



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

**INCONEXT**

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## 4. Methods, means, and skills of management consulting.

In principle consulting methods are the following:

**Advisory** – a consultant gives his advice referring to the facts, knowledge, experience gained;

**Exploratory** – a consultant refers to the procedural approach, analyses processes of organisation;

**Method of Facts/Process** – a consultant provides his services referring to both facts, knowledge and analysing processes of organisation.

A management consultant is an independent person with an appropriate qualification providing to legal, public, and other persons the following professional services:

- ⤴ determining and analysing customer's problems;
- ⤴ formulating recommendations to carry out necessary actions;
- ⤴ assisting in fulfilment of intended actions on customer's request.

The management consultants may perform their activity in several ways:

- ⤴ Analyses – the current situation is analysed and results of the analysis are rendered to a customer;
- ⤴ Advice – the information how customer should act in given analysed situation is provided to him;
- ⤴ Representation – a consultant integrates into the activity of customer's organisation and internally contributes to the implementation of intended tasks;
- ⤴ Training – a consultant provides necessary knowledge to the customer to enable him to solve the problem himself;
- ⤴ Coaching - a consultant diverts the customer in proper direction to enable him to solve on his own the problem emerged;
- ⤴ Moderation – a consultant manages intercommunication of all interested parties related to the problem, and leads them towards the clue of problem's solution/agreement;
- ⤴ Supervision – a consultant supervises and controls the activity, which has led to the problem;

The latter two methods of management consulting may be named as intermediation between the agents having caused the problem.

Intermediation may help in finding common agreement, and revelation of unnoticed contact points.

Several ways of settlement of a conflict exist:

Structural method of conflicts' settlement is when an impartial mediator facilitates inter-communication of argument participants and tries to make them finding mutually acceptable way of problem solution, which would facilitate their communication in the future;

Voluntary, cooperation principle based process of problem solution and decisions making.

The main principles of conflict settlement applied by a consultant are the following:

Social fairness – propagation of equity among individuals

Satisfaction – self-confidence, finding out individual desires, showing of perspectives, and in no way a categorical winning or loss

Transformation – orientation towards nation's efforts and contribution, inducement of moral improvement, sensibility and understanding.

Typical business situations in cases of which conflicts arise, and management consultants are called to settle them:

- ⤴ Disagreements between business partners, managers or administration team members;
- ⤴ Arguments between family members managing its business;
- ⤴ Internal team conflicts, conflicts between separate subdivisions or between/with strategic partners, suppliers, customers;
- ⤴ Problems with specialists hired from outside (outsourcing);
- ⤴ Crisis of project management;
- ⤴ Impasse in implementation of changes;

The named conflicts are settled according to the following typical scheme:

- ⤴ Stated demand for mediation;
- ⤴ Mediator is assigned;
- ⤴ Initial contacts between mediator and conflicting parties take part during which arrangements for the first meeting of negotiations are made, necessary documents are prepared, etc.;
- ⤴ First and subsequent meetings of the parties during which

- common regulations of negotiation process are settled
- information is gathered and questions are formulated
- interests of parties are ascertained
- possibilities for mutual agreement are generated
  - ⤴ - generated possibilities are assessed
  - ⤴ Agreement is reached

## **Process of management consulting**

The whole process of management consulting could be divided into the following parts:

**Analysis of a market and marketing.** The customers of potential consulting services, their needs are ascertained, the plan of marketing actions is created and implemented with help from which the message about possible consulting services to potential customers is broadcasted.

**First contact.** A potential customer of consulting services is met, he is provided with more detailed information about the services, evidences of competence, qualification obtained and other skills related to management consulting are presented.

The needs of the customer of management consulting services are ascertained. The customer's situation, requests, expectations, financial potential are ascertained.

**Proposal is prepared.** The customer is presented a sale-purchase proposal of the management consulting services, where the needs of the customer are set, the tasks for the consultant are formulated, the terms, conditions, price and other clauses of the contract are defined.

**Contract is signed.** The contract based on the offer presented and agreed with the customer is signed by the customer and the management consultant.

**Contract is fulfilled/implemented.** The consulting services according to written and agreed contract, as well as the terms, tasks and conditions stated in it are rendered.

Fulfilment of obligations. After the implementation of tasks provided for in the contract, the customer and the consultant state the conclusion of the process, review achievements (usually a takeover-handover act of works is signed), and rectify defects if any.

**Conclusions are made (from the contract fulfilled).** The consultant analyses disturbances, force majeure situations emerged during the contract fulfilment, prepares variants of responses to them (solution of problems), to avoid time and resource wasting to

find a solution, but to simply prosecute in advance prepared plan when analogous or similar situation repeats in the future.

A successful process of external consulting is possible when terms necessary for streamlined work are fulfilled:

- Customer (client). A consultant clearly understands who his customer is.
- A consultant understands how the customer sees/perceives given situation

Both, customer and consultant uniformly understand what surplus value will be brought to the customer by the consulting services

- Explicitness. The customer's problem is clearly perceived/understood, it is assessed in the context of customer's culture and outer environment.
- Creation. An activity plan (proposal) is created, where a consultant clearly displays and proves by what means he will reach changes requested by a customer
- Changes. One ascertains how hardly defined environment (resistance of customer's personnel, strength and inertness of resistance, etc.) will react to changes being implemented
- Confirmation. The assurance and evidence that changes provided for in the contract really took place (evidence has to be measured in objective measurement units (money, time period, facts stated, etc.))
- Succession. To consolidate positive changes in customer's organisation in order the results of positive changes reached would provide benefit for a long time and would not quickly disappear from the customer's organisation
- Conclusion. Having fulfilled the obligations agreed the given cooperation between customer and external consultant is concluded

The external consulting services usually are used to improve (to change) activity in the following subdivisions of an organisation:

**The supreme management bodies** (the management of organisation, board of observers, board of directors, etc.), the administration of organisation (directors, assistant directors, etc.). These services are ordered, and changes are initiated by the owners of an organisation.

**Research and innovations** (development). Usually changes in this sphere are initiated in case of slowdown of activity.

**Finance control and accounting.** To reach for both, clearness and efficiency of financial activity.

**Manufacture:** to improve process of manufacture.

**Logistics,** to optimise stock control

**IT department,** to reach more efficient activity

**Marketing,** searching for new ways of problem solution

**Personnel control,** to use more effectively a human potential of an enterprise

It is noticeable that external consulting is used to increase the efficiency of activity not only in large companies, but in small business subjects (SVV), family business, and in governmental sector as well.

The benefit of external consulting to the customer is ascertained after consulting evaluation.

The evaluation of consulting activity is carried out by the analysis of:

- ⤴ results of consulting project: achievement of goals set in the contract, implementation of tasks, duration of implementation, etc.
- ⤴ Customer's satisfaction: notes, requests, evaluation of work fulfilled (e.g., Questionnaires)
- ⤴ Consultant's satisfaction: did the process go smoothly, was the cooperation with customer useful, were the goals reached by optimal resources, etc.
- ⤴ Consulting efficiency: were the set goals reached, will they have long-term effect, is surplus value of consulting services high.

Analysis is carried out using interview, surveys, questionnaires, inquiries.

Not always a customer is satisfied with the services of external consulting. Dissatisfaction with services rendered may be both objective (spoilage of consultant's work), and subjective, i.e., as a result of cooperation mistakes, such as:

- ⤴ Incorrect assessment of expectations and requirements of the customer and understanding when the customer is provided not with the services he has requested.
- ⤴ Lack of quality control when spoilage of consultant's work is not noticed in time, deviations from the contract and which are not rectified timely;
- ⤴ "Incompatibility" of the customer and consultant, when a common language in respect of different values, beliefs, work style can not be found;

- ⤴ Inability of organisations' internal and consultant's external personnel to work together. Mostly the personnel of organisation sets adversely against externally given advice, are reluctant to the instructions of consultant's team, a smooth co-team work does not take place;
- ⤴ Insufficient control of consulting, project of changes. A clear range of responsibility allocation, communication channels are not determined, due to this it becomes difficult to control the changes;
- ⤴ Sharing of tasks. In absence of clear distribution of tasks the problem of responsibility delegation arises again, there are no responsible persons for one or another integrate part of the process, which leads to deterioration of entire process;
- ⤴ Lack of understanding. Both personnel of the customer and of the consultant are not able to go into the role of another party, due to which finding of compromises fails, mutual charges take place, and finally entire process fails
- ⤴ Lack of control of activity rates. In absence of observation and assessment of interim results of consulting process activity, the snowball effect may be formed, when in the beginning of the process the mistakes or deviations failed to notice and rectify in time, later make substantial and irretrievable negative effect to final results of the project.