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Some Thoughts on Selecting a Consultant

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INTRODUCTION

The food industry is complex and competitive requiring more than decision rules of thumb and management intuition as means of reaching profitable decisions. Independent retail food operators continually seek to expand and acquire new units. Chain operators seek to diversify into distribution and manufacturing. Manufacturers diversify into retailing, real estate and other types of complex situations. Public agencies need information and assistance for policy decisions. Many use laboratory or engineering services.

Economic opportunities faced by management could result in the overextension of time, talent and financial resources. The decisions involved with expansion and growth call for new forms of information and additional and well managed financial resources to insure survival. Although change creates new problems for established management, the problems often repeat themselves among firms seeking to survive comparable situations.

The management consultant can be the vehicle for providing new information and alternative solutions to unique problems. Public agencies, trade organizations and other consulting firms use consultants for specialized problem solving. Throughout the food industry a wide range of special services are contracted for by managers and decision makers.

The selection of the consultant and any contractual services must not become less important than any other aspect of managing the firm. Consulting must be supervised in the same positive sense as other functions. Consulting is a cost center influencing directly and indirectly the net worth of the firm. The consulting investment should realize dollar return equal to or greater than other investments or costs.

WHAT IS A CONSULTANT?

"A management consultant may be defined as an individual qualified by education, experience, technical ability and temperament to advise and assist on a professional basis in identifying, defining and solving specific management problems involving the organization, planning, direction, control and operation of an enter-

prise. He services the enterprise as an impartial objective advisor and is not an employee of the organization." (Reference 1, p. 17)

"A consultant is essentially staff to client management. He helps to define problems, to define alternative solutions, to estimate the impacts of the alternatives, and to recommend the one or two best solutions. He advises and counsels. He does not decide, command or control the conduct of the client's business." (Reference 2, p. 3-4)

WHY USE A CONSULTANT?

One hires a consultant because of the need for talents and experiences not available in-house.

Consulting firms and individuals have ready accessibility to a variety of talents too costly for a firm to hire on a long term basis. A consultant can provide the flexible talent mix required to solve the problem and the client will know what this mix will cost. Ethical consultants will afford privacy and confidentiality. The experiences of solving problems of a similar nature create the values of a consultant.

In planning the use of the services of a consultant, Maynard (Reference 3), suggests five key areas in which one might use a management consultant. These are:

1. To have an objective study made of a particular problem by a qualified expert
2. To get fresh thinking applied to a specific problem
3. To have a new technique or procedure installed when one does not feel that one's own organization is qualified to do it
4. To develop the people in an organization through contact with an outside viewpoint
5. To augment the regular staff to handle a temporary overload of work when one does not want to add permanent employees

CATEGORIES OF CONSULTING SERVICES AVAILABLE

There is a consultant available for every type of problem in existence today.

What are some of the areas in which consulting expertise exists today? The following list is fairly all-inclusive in that it lists broad categories of services available today.

Administration

- Management Consultants
- Management Science Services
- Public Relations Counselors

Finance

- Commercial Finance Companies
- Certified Public Accountants
- Credit Reporting Agencies
- Equipment Leasing Companies
- Data Processing Centers
- Banks

Manufacturing

- Contract Manufacturers
- Contract Maintenance
- Industrial Parks

Marketing

- Marketing Consultants
- Market Analysis
- Consumer Analysis
- Advertising Agencies
- Manufacturers Representatives

Personnel

- Private Employment Agencies
- Executive Recruitment
- Temporary Help Contractors
- Consulting Psychologists
- Specialized Training Consultants

International Operations

- Export Sales Representatives
- State Departments of Commerce or Agriculture
- Trade Organizations
- U.S. Department of Commerce
- U.S. Department of Agriculture

Laboratory Services

- Food Technology
- Sanitation

Trade Publications

Facilities Planning

- Plant Layout Engineers
- Store Layout Engineers
- Process Layout Engineers
- Site Location Specialists
- Advisory Services by Equipment Suppliers

Transportation

- Specialized Consultants
- Common Carrier Service Bureaus

Computer Services

- Hardware Companies
- Software Companies
- Systems Analysts

Security

- State Police
- Local Police
- FBI
- Equipment Suppliers

PRE-SELECTION ORGANIZING

Prior to selection, potential organizational problems should be considered in order to assure a satisfactory client consultant relationship. The introduction of a consultant to the organizational structure may present personnel problems for which management must be prepared.

Preparing to use a consultant calls for:

1. Dividing managing and operating activities into groups which are to be handled **internally** by present employees and those which are to be handled **externally** by the consultant.
2. Delegating authority and responsibility over internal and external activities.
3. Establishing a written client-consultant liaison relationship policy.

Once problem related activities have been grouped and authority and responsibility have been designated, plans for the use of a consultant can be made more thoroughly and the general strategic use of the consultant can be defined within an organized management scheme.

SELECTING THE CONSULTANT

The problem having been defined and the plans for organizing around a consultant having been made, one or a combination of several alternative selection processes can be implemented. These are:

1. Use the same firm Harry used.
2. Use the same firm we used five years ago.
3. Request bids and references from a selected number of consulting firms.
4. Check the "Yellow Pages".
5. Consult: trade association officers, professional associations, journals, professional meetings, universities, extension specialists, and government agencies.

The basic selection policy which any firm uses should include:

1. A check of references.
2. An evaluation of previous experiences with the consultant.

3. An analysis of the consultant's problem solving ability.

Once management has decided in general the selection approach, the particular tactics and actual selection procedures can be implemented.

The selection of the consulting firm should be accomplished by contracting with an individual. The "firm" will not solve your problem. An individual or several individuals within the consulting firm will solve the problem.

The Association of Consulting Management Engi-

neers, Inc. has published a booklet titled, **How the Management Consulting Profession Serves American Business**. This booklet contains a list of 12 guides for appraising a consulting firm.

The chart which follows contains these twelve guides paraphrased to facilitate a consultant evaluation score card. Once each alternative firm has been scored, at least a subjective evaluation has been accomplished.

After assessing the firm in the light of these attributes, one is able to set down the specifications for the selection of the firm and the individual(s) who will be involved in solving the problem.

Consultant Evaluation Score Card

Firm: _____

Attribute of Consulting Firm	<u>Degree of Satisfaction</u>			
	Very Satisfactory	Satisfactory	Unsatisfactory	Very Unsatisfactory
1. Length of time in Business				
2. Background of Firm				
3. Firms financial Status				
4. Kinds of companies and firms served in the past				
5. Client's opinions of work				
6. Extent of repeat business				
7. Reputation of its personnel relations				
8. Amount of time willing and able to spend on this job				
9. Reputation of person to be assigned to job				
10. Past experience related to this problem				
11. Thoroughness of firms inquiry into the problem				
12. Cost estimate				
13. Time estimate				
Total				

IN CONCLUSION

The complex and intense competition within the food industry has caused the need for outside management assistance. Rapid change in manufacturing, wholesaling and retailing has called for a rapid ability to make decisions. Increasing costs resulting from a wrong decision places a premium on the validity and reliability of decisions. In many cases, the consultant is able to provide management assistance.

The selection of the consultant is important and time consuming if not properly organized. This paper is one attempt to assist in the organized selection process.

The successful selection of the consultant can be measured by the degree to which the consultant provides management with feasible and creative problem solving alternatives, and by profits from implemented decisions, per consulting dollar expended.

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