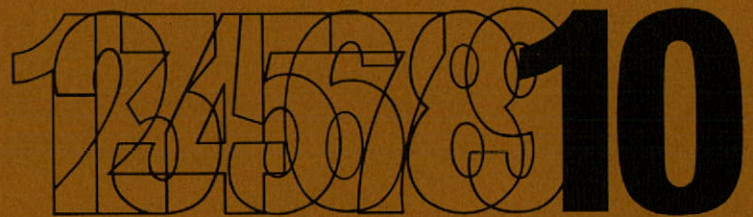


A REPORT FROM THE CANADIAN ASSOCIATION OF MANAGEMENT CONSULTANTS .1972



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A DECADE OF PROGRESS

The Canadian Association of Management Consultants was founded in 1963 to maintain standards that will ensure the orderly development of consulting and assure the public of competent and ethical practice. Its professional objectives are:

To foster among management consultants the highest standards of quality and competence in their services to clients.

To establish, maintain and enforce upon all members strict rules of professional conduct and ethical practice in their relations with clients, other members, and the public in general.

To disseminate, to the business community and the public, information regarding the services offered by the management consulting profession in Canada.

To represent fairly, and act as authoritative spokesman for, the management consulting profession in all parts of Canada.

BOARD OF DIRECTORS—ELECTED JUNE 1973

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*J. R. Hearn



*R. W. Johnston



*A. R. Aird



*J. D. Pawling



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E. J. Case



R. A. Read



Guy Chabot



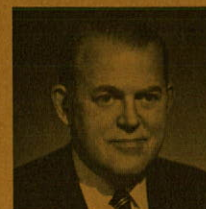
G. N. M. Currie



H. S. Gellman



D. J. Macdonald



J. J. Macdonell



F. W. Wolman

PRESIDENT'S REPORT

“ 1972 has been a year of growth, both in terms of billings and in terms of member firms, for the Canadian Association of Management Consultants. We welcomed Laventhol, Krekstein, Horwarth and Horwath of Toronto, and Bélanger, Chabot et Associés Inc. of Montreal to the Association; a further indication of a growing recognition within the profession of CAMC's role in defining high standards and ethics. In terms of staff, there were 645 management consultants across Canada represented by member firms; compared with 250 consultants with member firms when the Association was founded a decade ago.

A great deal of credit must go to the founding members of CAMC for their foresight in stressing the maintenance of high standards. In this respect, and in conjunction with the Association's 10th anniversary, this report features comments on the formation of CAMC and its objectives by the founding President, G. P. Clarkson, and by J. J. Macdonell, a founding member, and one who was responsible for the development of the Institutes of Management Consultants in Ontario, and Québec. As for the future, I suggest the trend will be one of deeper involvement by consultants in client problems, with the consultant prepared to see his recommendations through and prepared to be in the hot seat during the implementation stage.

As management becomes more people oriented, I believe there will be an even greater demand for personnel services. This is reflected in the increased gains in both personnel and executive search assignments. The latter, in 1972, was the second largest source of revenue for CAMC. All told, there were 3,156 engagements in these two categories.

Today, it is almost impossible to conduct an organizational study without having a behavioural scientist on the project team; thus recognizing the importance of the people component. This trend is further reflected in the rise in general management and organization assignments which, last year, accounted for one quarter of total CAMC billings.

Environmental concern, the emergence of the short work week and flexible hours, and the need for job enrichment as well as the demands of employees—particularly younger people—to have a voice in the management of business, are all factors highlighting the need for improved human resources development programs. This is an area in which member firms, as agents of change, have a major role to play. ”



JOHN D. PAWLING
president

A handwritten signature in dark ink, reading "John D. Pawling". The signature is fluid and cursive, with the first name "John" being more prominent.

CAMC—ITS FORMATION AND OBJECTIVES



G. P. CLARKSON
founding president 1963

“Are there matters or areas which could be discussed by a group of individuals engaged in management consulting in different firms or organizations which render such a discussion profitable?”

From this question, put forth at a dinner meeting of nine management consultants on May 23, 1962, evolved the founding meeting of the Canadian Association of Management Consultants one year later.

The basic reasons behind the move were to establish management consulting in Canada as a profession and to make business and government aware of the capabilities of Canadian firms in their competition with U.S. firms, which were very much in the limelight at the time.

In setting up CAMC we were conscious of the problems encountered by ACME, the Association of Consulting and Management Engineers in the U.S.; basically, to effect a smoother assimilation of two diverse disciplines—engineering and accounting.

We also had to overcome initial disfavor of some groups within the accounting profession—even though, or perhaps because, most of our group had direct ties with audit firms. They questioned the need for involvement, particularly with services where the accountant had no background.

Under the direction of J. J. Macdonell, who was president at the time, the association saw one of its main objectives achieved in its pursuit of professional status: the establishment of Institutes of Management Consultants in Ontario and Quebec in 1966, both for the benefit of the individual consultant and to provide some control of such individuals from an ethics and quality standpoint.

Business and government awareness was another objective area. We wanted to develop a good working arrangement with government bodies at all levels that would be fair to Canadian firms. I feel this has been fully achieved. While much has been accomplished in the business field, I think we still need to develop a better rapport with various institutes and organizations.

Finally, I would exhort the association to continue its work and to look carefully at what is going on in the marketplace. Business conditions and the consulting requirements of management are changing and will continue to do so, and CAMC must adjust to these changes. At the same time, the professional posture obtained by CAMC has been beneficial to its members and is worth working hard to retain.

MANAGEMENT CONSULTING IN CANADA — A CONSPECTUS



J. J. MACDONELL
member,
board of directors for 10 years.

Management consulting needs, and will always demand, the personal touch. It is with this thought in mind that I would first pay tribute to such Canadian pioneers in the profession as Paul Kellogg, Rodgie McLagan, Larry Daignault, Edgar Dion, Walter Gordon and Geoff Clarkson—each of whom I have been privileged to know.

In those heady days of the late 1940s and early 1950s, we were faced with the conversion of industry from a wartime base where costing was secondary to production; where competition was not as keen; and where marketing was of no great importance. The period of adjustment was critical, and systems and procedures were not geared to effective financial planning and cost control.

While there was a great need for consulting services, there was scepticism that Canadians were equipped to handle such tasks. There have been many challenges to meet over the years, including the introduction of computers; the merging of financial, engineering and other disciplines into teams or firms of management consultants; changes in management style associated with rising educational standards; and an era of specialization.

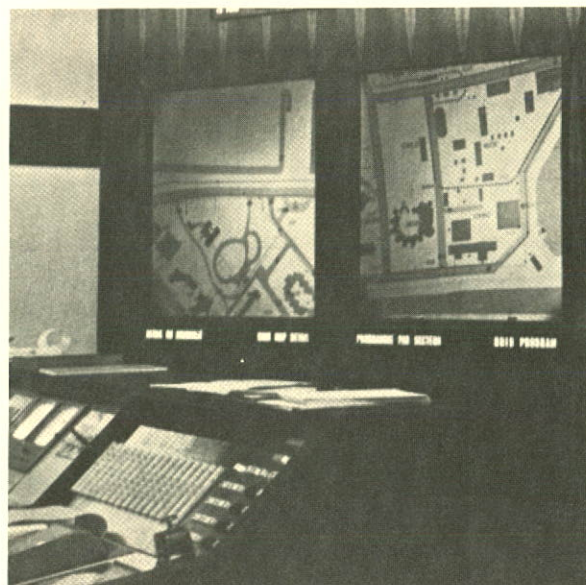
We've now reached a point where people within the profession can truly be called consultants, where there is a continuing call for independent and objective viewpoints—particularly as related to development and management of human resources. I think CAMC has established in the minds of both industry and government that there is an organized consulting profession within Canada that has developed an impressive track record of performance. It gives clients a feeling that management consulting has come of age; that there is value for services performed.

As for the future, I see two needs: recruitment of the right men for management consulting; and achievement of further recognition by clients that we can provide a valuable contribution through an independent, objective viewpoint based on sound professional knowledge and experience.

Consulting is a professional endeavour that will probably always be for the few, rather than the many. It attracts innovators and thinkers; people who are in the avant garde of business. As long as we can attract this type of person, I see no limits to consulting. However, these people are hard to find, and the profession will be measured by its ability to provide an environment in which such men can find personal fulfilment and professional satisfaction.



WHO USES CONSULTANTS?



Excluding executive search engagements, 2,933 clients provided 3,701 assignments for member firms within the Canadian Association of Management Consultants during 1972.

Small and medium-size companies (up to \$60 million annual sales) again constituted the bulk of assignments in 1972—showing a 33% gain over a similar period in 1971. The number of assignments for small firms with sales up to \$3 million annually was 1,234—only fractionally greater than the 1,210 assignments for clients with annual sales from \$3 million to \$60 million.

There was an increased number of assignments for major corporations (sales volume of over \$60 million per year): 465 as compared with 297 for 1971.

Assignments for non-profit organizations last year totalled 792, a slight decline from the 818 engagements in this category during 1971. This sector generated billings of \$7.3 million—nearly one third the \$23.2 million gross dollar volume.

Federal and provincial administrations were the greatest users of management consultants in this category. Municipal administrations also provided an increase in billings.

Assignments for community, business and personal service industries provided 13.4% of the total 1972 billings—a marginal 0.3% increase over 1971.

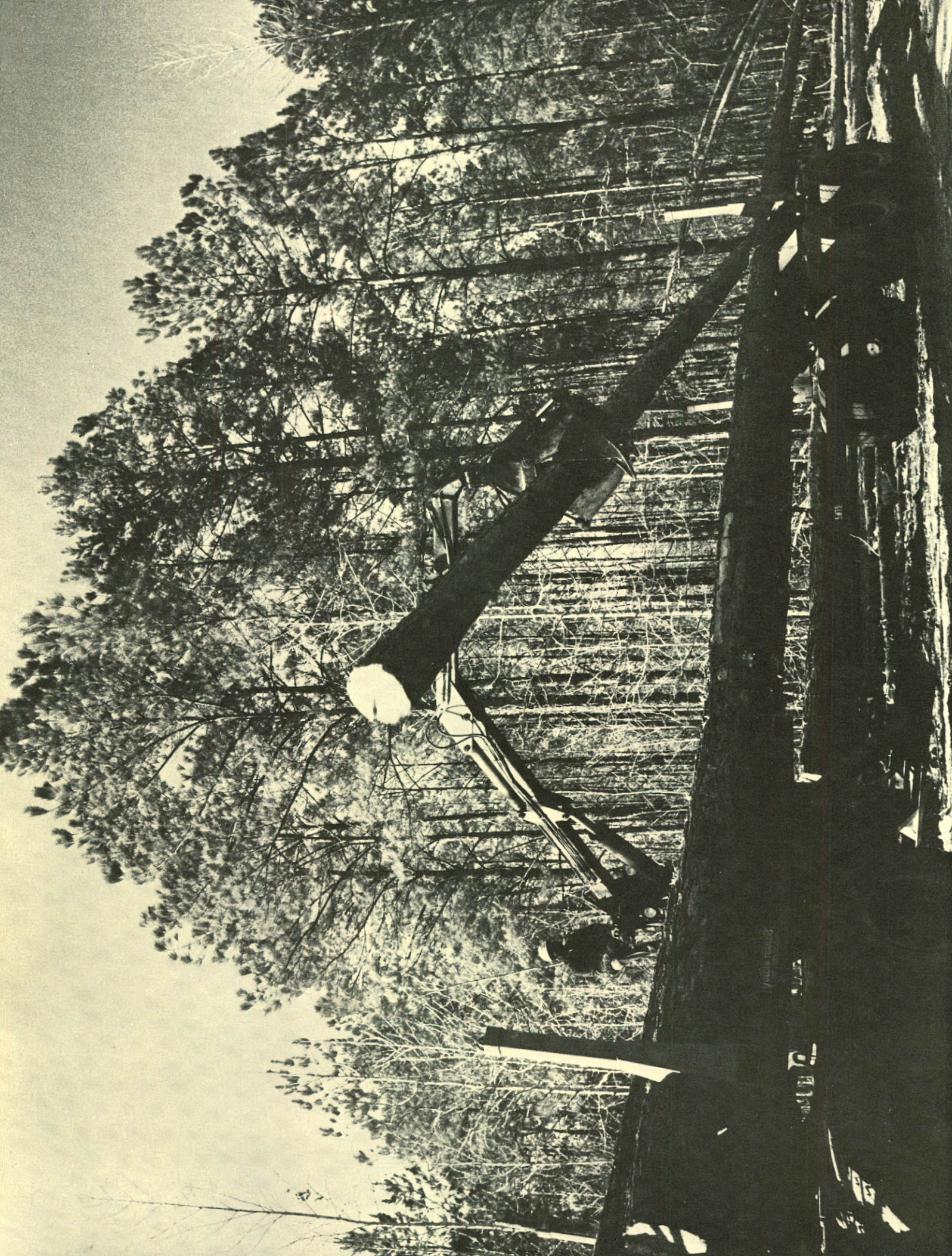
However, within this sector, education and health & welfare assignments showed a pronounced growth.

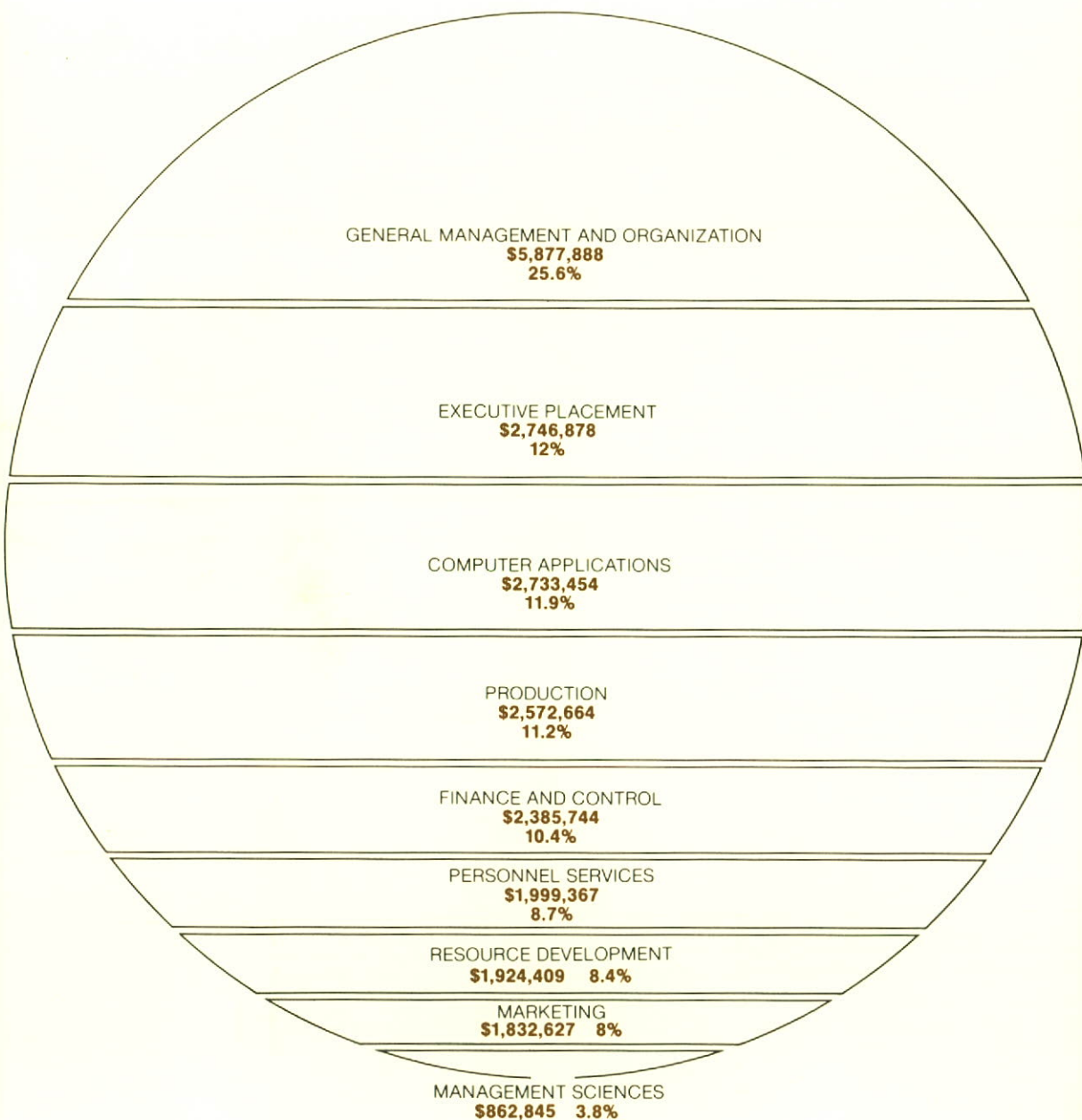
In the private sector, billings to manufacturing industries, as an entity, rose from 17.2% to 22.3% of total CAMC billings last year—due basically to increased assignments within the following industries: Food, paper, transportation equipment, and chemical. Increased billings in these areas more than offset decreases reported for the rubber, primary metal and electrical product categories.

Also high on the industrial user list were assignments within the transportation, communication and utilities category, as well as in the financial and insurance category—both with 7.6% of total dollar volume.

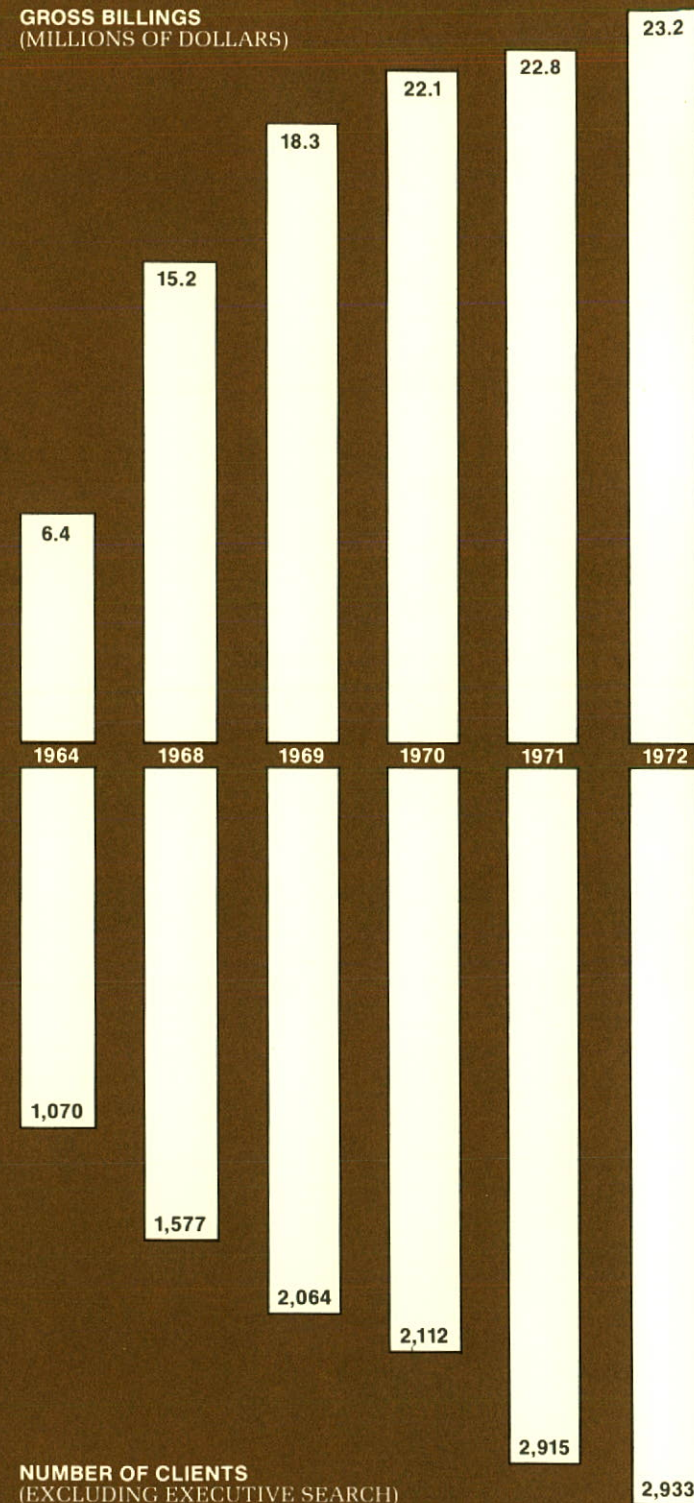
Billings of \$633,099 for the mining industry were up sharply from 1971 billings; while billings reported for agricultural, forestry and fishing industries (about \$240,000) were approximately the same as 1971.

Work within the construction industry showed a substantial decrease. International consulting assignments, including those in the U.S., represented about 4% of total 1972 billings; about the same as the previous year.





GROSS BILLINGS (MILLIONS OF DOLLARS)



NUMBER OF CLIENTS (EXCLUDING EXECUTIVE SEARCH)





A LOOK AT CONSULTANTS— THE SERVICES THEY OFFER

General management and organization, including studies on planning, definition of objectives, profit improvement, economic forecasts and management development, remains the top client service requirement.

More than 25% of CAMC billings was generated through this category, up from the 21.6% reported in 1971.

Both production (inventory planning and control, methods improvements, performance standards, plant layout, etc.) and marketing (export market assistance, forecasts, product diversification, pricing, distribution and sales control) are growing in relative importance and, together, account for almost 20% of the billings as opposed to 11% two years ago.

Resource development, a relatively new service including transportation planning, traffic engineering and control, and recreation studies, showed the largest increase in 1972; up from 2.5% of total billings in 1971 to 8.4%.

Management sciences, a function which includes such services as operations research, mathematical and statistical analysis and systems engineering, and which appeared to be on an upward trend in 1970-71, showed a marked decrease in total billings during 1972.

There appears to be no discernable trend on Personnel Services (planning of profit-sharing systems and benefit plans, wage and salary administration and surveys, contract negotiation assistance and psychological services); while Executive Placement is rising steadily and is now the second largest source of revenue.

Computer application services (feasibility studies, systems studies, etc.) had been the association's second greatest source of revenue—19.2% in 1971, but dropped to 11.9% of total billings last year.

Finance and control assignments—including financial analysis and planning, accounting procedures, budgeting and cost control systems—also showed a decrease; 10.4% of total 1972 billings compared with 12.8% in 1971 and 13.6% in 1970.

HOW TO CHOOSE A MANAGEMENT CONSULTANT

The careful selection of a management consulting firm is a major factor in assuring the success of a consulting engagement.

In Canada there are many reputable management consulting firms varying in size from small specialist firms to those with large professional staffs providing a wide range of services. Some firms have more experience in one area of management

problems, while another firm may be better qualified in other fields. The important thing is to choose the consulting firm best suited to solving the problem at hand. Obviously, careful investigation is necessary.

The following suggestions offer a useful guide for selection of a management consultant.

1. Determine the nature and scope of the project, if possible, before contacting consultants.
2. Secure the names of several consulting firms which have experience in the field in which your problem lies. These names may be obtained from other businessmen, banks, law firms or from the offices of the Canadian Association of Management Consultants listed in this report.
3. Make a preliminary reference check on these consulting firms to obtain the following information:
 - a) length of time the firm has been in business
 - b) calibre of its principals and staff
 - c) scale of the firm's operations
 - d) the type of client it has served
 - e) its adherence to a recognized code of professional conduct.
4. From this preliminary survey choose one firm and discuss your problem with it. Management consultants are always pleased to confer with prospective clients, in confidence and without financial obligation. Reputable consultants will recommend their services only if they believe that they can bring real benefits to the client company.
5. Ask the firm you have chosen to submit a detailed proposal. It should contain:
 - a) the objective, scope and nature of the assignment
 - b) a recommended programme for accomplishing the work, including a starting date and estimate of time required
 - c) the general methods to be used
 - d) the names of the consultants who will do the actual work and their qualifications
 - e) an estimate of the fees and details of the firm's billing procedure.
6. Check the consultant's references. All reputable consultants are willing to supply the names of clients for whom they have worked. The key question to ask is: Would the client be willing to use the same consultants again if he had a similar problem?

HOW TO GET THE BEST RESULTS FROM MANAGEMENT CONSULTANTS

One of the major fallacies about management consulting is that once the consultant arrives on the scene the client can sit back and relax.

Unfortunately, it is not that easy.

A consulting engagement is a joint undertaking between management and consultants. The findings and recommendations of the consultants are not of much use unless management understands their rationale and is willing to accept them.

To reach this type of understanding, the client must be willing to devote a considerable amount of his time, and that of his staff, to the project. A member of the client staff should be assigned to work with the consultant, sometimes on a full-time basis. This provides the client with some continuity after the assignment is completed and also assists the consultant by giving him access to someone with intimate knowledge of the client organization.

The client should also hold periodic meetings with the consultants to discuss progress and to make certain that anticipated results are being produced. Regular meetings also act as a mutual stimulant to the thinking of both client and consultants. Interim progress reports from the consultants are another important method of keeping management informed.

The implementation phase of an assignment is usually the key to its success. In most cases, desired benefits cannot be realized until the consultants' recommendations are working effectively. This part of the assignment is often the most difficult because it involves change. The consultant must work with people, training them in new techniques and changing the attitudes of management. His ultimate aim is to strengthen the client's ability to analyse and solve his own problems more effectively.

Flexibility and creativity on the part of both consultants and management are essential at this stage. It is not uncommon for recommendations to require some modification during implementation.

Most consultants today do not consider their work complete until their recommendations have been introduced and are functioning smoothly. But the client must remember that the consultant alone cannot achieve this goal. He can propose solutions, and train staff in their application, but the ultimate success of the project rests with management.

CODE OF ETHICS

Members of the Canadian Association of Management Consultants subscribe to the following code of ethics:

All information relating to the affairs of a client obtained in the course of a professional engagement shall be treated as confidential.

In arranging professional engagements, all reasonable steps shall be taken by the member to ensure that the client and the member have a mutual and clear understanding of the scope and objectives of the work before it is commenced, and that the client is furnished with an estimate of its cost, desirably before the engagement is

MEMBERSHIP REQUIREMENTS

Membership in the Canadian Association of Management Consultants is open to any management consulting firm in Canada which has recognized standing in the profession, whose practice conforms with the standards of ethical and professional conduct of the Association and which meets the admission requirements prescribed as follows:

- The firm must have been engaged in management consulting in Canada for at least five years. (This period is reduced to three years for firms of known reputation previously established in other countries.)
- For a continuous period of three years preceding the application, the firm must have maintained a minimum full-time staff of eight professional consultants.
- The firm must serve clients in commerce, industry, government, or other institutions broadly on managerial and related operating and technical problems in two or more of the main areas of management, such as: general management and organization, manufacturing, electronic data processing and information systems, marketing, management science, finance and control, personnel administration and labor

INFORMATION SERVICES

CAMC maintains two offices, one in Toronto and one in Montreal, for the purpose of providing information to the business community regarding management consulting and the services offered by member firms. Information is available to businessmen seeking the names of member firms

commenced, but in any event as soon as possible thereafter.

No professional services shall be rendered for a fee, the amount of which is contingent upon the results of the work.

Members shall inform clients of any business connections, affiliations or interests of the member, of which clients would have a reasonable expectation to be made aware.

Members shall not adopt any practices in obtaining engagements, nor in any other way so act as to reflect on the public or professional reputation of the Association or its members.

relations, and economics. Its primary concern must be with the managerial, operating, and entrepreneurial problems of the enterprise. The second field of activity must account for a reasonable proportion of the total activity of the firm. Activity in personnel search and selection alone does not constitute activity in the field of personnel administration.

- The persons employed in the direction, control and execution of consulting assignments must be recognized by the Association as experienced and competent. At least one of the senior members of the firm must be a member of a provincial Institute of Management Consultants.
- The firm must have recognized standing in the field of management consulting, as evidenced by its activities in a number of spheres toward the advancement of the profession.
- The firm must provide evidence to the Association of a record of competence, ethical conduct, high standards, independence and stability.
- The ownership arrangements of the firm must be such that no undue pressure or hindrance may be brought to bear on the conduct of professional assignments.

and to members of the press from:
Canadian Association of Management Consultants

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(416) 368-1487 Postal address: Box 289
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