

# Advisory Services

## Seeing the strategy cycle

**Two years ago, Ernst & Young embarked on the expansion of Business Advisory Services by merging the Risk and Transactions service lines with the newly-created Business Advisory service line. Combining these three services enables Ernst & Young to support and guide its clients through the whole of their strategic cycle.**

### Transaction-related services

The business strategy cycle generally begins with an acquisition or investment and ends with the exploitation of the resources thus created, in the shape of, for example, a sale, the distribution of a dividend, a new investment or a restructuring. Ernst & Young's expansion in transaction business in recent years has outpaced the market (which itself has expanded considerably) and the firm has become one of the market leaders in vendor due diligence engagements. Transaction-related services have been an independent Service Line since July 1, 2008 (see p. 72). In the medium term, Ernst & Young seeks to establish its leadership in Restructuring Advisory too, and that is why it is rapidly expanding its restructuring team in Switzerland.

### Risk-related services

Businesses and investments alike need to have a sound foundation in the shape of clearly defined governance, standards and processes. To ensure that these principles are appropriately applied in practice, an internal control system is needed. Boards and management use targeted monitoring as a way of adequately ascertaining that the process guidelines and the control system are, as far as possible, helping their firm achieve its business objectives and meet compliance requirements. These are major risk-related issues, and Ernst & Young can help address them by means of its customized services, among them the assessment of the status quo, the improvement of existing processes, or the outsourcing of monitoring processes. Ernst & Young is continuing with the rapid expansion of this service area in response to a marked increase in demand for risk-related services.

### Performance-related services

In contrast to their focus when addressing risk-related issues, it is during periods of economic downturn in particular that businesses strive to enhance their performance and make themselves and their processes more efficient. To give its clients targeted support with performance-enhancement projects, Ernst & Young has massively expanded its Finance Performance Management, Supply Chain Management, and Customer Relationship Management service areas in recent years.

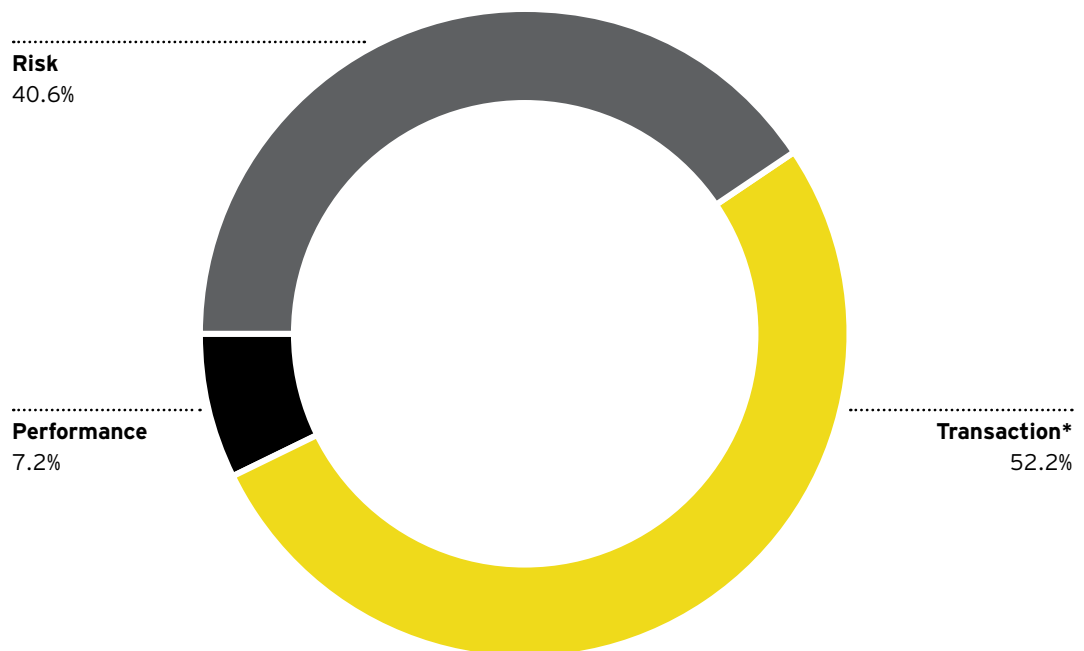
As Martin Studer, member of the Management Committee and Managing Partner Advisory Services, explains, "Advisory Services seeks to help clients gain an all-round understanding of their own business cycles and improve them as much as possible. We provide them with interdisciplinary advisory teams who have experience of the industry concerned and the specific know-how that they require. Regardless of our own organizational structure, the clients' needs are at the center of the seamless interplay of competencies."

The strategy-cycle model focuses on the stages through which businesses develop. A business can also be analyzed using another approach, by reference to its strategic business drivers, primarily profitability, growth, reputation and the efficient use of resources. Management can use business drivers as reference points in order to coordinate long-term strategies. In the fall of 2007, Ernst & Young published the results of a survey, one of the objects of which was to determine which specific business drivers became particularly relevant, and when. Looking at the overarching economic cycle, the survey concludes that experience showed that profitability became the core strategic driver once there was the prospect of an economic upturn. Both at the top of the cycle and in an economic downturn, however, the crucial business driver was the efficient use of resources, which puts the brake on costs. But, once the cycle had bottomed out, growth became more important as the strategic driver, while reputation was found to generally reflect the perception of values in the economy and in society across and beyond these cycles.

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## ADVISORY SERVICES REVENUE 2007/2008

Shares in %



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\* An independent Service Line since July 1, 2008

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