



Using A Consultant

**When the Business Problems Mount, a Professional Consultant
Can be Useful at Diagnosing and Proscribing**

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The wall and ceiling contractor faces a multitude of problems in the operation of his business. He must decide when to expand, what collection procedures to use, the extent of promotion, establish hiring policies, purchasing, and of course, the problems connected with record keeping and payment of taxes.

Unlike large business firms engaging nationally-known accounting firms which provide management services, the small entrepreneur often utilizes the services of an individual practitioner or the services of a small sized accounting firm. Many of these accountants can offer useful and practical advice on business problems, but by and large, most are not equipped to render the full range of managerial services.

This is where the professional management consultant comes into the picture.

The consultant tries to show a businessman how to realize full produc-

tivity, how to make the highest net profit consistent with sound business practices, how to create a good public image in the community and how to take excess business profits and invest them to assure the building of an estate.

No Guarantees . . .

Results cannot be guaranteed and the consultant usually cannot take a business hopelessly mired in debt and red ink and turn it into a profitable venture. What the consultant does do is to act as a doctor and diagnose business ills.

Reputable professional management consultants do not (and cannot according to the code of ethics of those belonging to the Society of Professional Business Consultants) accept commissions from companies which they recommend to furnish supplies or services to their clients.

Management consultants do not

ordinarily advertise their services but depend upon recommendations. If your business is ailing and expert help can conceivably offer a ray of hope to salvage your investment and livelihood, give some consideration to the retention of the services of a professional management consultant.

One way to find one is to check your local telephone classified directory under the heading "Management Consultants."

Costs involved vary with the amount of work entailed and the extent of the services to be rendered. Most reputable consultants will confer with you, listen to your problems, and arrange to set a fee so that you can decide whether or not you want to make the expenditure.

Payment Varies . . .

Sometimes the consultant will be unable to arrange an overall price because of the complexity of the

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work involved and in this case will arrange to charge a flat fee for an overall survey, after which he will list the areas to be covered and ask for a per diem fee to undertake the assignment.

What will you get for your money? The consultant's survey will check on your business practices as they relate to the productivity of employees and management, the adequacy of quarters and facilities, the record keeping systems, collection practices, pricing policies, promotion and sales expenditures in relation to sales volume, and the overall efficiency of personnel.

The consultant will check into the plans of management for keeping all

personnel abreast of new developments in your industry, and he'll check the morale factor by examining provisions for fringe benefits and proper application of sharing profits through planned incentive increases in remuneration. In this regard, the consultant will review any union contracts existing and undertake to participate in any future contract negotiations and renewals.

Care will also be taken to examine corporate buy-sell agreements made by stockholders and the buy-sell agreements of partnerships. He'll look for inadequacies in insurance (or other funding) coverage to assure the continuity of the business and the carrying out of the desires of the par-

ties with respect to providing for widows and children. And, the sole proprietor is not overlooked. Here too the consultant seeks to offer ways and means whereby a business does not go down the drain with the death of an individual owner. Plans are established for achieving some value for what is in many instances a valuable asset only during the lifetime of the owner.

Changes suggested are not put forth without first discussing them fully with your own lawyer or accountant. In fact, the consultant becomes the third member of the professional team most concerned with your business success.

Not all consultants provide the

same services but basically it can be said that the following are representative: Installation of easy to manage, proper and complete business records; meeting with accountant to provide more meaningful statements and reports to measure changes suggested; recommending changes in production, sales or distribution if a manufacturer; method of display, sales and advertising if a retailer; reviewing collection procedures to free capital tied up in overdue accounts; review of hiring policies so that recruitment is done on a more selective basis; examination of price structure; a review of materials handling to eliminate bottlenecks and to increase flow and reduce costs; examining purchasing policies and recommending ways of more orderly ordering to effect efficiency and cash savings; teaching office personnel or sales personnel how to implement recommended procedures for increased efficiency; offering counsel in the rearrangement of insurance

coverage to reduce overlap and cut costs; (done through broker of your choice to retain present relationship); the establishment of a course of action for setting up investment fund; to examine relationships within the organization to reduce friction and reassign duties, etc.

There are some consultants who will undertake the preparation of

financial reports and tax returns, but these are best done by your own accountant who has been professionally trained in this specialty.

The aforementioned services offered by consultants can be obtained on a one-shot deal wherein the consultant surveys your situation and then is engaged to put into effect his set of recommendations, agreed to by

management. After this is accomplished his services end and management has to follow through to see that there is no lapse back to the old inefficient ways. Or, if you so desire, you can make an arrangement for a periodic check-up on a continuing basis. In this case the consultant will review the results of his efforts and will make further recommendations if he deems them necessary.

As stated previously, results cannot be guaranteed. But, if a business is not past the point of no-return and can be redeemed by a change in policy and method of operation, the consultant's advice is bound to produce some good. How much can be measured by your own examination of what has taken place and your examination of your accountant's financial rendition.

There are quacks and incompetents as in any business operation. That is why you have to exercise care in the

selection of a consultant and perhaps have him interviewed by your accountant, or depend on the recommendation of a fellow businessman who has experienced satisfactory results.

The Code of Ethics of the Society of Professional Business Consultants provides that in addition to the prohibition against accepting commissions from firms whose equipment or services are recommended, there is no obligation to keep all information learned in the strictest confidence.

Past President Clayton L. Scroggins of the Society says: "Professional Management Consultants are available to help every businessman-big or small. They are here to stay on the American business scene because they give full value for their fees. Businessmen who exercise the initiative to investigate and engage their services will benefit themselves, their families and their customers.

The consultant provides the services of a full-time business manager at a part-time cost, in that he is available when needed on questions of business management and provides a stable and continuing contact in that vital area."

(Editor's Note: Joseph Arkin is licensed by the State of New York as a Certified Public Accountant and holds a BBA degree in accounting from St. John's University and a MBA degree in taxation from Pace College. He writes extensively on business subjects and has had over 6000 articles published in trade and business magazines and newspapers.)