

## Service bulletin

# Consulting Services

2007



### Highlights

- Operating revenues for the consulting services increased to \$11.4 billion in 2007, a 9.9% increase from the previous year. The overall gains in operating revenues were driven primarily by the environmental and other scientific and technical consulting services industry (+28.3 %) followed by the management consulting services industry (+2.9%).
- Consulting services covered in this report consist of firms that are primarily engaged in providing expert advice and assistance to other organizations on management, environmental, scientific and technical issues.
- Operating expenses for consulting services rose to \$9.2 billion in 2007, a 9.9% increase over the prior year. These businesses rely heavily on the knowledge of employees to provide services and as a result, labour costs made up of salaries, wages and benefits paid to employees and other labour costs is the largest expense, accounting for 64 cents out of every dollar spent in 2007.
- The operating profit margin was 19.2%, which is slightly higher than 19.1% in 2006.
- Close to half of operating revenues is generated in Ontario (44%), followed by Alberta (22%), Quebec (14%), and British Columbia (13%). Since 2001 Quebec and Ontario have seen their share of revenue decrease as a result of stronger revenue increases in the western provinces.
- Solid growth was posted in nearly all provinces, with continued gains in western Canada following strong growth in the same region in 2006. Operating revenues increased by 23.3% in Alberta, 21.9% in Manitoba, 14.8% in Saskatchewan, 10.6% in British Columbia while it only grew by 6.8% in Ontario and decreased by 1.0% in Quebec. The Atlantic region also posted notable gains in operating revenue between 2006 and 2007: New Brunswick (+34.4%), Nova Scotia (+20.0%) and Newfoundland (+19.5%).

## 2007 Survey Detailed Results

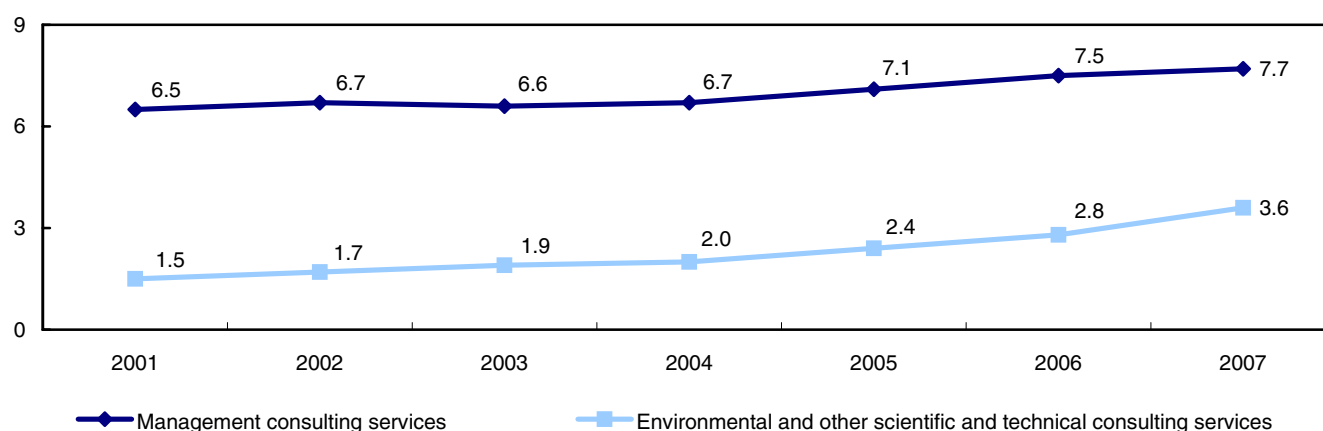
### Total operating revenues

Consulting services covered in this report, consist of management consulting services (NAICS 54161) and environmental and other scientific and technical consulting services (NAICS 54162 & 54169).

In 2007, operating revenues climbed to \$7.7 billion for the management consulting services industry and to \$3.6 billion for the environmental and other scientific and technical consulting services industry, for a total of \$11.4 billion for the overall industry.

**Chart 1**  
**Operating revenues for consulting services**

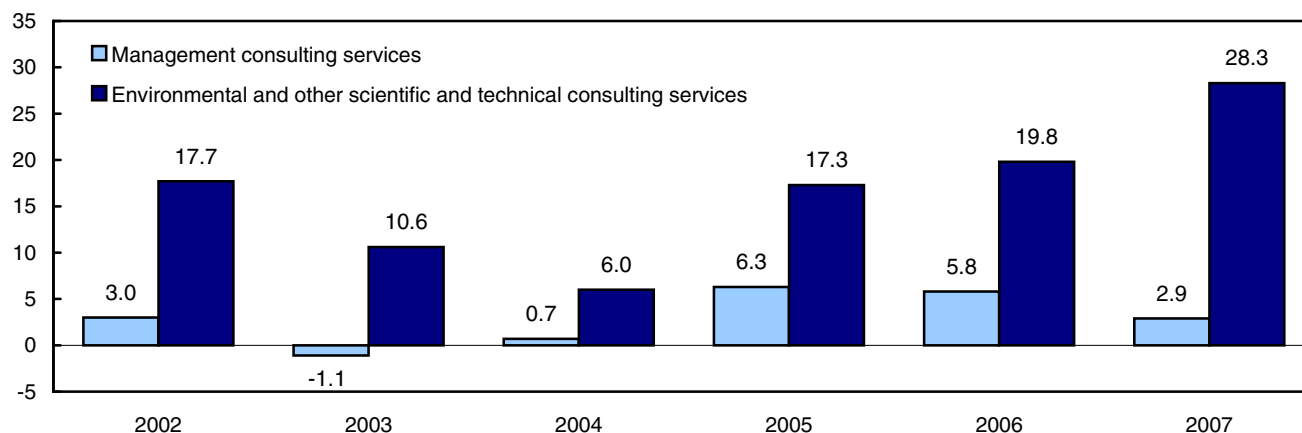
billions of dollars



Operating revenues for consulting services rose by 9.9% in 2007. The healthy growth witnessed in this industry in 2007 is mainly due to the contribution of the environmental and other scientific and technical consulting services industry, which grew by 28.3%. The management consulting services industry increased operating revenue by 2.9% between 2006 and 2007.

**Chart 2**  
**Growth of operating revenues for consulting services**

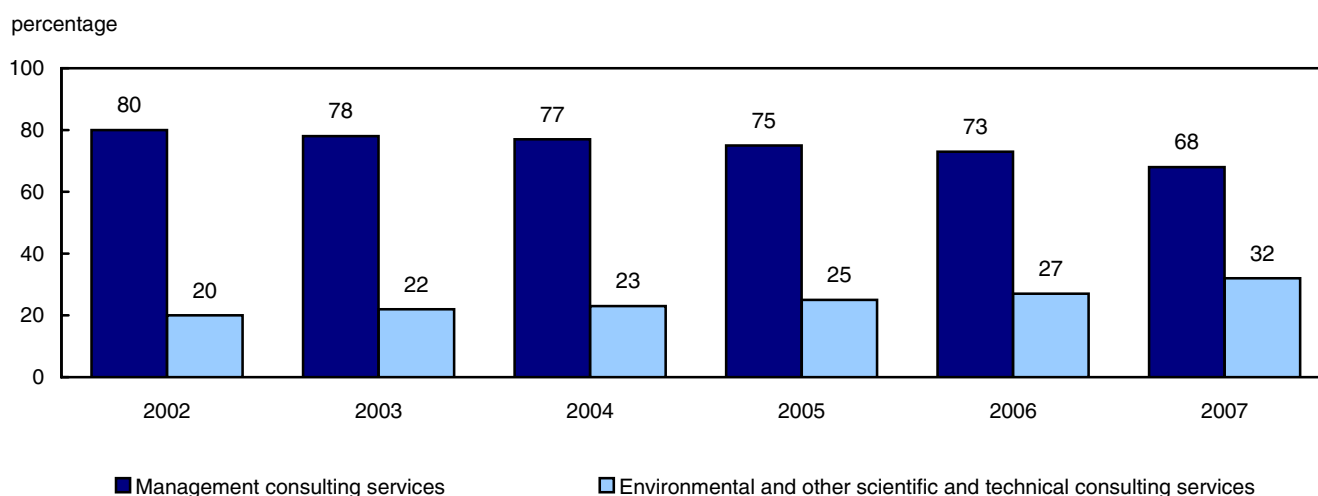
percentage



Consulting services has seen its operating revenues grow over the last 5 years. Growth in consulting services continues to be dominated by the environmental and other scientific and technical consulting services industry with its year-over-year growth rate sharply accelerating as of 2005.

The share of the environmental and other scientific and technical consulting services industry has gained ground annually over the previous 5 years shown below, reaching one third the share of overall operating revenue in consulting services in 2007. As a result, the management consulting services industry has seen its share of operating revenue lessen over the 5 year period due to smaller increases in operating revenues.

**Chart 3**  
**Distribution of operating revenues for consulting services**

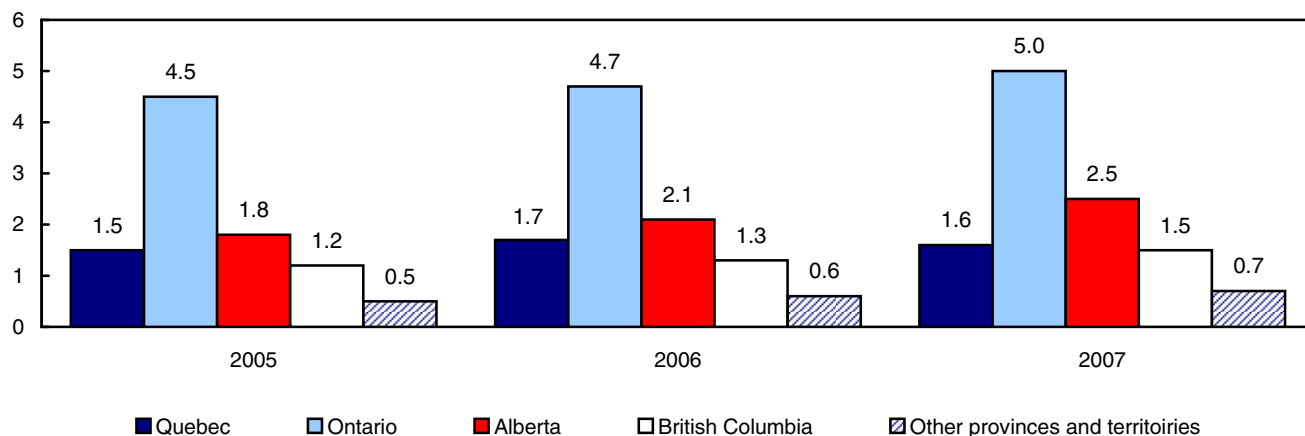


### Total operating revenues by province

Ontario generated \$5.0 billion of consulting services revenue in 2007, 44% of the industry's revenues. Alberta follows Ontario with operating revenues of \$2.5 billion and captured 22% of the industry total. Quebec and British Columbia maintained their respective ranks as third and fourth top revenue generating provinces posting revenues of \$1.6 and \$1.5 billion respectively. Quebec's share fell to 14% of national operating revenue while British Columbia remained unchanged at 13%. The remaining provinces and territories combined revenue stood at \$0.7 billion in 2007 with a 6% national share.

**Chart 4**  
**Operating revenues by province for consulting services**

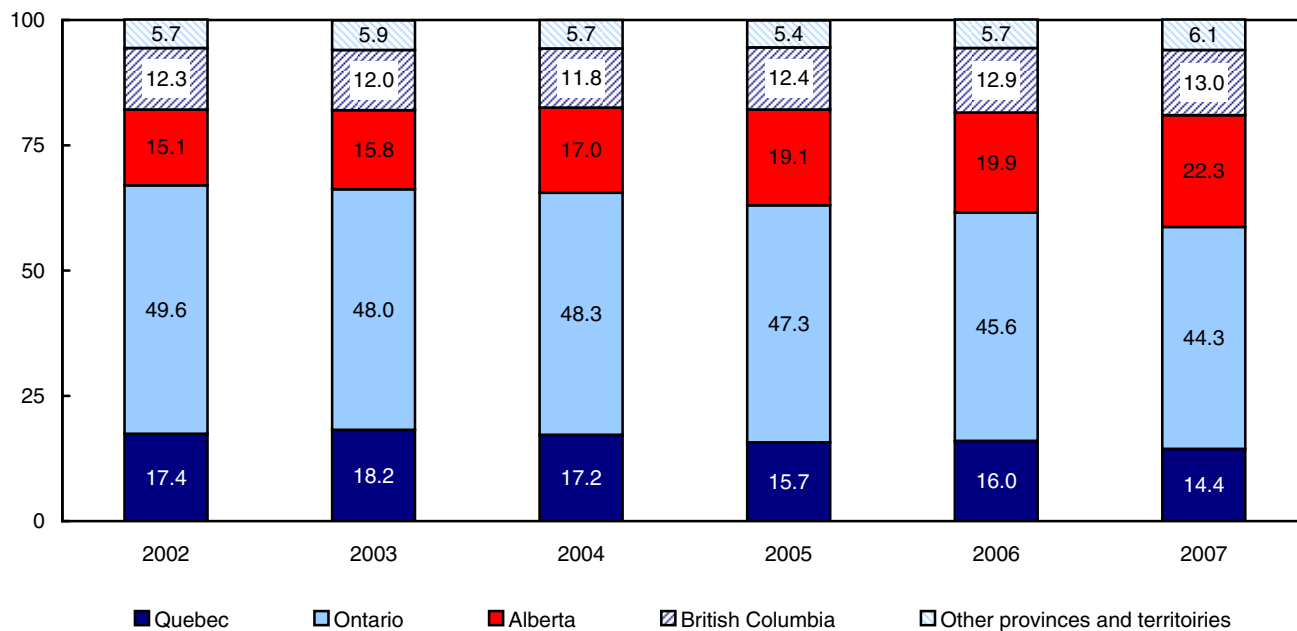
billions of dollars



As observed in the graph below, Alberta's share of operating revenues has climbed from 15.1% in 2002 to 22.3% in 2007. The reverse effect marked by declining shares of revenue has taken place in Ontario with revenue share declining from 49.6% in 2002 to 44.3% in 2007. Like Ontario, Quebec shared a similar fate with declining revenue share from 17.4% to 14.4% over the same period. British Columbia and the remaining provinces and territories' shares have risen slightly.

**Chart 5**  
**Distribution of operating revenues by province for consulting services**

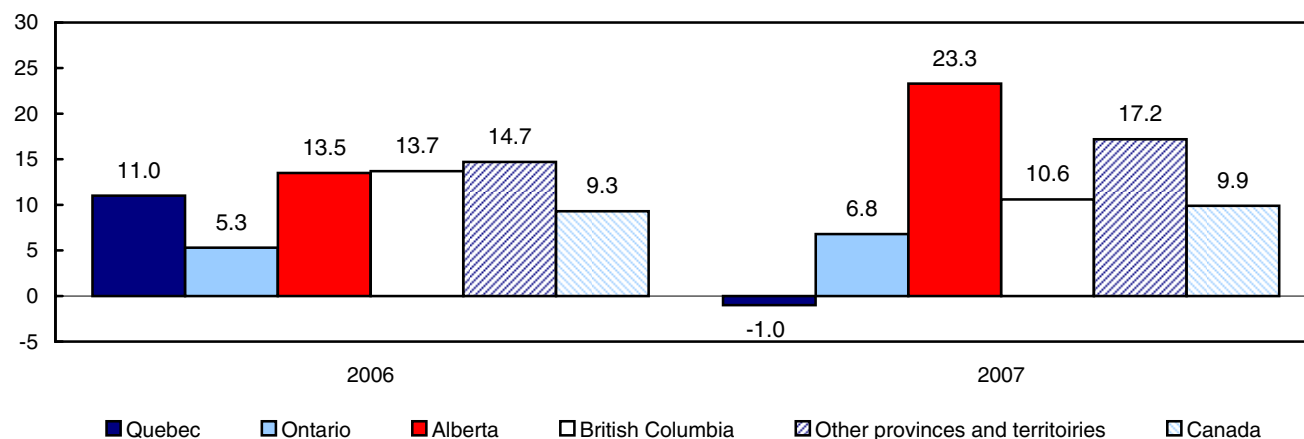
percentage



All provinces posted strong growth in operating revenue in 2007 except for Quebec (a slight decline of 1%) and Ontario (a moderate increase of 6.8%). Alberta led growth with an increase of 23.3%. National growth in consulting services reached 9.9% despite the weakness felt in Ontario and Quebec.

**Chart 6**  
**Growth of operating revenues by province for consulting services**

percentage



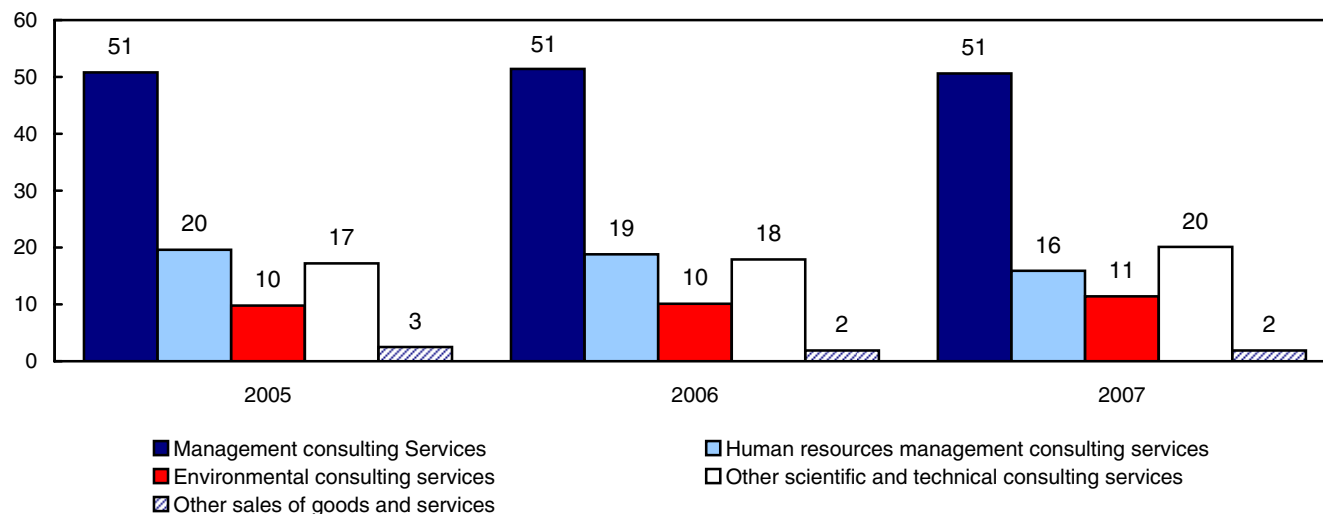
### Sales by type of goods and services

In 2007, according to the “sampled”<sup>1</sup> portion, 51% of sales generated by consulting services firms were for management consulting services, remaining unchanged from the 2 previous years. Other scientific and technical consulting services saw its share of sales increase while human resources management consulting services fell over the same period.

1. The smallest firms (in terms of earned revenue) are not included in these estimates. These firms account for only a small portion of the industry's total revenue.

**Chart 7**  
**Sales by type of goods and services for consulting services**

percentage



As expected, the share of sales by type of goods and services is similar to the share of operating revenues by industry. The share of sales of both management consulting services and human resources management consulting services added together (67% in 2007) is very similar to the share of operating revenues of the management consulting services industry (which includes the human resources consulting services industry (68% as seen in graph 3)). In addition, the combined sales of environmental consulting services and other scientific and technical consulting (31% in 2007) compares to the share of operating revenue for the Environmental and Other scientific and technical consulting services industry (32% as seen in graph 3).

### Industry operating expenditures

Operating expenses in consulting services grew by 9.9% in 2007 to reach \$9.2 billion.

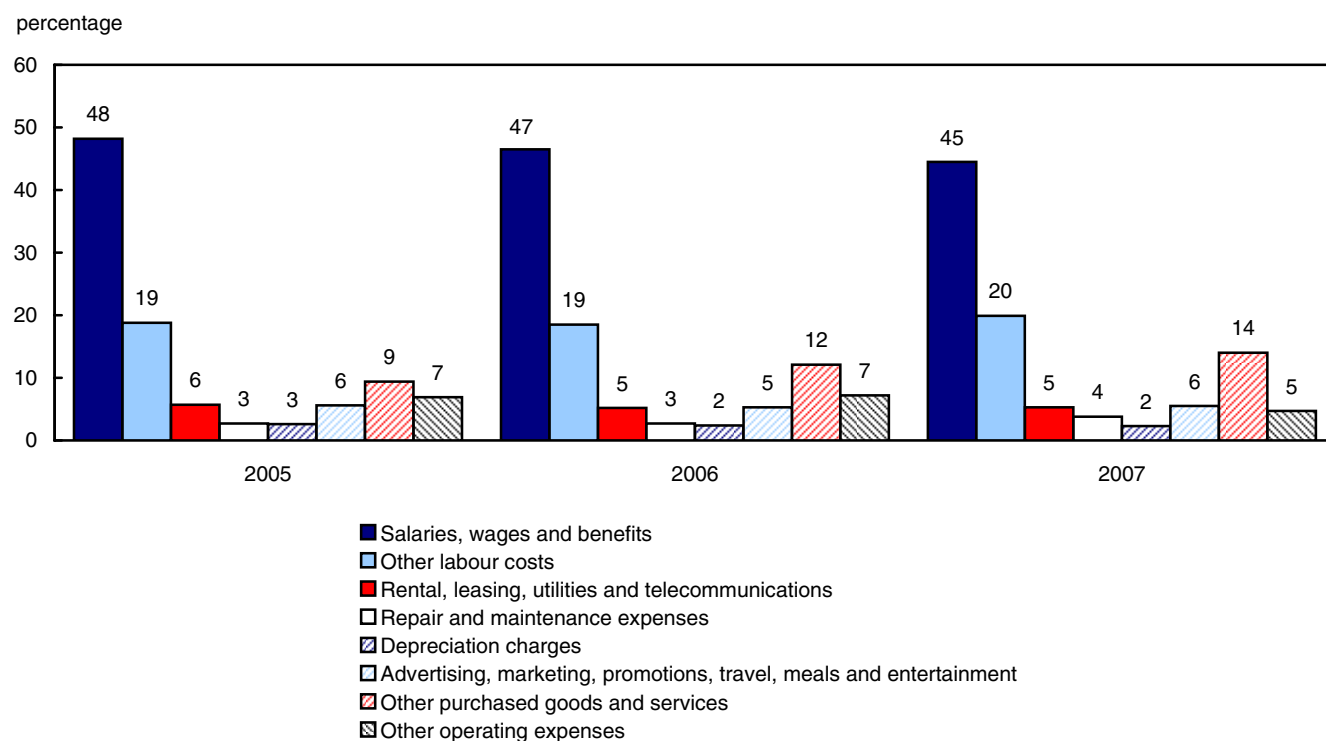
According to the "sampled"<sup>1</sup> portion, salaries, wages and benefits of employees made up 44% of total operating expenditures over this period. This is due to the reliance of consulting firms on knowledge-based resources to provide services to clients.

All other labour costs (subcontract expenses, professional and business services fees and commissions paid to non-employees) comprised 20% share of the total operating expenses for the industry.

One of the key observations reflected in the table below, show a decline in salaries, wages and benefits of employees from 48% to 45% from 2005 to 2007.

Chart 8

Type of expense as a percentage of total operating expenses for consulting services

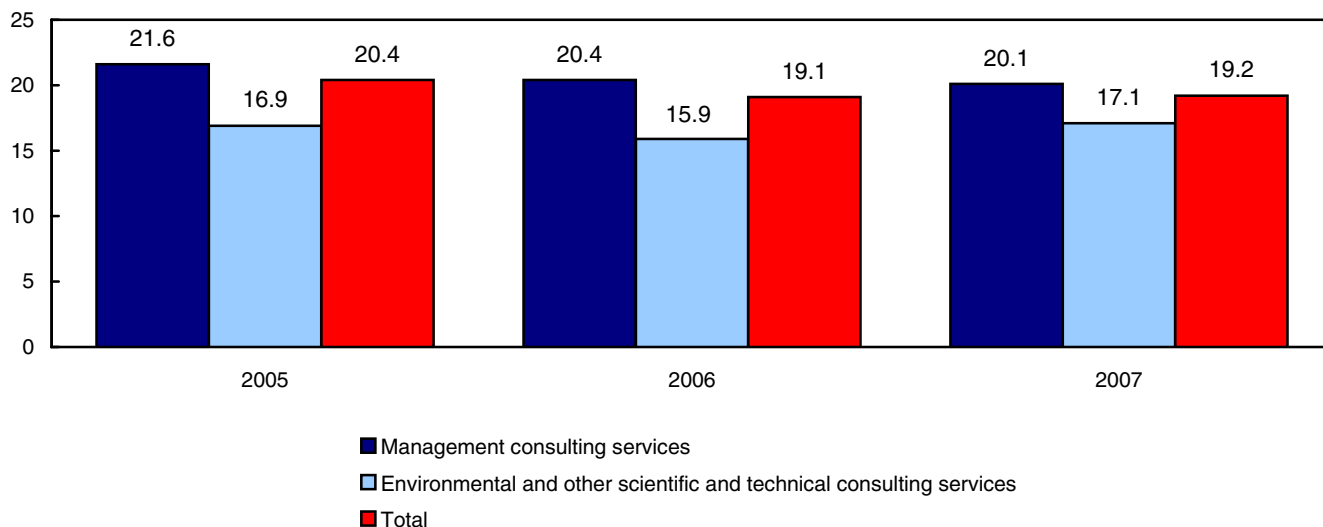


### Operating profits

The operating profit margin for consulting services increased slightly to 19.2% in 2007. This compares to the profit margins posted in 2006 and 2005 which were 19.1% and 20.4% respectively. Broken out by industry, the operating profit margin is generally higher for the management consulting services industry (20.1% in 2007) than for the environmental and other scientific and technical consulting services industry (17.1% in 2007).

**Chart 9**  
Operating profit margin by industry

percentage

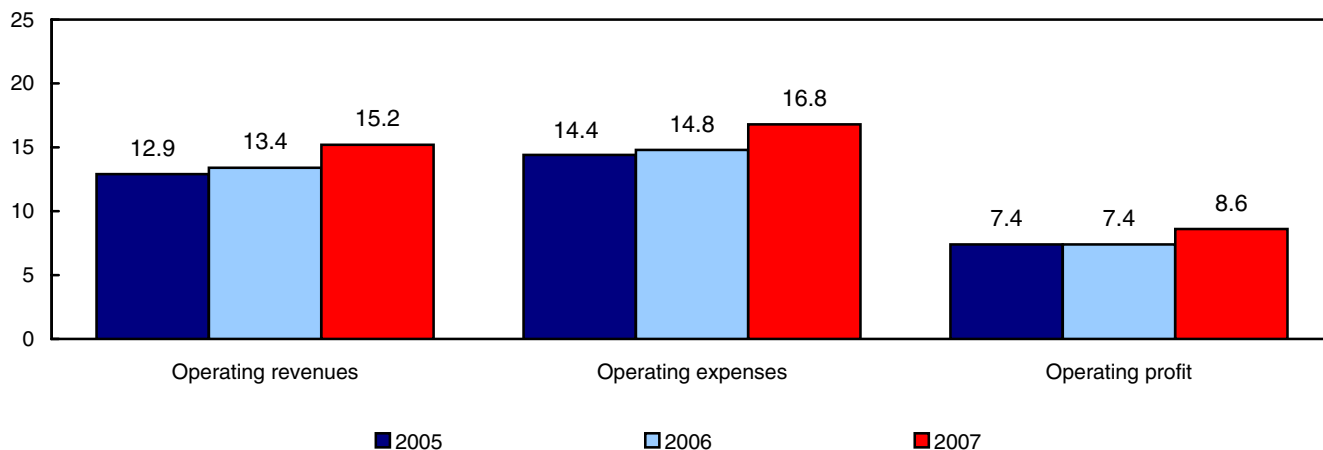


### The industry's 20 largest firms

The consulting industry is not a concentrated industry and is mostly made up of a lot of small firms. The top 20 largest revenue-size firms saw their shares of operating revenue and operating expense increase in 2007 reaching their highest levels since 2005.

**Chart 10**  
Share of the 20 largest firms for consulting services

percentage

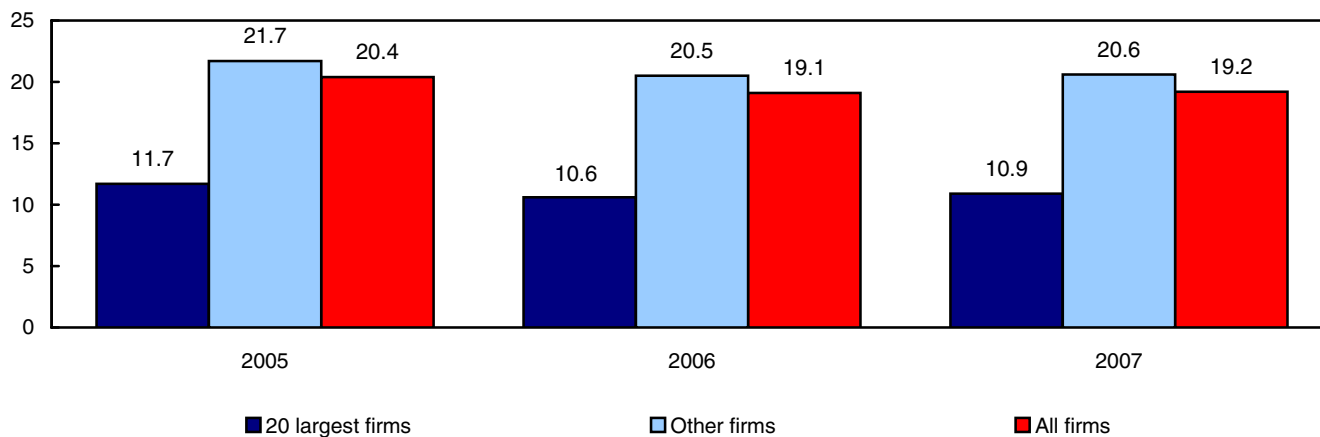




The operating profit margin of the top 20 firms was 10.9% in 2007, which is about half as profitable as the remaining firms, which posted a 20.6% profit margin in 2007. Overall from 2005 to 2007 operating profit margin has fallen for both the top 20 firms and remaining firms in the industry.

**Chart 11**  
**Operating profit margin for consulting services**

percentage



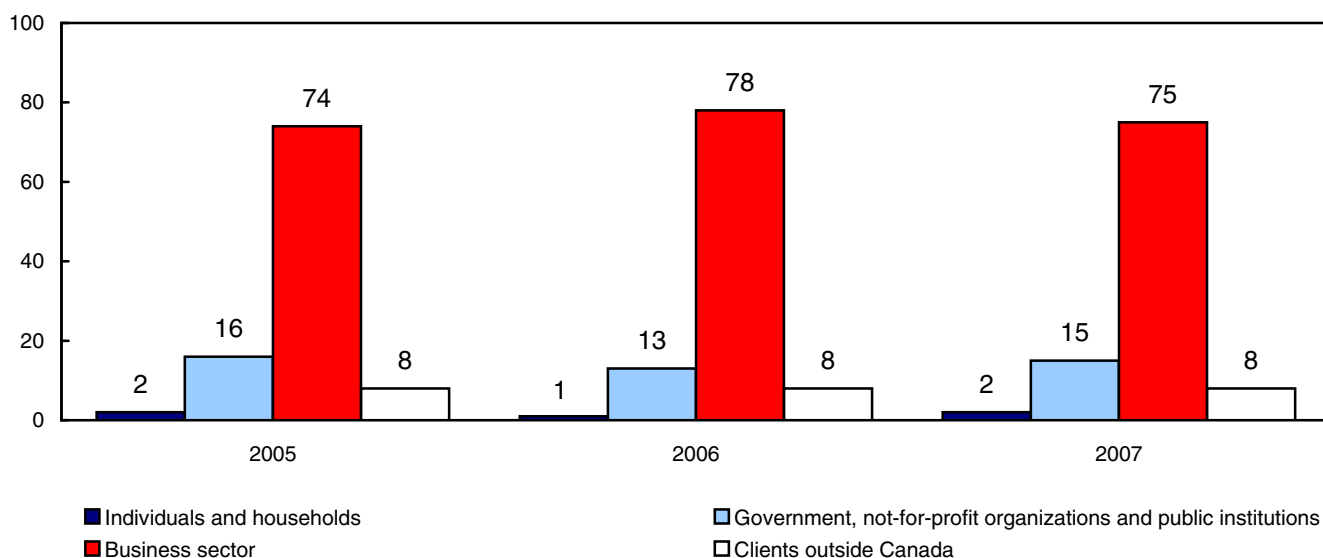
### Sales by type of client

In 2007, according to the “sampled”<sup>1</sup> portion, sales to the business sector accounted for 75% of the client base in consulting services continuing the dominance of domestic business to business activity. Sales to government, not-for-profit organizations and public institutions represented 15% of sales in consulting services followed by 8% to clients outside Canada and a remaining 2% to individuals and households. Sales by client type have remained stable over the three year period from 2005 to 2007.

**Chart 12**

#### Sales by type of clients for consulting services

percentage



## Statistical tables

Table 1

Summary statistics for the management consulting services industry, by province and territory, 2005 to 2007

	Operating revenues	Operating expenses	Salaries, wages and benefits	Operating profit margin
	millions of dollars			percent
<b>2007 p</b>				
Newfoundland and Labrador	22.8	15.1	6.3	33.6
Prince Edward Island	x	x	x	x
Nova Scotia	94.3	66.8	33.5	29.1
New Brunswick	38.8	28.5	11.2	26.4
Quebec	1,334.0	1,003.1	452.8	24.8
Ontario	3,748.5	3,075.8	1,303.4	17.9
Manitoba	133.5	103.9	48.5	22.2
Saskatchewan	106.6	87.0	41.9	18.4
Alberta	1,232.5	965.9	391.4	21.6
British Columbia	999.2	814.6	374.6	18.5
Territories <sup>1</sup>	x	x	x	x
<b>Canada</b>	<b>7,734.2</b>	<b>6,178.6</b>	<b>2,671.3</b>	<b>20.1</b>
<b>2006 r</b>				
Newfoundland and Labrador	20.1	15.6	6.3	22.2
Prince Edward Island	x	x	x	x
Nova Scotia	53.4	39.9	19.0	25.3
New Brunswick	30.2	22.0	9.7	27.2
Quebec	1,320.6	980.5	412.2	25.7
Ontario	3,865.2	3,141.9	1,454.3	18.7
Manitoba	114.0	84.1	43.7	26.2
Saskatchewan	90.4	73.1	30.9	19.2
Alberta	1,079.4	850.6	354.9	21.2
British Columbia	920.2	759.6	373.2	17.4
Territories <sup>1</sup>	x	x	x	x
<b>Canada</b>	<b>7,513.5</b>	<b>5,982.1</b>	<b>2,710.0</b>	<b>20.4</b>
<b>2005 r</b>				
Newfoundland and Labrador	17.5	13.7	6.2	21.8
Prince Edward Island	x	x	x	x
Nova Scotia	74.4	54.2	34.5	27.2
New Brunswick	25.5	18.9	7.0	25.9
Quebec	1,223.0	965.9	449.5	21.0
Ontario	3,751.4	2,935.7	1,263.6	21.7
Manitoba	103.1	74.9	37.3	27.3
Saskatchewan	85.1	70.6	35.6	16.9
Alberta	965.3	752.4	365.9	22.1
British Columbia	837.6	668.2	287.8	20.2
Territories <sup>1</sup>	x	x	x	x
<b>Canada</b>	<b>7,102.7</b>	<b>5,570.6</b>	<b>2,493.2</b>	<b>21.6</b>

1. Territories include: Yukon Territory, Northwest Territories and Nunavut.

**Note(s):** According to the North American Industry Classification System (NAICS 54161). See "Data sources, definitions and methodology" at the end of tables for definition of terms.

Table 2

Expenditures as a percentage of total operating expenses for consulting services, by province and territory, 2005 to 2007

	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia	Territories <sup>1</sup>	Canada
	percent											
<b>Salaries, wages and benefits</b>												
2007 <sup>p</sup>	47.3	x	50.3	49.1	47.6	43.8	48.2	38.3	40.2	50.0	x	<b>44.5</b>
2006 <sup>r</sup>	48.6	x	53.8	52.2	43.1	49.0	51.4	32.0	41.0	50.6	x	<b>46.5</b>
2005 <sup>r</sup>	50.4	x	62.4	48.8	50.1	46.8	53.0	45.1	49.6	47.5	x	<b>48.2</b>
<b>Other labour costs</b>												
2007 <sup>p</sup>	21.5	x	17.2	21.9	18.2	18.2	21.1	35.5	25.1	16.5	x	<b>19.9</b>
2006 <sup>r</sup>	18.5	x	16.8	18.3	16.2	17.4	21.4	37.3	21.6	17.4	x	<b>18.5</b>
2005 <sup>r</sup>	8.8	x	0.4	12.1	17.7	21.0	17.4	27.3	15.9	18.2	x	<b>18.8</b>
<b>Rental, leasing, utilities and telecommunications</b>												
2007 <sup>p</sup>	4.9	x	4.7	5.8	6.4	5.2	5.5	3.6	4.9	5.5	x	<b>5.3</b>
2006 <sup>r</sup>	7.2	x	5.6	6.4	6.3	5.1	6.1	3.1	4.6	5.2	x	<b>5.2</b>
2005 <sup>r</sup>	5.3	x	5.8	6.4	6.1	5.7	6.9	4.0	5.4	6.1	x	<b>5.7</b>
<b>Repair and maintenance expenses</b>												
2007 <sup>p</sup>	2.7	x	5.6	3.7	2.8	3.6	3.7	3.5	5.0	3.8	x	<b>3.8</b>
2006 <sup>r</sup>	2.6	x	2.0	1.7	1.4	2.5	2.5	3.1	4.8	2.5	x	<b>2.7</b>
2005 <sup>r</sup>	1.8	x	3.0	2.4	1.8	2.5	2.3	2.8	3.9	2.7	x	<b>2.7</b>
<b>Depreciation charges of tangible and intangible assets</b>												
2007 <sup>p</sup>	3.0	x	2.4	2.6	2.6	2.0	2.6	2.4	3.2	1.9	x	<b>2.3</b>
2006 <sup>r</sup>	2.0	x	2.4	3.0	3.4	1.9	2.1	2.0	3.1	2.2	x	<b>2.4</b>
2005 <sup>r</sup>	1.5	x	1.9	1.6	3.8	2.2	1.8	2.2	3.1	2.3	x	<b>2.6</b>
<b>Advertising, marketing, promotions, travel, meals and entertainment</b>												
2007 <sup>p</sup>	5.4	x	5.7	6.9	7.5	4.8	7.1	3.5	4.8	6.8	x	<b>5.5</b>
2006 <sup>r</sup>	8.2	x	4.5	5.9	7.4	4.7	5.2	3.8	4.8	5.7	x	<b>5.3</b>
2005 <sup>r</sup>	4.7	x	5.2	7.7	6.7	5.3	6.8	4.2	5.2	6.2	x	<b>5.6</b>
<b>Other purchased goods and services</b>												
2007 <sup>p</sup>	11.9	x	9.9	7.2	9.2	17.3	8.4	8.9	12.7	11.6	x	<b>14.0</b>
2006 <sup>r</sup>	8.0	x	11.5	8.0	11.0	12.4	6.6	9.2	14.4	10.6	x	<b>12.1</b>
2005 <sup>r</sup>	11.7	x	11.7	8.8	8.6	9.7	5.9	7.6	8.9	10.6	x	<b>9.4</b>
<b>Other operating expenses</b>												
2007 <sup>p</sup>	3.2	x	4.1	2.7	5.7	5.1	3.2	4.3	4.1	3.9	x	<b>4.7</b>
2006 <sup>r</sup>	4.9	x	3.4	4.2	11.2	7.0	4.8	9.5	5.6	5.7	x	<b>7.2</b>
2005 <sup>r</sup>	15.8	x	9.6	12.3	5.4	6.7	5.8	6.9	7.9	6.5	x	<b>6.9</b>

1. Territories include: Yukon Territory, Northwest Territories and Nunavut.

**Note(s):** According to the North American Industry Classification System (NAICS 5416). See "Data sources, definitions and methodology" at the end of tables for definition of terms. The smallest firms, in terms of revenues earned, are not included in the estimates of this table. These firms account for a relatively small portion of total industry revenues.

**Table 3**  
**Sales by type of client for consulting services, by province and territory, 2005 to 2007**

	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia	Territories <sup>1</sup>	Canada
	percent											
<b>Clients in Canada</b>												
2007 P	96.8	x	93.4	98.1	94.5	89.5	95.5	96.7	96.1	89.2	x	<b>92.0</b>
2006 r	97.4	x	97.6	96.3	88.9	91.0	95.7	98.1	98.3	91.1	x	<b>92.4</b>
2005 r	98.0	x	94.5	97.5	89.2	90.8	91.0	98.3	96.1	92.0	x	<b>92.0</b>
Individuals and households												
2007 P	1.6	x	1.0	4.1	4.0	1.1	5.0	4.6	0.8	1.3	x	<b>1.6</b>
2006 r	1.3	x	1.8	2.9	0.6	1.3	2.4	3.4	0.8	2.9	x	<b>1.4</b>
2005 r	1.7	x	3.6	0.5	2.1	2.2	4.0	3.7	1.7	3.7	x	<b>2.3</b>
Governments, not-for-profit organizations and public institutions												
2007 P	16.6	x	21.8	23.9	14.8	16.0	23.6	11.5	11.0	20.0	x	<b>15.5</b>
2006 r	21.1	x	19.8	22.3	11.6	14.5	11.6	10.7	8.2	18.2	x	<b>13.4</b>
2005 r	25.1	x	27.5	32.0	11.6	17.1	20.2	21.9	10.9	20.9	x	<b>16.0</b>
Business sector												
2007 P	78.6	x	70.6	70.1	75.8	72.4	66.9	80.6	84.3	67.8	x	<b>75.0</b>
2006 r	74.9	x	76.0	71.1	76.6	75.2	81.8	84.0	89.4	70.1	x	<b>77.7</b>
2005 r	71.2	x	63.5	65.0	75.5	71.6	66.8	72.7	83.5	67.5	x	<b>73.7</b>
<b>Clients outside Canada</b>												
2007 P	3.2	x	6.6	1.9	5.5	10.5	4.5	3.3	3.9	10.8	x	<b>8.0</b>
2006 r	2.6	x	2.4	3.7	11.1	9.0	4.3	1.9	1.7	8.9	x	<b>7.6</b>
2005 r	2.0	x	5.5	2.5	10.8	9.2	9.0	1.7	3.9	8.0	x	<b>8.0</b>

1. Territories include: Yukon Territory, Northwest Territories and Nunavut.

**Note(s):** According to the North American Industry Classification System (NAICS 5416). See "Data sources, definitions and methodology" at the end of tables for definition of terms. The smallest firms, in terms of revenues earned, are not included in the estimates of this table. These firms account for a relatively small portion of total industry revenues.

**Table 4**  
**Sales by type of goods and services for consulting services, by province and territory, 2005 to 2007**

	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia	Territories <sup>1</sup>	Canada
	percent											
<b>Management consulting services</b>												
2007 P	41.1	x	39.3	38.3	48.6	57.0	53.9	43.8	39.0	53.7	x	<b>50.6</b>
2006 r	37.9	x	27.3	34.1	46.1	58.1	54.6	42.1	44.1	50.7	x	<b>51.4</b>
2005 r	30.7	x	39.8	37.0	48.9	56.3	56.6	48.3	39.9	52.3	x	<b>50.8</b>
<b>Human resources management consulting services</b>												
2007 P	7.0	x	19.5	10.8	31.3	16.1	19.0	7.6	8.0	12.4	x	<b>15.9</b>
2006 r	11.6	x	11.8	13.5	30.9	20.2	22.6	10.3	8.5	15.6	x	<b>18.8</b>
2005 r	5.8	x	20.2	8.9	30.7	23.1	20.3	9.1	7.4	14.5	x	<b>19.6</b>
<b>Environmental consulting services</b>												
2007 P	37.1	x	22.3	35.2	4.6	7.9	8.3	7.0	17.0	18.9	x	<b>11.4</b>
2006 r	23.2	x	30.7	25.2	4.9	7.0	5.9	5.3	15.8	16.2	x	<b>10.1</b>
2005 r	51.3	x	22.1	33.0	5.8	5.4	5.8	11.1	18.2	13.2	x	<b>9.8</b>
<b>Other scientific and technical consulting services</b>												
2007 P	13.7	x	16.2	14.7	13.3	17.5	16.0	35.4	33.2	13.8	x	<b>20.1</b>
2006 r	26.6	x	29.3	25.2	15.8	13.0	14.3	40.4	29.7	15.9	x	<b>17.9</b>
2005 r	11.5	x	15.0	19.8	12.9	12.5	15.5	29.8	31.0	18.2	x	<b>17.2</b>
<b>Other sales of goods and services</b>												
2007 P	1.2	x	2.7	1.0	2.2	1.4	2.7	6.2	2.7	1.3	x	<b>1.9</b>
2006 r	0.7	x	0.9	1.9	2.2	1.8	2.8	1.9	1.9	1.6	x	<b>1.9</b>
2005 r	0.7	x	2.9	1.3	1.8	2.6	1.8	1.7	3.5	1.9	x	<b>2.5</b>

1. Territories include: Yukon Territory, Northwest Territories and Nunavut.

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**Table 5**  
**Summary statistics for consulting services, by province and territory, 2005 to 2007**

	Operating Revenues	Operating Expenses	Salaries, Wages and Benefits	Operating Profit Margin
	millions of dollars			percentage
<b>Management consulting services</b>				
2007 <sup>p</sup>	7,734.2	6,178.6	2,671.3	20.1
2006 <sup>r</sup>	7,513.5	5,982.1	2,710.0	20.4
2005 <sup>r</sup>	7,102.7	5,570.6	2,493.2	21.6
<b>Environmental and other scientific and technical consulting services</b>				
2007 <sup>p</sup>	3,647.2	3,022.6	1,191.7	17.1
2006 <sup>r</sup>	2,842.4	2,390.9	980.1	15.9
2005 <sup>r</sup>	2,373.0	1,972.0	841.6	16.9
<b>Total</b>				
2007 <sup>p</sup>	11,381.4	9,201.2	3,863.1	19.2
2006 <sup>r</sup>	10,355.9	8,373.0	3,690.2	19.1
2005 <sup>r</sup>	9,475.8	7,542.6	3,334.9	20.4

**Note(s):** According to the North American Industry Classification System (NAICS 5416). See "Data sources, definitions and methodology" at the end of tables for definition of terms.

## Data sources, definitions and methodology

### Description

This annual sample survey collects the financial and operating data needed to produce statistics on the Consulting Services in Canada. The survey also collects detailed information on the characteristics of the businesses, such as type of revenue and type of client. These data are aggregated with information from other sources to produce official estimates of the national and provincial economic production of the Consulting Services industry in Canada. The results from this survey provide data to businesses, governments, investors, and associations. These data allow these groups to monitor the growth of the industry, measure performance, allow comparison across similar businesses and to better understand this industry to react to trends and patterns.

### Target population

The target population consists of all establishments classified to the Consulting Services industry (NAICS 5416) according to the North American Industry Classification System (NAICS) during the reference year. This industry comprises establishments primarily engaged in providing a range of consulting services, such as management, environmental, scientific and technical consulting services.

### Industry structure

Under the North American Industrial Classification System (NAICS), the Consulting Services Industry consists of Administrative Management and General Management Consulting Services (541611), Human Resources Consulting Services (541612), Other Management Consulting Services (541619), Environmental Consulting Services (541620) and Other Scientific and Technical Consulting Services (541690).

### Management Consulting Services – NAICS 54161

This industry is the grouping of Administrative Management and General Management Consulting Services (541611), Human Resources Consulting Services (541612) and Other Management Consulting Services (541619).

This industry comprises establishments primarily engaged in providing advice and assistance to other organizations on management issues, such as strategic and organizational planning; financial planning and budgeting; marketing objectives and policies; human resource policies, practices and planning; and production scheduling and control planning.

With the adoption of the NAICS 2007 classification, Executive Search Consulting Services were removed Human Resources Consulting Services (541612) and reclassified to Employment Placement Agencies and Executive Search Services (561310).

### **Environmental and Other Scientific and Technical Consulting Services – NAICS 54162 and 54169**

This industry is the grouping of Environmental Consulting Services (541620) and Other Scientific and Technical Consulting Services (541690). The Environmental Consulting Services industry comprises establishments primarily engaged in providing advice and assistance to other organizations on environmental issues such as the control of environmental contamination from pollutants, toxic substances and hazardous materials. The Other Scientific and Technical Consulting Services industry comprises establishments primarily engaged in providing advice and assistance to other organizations on scientific and technical issues. These establishments provide services such as agricultural, agrology, agronomy, economic, energy, hydrology, livestock breeding, motion picture, nuclear energy, occupational health and safety consulting services.

The main activity of an enterprise engaged in consulting services is to provide expert advice and to make recommendations to client firms on matters such as the adoption of approaches and processes and the establishment of strategies. For the benefit of client firms, such a consulting enterprise **can** also undertake the work itself that arises from its own recommendations (i.e. their actual implementation). However, for this survey, to be considered as a consulting enterprise, the enterprise **must** generate the majority of its revenues from advice that it provides to client firm and **not** from the **implementation** of its own recommendations.

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 2007” (catalogue no. 12-501-XPE).

### **Sampling**

This is a sample survey.

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. The frame is maintained by Statistics Canada’s Business Register and is updated using administrative data.

The basic objective of the survey is to produce estimates for the whole industry - incorporated and unincorporated businesses. The data come from two different sources: a sample of all businesses with revenue above or equal to a certain threshold (note: the threshold varies between surveys and sometimes between industries and provinces in the same survey) for which either survey or administrative data may be used; and administrative data only for businesses with revenue below the specified threshold. It should be noted that only financial information is available from businesses below the threshold; e.g., revenue, and expenses such as depreciation and salaries, wages and benefits. Detailed characteristics are collected only for surveyed establishments.

Prior to the selection of a random sample, establishments are classified into homogeneous groups (i.e., groups with the same NAICS codes and same geography). 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 represents the largest firms in terms of performance (based on revenue) in an industry. The must-take stratum is comprised of units selected based on complex structural characteristics (multi-establishment, multi-legal, multi-NAICS, or multi-province enterprises). All take-all and must-take firms are selected to the sample. Units in the take-some strata are subject to simple random sampling.

The effective sample size for reference year 2007 was 2,103 collection entities.

### Quality evaluation

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.

**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.

### Disclosure control

Statistics Canada is prohibited by law from releasing any data which would divulge information obtained under the Statistics Act that relates to any identifiable person, business or organization without the prior knowledge or the consent in writing of that person, business or organization. Various confidentiality rules are applied to all data that are released or published to prevent the publication or disclosure of any information deemed confidential. If necessary, data are suppressed to prevent direct or residual disclosure of identifiable data.

### Data accuracy

Of the units contributing to the estimate, the weighted response rate was 85.5%. CVs were calculated for each estimate. The CVs are available upon request.



## Related products

### CANSIM

Available on CANSIM: table 360-0001 - Summary statistics for consulting services (all establishments), by North American Industry Classification System (NAICS), annual (225 series)

360-0001	Consulting services, summary statistics, by North American Industry Classification System (NAICS), annual, 1998 to 2007
360-0020	Consulting services, operating expenses, by North American Industry Classification System (NAICS), annual (percent), 2007
360-0021	Consulting services, sales by type of client based on the North American Industry Classification System (NAICS), annual (percent), 2007

### Survey(s)

Definitions, data sources and methods: survey number 4717 - Annual Survey of Service Industries: Consulting Services

### Publications

Service Industries Newsletter, Catalogue no. 63-018-X.

Analytical paper series - Service Industries Division, Catalogue no. 63F0002X.

Release date: October 2009

### Symbols

The following standard symbols are used in Statistics Canada publications:

.	not available for any reference period
..	not available for a specific reference period
...	not applicable
0	true zero or a value rounded to zero
0 <sup>s</sup>	value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded
P	preliminary
r	revised
x	suppressed to meet the confidentiality requirements of the <i>Statistics Act</i>
E	use with caution
F	too unreliable to be published

### To access this product

This product, Catalogue no. 63-259-X, is available free in electronic format. To obtain a single issue, visit our website at [www.statcan.gc.ca](http://www.statcan.gc.ca) and select "Publications."

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### Note of appreciation

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