

Why Use Consultants?

R. Townsend in his book, "Up The Organisation", said, "They [management consultants] are people who borrow your watch to tell you what time it is and then walk off with it". A cartoon I recently saw in a business magazine stated, "Those who can....do, those who can'tteach or consult."

Both these comments are clearly the more cynical of views of what can in fact be a very rewarding profession. This article will cover who consultants are, what they do and discuss why companies may wish to use them and why some don't. This article was written by David Ogilvie, Principal of Supply Chain Solutions and is based upon the work of many sources including Greg Timbrell of Queensland University of Technology, Ian Benjamin the consultants consultant, Igor Popovich, David Maister and Alan Weiss.

So what is consulting anyway?

Well in its simplest form, consulting is nothing more than the business of providing advice to someone. It can also be viewed as simply being helpful to firms when they are;

- a) In trouble
- b) On the move
- c) Trying to do what they do better, faster and more cheaply.

But why would a company need help and advice from an outside consultant during these times? What about sourcing the expertise of employees who all know the business better than any outsider ever will? Why on earth would anyone ask an external consultant, with absolutely no experience in your business, to come and tell you what to do?

The answer is easy....consultants are the only people who have the ability to enter a business with the aim of achieving results without bringing history, baggage and emotions to the table. Consultants do not have any personal ties to the business. They simply bring long-standing expertise and knowledge with them and work on improving the business. Sometimes people who are too close to the business do not have the emotional ability to improve the business and this can be to the detriment of the company.

As we are all well aware the environment in which managers are working today is, intensely competitive - more so today than ever before. The number of factors which they have to deal with on a daily basis has increased dramatically and the speed at which this change is occurring is accelerating all of the time.

In addition, there is the enormous impact that information technology is causing on businesses. Technology alone presents new challenges that sometimes requires expertise and knowledge that is not readily available within employees.

These are just some of the reasons that companies call in consultants.

Companies need to start viewing consultants as a normal management practice just the same way as Architects and Lawyers have been engaged in the past.

So what can consultants offer?

Essentially a consultant brings four resources which cannot be combined in any other manner. These four resources are:

1. **OBJECTIVITY.** There is no real alternative for an independent, impartial and fresh viewpoint that is free of any personal interest, pre-conceptions or existing traditions, loyalties or company political bias.
2. **BROAD EXPERIENCE.** Consultants work with a wide array of clients throughout a broad range of industries on a frequent basis therefore tackling many common problems and issues which confront individual executives. Consultants are often able to utilise solutions that are common in one industry for a new industry where they are completely unknown based on similar problems and solutions.
3. **ANALYTICAL SKILLS.** Consultants are trained in a range of analytical skills and know how to concentrate on the main problem areas and define the requirements for the solution and benefits to be gained.
4. **FULL-TIME ATTENTION.** Consultants can devote full-time attention to the assignment free of the other executive responsibilities of the client's managers that constantly distract them. Consultants work **ON** your business while you work **IN** it.

So when should a company engage a consultant?

Generally the need to engage a consultant arises when:

- A problem is known to exist but the organisation does not have the time, the particular expertise or staff to tackle it.
- A problem is known to exist, but neither the symptoms nor the underlying cause can be determined by anyone within the organisation in a completely unbiased way.
- The organisation has tackled the problem itself already but has not resolved the issue.
- When expertise is needed to introduce new information technology, new techniques and or a fundamental change in the organisation's structure, procedures, nature or business direction.
- When a conflict of views on future policy has arisen within the organisation and an independent and skilled assessment is needed.
- A specialised style of experience or expertise is needed which does not exist within the organisation and secondment of a consultant for a period can help determine the type of permanent staff required.
- An appraisal of proposed changes is needed to confirm and /or amend the organisations plans and help implement them.

- In smaller organisations there is often a need to import a particular type of knowledge or expertise for a period to deal with such matters as technology.

So how do these consultants work?

There are a number of different theories about how consultants work but the simplest to understand was articulated by Schein where he proposed that there are three (3) approaches to a consulting engagement;

1. Purchase of expertise approach.

This approach is where the client defines the need or problem and decides that the organisation has neither the resources nor the time to fill the need. This may be demonstrated by the following examples;

- Distribution system design
- Supply Chain Strategic planning
- How to select an ERP system

2. Doctor - Patient approach.

This is where the client brings in a consultant to provide a general check-up (Supply Chain Audit) or to investigate specific symptoms such as;

- Poor DIFOT (Delivery in full on-time) rates.
- Long lead times.
- Unacceptable backorder rates.
- Large inventories.

3. The process consulting approach.

In this approach process refers to HOW things are done rather than WHAT is done. There is a clear distinction here between process and content. Imagine for a moment that your company is deciding what ERP system to install. The ERP system is the content issue - the WHAT. A process consultation's scope would cover the HOW.

This all sounds wonderful - but why then do so many companies decide NOT to engage consultants?

People are essentially creatures of habit and fears. One of the main reasons why executives resent dealing with consultants is that they fear the whole concept of consulting. Executive's fears generally consist of;

1. The fear of the unknown.

This fear is extremely common. Questions that rush through the minds of executives include;

- How do consultants work?
- How do they charge?
- What will my managers and peers think of me if I engage one?
- What will the business be like when they have finished?
- Will I still be able to run it after the engagement?

Unfortunately, there is still a percentage of organisations who even after long deliberation and realisation that they are in urgent need of consultancy expertise do not seem to be able to make the decision to hire a consultant because of fears.

2. Once bitten, twice shy.

Many managers, who have had previous dealings with less-qualified consultants, may have a negative view of all consultants. Perhaps they were overcharged or the consultant under delivered and the end result is a wall or barrier even before the credible consultant can get in the door. Due to one bad experience the manager may always have reservations about future consultants. Remember don't pigeon hole consultants. Consultants are no different from any other employees. Some consultants are good, some are not, sometimes they fit the organisation and sometimes they don't. Have a look at their background and expertise and listen to what their clients have to say before you generalise your response.

3. The matter of trust.

Some managers struggle with the notion that even after hiring a consultant the organisation may not be perfect. Remember that corporate cultural change and behaviour can be in fact be hindering the consultants advice and that sometimes you will need to look within the organisation to find the true cause of the problems. Even the most credible consultant could be 'perceived' to be inexperienced when the employees and managers have decided 'not' to change and improve as per the recommendations. The consultant may in fact be right on the money but poor attitudes, disgruntled employees, egotistical management and people lacking job security can undermine all the good work that has occurred. That is why change must start from the top down and behaviour must descend from the owners down to the senior management right down to employees at the factory floor.

4. The matter of competence.

Here the clients subconsciously fear that the consultant may not have the experience and expertise required to successfully complete the project. Can the consultant in fact produce the desired results? Sometimes this is a value for money fear and can hinder any decision making process...in which case nothing gets done nor changes. 'Well we have always done business this way'

5. The fear of failure.

This fear is one of the most powerful of all the fears. It makes people less willing to experiment, to explore or to try something that has not been tried before. It restricts the use of new methods or people and again results in inaction.

6. The fear of change.

Consultants by their very nature are change agents, one way or another they always bring change to their clients. Every change brings on the fear of the unknown (mentioned earlier) and this becomes a vicious cycle. Once again inaction results.

What to do about your fears.

Firstly, do not close your eyes and hope a consultant will just disappear.

Secondly, don't be afraid to ask for help - after all no one person knows absolutely everything. Success comes about recognising your strengths and weaknesses and by inviting experts and consultants in to assist with the weaker areas. Kudos can still be yours, just with a little outside assistance along the way.

Try to analyse your fears rationally and ask yourself these questions;

- Where is this fear coming from?
- What or who is causing it?
- How are others dealing with this fear?
- What can I do to overcome this fear?

I would recommend that all organisations take some time out and have a chat to some consultants and see what it is they do and what methodologies they use. Get to know them and do not be afraid to ask what you think might be dumb questions.

I am always amazed at how many people say to me when I ask what could be thought to be a dumb question, "I'm pleased you asked that, I had no idea."

Australian companies have a poor history of improving their supply chains, in fact in recent global surveys some of the Australian companies considered to be first class, actually rated very badly when compared to their global counterparts. It is clear Australian companies have a long way to go - why is it they don't ask consultants to help them?