CHAPTER VII

MANAGEMENT CONSULTANCY SERVICES
All over the world, in the recent past, there has been a remarkable development of new concepts relating to management practices. Consultants have helped managers to analyse and solve management and related operating and technical problems. The development of almost every accepted technique—work measurement, payment systems, plant layout and materials handling, systems analysis, market research, production planning and control, budgetary control and the like including the use of electronic computers—has been the joint work of consultants and industrialists.

Consultants have made distinct contributions to the central problems of managing industrial organisation such as the establishment of goals, the upgrading of managerial skill, the management of employee relations, innovations and keeping the organisation abreast of the economic, social and political environment in which it functions; all this has been irrespective of the size of the organisations.

In many developing countries, government agencies and private enterprises have engaged consultants to survey
the organisation and operating policies and practices pertaining to various activities. The increasing demand for management services in developing countries is largely due to the growing burden imposed on managers in recent years. Factory managers in particular face a variety of managerial, operating and technical problems posed by a rapidly changing world, and consultants help them cope with these problems.

Since political and economic changes often alter the size and attractiveness of foreign markets, marketing and distribution practices must be reshaped continually in order to sell new products in new markets. Ideas of how best to plan, operate and control a factory must keep pace with rapid development and more particularly so in the newly developing economies.

Managerial problems are some of the toughest and the most pressing obstacles confronting small scale enterprises. Even though we may be able to import modern equipment and modern technology and to employ foreign personnel if local resources are insufficient, poor management may completely annul all our efforts. Management consulting services are thus vitally important because they help the plant's personnel acquire the technical knowledge, skills and tools they need to fulfil their critical roles in

Incidentally, the author of this thesis was hired by the Indian Railways to diagnose their booking and reservation procedures and advise them on how the same could be made more productive and less corruption-oriented.
the organisation's development programmes.

Under the stress of change, many industrial establish-
ments lack the time or skill to deal with the above problems
by their own means. Moreover, the internal differences of
opinion about how to plan an organisation's future in a
changing world sometimes force managers to seek independent
opinions.

In the sphere of management, the consultant's activity
is not confined to solving problems in a purely theoretical,
abstract or technical sense. The consultant does these
things, of course, but the problems with which he deals are
action-oriented. His thinking is directed towards improving
managerial and economic performance and obtaining results
for the client. The most important function of the consul-
tant, consists in, urging and persuading the clients and,
when necessary, helping them adopt a sound course of action.

The various services for which management looks to
outside counsel can be classified according to the degree
of responsibility the consultant assumes with respect to
the company problems. At the first level, the consultant
may be asked to give an independent opinion, or to provide
information which management needs to reach a decision. At
the next level, the consultant may supplement the client's
efforts with his specialised knowledge, skills and know-how.
Even more important is the consultant's organisational fun-
cction, which consists in improving methods, structures and
procedures in order to place the organisation in a better
position to solve current problems as they arise. Finally, the most general of all consulting services is the auditing service, which enables the consultant to discover and analyse any problems encountered in the course of a general review of activities. This puts management in a better position to spot incipient difficulties and take corrective measures before serious consequences arise.

No less important than management audit is the general review of operations by consultants at a time of top management change. The principal aim here is to appraise organisational strengths and weaknesses for the purpose of planning future growth. Consultants are also often called in when there has been a significant increase in an organisation's size, because major questions of financing, increased workloads, planning, more complex organisational relationships and communication problems become apparent as an organisation expands.

Sometimes, outside assistance is needed because, though the problems are known, the time and talents to solve them are not readily available within the company organisation itself. It may happen also that management suspects that there are problems to be solved and wishes either to discover them or be assured they do not exist. The true state of affairs can be determined only after a complete and objective examination by consultants, who take a broader view than those occupied with day-to-day operations.
Again, outside advice may be needed when management has tried and failed to solve a problem. Other circumstances often suggest the need for such help, e.g. a lack of familiarity with the problem, a desire to have fresh ideas or learn new techniques, or a conflict of views within the organisation.

An increasing number of management problems in fully developed economies are of such scope and complexity that it is usually not economic to equip corporate staffs having the various skills that are necessary to solve them. These are the problems for the solving of which the consultant can be particularly helpful.

A less clear-cut situation is that in which management falls back on the consultant and expects him to reach decisions on it. There is no doubt that a thorough set on recommendations documents by facts and figures, such as a consultant usually submits, will influence the decisions taken by the management, but the consultant's job is to recommend sound action and not act as management's deputy in taking action.
Definition of Management Consultant

In America, a management consultant is defined by some organizations 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 enterprise".

The International Labour Organization (ILO) defines a management consultant as "one who gives advice and assistance to management, visits their firms and studies their individual problems on the spot".

These two definitions, coupled with the usual concept and practice, may lead us to believe that a management consultant:

- Diagnoses problems of the business enterprise
- Formulates and recommends ways and means to solve the problems.
- Advises and assists in the implementation of the recommended measures
- Follows up and evaluates the success or failure of recommendations.
- Reinforces his action, to convert a failure into a success.
In a broader sense, the family of management consulting profession can be shown as:

- Management Consultant in limited sense
  - Business Consultant
  - Management Consultant
  - Business Diagnostician
  - Advisor

- Special Consultant
  - Financial Consultant
  - Production Consultant
  - Sales Consultant
  - Personnel Consultant
  - Inventory Consultant
  - Office Consultant
  - Others

- Management Consultant in broader definition
  - Training Consultant
    - Leader
    - Trainer
    - Instructor

- Consultant in the field related to management
  - Tax Consultant
  - Engineering Consultant
  - Technical Consultant
  - Patent Consultant
  - Accounting Consultant
  - Book-keeping Consultant
  - Management Consultant
  - Systems Consultant (Computer, Salesmen, etc.)
  - Part-time Consultant
The Study

The management consultant is in something of a dilemma. He is increasingly used, achieving a higher status each year, yet beset by critics and suspected of nefarious practices. He seeks to overcome these disadvantages by promoting professionalism, but the private regulation of professional conduct may take many years to show its effect in a universal acceptability of the consultant.

This somewhat unsympathetic atmosphere is likely to complicate the work of the reputable consultant and may reduce the quality of his help to management. It seemed to me as essential to study the work of the consultant from his perspective as well as from the small industry clients in order to appreciate their mutual problems.

The following tables based on survey of 500 small scale units (out of which 275 responded), would give some clues on the subject.

A. Demand for the service

(1) Firms which used management consultants before World War II .. 0.3%
(2) Firms which used them after the war and till 1959 .. 1.0%
(3) Firms which engaged them during 1960-74 3.0%

Against our figure of 3%, the figure for Japan is at least 90%, since out of all small business establishments (including, of course, manufacturing), 90%, according to Japanese Government data, have consulted the Management Consultants atleast once.
D. Reasons for the utilization of management consultants

(1) To promote rationalization and to prepare for future.. 3%

(2) To receive a general diagnosis of the enterprise in spite of no problem at all.. 11%

(3) To supplement the lack of talent to lead and instruct staff within the firm.. 11%

(4) To be a make shift for lack of persons in charge of management improvement due to pressure of daily routine work.. M1

(5) To find solution to the problem at hand.. M1

(6) To obtain a unified opinion out of the intra-company differences of convictions.. 22%

(7) To make good for the lack of qualified personnel in the Company.. 11%

(8) To grasp the core of problems at hand.. 11%

C. Reasons for not using the management consultants

(1) Past performance of the consultants not satisfactory.. M1

(2) Firms had no knowledge at all about this profession.. 44%

(3) Consultants have been ill-reputed.. 77%
(4) Firms are afraid of an outsider knowing their inner secrets  ...  11%

(5) Consulting fees of good consultants were very high ...  22%

(6) Firms did not feel the necessity of others' help ...  N/A

(7) Firm's own staff was very capable  N/A

(6) Firms haven't taken the first steps to engage the consultants, though they realise the necessity ...  77%

Bulk of the small industry enterprises (44%) denied themselves the benefits from consultants only because they had no knowledge about the consultancy profession. It is a sad commentary on both (small enterprises and the consultants). This is in spite of the fact that they did feel the need of consultants (as can be visualised from responses to (6), (7) and (6) of this table. Another feature which is visible is that 77% entrepreneurs have the impression that consultants are ill-reputed.

D. Nature of predominant assignments on which the management consultants were engaged

(1) General management  ...  ...  33%
(2) Production  ...  ...  22%
(3) Education & Training  ...  ...  N/A
(4) Finance & Accounting  ...  ...  11%
(5) Office management  ...  ...  N/A
(6) Personnel management  ...  ...  22%
It would be seen that on important aspects like Education and training, Office management, Operations Research and Stores, management consultants have not been hired at all. One-third of the total consulting has been in the field of General management only.

E. Selection of a management consultant

(1) Client hired a consulting firm  . .  11%
(2) Client hired a particular person belonging to a certain consultant work or group (private sector) . .  11%
(3) Client hired an independent consultant  22%
(4) Client hired a consultant from a non-profit government-aided institution . .  95%
(5) Client entrusted the job to a gratuitous consultant from a government department . .  11%

It is interesting to note that:

(a) In spite of the fact that consultancy services by the government departments are rendered free of charge, yet, only 11% of those who used consultants have availed themselves of these free services.

This raises an obvious question of credibility.

(b) Clients have a big preference for consultants from
institutions rather than for private consultants.

F. How do clients locate consultants before they choose one?

<table>
<thead>
<tr>
<th>Method</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. By books or articles published or lectures delivered</td>
<td>55%</td>
</tr>
<tr>
<td>2. Through direct approach made by consultants</td>
<td>22%</td>
</tr>
<tr>
<td>3. Through introduction or recommendation of business associates</td>
<td>22%</td>
</tr>
<tr>
<td>4. Through publicity done by the consultant</td>
<td>Nil</td>
</tr>
<tr>
<td>5. Through recommendations of organisations such as Chambers of Commerce &amp; Industry, State Government, Associations, etc.</td>
<td>Nil</td>
</tr>
<tr>
<td>6. Through recommendation of parent company (applicable to subsidiary company, etc.)</td>
<td>Nil</td>
</tr>
</tbody>
</table>

It is unfortunate that the clients don't have a practice of consulting their chamber, associations, State Governments also about choice of the consultants. If they do, they don't seem to be paying heed to it. But it is heartening to note that more than half the clients (55%) rely on books/articles published or lectures delivered by the consultants. All the same, the fact that 22% hired consultants on the basis of approach made by clients themselves is not very happy.
G. Consulting term

<table>
<thead>
<tr>
<th>(1) Shorter than 1 day</th>
<th>11%</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2) Shorter than 1 week</td>
<td>33%</td>
</tr>
<tr>
<td>(3) Shorter than 1 month</td>
<td>11%</td>
</tr>
<tr>
<td>(4) Shorter than 3 months</td>
<td>11%</td>
</tr>
<tr>
<td>(5) Shorter than 6 months</td>
<td>11%</td>
</tr>
<tr>
<td>(6) Shorter than one year</td>
<td>0%</td>
</tr>
<tr>
<td>(7) Over one year</td>
<td>44%</td>
</tr>
<tr>
<td>(8) On consolidated charge contract basis irrespective of time-logging</td>
<td>44%</td>
</tr>
</tbody>
</table>

Nearly half (44%) of the total number of consulting assignments have been on consolidated charge contract basis, which depending on the ethical standards of the parties can be unreasonably uneconomical—usually to the client—since after having taken up the assignment, he would tend to economise on the job by doing a sub-standard job. Two-thirds of the remaining amount of consulting is done on the basis of a consulting term of less than a month each. It is rather too short to give adequate time to the consultant to do a worthwhile job, in most kinds of usual consulting. There is not a single assignment in this sample which exceeds a period of six months.
N. Fees per assignment

(1) Free ........................................ NIl
(2) Less than Rs.500 per assignment ........ 22%
(3) Rs.500 - Rs.2,500 per assignment .. 44%
(4) Rs.2,500 - Rs.5,000 per assignment .. 22%
(5) Rs.5,000 - Rs.10,000 per assignment . 11%
(6) Rs.10,000 - Rs.25,000 per assignment . 11%
(7) Over Rs.25,000 per assignment .......... NIl

Nearly two-thirds (22% + 44% = 66%) of the total consulting is within Rs.2,500 per assignment—rather of a low order. It would be wrong for clients to expect quality consulting at such low rates.

I. Basis for determining consulting fees

<table>
<thead>
<tr>
<th>Basis</th>
<th>Actual practice</th>
<th>Clients who prefer such basis</th>
<th>Consultants who would prefer such basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Per diem basis</td>
<td>44%</td>
<td>22%</td>
<td>11%</td>
</tr>
<tr>
<td>(2) Monthly basis</td>
<td>21%</td>
<td>44%</td>
<td>11%</td>
</tr>
<tr>
<td>(3) Project basis</td>
<td>44% (consolidated)</td>
<td>44%</td>
<td>77%</td>
</tr>
</tbody>
</table>

Nearly half the clients (44%) prefer project basis (consolidated); the same percentage prefer monthly basis—realising that both these help the consultant in making more money by giving to the client less. This indicates clients' ignorance. Over three-fourths of consultants prefer project basis (consolidated) for reasons mentioned above. All the same, one redeeming feature is that in
actual practice, things are not as bad as these could be, for the client, since, only 44% of the work is done on project basis and a substantial amount (44%) is still done on per diem basis.

Profit-sharing is a new dimension in consulting and much can be said in its favour and also against. Yet, more and more clients and consultants are finding it quite reasonable and convenient mutually. In India, the percentage of this practice is nil.

J. How the consulting fee is commented upon by the clients

(1) Inexpensive ... ... 11%
(2) Reasonable ... ... 33%
(3) Rather expensive ... ... 22%
(4) Too expensive ... ... 44%

Nearly half (44%) of the clients find the consultants' fees as too expensive. Added to this, 22% find it rather expensive. Something must be done about it, which is discussed later in this chapter.

K. Consultancy Results (As per the consultants)

(1) Problems at hand became clearer ... 22%
(2) Good improvements indicated ... 11%
(3) Good results were harvested by the company 33%
In nearly 100% cases, the consultants' perception about their performance is a happy one. Let us compare it with what the clients think about the same, as per the following table.

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clients deeply satisfied</td>
<td>11%</td>
</tr>
<tr>
<td>Clients nearly satisfied</td>
<td>21%</td>
</tr>
<tr>
<td>Clients somewhat dissatisfied</td>
<td>35%</td>
</tr>
<tr>
<td>Clients greatly annoyed</td>
<td>11%</td>
</tr>
<tr>
<td>Unknown (because, consulting in progress)</td>
<td>11%</td>
</tr>
</tbody>
</table>

Two-thirds (35% + 11% = 66%) of the clients were either dissatisfied or greatly annoyed. This is a reflection on the consultants' work—though there is a chance that the clients had wrong expectations in view at the time of hiring the consultants, since most clients do not know much about what can be expected of consultants. In any case, it is the consultants' duty to clarify right in the beginning as to what possible benefits the client can expect out of the assignment.
M. Speciality of Consultants (The following data relate only to those consultants who were consulted by the small scale industry clients under survey)

(1) General Management  ..  ..  33%
(2) Personnel Management  ..  ..  11%
(3) Finance & Accounting  ..  ..  11%
(4) Operations Research  ..  ..  Nil
(5) Materials Management  ..  ..  14%
(6) Production  ..  ..  11%
(7) Marketing  ..  ..  11%
(8) Stores designing  ..  ..  Nil
(9) Office Management  ..  ..  22%
(10) Training  ..  ..  11%

It would be seen that one-third of the consultants are in the area of general management only. In the critical field of Inventory Management (Materials Management; Stores designing), there is none in spite of the fact that Inventory Control is problem No. 1 of the small entrepreneurs. In Training also, there are only 11%.

6. Age of Consultants

(1) Age of 20 to 29 years  ..  ..  11%
(2) Age of 30 to 39 years  ..  ..  22%
(3) Age of 40 to 49 years  ..  ..  33%
(4) Age of 50 to 59 years  ..  ..  11%
(5) Age of 60 and above  ..  ..  33%
One-third of the consultants are over 60 years of age. Most of them, after having retired from executive positions, settle down as consultants without any formal training in consultancy techniques—not a happy situation for the consulting profession.

### O. Educational background of consultants

<table>
<thead>
<tr>
<th>Educational Background</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social sciences (Economics/Commerce/Management)</td>
<td>44%</td>
</tr>
<tr>
<td>Law</td>
<td>22%</td>
</tr>
<tr>
<td>Literature</td>
<td>N/A</td>
</tr>
<tr>
<td>Natural science</td>
<td>N/A</td>
</tr>
<tr>
<td>Engineering</td>
<td>11%</td>
</tr>
<tr>
<td>Science of agriculture</td>
<td>N/A</td>
</tr>
<tr>
<td>Medical and Pharmaceutical</td>
<td>11%</td>
</tr>
<tr>
<td>Others</td>
<td>11%</td>
</tr>
</tbody>
</table>

Nearly half (44%) are from the social sciences field which compares well with the structure in Japan, U.S.A. and U.K., where too, it varies between 40-50%. That only 11% are with engineering backgrounds is tragic, because a substantial percentage of total assignments is in areas where a consultant with engineering background can perform better. The net result is that those who are not fully competent in Production Management/Industrial Engineering fields try to dabble there and create problems.
O. Consultants' Experience & Training

22% of the Consultants have the experience of Consulting Services for less than 5 years and 22% of them have the experience longer than 20 years.

36.7% of them received their fundamental training (on the job) in the management consultancy with the private organisations; only 11% of them received the training in management consultancy in a formal fashion in India/ Abroad.

Findings

If one was to condense the findings of the survey discussed in the preceding pages, one may probably identify the problems as:

(1) Lack of well-trained consultants
(2) Consultancy services, too expensive
(3) Non-communicative client-consultant relationship

1. Lack of well-trained consultants

Only 11% of the consultants under survey have undergone any formal training in Management Consultancy techniques. In fact, in spite of there being a plethora of management training universities/institutions in India, there is not even one institution where management consultancy techniques are taught .... and all this in spite of a huge requirement of this profession. The small scale units alone number around 0.6 to 0.7 million (if we include the estimated number of unregistered units). ILO and MITIE are seriously examining proposals for establishing such a facility at MITIE.
If it matures, things are likely to improve. It may be incidentally mentioned that even small countries like Netherlands, Philippines and Japan have tremendously good training institutions for Management Consultants.

2. **Consultancy services, too expensive**

The usual fee of Rs.300 to Rs.500 per consultant-day is bound to be felt by a small scale manufacturer as beyond his means. The ways-out can be:

1. Government should enhance the quality of its consultancy services provided through SISIs and also increase the staff contingent, there;

2. Organisations like NITIE, NPC, etc. should be subsidised by the Government on special basis for services rendered to small industry units.

3. Financial institutions like Banks, State Financial Corporations should build up their management consultancy services departments for servicing the small scale units on the model of the Industrial Bank of Japan. State Bank of India and the First National City Bank have already made a start in this direction.

3. **Non-communicative client-consultant relationship**

**Responsibilities of the Consultant**

Consulting is, by nature, a personal service. Consultants must therefore observe high standards of conduct,
similar to those followed by reputable individuals and organisations in other professional branches. They must carefully avoid all acts or practices which are undignified or unprofessional or which might discredit or injure their profession.

Consultants should confer with the organisation rendering the use of their services in order to determine the nature and scope of the assistance required, and to explore the benefits that may be attained. The preliminary discussion is usually undertaken without obligation to the prospective client.

In view of the responsibilities the consultant has towards his prospective client, he must state his case solely on the basis of his experience, reputation and ability, and not promise more than he can perform successfully. Furthermore, the consultant should give the prospective client every reasonable opportunity of inspecting his record, and should assist him in its interpretation.

Unfortunately, not all consultants present their qualifications in a dignified and truthful manner, consistent with high professional standards. Prospective clients should be wary of consultants who offer free services, guarantee results or savings, or propose a fee contingent on the findings or the results of the services performed. Such inducements are not compatible with sound professional practices. Reputable consultants make their professional experience available to clients and serve them to the best of their skill and ability. Those who promise more are
unfaithful to the best interests of clients.

**Code of ethics**

In many countries in which the consulting profession plays an important role, the practitioners have formed professional societies or associations. A major concern of such bodies is the adoption of codes of ethical practice. One of the conditions of membership is the acceptance of the obligation to practise the profession in accordance with the rules set down in such codes.

Professional codes of ethics cover some of the more obvious, more definable, more practical, or more readily enforceable rules of conduct; they cannot possibly cover every contingency. However, codes which deal with the ethical dimensions of the profession's role in Society do serve a useful, if limited, function.

To be effective, a code of ethics must be precise and deal fully with all the ethical aspects of the profession. But the adoption of a code, no matter how complete and detailed it may be, is not enough. The members of the profession must study the code, know why the rules are there, and understand its general importance as a part of professional life. Finally, if such rules are to be more than a codification of existing practices or a public relations tool, they must provide for sanctions.
The lack of proper penalties is the main reason why even well-constructed codes have had little impact in many professions.

Though codes may differ in their wording, their ultimate aim is to set down the rules of decent conduct on the part of the members of the profession. Code of ethics generally state that a consultant should notify the client of any circumstances which limit what he can do on his behalf. They contain provisions for the ethical treatment of any confidential or proprietary information supplied by the client. They establish fundamental rules to prevent conflicts between the consultant and the client and with other parties with whom the consultant comes into contact.

A consultant's membership in a professional association, therefore, constitutes an assurance to the client that the person he is employing has subscribed to certain minimum ethical standards. Nevertheless, a number of consultants with the highest ethical standards may, for one reason or another, not belong to professional association.

In the final analysis, a code of ethics is only a help. It reflects the moral standards of the professional man; it does not guarantee the correctness of the decisions he will take. Submission to its rules can ensure that the ethical factors permanently relevant to practical decisions
are taken into account, but it cannot ensure that these
decisions themselves will always be right and appropriate,
or that the consultant will always maintain the standards
prescribed. The best indication of a consultant's ethical
standards is his conduct in the execution of past assign-
ments.

Responsibilities of the client

There is no formal code outlining the ethical
practices of clients towards the consultant. If such a
code were prepared, however, it would surely contain these
rules which are essential to mutual respect and to a sound
professional relationship, such as:

(a) The client's responsibility is to select consultants
on the basis of their merit and in accordance with accepted
practice.

(b) The client should pay adequate and equitable fees to
the consultant for his services, in accordance with the
schedule specified in the contract.

(c) The client should accept the consultant as a profes-
sional adviser and treat him with respect and confidence.

(d) The client is under an obligation to furnish the
consultant with the information and data he requires, and
to review and approve the information and recommendations
submitted by the consultant.
There will be better understanding and com-\(m\)munication between the client and the consultant if each of them appoints a representative or \(c\)ommittee \(r\)espon-\(s\)ible for a project from its inception to its completion. Each of the two representatives must make sure that he understands fully the objectives to be attained, the terms of the contract, the rate of progress expected, and the schedule of the future programme. Each must bear in mind the necessity of adequate communication, be on the alert for any failure of co-operation among his associates at the working level, and take any remedial steps that are called for. The liaison agent appointed by the client should be of sufficiently high rank to enable the consultant to have access to the highest administrative or management levels and also to arrange for any assistance required on his own authority.

The difficulties which are usually encountered in establishing a smooth and harmonious working relation-ship between the client and the consultant are due to the fact that the client is not an individual, but what may be called a "client system" that is, an organisation, government department or industrial enterprise with a number of employees. It is not unusual for the client's employees to resent the presence of one or more highly paid outsiders whose advice may have considerable impact on their job, and to consider it as a threat to themselves.
(e) The client must accept the consequences if he does not follow the consultant's recommendations.

(f) The client should respect the consultant's position with regard to third parties such as contractors, material suppliers, etc., and not bypass the consultants in his dealings with them.

**GUIDELINES FOR AN EFFECTIVE CLIENT-CONSULTANT RELATIONSHIP**

One of the obstacles to sound working relations between client and consultant is the fact that the client often has an unclear or faulty conception of what he can expect from the consultant.

Vague feelings of discontent or unrest are not adequate reasons for engaging a consultant. There should be specific reasons for considering the use of outside assistance in any given situation. Consultants may waste time and money in defining and planning a project or assignment if the client is not prepared at the outset to tell them what is required. The client should specify the conditions under which the assignment is to be undertaken, the results to be achieved and any rules or limitations within which the assignment must be executed.

One of the consultant's first responsibilities is to make certain that the client understands what his function is and how he will operate. The more clearly the benefits expected are formulated, the more likely it is that the client will be pleased with the result.
Unless sensible precautions are taken, the very persons who will have to work most closely with the consultant, and whose frank co-operation is important to the success of the project, may be the ones most disturbed by his arrival. The engineering staff of a factory or a government department may interpret the designation of the outside consultant as an implicit criticism of their own competence and set out, consciously or unconsciously, to prove that he is no more capable of coping with the problem than they are.

It is important, therefore, to prepare the ground well before the consultant arrives. This ensures co-operation on the part of all those he will meet. As much as possible, all key personnel expected to work with the consultant should be associated with the decision to employ consulting services. Such a course will avoid making those whose co-operation is vital to the success of the project feel that outside help is being imposed on them. All others should be fully informed of the nature and scope of the consultant's activities. It should be made clear to all the employees of the client who supply facts or express opinions that their confidence will be respected.

The client should start on the assumption that the consultant is working in the best interest of the client organisation, and he should assure his personnel of that
fact. Failure to do so may result in the withholding of information essential to the success of the project and make the consultant overlook important factors which, if not taken into consideration, may cause waste of time and effort. The result would be either an increase in cost or a decrease in efficiency. It may also lead to inadequate answers to problems.

To establish a climate of co-operation, good personal relations must be developed between the client and the consultant. As a first step, the consultant's staff should be introduced to employees of the client organisation at the beginning of an assignment. In view of the high cost of the consultant's time, it is to the client's advantage to provide as many supporting services from his own organisation as possible. It is equally advantageous to release personnel at all levels from other duties so that they may be able to assist the consultant. Owing to the considerable cost of consulting services, it is a sensible precaution to make sure that all those on whom the consultant will have to rely in the client system are available, willing and co-operative.

Moreover, the client should bear in mind that, though some of the services requested by the consultant during the execution of the project may not be listed in the contract, it is to his advantage to provide them if they are reasonable and will help to expedite the project.
Both the client and the consultant must see to it that proper channels of communications are established and utilised. This requires an agreement as to whom letters, communications and reports must be addressed, as well as an agreement on the frequency of written reports or personal contacts. It is in client-consultant relationship it is important to maintain continuous communication, with a view to testing hypotheses and opinions, reviewing techniques, manpower and the like in order that the consultant's final recommendations may be based on the best combination of technical expertise and practicability.

The need for co-operation between client and consultant is no less important when differences of opinion arise. If harmonious relationships have not developed between all concerned, minor infractions of what one party or the other had understood to be amicable may be magnified far beyond their importance to the project. Hence, such disagreements should be brought to light at an early stage and the responsible people on both sides should endeavour to work out agreements as to what should be done.

The consultant is bound by the terms of the agreement as to the timing and nature of the services he must perform. He may be penalised financially for delays in
completing the assignment. He may be assessed damages for deficiencies in performance. Usually, the client has no other formal obligation than to pay for the services according to the schedule specified in the contract. It is sometimes possible to set down in detail the kind and amount of information and services he is supposed to contribute. But these are ordinarily not expressed in such a way that a penalty can be assessed against him. If the client's attitude obstructs the completion of the assignment, the consultant has no other recourse than to discontinue the arrangement. He should, however, organize the results of the work already done in a way that it may be useful to the client.

If the client and the consultant are unable to settle points in dispute, which occur very seldom, they should turn to third parties as arbitrators. Sometimes, the manner in which arbitration is to be brought about is stipulated in the contract. When the method of arbitration is not stipulated in the contract, the procedure generally used for selecting arbitrators is to conclude an agreement whereby each party selects an arbitrator, and the two arbitrators thus chosen select a third one.