



Canada: Management Consulting

Lucy Latka
Date 02/2008

Summary

Note: As the U.S. and Canadian dollars are currently at parity, and it is forecasted to remain that way over the next two years, we have used an equal U.S. and Canadian dollar for all figures in this report.

Management consulting in Canada is a high-growth industry that is benefiting greatly from Canada's strong and steady economic growth. Consistent with a rising demand, management consulting in Canada is continuing to grow. In 2007, management consulting approached the \$10 billion mark, and is expected to increase by 5.5 percent to reach over \$11 billion by 2010. There are various Canadian initiatives that assist U.S. management consulting organizations access the Canadian market.

Management consulting provides 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. Management Consulting Services generally fall into the following categories:

1. General management consulting
2. Financial management consulting
3. Marketing management consulting
4. Human resources management consulting
5. Production management consulting
6. Public relation services
7. Agrology, agronomy and farm management consulting services

Market Demand

In 2007, the total management consulting market reached a record high of \$10 billion dollars and is expected to continue growing in the coming years. There has been a steady growth in this industry since 2001, when there were approximately 41,000 management consulting service suppliers providing \$5.7 billion worth of services to the Canadian market. This growth is a result of Canada's strong dollar and strong economic growth as well as organizations pursuing growth agendas and increased government spending. In 2001, exports of management consulting services were estimated at \$595 million, while imports were estimated at \$454 million. Today, these numbers are substantially higher as developments in the Canadian market tend to parallel those in the global market, and both are now rebounding after several years of slow growth. Most of the major international consulting practices are represented in Canada. Opportunities also exist for highly specialized sole practitioners and small and medium-sized niche practices. Small companies can maximize their potential by offering in-depth knowledge in specific interest areas.

From 2001 to 2007, approximately 70 percent of all public and private sector organizations in Canada have used the services of a management consultant at least once. Two thirds of consultants in Canada are employed by firms with more than 100 employees. Some 28 percent of consultants work in organizations with less than 20 employees, and many of these people are considered sole practitioners. Recently, the 30 largest consulting firms in Canada accounted for a 61 percent share of Canadian industry revenues.

	Small	Medium	Large
Partner/VP	346	428	560
Manager/Project Leader	270	314	416
Senior/Experienced Consultant	224	264	299
Entry Level Analyst	126	154	163

(Source: Canadian Association of Management Consultants)

Demand for services in the private and public sectors is outpacing the global market growth rates. Canada's consulting marketplace is fragmented with a rise in mid-size management consultancies, and a dramatic surge in leading Business Advisory Firms (BAS).

Market Data

In 2000, revenue for the management, scientific and technical consulting services industry grew to \$7.7 billion, up 10 percent from \$7.0 billion in 1999. Similar to 1999, approximately 85 percent of the industry's total revenue was generated by providing management consulting services. Management consulting services saw their total operating revenue increase by 3.7 percent in 2004. Operating expenses increased by 9.3 percent to \$7.9 billion in 2005. Businesses in the industry rely heavily on the knowledge of their employees. Therefore, salaries, wages and benefits are the largest operating expense, accounting for 44 cents out of every dollar spent in 2005. The industry's operating profit margin was 19.7 percent, which was relatively unchanged from 2004. Currently close to half of the industry operating revenues are generated by businesses located in Ontario. This is followed by 19 percent in Alberta, 16 percent in Quebec, and 13 percent in British Columbia.

Management Consulting Services				
Year	Operating Revenue	Salaries, Wages and Benefits	Operating Expenses	Operating Profit Margin
	Canadian Dollars in Millions			Percentage
1999	6,015.40	2,221.60	4,761.70	20.8
2000	6,285.50	2,430.20	5,062.40	19.5
2001	6,514.80	2,544.20	5,278.30	19
2002	6,710.10	2,338.10	5,410.00	19.4
2003	6,634.40	2,347.40	5,449.60	17.9
2004	6,881.30	2,356.40	5,480.00	20.4

(Source: Statistics Canada)

Best Prospects

There is increasing evidence that client demands for both industry knowledge and service expertise cause many consulting firms to have both of these attributes. Most of the large firms are beginning to offer a full menu of services, from strategic counsel to operational reengineering to systems management. Most successful companies deliver services oriented towards IT management and systems integration consulting in the public sector. Meanwhile, outsourcing as a service line continues to grow. Partnering and alliances are used efficiently to give a solution oriented to clients.

Human Resource (HR) Prospects

All of the major US-based HR organizations have a presence in Canada. HR consulting services continue to be in demand by both the public and private sectors. Over the past three years the federal government alone spent over 1.1 billion on human resource consulting services. Some of the HR services that Canadian public and private organizations are seeking are:

- Policies specialist
- Disability and equity advisor
- Training and development specialist
- Courseware developer
- Instructor
- Benefits consultant
- Work description writer
- Compensation analyst
- Employment manager
- Employment interview
- Outplacement services

Technology Prospects

- Enterprise Resource Planning (ERP) - Integration of data and processes into a single system
- Systems Application Recovery and System Development
- Information Technology security
- E-business
- Content and Database Management
- Green Strategies: improve efficiency, cost effectiveness and system reliability

Financial Management Prospects

- Accounting or tax services
- Auditing

Key Suppliers

With approximately \$6.7 billion in Government spending on consultants in 2007, a sizeable consulting market exists in Canada. Although a majority of business is going to a short list of large firms, opportunities for smaller firms are increasing. The size of small firms allows them to apply their expertise on single industry sectors as well provide highly focused attention towards clients.

Accounting Firms

Ernst & Young
KPMG
Deloitte

Strategy Firms

A.T. Kearny
Boston Consulting Group

Technology Firms

IT/Net
Sierra Systems
CSC
Xwave

Regional Firms

Western Management
Myers Norris Penny

Large Consulting Firms

Accenture
Braxton

HR Firms

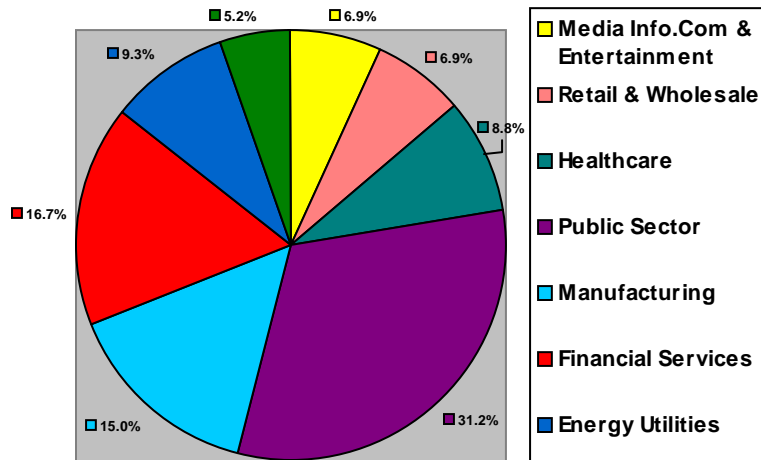
Dare
Excel HR
DBM
KWA Partners

Prospective Buyers

The public sector (municipal, provincial and federal governments) continue to harness a generous demand for consulting services. Governments contract a majority of consulting services for IT, human resources and financial accounting purposes. However, there is a significant demand in the private sector (healthcare, high tech, communications, retail, etc.) as well, Public and private sector organizations interested in management consultants can include:

- Communications and media
- Industrial Manufacturing
- Financial Services
- Health Services
- Energy and Chemical Companies

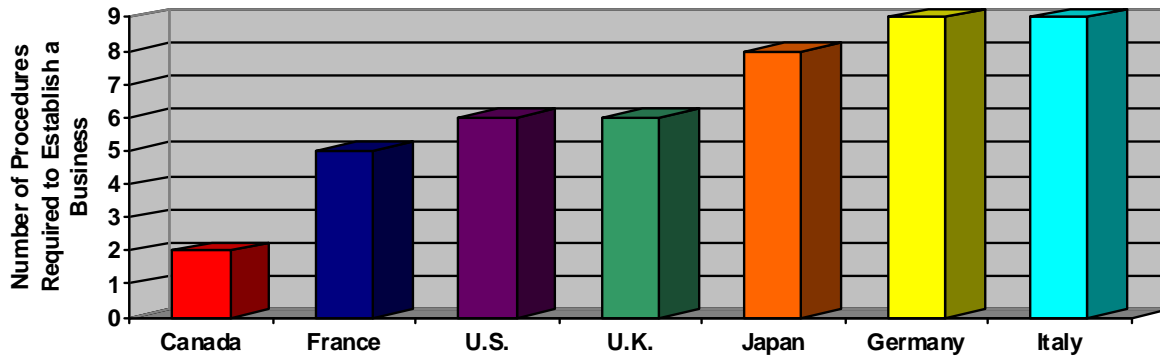
Consulting Expenditures by Industry



(Source: Canadian Association of Management Consultants)

Market Entry

Canada ranks first among the G-7 and OECD countries for the lowest number of procedures required to establish a new business.



(Source Invest in Canada)

Selling Consulting Services in the Public Sector

There are three principles to follow when selling your management consulting services to the public sector.

1. MAKE YOURSELF KNOWN

Take every opportunity to market yourself to the Government of Canada (GOC). If the GOC doesn't know about your organization or your service they will not be able to award you a contract. The following are a few examples of what you can do to "make yourself known." It is important to exhibit at trade events, in Canada, as well as in the U.S. If you submit a bid for a contract, and are unsuccessful in winning the contract, ensure that you have a de-briefing from the procurement official. Make certain that you are in all of the appropriate GOC databases. Market your organization to key contacts, either by email or post, in both the procurement side and the end-user side. The U.S. Commercial Service in Ottawa, Canada has many different methods of assisting companies in gaining market exposure.

2. GATHER MARKET INTELLIGENCE

In order to be informed of news in the management consulting sector, subscribe to trade journals, newspapers, etc., so that you are aware of upcoming procurements. Talk to GOC end-users about upcoming requirements before the requirement is posted on Government Electronic Tendering Service, MERX. Once the opportunity is posted, you may only contact the procurement official handling that particular project. However, all communications with the procurement official during this time will be made available to all parties interested in the procurement. It is also beneficial to have a person "on the ground" to keep you up-to-date and to market your organization/service; therefore, it would be beneficial to hire a local representative.

Although certification is not necessary, consultants with such designation are often preferred by government officials during the procurement process. As Canadian contracts for management consultants are evaluated on a point system, so even though it may not be mandatory to have the certification, you may receive additional points for being certified management consultant.

The U.S. Commercial Service in Ottawa, Canada can assist U.S. companies in finding a representative to assist in market entry.

3. IDENTIFY OPPORTUNITIES

The Canadian government's official government electronic tendering service [MERX](#) gives subscribers access to more than 1,500 open tenders from the federal government, provincial governments, and many municipalities, school boards, universities, and hospitals that are subject to Canada's trade agreements. Approximately 200 new tenders are posted daily.

The MERX system provides U.S. suppliers with easy access and excellent opportunities to sell a wide range of products and services to Canada's public sector. The Basic Subscriber package is free of charge providing U.S. companies with access to Federal Government procurement opportunities. From there, it is possible to search, view and download tender documents at no charge. This package also includes a free delivery of Opportunity Matching results, and an Opportunity Matching Profile that automatically searches for prospects suitable to each company. In order to access opportunities, other than federal government opportunities, users must subscribe to one of the fee-based packages.

The Services and Technology Acquisition Management Sector (STAMS) buy services such as business management, business consulting, training, informatics services, science and technology related services, and inspection services.

MERX is the official on-line tendering service for procurements made over CDN\$ 76,500 yet, [PS Online](#) is used for procurements made under the NAFTA threshold of CDN\$ 76,500 (including Goods and Services Tax) for professional services. PS online is a method of supply equivalent to a [Supply Arrangement](#). PS Online cuts the competitive procurement process to a minimum of 5 to 10 working days compared to the 15 to 40 day minimum associated with MERX. It also provides a forum for small and medium sized enterprises to market their services.

Suppliers must register with PS Online. To register, suppliers are required to obtain a Procurement Business Number, review the content of the Trading Partner Agreement, complete the signature form, respond to the mandatory requirements and sign the certifications applicable to each company.

PS Online is only for those U.S. suppliers who have an office within Canada. A physical address is not necessary as it is sufficient for the U.S. Company to have a mailing address in Canada. Contracts issued through PS Online are in Canadian funds and exist under Canadian contractual law.

Public Works and Government Services Canada (PWGSC) also play a special role with regard to temporary help contracting. PWGSC negotiates standing offer agreements with private firms to provide for qualified personnel for temporary assignments of up to 20 weeks. For more information please refer to the [Bidding](#)

Process. PWGSC seeks competitive bids from companies registered on PWGSC source lists for most goods and services below the MERX threshold. Most purchases below \$25, 000 are made by PWGSC regional offices.

Selling Consulting Services in the Private Sector

There are three principles to following when selling your management consulting services to the private sector.

1. MARKET YOUR COMPANY

Networking, word of mouth and advertising have continuously proven to be good measures of accessing private sector markets in Canada. Effective marketing will develop into a stream of new clients and contracts. The following is a list of proven marketing methods:

- Establish a business presence or contact in Canada to ease the facilitation of networking and access of information.
- Contact agencies, contract officers, human resource personnel and large consulting firms who are known to receive consulting contracts.
- Network with others and develop a wide range of contacts that are willing to refer clients to you.
- Join professional and trade associations.
- Participate in trade events. Trade events can be a useful forum for building networks, partnerships, and the exchange and flow of ideas.
- Use various forms of media to your advantage for example register with business directories such as www.Yellow.ca to promote your business in Canada online.
- Develop newsletters, brochures, or flyers to keep your business in view with former and prospective clients. Attach them to proposals and mail them after receiving request for information.
- Send specialized mailing to executives who have recently moved into new positions, either within their present organizations or in new companies.
- Join appropriate industry associations.

2. KNOW YOUR MARKET AND STAY COMPETITIVE

Research market trends, developments, barriers and customer needs. U.S. companies must remember in this competitive management consulting market, it is important to continue to develop services ensuring the continual growth and development of their service. Management consultants must bring a unique, high value, service and skill to clients. For example, in today's rapidly changing environment, understanding advances in technology and having the ability to apply technological innovations to servicing the customer will assist in developing and maintaining a total solution to the customer's need.

3. IDENTIFY OPPORTUNITIES

In addition to the abovementioned strategies, [MERX Private Tenders](#) can also be used to connect to small, medium and large enterprise purchasing department and obtain information needed to bid on private-sector contracts. As a supplier U.S. companies can find more business opportunities from ready-to-buy buyers, expand their customer base and grow their business.

MERX offers two fee-based subscription packages for accessing these private-sector opportunities:

1. [Basic Tenders Subscription](#):
 - Access to all open Opportunity notes of private-sector buying organizations (limited information).
 - Free Notification of Amendments
 - One free Opportunity Matching Profile
 - Free delivery of Opportunity matching results
 - Access to buyer contact information and tender documents by paying a “Pay As You Go Fee”.

2. [Private Tenders Subscription](#):
 - Access to all Open Opportunity Notices of private-sector buying organizations (limited information)
 - Full Access to Open Opportunity Notices for the large private-sector buying organizations to which you are subscribed.
 - Unlimited preview and download of the tender documents posted by the large private-sector buying organizations to which you are subscribed.
 - Free Notification of Amendments
 - One free Opportunity Matching Profile
 - Free delivery of Opportunity Matching results
 - Low fixed annual pre-paid subscription
 - E-bid Submission; allowing suppliers to submit their bid to the buyer electronically using MERX.

The U.S. Commercial Service in Ottawa, Canada can assist U.S. companies increase their export potential in the Canadian private sector.

Market Issues & Obstacles

There are no specific barriers to entry for management consultants under the [North American Free Trade Agreement](#) (NAFTA) but individuals entering Canada to work, as professionals must meet certain obligations to qualify as management consultants.

Professional Services under NAFTA

Business people covered under NAFTA must comply with the general provisions on temporary entry to Canada. NAFTA applies to four specific categories of business people: business visitors, professionals, intra-company transferees, and traders and investors. In order to work in Canada, a professional must adhere to the following:

- Individuals must qualify to work in one of the more than 60 professions listed in [Chapter 16](#) (for example, accountant, computer systems analyst, or management consultant).
- Individuals must also pre-arrange employment with a Canadian enterprise in an occupation that matches the qualification. Professional services must be temporary, periodical or on a fixed consulting basis rather than as permanent employment. Typically, a management consultant is an independent contractor or an employee of a consulting firm under contract to a client from a member country.

Under NAFTA a management consultant is defined as a service designed to improve the managerial, operating and economic performance of public and private entities by analyzing and resolving strategic and operating problems. Consultants may assist and advise in implementing recommendations but must not perform operational work for clients.

In order to meet minimum requirements, the individual must possess certain credentials. NAFTA requires that a management consultant hold a Baccalaureate Degree; or equivalent professional experience as

established by statement or professional credential attesting to five years experience as a management consultant, or five years experience in a field of specialty related to the consulting agreement.

U.S. Companies interested in expanding their businesses to Canada can immigrate to Canada as an investor or an Entrepreneur. [Citizenship and Immigration Canada](#) (CIC) has established a Business Immigration Program that seeks to attract experienced business people to Canada who will support the development of a strong and prosperous Canadian economy. Business immigrants are expected to make an investment or to own and manage a business in Canada.

As an investor, to qualify for CIC's Immigrant Investor Program, investors must:

- Show that they have business experience
- Have a minimum net worth of CDN\$800,000
- Make a CDN\$400,000 investment

Investments are managed by CIC and are guaranteed by the Canadian provinces that use them to create jobs and help their economies grow. CIC will return the investment, without interest approximately five years and two months after payment.

As an entrepreneur, CIC's Entrepreneur Program seeks to attract experienced business people who will own and actively manage business in Canada that contribute to the economy and create jobs. Entrepreneurs must:

- Show that they have business experience
- Have a minimum net worth of CDN\$ 300,000
- Respect the various conditions for entrepreneurs after they arrive in Canada.

CMC designation in Canada

There is a Certified Management Consultant (CMC) designation in all provinces through the Certified Management Consultant Association of Canada for use of the CMC designation. Professional membership in the Association is available to any Canadian resident who is a practicing management consultant or has an interest in advancing the profession. To apply for the CMC designation in Canada, applicants need to have earned a bachelor degree. For any degree earned outside of Canada it must be reviewed by a Foreign Credential Evaluations service. However, it is possible to practice management consulting without having the designation.

Certified Management Consultants are regulated in Alberta, Manitoba, British Columbia, Saskatchewan, Quebec and Atlantic Canada (New Brunswick, Newfoundland and Labrador, Nova Scotia, Prince Edward Island). For example, in Alberta, the CMC is regulated by the [Certified Management Consultants Regulation under the Professional and Occupational Associations Registration Act](#). The terms "Certified Management Consultant" and "Fellow Certified Management Consultant" and their respective initials are protected titles, which cannot be used by those who are not members of Institute of Certified Management Consultants of Alberta members.

Trade Events

[IT Shared Services: A Partnership Approach](#)

March 5, 2008
Ottawa, ON

[Business and Service Excellence](#)

March 10, 2008
Victoria, BC

[IT 360 Conference & Expo 2008](#)

April 7-9, 2008
Toronto, ON

[Consulting Summit 2008](#)

April 10, 2008
San Francisco, CA

[Marketing Roundtable: The Consumer Connection](#)

April 9, 2008
Toronto, ON

[The Consumerization of Market Electronics: Opportunity for New Growth Markets?](#)

April 29-30, 2008
Bromont, QC

[Ottawa Venture & Technology Summit](#)

October 7-, 2008
Ottawa, ON

Resources & Contacts

Useful Government Websites:

[Public Works and Government Services Canada](#) (PWGSC): the main portal of this Ministry. To find out "Who buys what at PWGSC" it is recommended that you access the [Procurement Allocation Directory \(PAD\)](#). This is a list of key purchasing contacts in PWGSC that includes links from these contacts to the products and services they buy. The GOC has a list of all Departmental Materiel Managers listed on their website as well. This section lists the individuals responsible for each of the Canadian Ministries by location. Management consulting is listed under the Services and Technology Acquisition Management Sector (STAMS). The following is the contact for the Acting Manager for the Business Management and Consulting Services in the National Capital Region found in the PAD:

[Daniel St-Arnaud](#)

10C1, Place du Portage III
11 Laurier St
Gatineau, Quebec, K1A 0S5, CANADA
(819) 956-1655

PWGSC's [Supply Manual](#)

PWGSC's [Standard Acquisition, Clauses and Conditions \(SACC\) Manual](#)

[Business Access Canada:](#)

[Standing Offers and Supply Arrangements](#)

[Industry Canada:](#) valuable trade information by sector.

[Invest in Canada](#)

Government Electronic Tendering Service - [MERX](#)

Professional Services Online - [PS Online](#)

[Department of Foreign Affairs and International Trade](#)

[Citizenship and Immigration Canada](#)

Associations:

[Canadian Association of Management Consultants \(CAMC\)](#)

[International Council of Management Consulting Institutes](#)

[Professional Engineers of Ontario](#)

[Ottawa Center for Research and Innovation \(OCRI\)](#)

[Information Technology Association of Canada \(ITAC\)](#)

[Canadian Advanced Technology Alliance \(CATA\)](#)

[Institute of Certified Management Consultants Alberta](#)

Publications:

[Backbone Magazine](#)

[Canadian Consulting Engineer](#)

[Consulting Magazine](#)

[Oliver Wyman](#)

[Strategy Business](#)

[Management Consulting Profession](#)

[Measuring the Consulting Services Industry in Canada](#)

[Report on the 2004 Survey of Management Scientific and Technical Consulting Services](#)

[Consulting in Canada](#)

[Management Consulting in Canada 2007-2010 Executive Summary](#)

For More Information

The U.S. Commercial Service in Ottawa can be contacted via e-mail at: lucy.latka@mail.doc.gov Phone: (613) 688-5219; Fax: (613) 238-5999.

The U.S. Commercial Service — Your Global Business Partner

With its network of offices across the United States and in more than 80 countries, the U.S. Commercial Service of the U.S. Department of Commerce utilizes its global presence and international marketing expertise to help U.S. companies sell their products and services worldwide. Locate the U.S. Commercial Service trade specialist in the U.S. nearest you by visiting <http://www.export.gov/>.

If you would like further information, please contact lucy.latka@mail.doc.gov, the CS Canada National Management Consultant Specialist. Visit our website <http://www.buyusa.gov/canada> to discover commercial opportunities in Canada.

The U.S. Commercial Service in Ottawa can be contacted via e-mail at: lucylatka@mail.doc.gov Phone: (613) 688-5219; Fax: (613) 238-5999.

The U.S. Commercial Service — Your Global Business Partner

With its network of offices across the United States and in more than 80 countries, the U.S. Commercial Service of the U.S. Department of Commerce utilizes its global presence and international marketing expertise to help U.S. companies sell their products and services worldwide. Locate the U.S. Commercial Service trade specialist in the U.S. nearest you by visiting <http://www.export.gov/>.

If you would like further information, please contact lucy.latka@mail.doc.gov, the CS Canada National Government Procurement Specialist. Visit our website <http://www.buyusa.gov/canada> to discover commercial opportunities in Canada.

Canada First - Building Bridges to Prosperity

Disclaimer: The information provided in this report is intended to be of assistance to U.S. exporters. While we make every effort to ensure its accuracy, neither the United States government nor any of its employees make any representation as to the accuracy or completeness of information in this or any other United States government document. Readers are advised to independently verify any information prior to reliance thereon. The information provided in this report does not constitute legal advice.

International copyright, U.S. Department of Commerce, 2008. All rights reserved outside of the United States.

Disclaimer: The information provided in this report is intended to be of assistance to U.S. exporters. While we make every effort to ensure its accuracy, neither the United States government nor any of its employees make any representation as to the accuracy or completeness of information in this or any other United States government document. Readers are advised to independently verify any information prior to reliance thereon. The information provided in this report does not constitute legal advice.

International copyright, U.S. Department of Commerce, 2009. All rights reserved outside of the United States.

Comments and Suggestions: We welcome your comments and suggestions regarding this market research. You can e-mail us your comments/suggestions to: Customer.Care@mail.doc.gov. Please include the name of the applicable market research in your e-mail. We greatly appreciate your feedback.

Disclaimer: The information provided in this report is intended to be of assistance to U.S. exporters. While we make every effort to ensure its accuracy, neither the United States government nor any of its employees make any representation as to the accuracy or completeness of information in this or any other United States government document. Readers are advised to independently verify any information prior to reliance thereon. The information provided in this report does not constitute legal advice.

International copyright, U.S. Department of Commerce, 2007. All rights reserved outside of the United States.