

# FACTFILE: GCE PROFESSIONAL BUSINESS SERVICES

## UNIT AS 1: THE PROFESSIONAL BUSINESS SERVICES SECTOR



### Learning Outcomes

#### Students should be able to:

Students should be able to:

- Demonstrate knowledge and understanding of the nature of the professional business services sector and the range of consultancy services a professional business services firm provides:
  - human resources;
  - financial;
  - business technology;
  - leadership and management; and
  - project management.
- Demonstrate knowledge and understanding of the differences between tangible and intangible goods and services;
- Identify professional business services firms that operate locally, nationally or globally and consider why a business may use the consultancy services they provide.



### Professional Business Services Sector

#### Definition:

Professional business services firms play a key role as enablers to the rest of the economy helping to improve productivity and growth across the economy, representing:

- 15% of UK GDP
- 14% of employment
- 14% of exports

The sector is forecast to grow at 4% pa to 2021, providing future career opportunities both at graduate and higher apprenticeship level.

Professional business services cover a range of

areas, including business consulting, law, web design, architecture, engineering, human resources, financial services and marketing.



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### Professional Business Services in Northern Ireland

The sector is a significant employer in Northern Ireland, with Belfast being the number one destination globally for financial technology R&D investments.

Solutions delivered in Northern Ireland include: fund administration, investment operations, legal services, compliance, financial software development, infrastructure support, risk management, analytics, actuarial services and cyber security

In addition to 'homegrown' firms, Northern Ireland remains a popular location for global professional business services firms, for a number of reasons:

- high calibre talent;
- employees with a strong work ethic;
- a supportive business environment;
- high ethical and professional standards;
- cost competitive location:
  - 50% lower than London; and
  - 30% below Dublin;
- assured skills programmes meaning that investors get access to graduates that meet their skill needs; and
- direct links to North America, the rest of the UK and mainland Europe.

### The Nature of the Professional Business Services Sector

This sector includes a range of different occupations which provide support and specialist advice to businesses or public bodies of all sizes and in all sectors.

Those working in the professional business services sector help their clients to manage and improve their business.

Businesses of all sizes operate in the professional business services sector. They harness the talents of skilled, knowledgeable individuals to provide advice and support for other businesses.

Consultancy services are provided by professional business service firms in many areas including the following:

- Human Resource.
- Financial.
- Business Technology.
- Leadership and Management.
- Project Management.
- Management Consultancy.



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### Student Research Activity

Working as part of a team, research the professional services businesses listed and categorise them under the headings above (you may find that some of the businesses operate in multiple sectors).

### Tangible and Intangible Assets

A tangible asset is an asset that is physical in nature. Tangible assets include both real and financial assets.

Examples of tangible assets, include:

- Real assets such as land, premises, plant and machinery, vehicles and equipment.
- Financial assets such as stocks and bonds.

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An intangible asset is an identifiable non-monetary asset without physical substance. A resource that is controlled by a business as a result of past events e.g. purchase or self-creation of a brand name, from which future economic benefits are expected. IAS38.8

**Examples of intangible assets, include:**

- Corporate intellectual property, including items such as patents (e.g. patented technology), trademarks, trade secrets, copyrights.
- Business methodologies.
- Goodwill.
- Brand recognition.
- Computer software.
- Internet domains.
- Video and audiovisual material.
- Customer and supplier relationships (including customer lists).

Professional business service firms operate across all sectors. In Northern Ireland a significant proportion of work is done in the financial services sector. This sector can be divided into two broad areas:

- (1) **Financial Services** and
- (2) **Financial Services Technology**

**1. Financial Services**

This sector employs approximately 33,000 people, 11,000 of whom are employed by major international financial services companies with centres in NI. Examples include:

- Citi
- The Allstate Corporation
- Liberty Mutual
- Lloyds
- Santander
- Axa
- Mercer
- Augentius
- PriceWaterhouseCoopers

**2. Financial Services Technology**

This sector is especially strong in Northern Ireland with specialist software development centres established by the following businesses to service high profile financial services firms in global centres worldwide:

- Citi
- CME Group
- Cayan
- First Derivatives
- Fidessa
- Tullet Prebon

Other professional business services firms operating in Northern Ireland, include:

- Accenture\*
  - Allen & Overy
  - Axiom Law
  - Baker McKenzie
  - BDO
  - Capita
  - Concentrix
  - Deloitte\*
  - EY\*
  - Grant Thornton
  - HNH
  - Kofax
  - KPMG\*
  - Neueda
  - Peninsula
  - PwC\*
- \*indicates one of the 'Big Five'.



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### Why Businesses use Consultancy Services

#### Expertise/Experience

- Provision of specific technical skills that are non-existent or in short supply in-house, and often the transfer of such skills to in-house staff.
- Knowledge of 'best practice' and effective solutions from within the client's industrial/commercial sector.
- Exposure to expertise derived from other industries and sectors.

#### Efficiency

- Speed, because the consultancy team (unlike the in-house management) isn't distracted by other tasks, so can devote attention to the assignment
- To implement a new system or process e.g. Environmental or Quality. The implementation of a new system may be beyond the client, not due to lack of skills but because those skills are fully deployed in other tasks.

- Consultants are trained in analytical skills and know how to concentrate on the main problem areas and define the requirements for solution

#### Strategic Direction

- To provide a strategic overview of the organisation's position in the marketplace or environment and to recommend mid to long-term strategic directions. Unique solutions that reflect the circumstances and aspirations of the client.
- Change management skills enhanced by the consultant's position as independent and objective.
- To catalyse change by recommending alterations to management processes and organisation. Often the client will have a clear idea of problems and solutions, possibly as the result of previous consultancy, but is unsure of 'how to get from A to B'.

#### Objectivity

- To independently review a proposed course of action, or the choice between two or more, typically tactical, decisions, based on knowledge of how such decisions have been effected in other organisations.
- Consultants can bring an independent, impartial and fresh viewpoint, without personal interests, pre-conceptions or existing traditions and loyalties

#### Support/Advice

- Consultants offer support and advice, they are a listening ear and bring new ideas and impartial advice to the business

**1. Read the case study below and answer the questions which follow.**

The world's largest law firm, Baker & McKenzie, could grow its newly opened Belfast base further in the coming years, the company chairman has said. Eduardo C Leite said he was "optimistic" about his company's ambitions over expanding its workforce here, as the law firm officially moved in to its new home at the City Quays 1 building at Clarendon Dock yesterday.

Some 100 staff of a total of 260 have already started work in both business services and legal work for the firm at its new global services centre in Belfast. But speaking to the Belfast Telegraph during the grand unveiling of its new city hub, Mr Leite said those job numbers could grow in the future.

"It's early days. I'm optimistic at some point in time we will sit down and look at the future". "The quality of the talent has exceeded our expectations. That makes me optimistic about our ambitions." He praised the talents of the workforce here. "It's been amazing and very fast-paced, from the building of the premises, to the quality and the technology".

"I think the talent we have been able to attract has been surprising and how fast they blended with our teams worldwide." He said the issue of cheaper staff costs was one of the reasons which first attracted the company to set up shop here.

"Originally that was one of the requisites that we were looking for. Competitive position, because clients are demanding the best quality for the lowest prices. "But we were impressed with the support and the mentality here."

Founded in 1949, the firm is now the world's largest law firm - boasting 77 offices spread across 47 countries. It employs some 11,000 people across the globe. Finance Minister Arlene Foster - who attended the new office launch - said Baker & McKenzie "are very pleased with what they have seen here in Belfast and comment has been made that we under-promised and over-delivered and that is a very good benchmark to have".

Mr Leite said his firm's search for a location for its global services centre took two years and covered eastern Europe, South America and Africa. It opted for Northern Ireland last year and had been working out of temporary offices in the city centre prior to becoming the anchor tenant in the new City Quays 1 building.

"Northern Ireland ticked all the boxes, from the quality of the people, the attitude, the location, being in Europe made also a big difference for us, and the language. It has all exceeded our expectations in a matter of one year since we started. We are extremely happy."

It's the latest major law firm to expand or set up here. In October, London-based firm Allen & Overy announced it was adding a further 100 jobs to its already 380-strong workforce. In April this year, US legal services firm Axiom revealed it was doubling its Belfast workforce with the creation of almost 100 new high-paid jobs.

Source: Belfast Telegraph, 22 July 2015



## Questions

- a) Using an example from the case, explain what is meant by professional business services. [3]
- b) Identify and describe one area where a professional business services firm would provide consultancy services. [3]
- c) i) Explain what is meant by a tangible and an intangible asset. [4]  
ii) Identify two tangible and two intangible assets Baker & McKenzie are likely to have. [4]
- d) Analyse the reasons why Baker & McKenzie are likely to have chosen Northern Ireland as a suitable location. [6]
- e) Discuss why a business would use the services of Baker & McKenzie. [8]

Total Marks [20]



## References

<http://www.independent-consulting-bootcamp.com/Big-5-consulting-firm.html>