



Impact of Financial Crisis

Quality Still Matters Most

In June, TACOMA conducted a survey on the effect the financial crisis has had on consultancy services. A total of 1,000 finance directors and managers of leading Czech companies were contacted and posed 10 questions about the financial crisis and its impact on the use of consultancy services in different fields of business.

The objective of the survey was to obtain concrete information on the way the current global economic instability is reflected in the Czech market, and its influence on company requirements with regard to services provided by consultancy firms.

■ Summary

In line with our expectations, the survey confirmed that most companies (the majority of those who participated in the survey operate in the manufacturing industry) have been hit by the financial crisis.

In reaction to the situation, more than half of them are planning to partially or significantly reduce expenditure on consultancy services. The key criterion used when selecting an advisor is the price-quality ratio, which reveals an increasing pressure on the service providers in terms of their effectiveness. Even so, companies today require the same services as they did before the crisis, and feel no necessity for a wider portfolio.

Extra attention was paid to audit services. Most respondents claim to have noticed no major change in auditor approach or procedure. The majority also assert that they do not anticipate any special offers of audit services that would be focused specifically on the effects the economic crisis may have had on their own company or business.

■ Results

- **The financial crisis has significantly or partially affected 84% of companies.** Some businesses believe the main impact is yet to come.
- More than half the companies have decided to **cut expenses on consultancy services for this year, to a greater or lesser extent.** 30% are planning no changes and almost 15% say they will spend more on consultancy.
- The most important **criterion for the selection of an advisor** is the **price-quality ratio**, preferred by almost two-thirds of our respondents. The second most significant criterion is good references, followed by quality of services rendered.

- Interestingly, a total of 54% of the companies do not expect their auditor **to provide special consultancy aimed at the effects of the economic situation on their business.**
- Some 60% of respondents can see no **change in the auditor's approach.** Apparently, auditors do not pay any extra attention to concretely examined areas, either.
- Finally, three-quarters **do not expect to have a greater need for new services** as a result of the crisis.

■ Participants in our survey

- **Field of business:** 51% of the companies operate in the manufacturing industry, 40% are engaged in services, and 9% conduct their business in other sectors.
- **Turnover:** 31% have an annual turnover of less than CZK 200 mil., 41% between CZK 200 mil. and 1 bill., and 28% over CZK 1 bill.
- **Members of staff:** 65% have less than 200 employees, 25% between 200 and 1,000, and 10% of our respondents have more than 1,000 employees.