



Management Consulting: A catalyst for economic growth in Greece

by Stavros Damianidis *, March 2008

In a theoretical aspect, the development of the national economy defines the amount of projects assigned to management consulting companies. However, this should not be the case, since the consultant is a development catalyst both for the private and the public sector, either in times of depression or in times of growth. It is clear that in the first case, all potential clients hesitate to assign any service project, unless it is considered necessary and directly profitable for its company or organisation.

Many services provided by management consulting are related directly or indirectly to improvement in the economy, as for instance the planning and implementation of a private company's strategy, or the promotion of Public Private Partnership (PPP) framework. The analysis, in this context, presents a plain picture of the catalyst role for management consulting in respect to the economic development in Greece, where the public sector does not usually possess the necessary know-how and trained personnel, and the private initiative lacks an impulsive activation to overcome its depictive introversion.

Private Sector

Management consulting for private companies is usually realized as a business consultancy for services the company does not provide itself. In this aspect, the consultant participates in procedures organization, strategy planning, business planning, market research and other various services aiming at the direct or indirect development of the client company in Greece and abroad. Unfortunately, the importance of such consultancy services is not yet acknowledged in Greece, since the prevailing view sums up in the fact that the company owner "knows best" or "no outsider has a say on my business". This aspect reveals a misunderstanding on the actual role of the consultant, since consultancy does not undertake the owner's role but instead supports him to organise firmly his strategic priorities and implement them. A usual question raised is "how can a consultant support me"; the answer sums up to the consultancy basic roles: facilitation of procedures, organisation of operation, monitoring of performance.

In this manner, the consultant supports the development of the national economy by promoting the development of the private sector. Furthermore, consultancy may promote business activities, such as commerce, abroad, improving thus the national trade balance.

Additionally, credit has to be given to Greek management and business consulting companies operating internationally and serving foreign investors such as industries, real estate development agencies or commercial enterprises. Although it may seem simple, consultancy for foreign companies entering the Greek market proves in cases life-saving. Greece may seem hospitable for tourism but it is as far as business is concerned, numerous difficulties and particularities have to be confronted, so as to achieve a regular operation and a healthy business development.



It is widely acknowledged that the clients of management consulting in the private sector are usually large groups of companies that have a corporate culture and a direct need for organisation, strategy orientation etc. Small and medium size enterprises, being the backbone of Greek economy, are not usually receptive to consultancy services, excluding cases of investments or funding tools, such as support in Development Law applications.

Public Sector

Management consulting can also form a supportive service for the greater public sector, including central government agencies (e.g. ministries), public owned companies (e.g. public power corporation) and local administrations (e.g. prefectures, municipalities).

Having experience from former community support frameworks, the consultant can indicatively provide central government agencies for conception and a priori evaluation of projects (national, sectoral, regional etc), management and a posteriori evaluation. It also contributes to the reorganization of public agencies, the planning of strategy and policy, the analysis and development of new business models and the redesign of procedures.

In respect to public owned companies, namely utilities, the consultant acts supportively by providing for business and strategic plans, in close collaboration with the companies' management. Business plans for public companies are required by law and the contribution of consultancy seems necessary as the company can benefit from the concentrated experience and the particular market expertise of the consultant.

Regarding local administration, either municipal, prefectural or regional government, the consultant can provide a variety of services, ranging from strategic and business plans to organisation of procedures, including the newly matured consultancy services in PPP projects. In this particular role, the consultant is assigned the business planning of a specific project, which has already been approved for PPP procedure by the Special Secretariat for PPPs of Ministry of Finance. At the same time, the consultant provides for interest raising of potential investors and supports local administration during the selection of the investor based on open tenders, as well as during the final negotiations before the contract sign-up.

The main long standing issue of management consultants in Greece is the relatively low acknowledgement accredited by both private and public sectors. The annual turnover of the consulting sector as a GDP ratio is significantly lower than in most European countries. In the last years, the Hellenic Association of Management Consulting Firms (SESMA) has made certain significant steps towards improving and establishing a clear and firm image of the importance and necessity of the provided consultancy services in Greece.

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