

Service bulletin

Consulting Services

2010



Highlights

- Operating revenues for the consulting services industry in Canada increased by 1.6% in 2010 to \$12.8 billion, up from \$12.6 billion in 2009. While the year-over-year growth in national operating revenue was driven primarily by environmental and other scientific and technical consulting services (up 5.9%), it was tempered by decreased revenue in management consulting services (down -0.2%).
- Consulting services covered in this report comprises establishments primarily engaged in providing advice and assistance to other organizations on management, environmental, scientific and technical issues. The management consulting services industry accounted for 68.1% of total consulting services industry revenue, while the environmental and other scientific and technical consulting services industry made up the remaining 31.9%.
- Operating expenses for the industry rose to \$10.1 billion in 2010, a 1.0% increase over 2009. Firms in this industry rely heavily on the knowledge of employees to provide services and, as a result, salaries, wages and benefits paid to employees made up the single largest expense, accounting for 48.8% of total expenses. The industry operating profit margin was 21.4% in 2010, which is slightly higher than 20.9% in the previous year.
- Management consulting services accounted for over two-thirds of total industry revenue, with close to half of the revenue generated in Ontario (49.3%), followed by Quebec (18.9 %), Alberta (14.9%) and British Columbia (11.8%).
- Clients in the business sector accounted for 72.8% of the revenue base for the consulting services industry, while government and public institutions accounted for another 15.6% of sales. Clients outside Canada represented 9.3% of sales in 2010, an increase of 2.2 percentage points nationally with increases registered across the country.
- Sales in consulting services were dominated by services related to management consulting activities (53.1%). These activities include the provision of advice to other organizations on management issues such as strategic planning, financial planning and budgeting, and marketing objectives and policies.

Statistical tables

Table 1

Summary statistics for consulting services, Canada, 2008 to 2010

	Operating revenue	Operating expenses	Salaries, wages and benefits	Operating profit margin
	millions of dollars			percent
2010 p				
Management consulting services	8,724.5	6,772.0	3,233.1	22.4
Environmental and other scientific and technical consulting services	4,078.9	3,286.8	1,420.3	19.4
Environmental consulting	1,423.2	1,226.1	587.4	13.9
Other scientific and technical consulting services	2,655.7	2,060.8	832.9	22.4
Consulting services	12,803.3	10,058.8	4,653.4	21.4
2009 r				
Management consulting services	8,745.5	6,810.8	3,178.3	22.1
Environmental and other scientific and technical consulting services	3,850.5	3,153.1	1,320.0	18.1
Environmental consulting	1,539.7	1,372.4	618.3	10.9
Other scientific and technical consulting services	2,310.8	1,780.7	701.7	22.9
Consulting services	12,596.0	9,963.9	4,498.3	20.9
2008 r				
Management consulting services	8,712.4	6,823.5	3,008.0	21.7
Environmental and other scientific and technical consulting services	3,960.2	3,196.4	1,365.2	19.3
Environmental consulting	1,553.8	1,363.4	648.4	12.2
Other scientific and technical consulting services	2,406.4	1,833.0	716.8	23.8
Consulting services	12,672.6	10,019.9	4,373.2	20.9

Note(s): The results in this table are for firms classified under the North American Industry Classification System (NAICS) category 5416. See "Data sources, definitions and methodology" at the end of tables for definitions of terms. Due to rounding, components may not add to total.

Table 2
Summary statistics for management consulting services, by province and territory, 2008 to 2010

	Operating revenue	Operating expenses	Salaries, wages and benefits	Operating profit margin
	millions of dollars			percent
2010 p				
Newfoundland and Labrador	28.3	17.9	8.5	36.9
Prince Edward Island	x	x	x	x
Nova Scotia	104.2	75.0	31.0	28.1
New Brunswick	46.8	33.8	14.7	27.7
Quebec	1,646.8	1,230.9	541.9	25.3
Ontario	4,302.2	3,465.6	1,741.0	19.4
Manitoba	123.6	96.3	50.4	22.1
Saskatchewan	116.7	85.2	45.4	27.0
Alberta	1,300.1	962.4	437.8	26.0
British Columbia	1,028.1	785.5	354.4	23.6
Territories ¹	x	x	x	x
Canada	8,724.5	6,772.0	3,233.1	22.4
2009 r				
Newfoundland and Labrador	24.8	16.6	7.4	33.2
Prince Edward Island	x	x	x	x
Nova Scotia	88.0	61.3	26.5	30.3
New Brunswick	43.0	32.8	15.5	23.6
Quebec	1,545.4	1,147.9	518.8	25.7
Ontario	4,393.4	3,558.4	1,713.9	19.0
Manitoba	133.1	106.7	49.8	19.8
Saskatchewan	118.4	98.0	50.6	17.2
Alberta	1,345.3	973.3	424.8	27.6
British Columbia	1,020.9	790.0	361.7	22.6
Territories ¹	x	x	x	x
Canada	8,745.5	6,810.8	3,178.3	22.1
2008 r				
Newfoundland and Labrador	24.8	16.3	7.3	34.3
Prince Edward Island	x	x	x	x
Nova Scotia	86.0	61.6	24.4	28.4
New Brunswick	44.7	35.1	14.2	21.4
Quebec	1,481.2	1,110.5	474.5	25.0
Ontario	4,327.2	3,463.1	1,548.6	20.0
Manitoba	143.3	123.6	51.2	13.8
Saskatchewan	108.4	91.5	45.4	15.7
Alberta	1,435.5	1,054.5	460.8	26.5
British Columbia	1,022.2	837.2	367.1	18.1
Territories ¹	x	x	x	x
Canada	8,712.4	6,823.5	3,008.0	21.7

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

Note(s): The results in this table are for firms classified under the North American Industry Classification System (NAICS) category 54161. See "Data sources, definitions and methodology" at the end of tables for definitions of terms.

Table 3
Expenditures as a percentage of total operating expenses for consulting services, Canada, 2008 to 2010

	2008 ^r	2009 ^r	2010 ^p
	percent		
Total operating expenses	100.0	100.0	100.0
Salaries, wages and benefits of employees	46.0	47.5	48.8
Commissions paid to non-employees	x	x	x
Professional and business services fees	8.1	8.1	7.6
Subcontract expenses	10.0	8.5	8.2
Charges for services provided by head offices	x	x	x
Cost of goods sold	8.6	8.2	7.8
Office supplies	2.5	2.5	2.4
Rental and leasing	3.6	3.9	3.7
Repair and maintenance	3.2	3.3	4.1
Insurance	x	1.1	x
Advertising, marketing and promotions	1.4	1.3	1.2
Travel, meals and entertainment	4.3	4.5	4.5
Utilities and telecommunications expenses	1.6	1.7	1.8
Property and business taxes, licences and permits	x	x	x
Royalties, rights, licensing and franchise fees	x	x	x
Delivery, warehousing, postage and courier	x	x	x
Financial services fees	x	x	x
Amortization and depreciation of tangible and intangible assets	2.5	2.5	2.4
Bad debts	x	x	x
All other expenses	3.9	3.3	3.9

Note(s): The results in this table are for firms classified under the North American Industry Classification System (NAICS) category 5416. See "Data sources, definitions and methodology" at the end of tables for definitions of terms. Data presented in this table are from the surveyed portion only. Industry estimates are based on a weighted sample and are augmented by administrative data for establishments that were too small to be eligible for sampling. The surveyed portion includes only data for surveyed establishments weighted to represent other establishments that were eligible for sampling but were not selected. The surveyed portion is designed to cover approximately 95% of total industry revenue.

Table 4
Sales by type of client for consulting services, by province and territory, 2008 to 2010

	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskat- chewan	Alberta	British Columbia	Territories ¹	Canada
	percent											
Clients in Canada												
2010 ^p	94.7	x	87.7	89.7	90.4	88.3	96.0	95.8	95.8	88.9	x	90.7
2009 ^r	97.7	x	90.2	94.5	93.3	91.3	97.8	97.3	97.3	89.3	x	92.9
2008 ^r	95.8	x	90.1	96.1	91.3	89.3	94.9	98.2	95.6	88.7	x	91.2
Individuals and households												
2010 ^p	2.2	x	1.4	5.8	3.3	2.6	2.6	1.6	1.3	1.5	x	2.3
2009 ^r	2.5	x	2.0	5.0	1.9	2.0	3.1	x	x	3.1	x	1.9
2008 ^r	x	x	2.7	2.0	2.9	2.3	2.4	1.6	2.5	1.4	x	2.3
Governments, not-for-profit organizations and public institutions												
2010 ^p	15.5	x	17.2	19.3	15.8	16.5	26.6	17.3	10.4	18.8	x	15.6
2009 ^r	22.9	x	24.0	25.5	17.9	20.4	23.1	15.6	13.2	17.9	x	18.2
2008 ^r	20.2	x	23.2	26.7	19.5	20.4	19.4	14.2	10.3	16.8	x	17.7
Business sector												
2010 ^p	76.9	x	69.1	64.6	71.3	69.2	66.8	76.8	84.1	68.6	x	72.8
2009 ^r	72.4	x	64.3	64.0	73.6	68.9	71.5	81.0	83.3	68.3	x	72.8
2008 ^r	74.8	x	64.3	67.3	68.9	66.6	73.1	82.4	82.7	70.5	x	71.2
Clients outside Canada												
2010 ^p	5.3	x	12.3	10.3	9.6	11.7	4.0	4.2	4.2	11.1	x	9.3
2009 ^r	2.3	x	9.8	5.5	6.7	8.7	2.2	2.7	2.7	10.7	x	7.1
2008 ^r	4.2	x	9.9	3.9	8.7	10.7	5.1	1.8	4.4	11.3	x	8.8

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

Note(s): The results in this table are for firms classified under the North American Industry Classification System (NAICS) category 5416. See "Data sources, definitions and methodology" at the end of tables for definitions of terms. Data presented in this table are from the surveyed portion only. Industry estimates are based on a weighted sample and are augmented by administrative data for establishments that were too small to be eligible for sampling. The surveyed portion includes only data for surveyed establishments weighted to represent other establishments that were eligible for sampling but were not selected. The surveyed portion is designed to cover approximately 95% of total industry revenue.

Table 5
Sales by type of goods and services for consulting services, by province and territory, 2008 to 2010

	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskat- chewan	Alberta	British Columbia	Territories ¹	Canada
	percent											
Management consulting services												
2010 P	43.5	x	50.2	53.2	55.3	59.0	53.2	46.9	40.3	54.0	x	53.1
2009 r	37.1	x	40.9	41.3	53.2	58.7	58.7	50.2	42.8	53.9	x	53.1
2008 r	34.9	x	40.8	40.7	52.0	55.7	57.6	53.3	42.1	57.1	x	51.9
Human resources management consulting services												
2010 P	10.3	x	13.5	17.4	22.1	13.0	20.3	12.2	6.4	12.5	x	13.1
2009 r	6.8	x	10.5	12.3	25.9	13.5	21.5	5.8	5.3	10.1	x	13.1
2008 r	7.5	x	14.4	7.4	26.5	15.4	23.2	6.7	7.8	9.8	x	14.7
Environmental consulting services												
2010 P	23.1	x	12.1	15.4	4.2	8.5	8.3	14.5	18.5	16.2	x	11.2
2009 r	35.3	x	23.2	30.5	4.9	8.4	9.0	19.1	16.5	19.5	x	11.7
2008 r	28.0	x	22.0	38.7	4.6	8.9	7.5	13.9	17.3	17.3	x	11.7
Other scientific and technical consulting services												
2010 P	19.9	x	21.3	12.3	12.6	15.5	12.9	24.7	32.1	14.8	x	18.8
2009 r	18.6	x	23.7	14.4	11.6	16.1	9.1	21.1	30.1	14.8	x	18.4
2008 r	26.5	x	21.4	11.3	12.3	17.1	10.4	24.4	28.8	13.4	x	18.5
Other sales of goods and services												
2010 P	3.1	x	2.9	1.7	5.7	4.0	5.4	1.7	2.7	2.5	x	3.8
2009 r	2.2	x	1.7	1.4	4.3	3.4	1.6	3.8	5.3	1.7	x	3.7
2008 r	3.1	x	1.4	1.8	4.5	3.0	1.3	1.7	4.1	2.5	x	3.3

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

Note(s): The results in this table are for firms classified under the North American Industry Classification System (NAICS) category 5416. See "Data sources, definitions and methodology" at the end of tables for definitions of terms. Data presented in this table are from the surveyed portion only. Industry estimates are based on a weighted sample and are augmented by administrative data for establishments that were too small to be eligible for sampling. The surveyed portion includes only data for surveyed establishments weighted to represent other establishments that were eligible for sampling but were not selected. The surveyed portion is designed to cover approximately 95% of total industry revenue.

Table 6
Breakdown of sales for consulting services, Canada, 2010

	percent
Management consulting services	
Strategic management consulting services	26.7
Financial management consulting services	12.1
Marketing management consulting services	5.6
Compensation and benefits consulting services	5.2
Other human resources management consulting services	14.1
Operations and supply chain management consulting services	4.8
Other management consulting services	24.6
Other Sales	6.9
Total	100.0
Environmental consulting services	
Environmental assessments	4.6
Environmental audits	32.3
Site remediation planning services	4.5
Natural resource management consulting services	13.9
Waste management consulting services	8.2
Environmental policy development consulting services	4.3
Other environmental consulting services	2.6
Other Sales	29.5
Total	100.0
Other scientific and technical consulting services	
Economic consulting services	5.0
Geological and geophysical consulting services	12.9
Soil management, crop and animal production consulting services	1.2
Heritage consulting services	x
Occupational health and safety consulting services	7.8
Other scientific and technical consulting services	52.8
Other sales	19.6
Total	100.0

Note(s): The results in this table are for firms classified under the North American Industry Classification System (NAICS) categories 54161, 54162 and 54169. See "Data sources, definitions and methodology" at the end of tables for definitions of terms. Data presented in this table are from the surveyed portion only. Industry estimates are based on a weighted sample and are augmented by administrative data for establishments that were too small to be eligible for sampling. The surveyed portion includes only data for surveyed establishments weighted to represent other establishments that were eligible for sampling but were not selected. The surveyed portion is designed to cover approximately 95% of total industry revenue.

Data sources, definitions and methodology

Description

This annual sample survey collects data required to produce economic statistics for the Consulting Services industry in Canada. Data collected from businesses are aggregated with information from other sources to produce official estimates of national and provincial economic production for this industry. Survey estimates are made available to businesses, governments, investors, associations, and the public. The data are used to monitor industry growth, measure performance, and make comparisons to other data sources to better understand this industry.

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-X).

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 Division 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 2010 was 2,263 collection entities.

Quality evaluation

Prior to dissemination, combined survey results are analyzed for overall quality; in general, this includes a detailed review of individual responses (especially for the largest companies), an assessment of the general economic conditions portrayed by the data, historic trends, and comparisons with other data 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.

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 86.1%. CVs were calculated for each estimate. The CVs are available upon request.

Related products

Selected CANSIM tables from Statistics Canada

360-0001	Consulting services, summary statistics, by North American Industry Classification System (NAICS), annual (225 series)
360-0020	Consulting services, operating expenses, by North American Industry Classification System (NAICS), annual (percent) (21 series)
360-0021	Consulting services, sales by type of client based on the North American Industry Classification System (NAICS), annual (percent) (5 series)

Survey(s)

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

Release date: March 2012

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 ^s	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
*	significantly different from reference category ($p < 0.05$)

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