

SUMMARY

This consulting services market research is dedicated to the analysis of the condition and development prospect of consulting services market development and considers both the side of service providers (consultants) and the side of the business services consumers.

1. Quantitative research results.

Market volume in 2007-2008

- As the survey showed, in Kyrgyzstan, 12% of interviewed organizations (N₀=120) have used consulting services within last two years.
- According to the research results, in Kyrgyz Republic there are approximately 720 companies of small and medium-sized businesses that have used services of consulting companies.
- In the majority of companies that used consulting services (80%) the condition of business improved in 2008 compared to 2007 and their profit increased by 10-30%.
- About 90 % of small and medium-sized business organizations do not collaborate with donor organizations. The majority of companies that do collaborate with donor organizations, plan using consulting services.
- Unfortunately, the majority of interviewed directors of consulting companies refused to provide information about the volumes of services sold in 2008. The analyses of responses of different activity category and size companies which agreed to provide approximate figures on sold services in 2008, gives the following picture:
 - The sums of services in the research sector and consulting vary from \$100 000 to \$300 000;
 - IT-consulting – from \$50 000 to \$500 000
 - Personnel management, HR – from \$ 2 000 to \$5 000
- In the course of the research, an attempt to evaluate the capacity of consulting services market was made. According to the research results, the capacity of the consulting services market amounted to about 30 million soms among the companies of small and middle-sized business.

Demand for the services

- The services in great demand are:
 - IT-consulting
 - Auditing service
 - Legal services
 - Business planning
- Many companies received consulting services assistance free of charge (29 %).

- The results of the evaluation testify to prevailing positive perception of consultants' work, which is a significant progress in promotion of these services on the local market in recent years. According to practically all respondents (95% of references), the work of consultants "first of all proved to be beneficial for the company". But not all companies applied the consulting service assistance they received in their activities.
- The correlation of business clients and international organizations is as follows:
 - Donors 60%
 - Local companies 20%
 - Transnational companies 20%

Potential and capacity of the market

- As the survey of 33,3% of organizations (#=120) showed, the need in consulting services will arise in 2009. Only 20% of organizations are planning to approach consulting companies next year.
- A big share on the potential consulting services market is presented by organizations of small and medium-sized businesses, such as manufacturing industry, commerce and construction.
- Among the services that the enterprises of small and medium-sized businesses want to use, are standing out:
 - Marketing and product promotion and marketing research
 - Business partners search
 - Issues of business organization
 - Marketing strategy development, branding
 - Control and accounting system improvement
- By the research results, the estimated potential of consulting services market in 2009 is presented by about 150 companies of small and medium-sized business.
- Of course, the business condition of companies that are planning to apply for consulting services has improved.
- 83,3 % of companies that are planning to apply for a consulting company assistance found difficulty in replying which particular company they are going to apply.
- Companies prefer that consulting services are provided in the form of trainings, courses and individual consultations.

Information sources

- 35% of companies obtain information about consulting companies from newspapers, 25,8 % of companies obtain information from the Internet and 25 % of companies obtain information from television.

The reasons why business services are not used

- The major reasons why companies of small and medium-sized business do not use consulting services is that because their directors consider that unnecessary and some directors have not even thought about that (35%).
- The most valid reasons of concern in the work with consultants are the high cost of the services (25%) and confidential information leakage (11,4%).

Awareness of the BAS programme

- Among the companies of small and medium-sized businesses only 23% heard about the BAS programme, while the service providers and business associations displayed high awareness. Practically all of them know/heard of the programme. The sources of information about the programme are Internet sites, partners/colleagues, booklets, and trainings.

2. Qualitative research results

Service providers

- At the present time about 150 economic players providing service for different market sectors. The range of the services is sufficiently wide:
 - IT-consulting
 - Tax consulting
 - Strategy consulting
 - Evaluation activities
 - Finance consulting
 - Legal counseling
 - Personnel management, HR
 - Industrial consulting
 - Marketing consulting
 - PR consulting

Demand for consulting services

According to obtained data, services on the operational level (daily activities) are in good demand in Kyrgyzstan

- IT-consulting
- Auditing and accounting services
- Business planning

A shade lower is the demand for the services of strategical level:

- Management consulting
- Marketing and researches
- HR consulting
- Advertising services
- Product development services
- Market volume and client base

- Unfortunately, the majority of interviewed directors of consulting companies refused to provide information about the volumes of services sold in 2008. The analyses of responses of different activity category and size companies which agreed to provide approximate figures on sold services in 2007, gives the following picture:
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- The correlation of business clients and international organizations in their portfolio is as follows:

| | |
|---------------------------|-----|
| ➤ Donors | 60% |
| ➤ Local companies | 20% |
| ➤ Transnational companies | 20% |

- The sources of information
 - Sites
 - Electronic publications and printings
 - Presentations for clients
 - Tenders
 - Business-clubs, conferences
 - BAS programme

Awareness of BAS programme

- Consulting service providers that were interviewed during the research, displayed their high awareness of BAS programme.

Business associations

Current development of associations in KR

- At the present time in the country according to our data there are about 65 business-associations, which can be subdivided into sectoral and intersectoral associations.

- Sectoral associations unified by professional interests are:
 - Telecommunication associations
 - Textile associations
 - Pharmaceutical associations
 - Agriculture/farming and produce processing industry associations
 - Banking area associations
 - Tourism associations

Funding

- The main named funding sources of BA were:

- Membership fees
- Entrepreneurial and economical activity
- Budgetary financing
- Sponsorship and charitable contribution
- International projects

Needs and problems of business associations

- The main problems of business associations are:
 - Insufficient funding
 - Institutional level of business associations (the problem of membership fee collection)
 - Fallibility of current legislation on association activity regulation
 - Qualified staff shortage

Demand for consulting services

- The demand for consulting services among business associations is quite high. Specifically, the representatives of associations are in need of such services as:
 - Legal counseling
 - Tax consulting (legislation basis)
 - Business planning
 - Marketing services and consulting

Awareness off BAS programme

The majority of business associations are aware of BAS programme. According to the majority of associations, the reports about the programme work are favorable.