

## Family Businesses represent giant growth for professional advisory services in MEA

**May 27th, 2014 – Cairo, Egypt** – 2014/2015 looks set to be a positive season for the Professional Advisory sector across the MEA domain. The industry has begun to cautiously regain its momentum after the turbulence of the financial crisis.



We are increasingly experiencing positive growth and a sense of optimism that has previously been scarce among all players. Recruitment is showing positive signs across all levels, office space is at a premium, and training spending is approaching historical levels.

The usual buyers are maintaining strong holds, with the Government sector commanding the biggest market share in terms of consulting spending, followed by the Energy and Banking sectors. However, the new buzz is in family business, and this sector is making a strong comeback after a cautious start in the early to mid-2000s. The big consulting firms are dedicating resources to pursuing, gaining, and servicing these accounts. They claim that this segment will be the

driving force for the economy at the regional level, due to two main factors; the maturation of second-line executives in these organizations with a hunger to establish themselves, and the saturation in growth opportunities driving a need to expand into new sectors and to transform from commercial to industrial entities. Several family businesses are slowly but surely growing outside their traditional geographical comfort zone to establish in North Africa, Sub-Saharan Africa, Eastern Europe and Turkey.

With this in mind, these are a few of the developments that we have observed in the Professional Advisory sector:

- Increased demand for corporate governance and risk services consulting: as the economic situation improves, companies grow bigger, and dreams of flotation become realistic. Corporate Governance and Risk Services consulting are on an accelerated growth path and Senior Level consultants are in demand, typically for locations such as KSA and Abu Dhabi. The Big Four Auditing/Consulting firms are leading the way, but second-tier international consulting houses are quickly catching up.
- Strategic consulting is on the rise again: Oil & Gas, and Family Business/Regional players are typical customers. We are also seeing very experienced strategic consulting executives move to the client side and assume strategy and planning senior positions.
- Project Management is back again, but with a twist: Big consulting firms are always seeking Project Managers for typically long and complex consulting assignments with multiple consulting teams and streams. In a new trend, holding a PM certification and having PM expertise is no longer enough – sector-specific technical/industry expertise is now a prerequisite. A Project Manager must now be able to show a strong track record in banking technology projects, supply chain experience, a good transformation track record and know-how. PMI's newly-launched Program Management certification seems to be generating hype in the region, and we expect to see more certified consultants in the near future.
- A surge in Due Diligence services could easily occur across the region. There seems to be an increased interest from cash-rich regional companies in acquisitions, particularly in North Africa and Sub-Saharan Africa.

We are also seeing increased activity within SMEs in the GCC region, a trend which also includes some big players in the food, beverage FMCG and banking sectors.

- Infrastructure Advisory services are making a comeback and we are noticing increased interest in the PPP domain, particularly in the public healthcare and utilities sectors. Projects in Iraq, Egypt and North Africa are of particular focus, but surprisingly there is increased demand for qualified consultants in KSA and the GCC in general.
- We are also noticing a slight increase in demand for forensic investigation services. The service is currently being offered by the big consulting services, sometimes under risk services and sometimes within mainstream audit services.

#### **Future Outlook:**

Considering the ongoing growth trends and the positive outlook for the sector, we anticipate the following:

- With the current surge in Due Diligence services, we could normally expect an increase in demand for more sophisticated financial consulting services to follow, such as Mergers & Acquisitions, IPO preparations and general corporate finance consulting. Demand for consultants with experience in deals and transaction advisory should be expected.
- We should see cross-regional advisory taking place from KSA & the GCC countries to North Africa and Sub-Saharan Africa.
- We expect the establishment of consulting offices in Abu Dhabi, as opposed to remote service from Dubai. However, we believe that for the time being, Qatar will still be served remotely in most cases.
- Change Management and Restructuring advisory services will experience increased demand, particularly within the SMEs and Family Business sectors.
- We expect the return of smaller niche players and boutique houses, some with a specific functional focus (Marketing, Human Capital) and others with a specific industry focus (Aviation, Insurance)



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