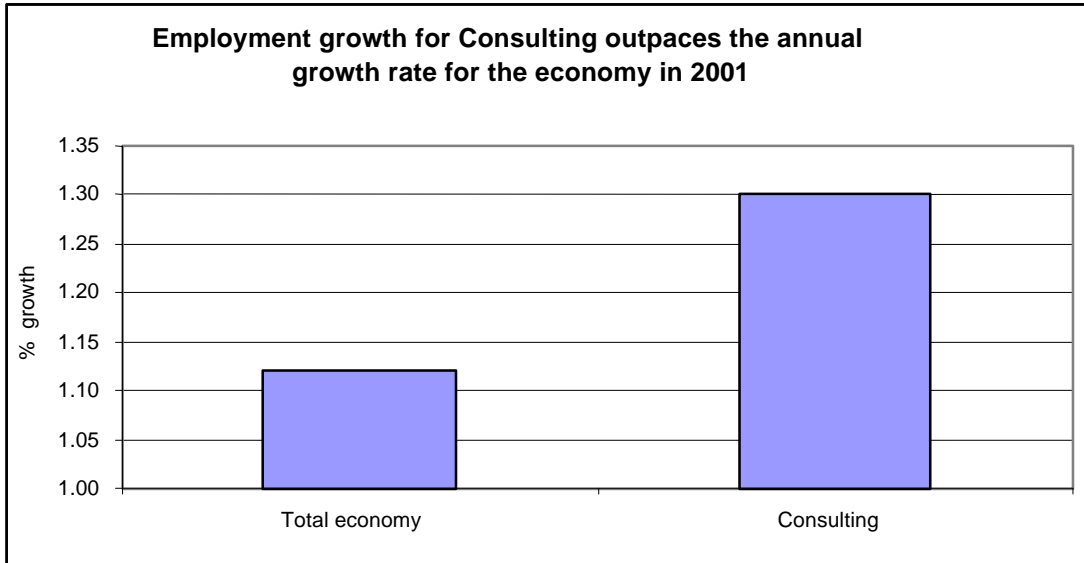
Chart 12



Employment characteristics

The number of employees reported by the consulting industry numbered 57,988 in 2001 up 1.3% from 57,261 in 2000. This surpassed the employment growth rate for the Canadian economy as a whole where employment grew by only 1.12% in 2001.

Chart 13



Salaries and wages

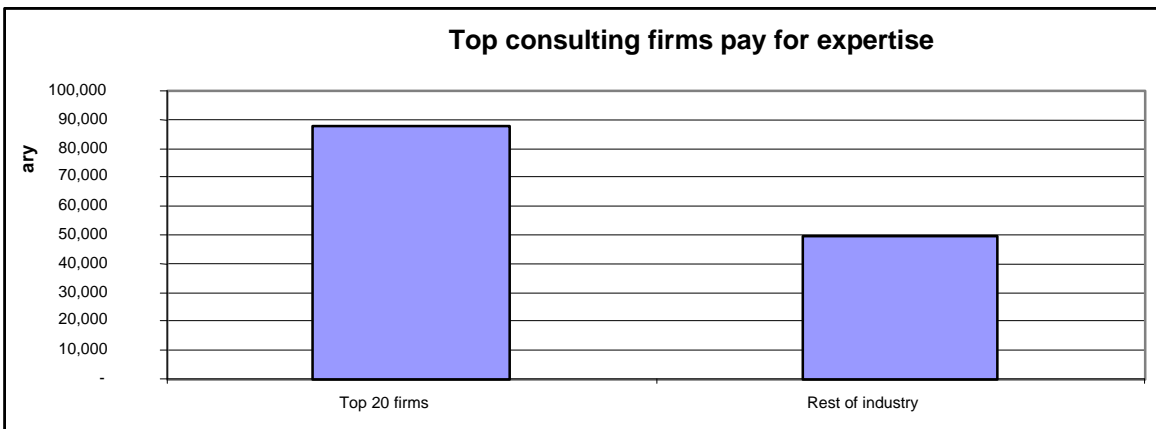
Average salaries paid by the consulting industry was \$58,000 in 2001. The top 20 firms, however, paid an average of \$88,000 as their share of industry salaries was 20%, while employing only 12% of the employees. The rest of the industry paid an annual average of \$50,000. Statistics Canada's SEPH salaries and wages series shows Management Consulting with an annual average of \$44,144. The top firms in the survey, however, are staffed by experts in their fields which may cross a number of industry classifications with higher salary levels, such as in the example below.

Average salaries in 2001 (SEPH data)

Table 3

Software Publishers	56,197
Architectural, Engineering and related Services	52,299
Scientific Research and Development Services	47,158
Professional, Scientific and Technical Services	46,027
Management, Scientific and Technical Consulting Services	44,144

Chart 14



RY2001 CV's by industry group

- CVs for major variables for Management Consulting (54161) fell within the good to excellent range for most provinces except for smaller provinces where the sample was small. CV's for the Environmental, Scientific and Technical Consulting industries (54162, 54169) while good at the national level, were less than satisfactory for certain provinces. The industry stratification has been broadened (to the 5-digit NAICS level) for RY2002 to enable a wider release of province level data. *No provincial detail will be released for these industries before 2002.*
- Estimates for Newfoundland and Labrador, while improving in quality, are still not considered reliable for the Management Consulting industry group and therefore will not be released for 2001, as was the case in earlier years. Since Nunavut must be suppressed for confidentiality reasons anyway, Newfoundland and Labrador will be used for secondary suppression.

Methodology Statement – Unified Enterprise Survey Program, Reference Year 2001

Management, Scientific and Technical Consulting – Concepts, Methodology and Data Quality

The following information is to ensure a clear understanding of the basic concepts that are being measured, the underlying survey methodology (how the concepts are measured), and key aspects of data quality. This information will provide you with a better understanding of the strengths and limitations of the data, and of how they can be effectively used and analysed. The information may be of particular importance when making comparisons with data from other surveys or sources of information, and in drawing conclusions regarding changes over time.

Definitions

A **business entity** is an economic transactor having the responsibility and the authority to allocate resources in the production of goods and services.

A **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.

A **statistical enterprise** is an organisational unit of a business that directs and controls the allocation of resources relating to its domestic operations, and for which consolidated financial and balance sheet accounts are maintained from which international transactions, an international investment position and a consolidated financial position for the unit can be derived.

A **complex enterprise** is an enterprise that operates in more than one province and/or operates in more than one industry and /or is multi-legal (links to more than one legal entity).

A **simple enterprise** is an enterprise that operates in one province, one industry and is a single legal entity.

In complex businesses, there may be an organisational unit above the establishment but below the enterprise. The **statistical company** is defined as the organisational unit for which income and expenditure accounts and balance sheets are maintained from which operating profit and the rate of return on capital can be derived.

Survey Design

The target population consists of all statistical establishments (sometimes referred to as firms or units) classified as Management, Scientific and Technical Consulting according to the North American Industry Classification System (NAICS) during the reference year 2001. Data users who wish to learn more about NAICS, its underlying principles, and many of the other statistical concepts discussed in this brief summary, are referred to the Introduction section of the Statistics Canada publication "North American Industry Classification System: Canada 1997" (catalogue number 12-501).

Even though the basic objective of the survey is to produce estimates for the whole industry—all 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 portion represents a substantial proportion of the industry in terms of number of establishments 50%, but its contribution to the overall industry revenue is only about 15%. These excluded establishments are accounted for in the final estimates through the use of 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 client base, revenue by type of service, and detailed expense items are collected only for surveyed establishments.

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., groups with the same NAICS codes, same geography (province/territory), and same business type (incorporated/unincorporated) attributes). Quality requirements are targeted, and then each group is divided into sub-groups called strata: take-all, must-take, and take-some.

The take-all stratum includes the largest firms in terms of performance (based on revenue) in an industry. 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). Units in the take-some strata are subjected to simple random sampling.

Finally, the sample size is increased, mostly to compensate for firms that no longer belong in the industry; i.e., they have gone out of business, changed their primary business activity, they are inactive, or are duplicates on the frame. After removing such firms, the sample size for this survey was 1,716 collection entities.

Collection

Data are collected through a mail-out/mail-back process, while providing respondents with the option of telephone 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.

Edit and Imputation

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.

Estimation

As part of the production of final numbers (referred to as estimation), 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).

Data Quality

While considerable effort is made to ensure high standards throughout all stages of collection and processing, the resulting estimates are inevitably subject to a certain degree of error. These errors can be broken down into two major types: non-sampling and sampling.

Non-sampling error is not related to sampling and may occur for many reasons. For example, non-response is an important source of non-sampling error. Population coverage, differences in the interpretation of questions, incorrect information from respondents, and mistakes in recording, coding and processing data are other examples of non-sampling errors.

The **response rate** for this survey was 67% in reference year 2001, after taking into account the factors discussed in this statement.

Sampling error occurs because population estimates are derived from a sample of the population rather than the entire population. Sampling error depends on factors such as sample size, sampling design, and the method of estimation. An important property of probability sampling is that sampling error can be computed from the sample itself by using a statistical measure called the coefficient of variation (CV). The assumption is that over repeated surveys, the relative difference between a sample estimate and the estimate that would have been obtained from an enumeration of all units in the universe would be less than twice the CV, 95 times out of 100. The range of acceptable data values yielded by a sample is called a confidence interval. Confidence intervals can be constructed around the estimate using the CV. First, we calculate the standard error by multiplying the sample estimate by the CV. The sample estimate plus or minus twice the standard error is then referred to as a 95% confidence interval.

For the Survey of Management, Scientific and Technical Consulting, CVs were calculated for each estimate. Generally, the more commonly reported variables obtained very good CVs (10% or less), while the less commonly reported variables were associated with higher but still acceptable CVs (under 25%). The CVs are available upon request.

5416 - Management, Scientific and Technical Consulting

Table 1. Summary statistics for Management, Scientific and Technical Consulting (all establishments²), by North American Industry Classification System (NAICS), 1998-2001¹

	1998	1999	2000	2001
	millions			
Total operating revenue ³	6,022.8	6,997.2	7,352.5	7,980.9
Total operating expenses ⁵	4,907.3	5,554.7	5,924.8	6,463.5
Salaries, wages and benefits ⁴	2,205.4	2,576.7	2,846.8	3,140.1
Operating profit margin ⁶ (%)	18.5	20.6	19.4	19.0

See footnotes at end of table 1P

54161 - Management Consulting

Table 1A. Summary statistics for Management Consulting (all establishments²), by North American Industry Classification System (NAICS), 1998-2001¹

	1998	1999	2000	2001
	millions			
Total operating revenue ³	5,165.3	6,015.4	6,285.5	6,514.8
Total operating expenses ⁵	4,208.9	4,761.7	5,062.4	5,278.3
Salaries, wages and benefits ⁴	1,897.2	2,221.6	2,430.2	2,544.2
Operating profit margin ⁶ (%)	18.5	20.8	19.5	19.0

See footnotes at end of table 1P

54162- Environmental Consulting Services

Table 1B. Summary statistics for Environmental Consulting (all establishments²), by North American Industry Classification System (NAICS), 1998-2001¹

	1998	1999	2000	2001
	millions			
Total operating revenue ³	367.4	305.2	313.9	601.0
Total operating expenses ⁵	302.0	252.2	262.0	509.3
Salaries, wages and benefits ⁴	143.9	119.4	142.2	262.7
Operating profit margin ⁶ (%)	17.8	17.4	16.5	15.2

See footnotes at end of table 1P

54169 – Other Scientific and Technical Consulting Services

Table 1C. Summary statistics for Scientific and Technical Consulting (all establishments²), by North American Industry Classification System (NAICS), 1998-2001¹

	1998	1999	2000	2001
	millions			
Total operating revenue ³	490.1	676.6	753.0	865.1
Total operating expenses ⁵	396.4	540.9	600.4	675.8
Salaries, wages and benefits ⁴	164.3	235.7	274.4	333.3
Operating profit margin ⁶ (%)	19.1	20.1	20.3	21.9

See footnotes at end of table 1P

54161 - Management Consulting

Table 1P. Revenue and Expenses, by Province, Management Consulting, 1998-2001¹

	Nfld.Lab.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon	N.W.T.	Nunavut	Canada
Number of establishments ²														
1998	x	37	365	250	6,095	12,898	649	407	3,836	4,846	26	x	x	29,593
1999	x	67	406	304	6,765	15,955	798	569	4,613	5,469	33	68	x	35,251
2000	x	58	544	283	8,123	18,308	824	546	5,307	5,813	25	63	x	40,117
2001	x	64	511	403	7,668	18,581	791	592	5,938	6,118	27	62	x	40,957
Total operating revenue ³ (\$'000,000)														
1998	x	5.3	49.1	34.5	1,063.2	2,763.8	85.1	59.7	467.4	618.4	2.1	x	x	5,165.3
1999	x	7.1	53.2	31.4	1,240.7	3,198.6	92.9	59.8	549.0	753.2	2.5	11.1	x	6,015.4
2000	x	7.3	55.2	25.7	1,313.7	3,233.8	84.3	55.9	622.8	851.7	2.8	12.3	x	6,285.5
2001	x	8.0	58.4	37.8	1,298.4	3,493.8	111.8	55.1	715.7	698.5	2.3	12.5	x	6,514.8
Salaries, wages and benefits ⁴ (\$'000,000)														
1998	x	1.8	18.5	8.6	411.7	991.3	32.4	16.2	151.9	259.6	-	x	x	1,897.2
1999	x	2.0	22.7	12.0	459.8	1,196.8	31.5	16.9	220.8	249.6	0.7	4.1	x	2,221.4
2000	x	3.6	21.8	9.9	537.1	1,227.7	30.0	21.3	238.2	327.5	1.0	4.5	x	2,430.2
2001	x	2.2	20.6	15.8	485.1	1,353.4	39.1	23.1	322.7	269.4	0.9	3.4	x	2,544.2
Total operating expenses ⁵ (\$'000,000)														
1998	x	4.1	37.1	26.0	858.7	2,253.8	67.0	45.1	358.4	543.8	1.6	x	x	4,208.9
1999	x	5.4	40.8	25.6	940.1	2,541.6	70.4	45.0	467.0	604.2	1.9	8.6	x	4,761.6
2000	x	5.7	44.8	21.8	1,060.8	2,520.3	65.2	47.8	532.5	734.8	2.0	9.9	x	5,062.4
2001	x	6.5	44.6	30.8	1,057.0	2,784.2	96.1	45.1	614.5	569.3	1.7	10.2	x	5,278.3
Operating profit margin ⁶ (%)														
1998	x	23.2	24.5	24.9	19.2	18.5	21.3	24.4	23.3	12.1	27.0	x	x	18.5
1999	x	23.7	23.3	18.4	24.2	20.5	24.2	24.7	14.9	19.8	27.1	22.2	x	20.8
2000	x	21.6	18.7	15.0	19.2	22.1	22.7	14.5	14.5	13.7	29.1	19.5	x	19.5
2001	x	18.5	23.7	18.5	18.6	20.3	14.0	18.2	14.1	18.5	28.4	18.0	x	19.0

¹ Estimates for the most recent year are preliminary. Preliminary data are subject to revision.

² Establishment

A 'statistical establishment' is one production entity or the smallest grouping of active production entities which produces as homogeneous 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.

³ Total operating revenue excludes investment income, capital gains, extraordinary gains and other non-recurring items.

⁴ 'Salaries, wages and benefits' include vacation pay and commissions for all employees for whom a T4 supplementary form was completed. This category also includes the employer portion of employee benefits for items such as Canada/Québec Pension Plan or Employment Insurance premiums. Salaries and wages do not include the remuneration of owners of unincorporated business, therefore the relative level of 'salaries, wages and benefits' will be lower in industries where unincorporated businesses are significant contributors.

⁵ Total operating expenses exclude write-offs, capital losses, extraordinary losses, interest on borrowing and other non-recurring items.

⁶ Operating profit margin is derived as follows: total operating revenue minus total operating expenses, expressed as a percentage of total operating revenue. The derived figure excludes corporation income tax paid by incorporated businesses and individual income tax paid by unincorporated businesses. For unincorporated firms, operating profit margin includes unpaid remuneration to partners and proprietors, which is not recorded as 'salaries, wages and benefits'. Therefore the operating profit margin will be higher in industries where unincorporated proprietorships and partnerships are significant contributors.

x Confidential.

Note: Due to rounding, components may not add to total.

5416 – Management, Scientific and Technical Consulting

Table 2. Revenue by type of service as a percentage of Total Operating Revenue (survey portion only) by North American Industry Classification System (NAICS), 1999-2001

	1999	2000	2001
		percent	
Strategic and financial management consulting	36.8	37.1	38.9
Human resource consulting and executive search services	19.1	20.7	20.0
Scientific and technical consulting	11.0	10.6	11.2
Environmental consulting	5.6	4.8	8.1
Production and operations consulting	3.0	1.3	3.8
Marketing, market research, economic and social research	4.8	6.3	3.5
Information technology consulting	1.0	0.7	1.3
Education and training	1.2	1.3	0.9
Public relations consulting	0.7	0.3	0.1
Other consulting	13.4	14.6	10.5
Other operating revenue	3.4	2.3	1.7
Total	100.0	100.0	100.0

Note: 1) Revenue by type of service for 1998 not available
2) Due to rounding, components may not add to total.

5416 - Management, Scientific and Technical Consulting Services

Table 3. Operating expenses as a percentage of operating revenue, (surveyed portion only), by North American Industry Classification System (NAICS), 1998-2001

	1998	1999	2000	2001
	percent			
Salaries, wages and benefits ¹	41	40	41	42
Professional fees	14	13	12	15
Repair and maintenance	1	1	1	1
Advertising	1	1	1	1
Depreciation	2	2	2	2
Occupancy expense ²	6	6	6	5
Materials, components and supplies	5	4	4	4
Other ³	14	14	13	10
Total operating expenses	83	81	80	80

1 Fees paid to contract employees are not included.

2 Includes rent or lease of land and buildings, rent/leasing of motor vehicles, computer equipment, machinery and other equipment, heat, light, power and water, insurance, taxes, permit and licences. Mortgage payments are excluded.

3 Includes fees paid to contract employees, office supplies, telephone, travel and entertainment, royalties, franchise fees paid and other operating expenses.

Note: Due to rounding, components may not add to total.

54161 - Management Consulting Services

Table 3A. Operating expenses as a percentage of operating revenue, (surveyed portion only), by North American Industry Classification System (NAICS), 1998-2001

	1998	1999	2000	2001
	percent			
Salaries, wages and benefits ¹	41	41	41	42
Professional fees	14	12	12	15
Repair and maintenance	1	1	1	1
Advertising	1	1	1	1
Depreciation	2	2	2	2
Occupancy expense ²	6	6	6	5
Materials, components and supplies	5	4	4	4
Other ³	13	14	13	10
Total operating expenses	83	81	79	80

1 Fees paid to contract employees are not included.

2 Includes rent or lease of land and buildings, rent/leasing of motor vehicles, computer equipment, machinery and other equipment, heat, light, power and water, insurance, taxes, permit and licences. Mortgage payments are excluded.

3 Includes fees paid to contract employees, office supplies, telephone, travel and entertainment, royalties, franchise fees paid and other operating expenses.

Note: Due to rounding, components may not add to total.

54162 – Environmental Consulting Services

Table 3B. Operating expenses as a percentage of operating revenue, (surveyed portion only), by North American Industry Classification System (NAICS), 1998-2001

	1998	1999	2000	2001
			percent	
Salaries, wages and benefits ¹	41	41	47	45
Professional fees	14	13	15	14
Repair and maintenance	1	2	1	1
Advertising	1	1	1	1
Depreciation	3	2	2	2
Occupancy expense ²	6	11	5	7
Materials, components and supplies	4	3	5	4
Other ³	16	12	7	10
Total operating expenses	85	83	83	85

1 Fees paid to contract employees are not included.

2 Includes rent or lease of land and buildings, rent/leasing of motor vehicles, computer equipment, machinery and other equipment, heat, light, power and water, insurance, taxes, permit and licences. Mortgage payments are excluded.

3 Includes fees paid to contract employees, office supplies, telephone, travel and entertainment, royalties, franchise fees paid and other operating expenses.

Note: Due to rounding, components may not add to total.

54169 – Other Scientific & Technical Consulting Services

Table 3C. Operating expenses as a percentage of operating revenue, (surveyed portion only), by North American Industry Classification System (NAICS), 1998-2001

	1998	1999	2000	2001
	percent			
Salaries, wages and benefits ¹	38	37	39	42
Consulting work sub-contracted to others	13	17	12	12
Repair and maintenance	2	1	1	1
Advertising	1	1	1	1
Depreciation	2	2	3	3
Occupancy expense ²	6	6	6	5
Materials, components and supplies	4	5	7	4
Other ³	17	11	12	11
Total operating expenses	83	80	80	78

1 Fees paid to contract employees are not included.

2 Includes rent or lease of land and buildings, rent/leasing of motor vehicles, computer equipment, machinery and other equipment, heat, light, power and water, insurance, taxes, permit and licences. Mortgage payments are excluded.

3 Includes fees paid to contract employees, office supplies, telephone, travel and entertainment, royalties, franchise fees paid and other operating expenses.

Note: Due to rounding, components may not add to total

5416 – Management, Scientific and Technical Consulting

Table 4. Distribution of the Client Base as a Percentage of Total Operating Revenue (surveyed portion only), by North American Industry Classification System (NAICS), 1998-2001

	1998	1999	2000	2001
			percent	
Households and Individuals	3	4	2	2
Business	69	68	73	71
Government	17	19	15	17
Foreign Consumers	11	9	11	10

Note: Due to rounding, components may not add to total.

54161 – Management Consulting

Table 4A. Distribution of the Client Base as a Percentage of Total Operating Revenue (surveyed portion only), by North American Industry Classification System (NAICS), 1998-2001

	1998	1999	2000	2001
			percent	
Households and Individuals	3	4	2	2
Business	71	67	73	71
Government	15	19	14	17
Foreign Consumers	11	9	11	10

Note: Due to rounding, components may not add to total.

54162 –Environmental Consulting Services

Table 4B. Distribution of the Client Base as a Percentage of Total Operating Revenue (surveyed portion only), by North American Industry Classification System (NAICS), 1998-2001

	1998	1999	2000	2001
			percent	
Households and Individuals	2	5	3	3
Business	58	73	68	65
Government	25	15 ^f	18	24
Foreign Consumers	14	7	11	8

Note: Due to rounding, components may not add to total.

54169 –Other Scientific and Technical Consulting Services

Table 4C. Distribution of the Client Base as a Percentage of Total Operating Revenue (surveyed portion only), by North American Industry Classification System (NAICS), 1998-2001

	1998	1999	2000	2001
			percent	
Households and Individuals	2	5	3	3
Business	58	73	68	74
Government	25	15 ^f	18	11
Foreign Consumers	14	7	11	12

Note: Due to rounding, components may not add to total.

