



# **International Business Consulting (internationalisation ) Basics (INCO) Part 1**

**INCONEXT**

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## **Introduction**

The modern business environment dynamically changes established rules, formed habits and “writes off” the historical experience.

With the spreading of the global information accessibility, competition in every business sector increases inevitably.

Success-oriented business people can not rely on the traditional home market, existing customers circle and the structure of the market established in the late 20th century.

The opening of new markets promises not only new opportunities, but at the same time poses threats – competition from outside.

In order to successfully develop their own businesses, business people have to face globalisation challenges.

Orientation to foreign markets is not enough – dynamic business environment, the speed of developing new terms and changes requires an immediate response to changes.

How to timely respond to environmental changes, to take decisions related to business outside the home market, and at the same not to neglect the key business functions – surplus value creation (the daily business operation – product development, service supply)?

One of the possible answers to this fundamental question is the possibility to use services of an external business consultant.

Independent, objective, discreet and competent business consultants can free an entrepreneur from the collection and analysis of information and comparison of different solution options.

The use of services of external business consultants significantly reduces the possibility of false decision and shortens the decision-making time.

It is necessary to familiarize oneself with the “kitchen” of business consultation services when seeking to effectively use services from external consultants, to set clear goals, to precisely formulate tasks and to develop reasonable expectations.

The information provided in this material will help to understand the essence of external business consulting, application areas and possible results, and to understand surplus value that can be provided to the company through qualified business consultations.

Included information about the business consultation process, regulation and rules will allow you to select the most suitable consultant who will provide the required information/services for optimal costs.

Day 1	Time	Day 2	Time
Introduction	0,5	Wrap of day 1	0,5
The external consultations: effectiveness, added value, resource optimization.	1	Marketing management consulting in	1,5
Break		Break	
Developments and trends in international management consulting	1	Standards in management consulting	1,5
Basic concepts - cultural concept, systemic approach, business process concept	1,5	Conclusion and Q&A	0,5
Lunch break			
Roles and skills in management consulting & Management consulting process	2		
Break			
Intervention techniques and pitfalls	1,5		
Conclusion and Q&A	0,5		
<b>Time total</b>	<b>8</b>		<b>4</b>

## **1. External consulting: efficiency, surplus value, optimisation of resources**

In the world of business many myths about management consultants prevail. The image of consultant as cynical egoist with a highly educated speech, oriented towards “extortion” of as big as possible amount of money from the customer is widespread. Often a consultant is identified as a professional entrepreneur, a specialist of sale increase. Ones may think that external consultants are perfectionists with a definite opinion, oriented towards one goal, providing professional consultations to the managers of enterprises.

**Milan Kubr** defines external consultants as “independent professional providers of consulting services to the enterprises and their managers in order to help reaching organisational goals, solving the problems of management and business, the tasks set, determining and taking advantage of new possibilities, enhancing the functions of training and control of changes.

**Shapiro, Eccles & Soske** define external consulting process as “scheduled intervention into organisation with an aim to find possibly existing problem in it, and having found and identified to suggest a reasonable way to solve it”.

**ICMCI**- International Council of Management Consulting Institutes presents its definition of external consulting:

Management consulting is a service tendered by independent and qualified persons or by an individual to private and public organisations for determination, analysis of the problems of strategy, management procedures and methods and suggestions for the actions of their solution.

To sum it up we may state that an external management consultant is an independent person (legal or natural person) with an appropriate qualification, professionally providing the following services to the organisations:

- Identification and analysis of problems;
- Formulation and suggestion of solution(s);
- Assistance in their implementation;

External consultant in the organisation, which hired him, partly or basically performs the functions of advisor, representative, teacher, Coacher, or moderator.

**Management consulting activity** is based on the following essential points:

**Service professionalism.** A consultant in order to successfully carry out his activities must generate maximum surplus value to the customer “on a right time, in a right place”;

**Autonomous service.** An external consultant has to be completely independent of his customer. This provision ensures customer’s objectivity and impartiality, in result of which the analysis of customer’s activity as well as suggestions for the solution of problems are formulated focusing on the goal, which ensures the effectiveness of consulting services;

**Service temporariness.** An external consultant is not the member of customer’s team or hired employee. The consultant’s goal is to carry out the task set to him on intended time and after this to terminate cooperation in particular case.

**Service commercialism.** The aim of external consultant is to obtain a tangible reward for the services provided.

The services of external consulting are usually used to reach the following goals:

1. **Innovations.** With a help of an external consultant an organisation „mobilises“ its creative potential, diverts efforts in a necessary direction, as a result of which, the innovative product/solution is generated;
2. **Advanced analytical skills.** An external consultant, constantly specialising in his activity sphere, faster accumulates, more operatively renews and more effectively conveys the results of analytical activity to the customer than an internal personnel, which usually solves the tasks of a wider scope;
3. **Full-scale cognition of organisation problems.** An external consultant as “a person from outside” is not bound by internal ties to the analysed organisation, is not dependent on its traditions, historically developed circumstances. Due to this he is able to analyse the organisation objectively, without any advance attitudes or prerogatives. Usually this leads to accurate and apropos identification of organisation’s problems;
4. **Specific knowledge of the sector.** A narrow scope of external consultant specialisation allows accumulating maximal competencies, which would be not easy and usually not useful economically to do for organisation’s internal personell.

The demand of external consultant services in the organisation usually appears in order to reach the following goals:

- ⤴ **Evaluation of organisation.** An external consultant is able to present data, figures, facts wanted (necessary) by/to the organisation.
- ⤴ **Need for objective attitude.** An external consultant not bound to the customer by historical ties, settled traditions and who have not taken part in making the decisions being revised, would likely value the situation more objectively than inner personnel;
- ⤴ **Taking advantage of external consultant's authority.** The reputation of recommended external consultant may become a strong argument in order to defend the decision chosen;
- ⤴ **Lack of resources and skills.** Often to have (retain) a specialist with appropriate qualification for the organisation is beside the purpose. For the organisation not taking usage of his services in everyday activities the retention of competencies will either be irrational (too expensive) or without doing this the specialist will lose appropriate qualification, which will result in his services becoming not effective to the organisation.
- ⤴ **Pursuit of a fast result.** Striving for a fast result without interruption of everyday activities does not allow „mobilizing“ the internal organisation personnel in order to strive for them. An external consultant is able to put all resources for reaching a fast result.
- ⤴ **Initiation of changes in organisation.** It is not a secret that the personnel of an organisation resist to the novelties the most. The appointment of a external independent and objective consultant as the coordinator of changes significantly reduces the resistance effects.
- ⤴ **Comparative analysis.** Independent, objective and qualified external consultant is the guarantor of comparative analysis quality;
- ⤴ **Initiation of unpopular decisions.** To initiate unpopular decisions in own organisation is difficult psychologically, not useful politically (rational but contravening to good practice of ethics and morality decisions damage manager's reputation). The best way is to credit this „dirty “ but unavoidable work to the „extraneous“ external consultant;

- ⤴ **Showing intentions to change (without implementation).** Hiring an external consultant demonstrates an intention to ascertain the possibilities for changes. Whether these possibilities will be practised or not (due to both objective and subjective reasons) - it is another question;
- ⤴ **Need for the third, neutral opinion.** Striving for objective assessment of current situation, ascertaining whether nothing was skipped may be the reasons to use services of independent, objective and qualified external consultant;

Usually the organisations use external consultants' services for the following activities:

- ⤴ Organisation management and business administration;
- ⤴ Analyses and development activities;
- ⤴ Finance control and accounting;
- ⤴ Organisation and control of processes;
- ⤴ Manufacture;
- ⤴ Logistics;
- ⤴ Information technologies
- ⤴ Marketing;
- ⤴ Management of human resources;
- ⤴ Environment (human) protection.