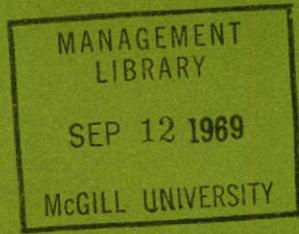


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CANADIAN ASSOCIATION OF MANAGEMENT CONSULTANTS



annual report 1969

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president's report

The growing use of management consulting services by Canadian industry and government has resulted in a 1969 growth rate of 20% for the member firms of the Canadian Association of Management Consultants.

This increase is typical of a long range trend that has seen the billings of CAMC firms triple since the association was founded in 1963.

Billings for the year ending April 30, 1969, were \$18.3 million, as compared to \$15.2 million in 1968, and \$6.4 million in 1964. During the same period, the number of assignments completed by CAMC consultants has grown from 983 in 1964 to 3,138 in 1969, and professional staff has increased from 306 to 724.

Several major influences have been responsible for the rapid growth of management consulting in Canada. First of all, the determination of Canadian industry to increase its productivity has brought a growing demand for assistance in implementing new and changing management techniques. Last year, consulting assignments for industry accounted for 77% of the 3,100 assignments carried out by CAMC firms.

Today's shortage of management specialists, particularly in technical areas such as computer applications, is also increasing the trend toward greater use of outside specialists. The stimulating environment of the management consulting firm has attracted one of the largest concentrations of specialists now available to management.

A trend toward larger assignments is playing an equally important part in the growth of consulting. The \$100,000 assignment, a comparative rarity in the past, is becoming more common as a result of increasing corporate size and the growth of mergers and conglomerates.

The multi-discipline skills required for many of these large assignments are leading to an increase in the range of consulting services offered by Canadian firms. Consultants are working more frequently with consulting engineers and economists, often as project managers who coordinate the skills of the various specialties involved in a large assignment.

The new consulting specialties that have grown up over the past few years include computer applications and management sciences, which now provide 24% of the revenue of CAMC firms. Other new services are in the area of industrial relations and labour

negotiations, and in the international consulting field. Canadian consultants, in competition with some of the largest international consulting firms in the world, are now winning assignments in South America, Europe, Africa and the Far East.

The increasing demand for more efficient government administration is also playing a part in the growth of Canadian management consulting. Canadian governments, at all three levels, are turning increasingly to outside consultants to provide the advice and assistance needed to modernize their administrative systems. The reorganization of the federal government Unemployment Insurance Commission, as well as provincial government studies such as Manitoba's Targets for Economic Development Commission, have been carried out by major Canadian consulting firms.

Municipal governments across Canada, caught in a wave of rapid expansion, mergers and consolidations, are also turning to consultants to help solve the organizational problems that stem from their enlarged responsibilities.

The most popular consulting services continue to be in the area of general management and organization, which this year accounted for 23% of CAMC billings. This increase, from 14% in 1968, is indicative of the growing concern for improving the administrative efficiency of both industry and government.

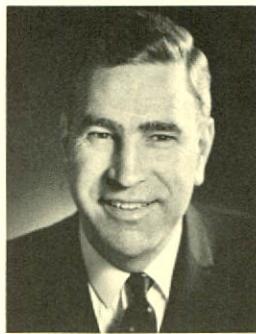
Consulting firms were retained most often by companies in the \$1 million to \$30 million size range. During the past year these companies accounted for 47% of consultants' clients and 37% of their fees. They were closely followed by government and non-profit organizations which grew from 11% of clients in 1968 to 23% of clients and 37% of fees in 1969.

The future, an era of rapid change and more complex business problems, offers continuing scope for the expansion of Canada's management consulting profession. As the ability to adapt quickly to change becomes more than ever the criteria of business success, management consultants will continue to provide one of the nation's most essential services.

GNM Currie

G. N. M. Currie
President 1968-1969

board of directors 1969-1970



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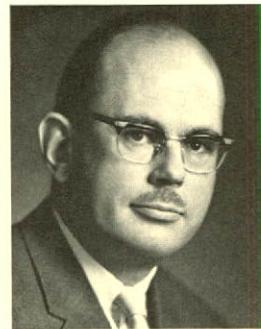
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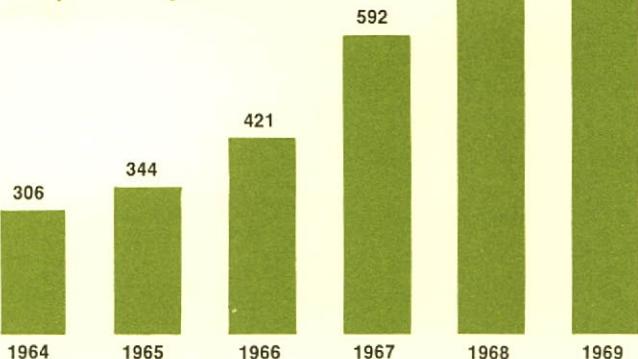
J. D. Pawling
Samson Belair
Riddell Stead Inc.



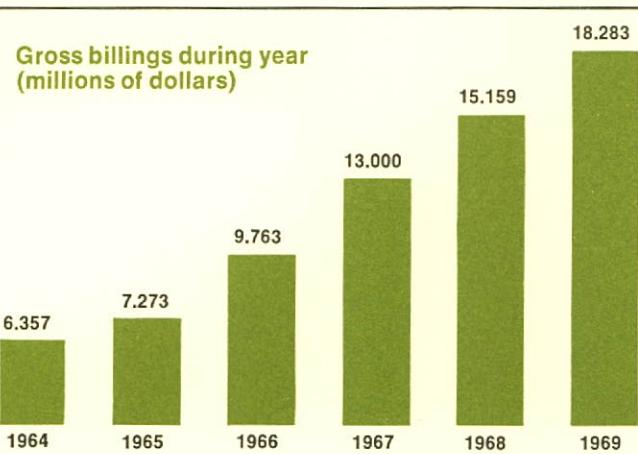
J. J. Macdonell
Price Waterhouse
Associates

the growth of management consulting in canada 1964-1969

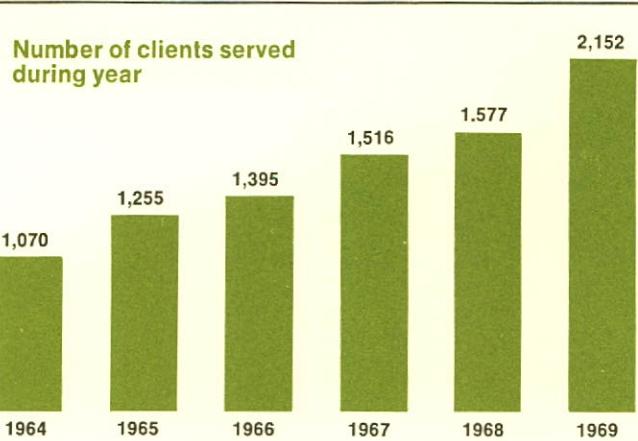
Total professional staff employed
at April 30th by all members



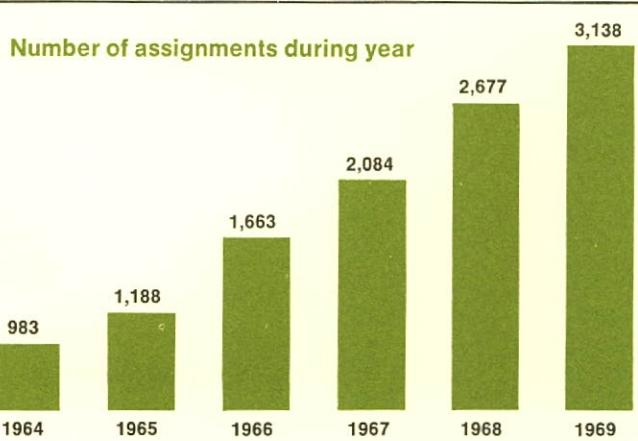
Gross billings during year
(millions of dollars)



Number of clients served
during year



Number of assignments during year



types of industry served by consultants

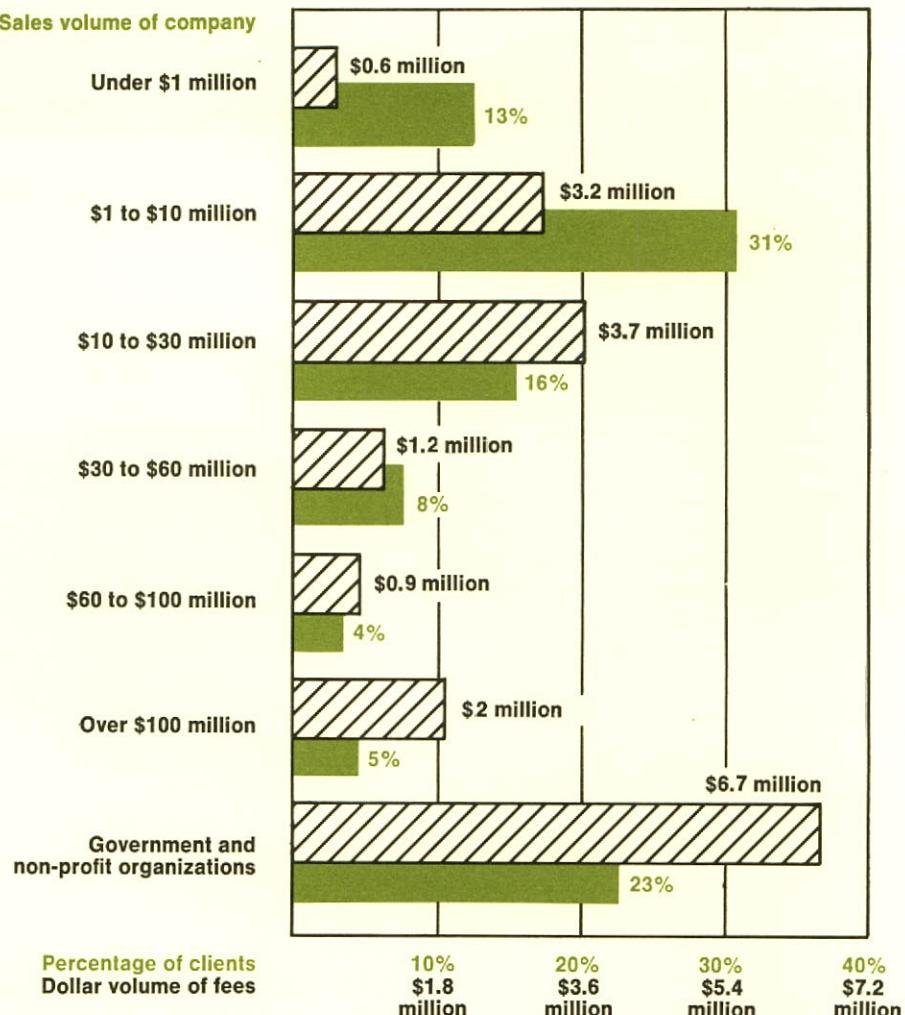
CAMC's twelve member firms provided services in 1968 to every type of industry listed by the Dominion Bureau of Statistics in its Standard Industrial Classification. The first two columns on the chart show the number of companies served in each industry, while the third column shows the dollar volume of fees earned for assignments in each industry.

		Number of Companies	Dollar Volume of Fees
1.	agriculture	32	\$ 177,050
2.	forestry (pulp and paper, sawmills, etc.)	53	476,851
3.	fishing and trapping	3	28,000
4.	mines, quarries and oil wells	68	792,665
5.	manufacturing industries	805	
	food, beverage and tobacco	166	1,124,929
	rubber and leather products	22	156,034
	textiles, knitting and clothing	44	156,536
	wood industries and furniture	87	505,383
	paper products	36	180,220
	printing and publishing	32	394,670
	primary metal industries	20	158,219
	metal fabricating industries (except machinery and transportation equipment industries)	72	365,585
	machinery industries (except electrical machinery)	64	265,806
	transportation equipment industries	38	278,728
	electrical products industries	74	255,575
	non-metallic mineral products industries	14	193,350
	petroleum and coal products industries	13	134,050
	chemical and chemical products industries	44	464,729
	miscellaneous manufacturing industries	79	398,468
6.	construction	78	561,739
7.	transportation, communication and other utilities	114	861,469
8.	trade	95	
	wholesale	65	342,310
	retail	30	236,132
9.	finance, insurance and real estate	183	1,190,762
10.	community, business and personal service industries	412	
	education and related services	130	718,806
	health and welfare services	55	665,183
	charitable and religious organizations	35	157,047
	motion picture and recreational services	18	78,708
	services to business management	71	249,064
	personal services (hotels, restaurants, laundries)	14	86,500
	miscellaneous services	89	278,911
11.	public administration and defence	255	
	federal administration	89	1,640,587
	provincial administration	90	1,952,780
	local administration	60	336,443
	other government offices	16	343,000
12.	industry unspecified or undefined	154	2,076,596
	Total	2,152	\$18,282,885

size of companies using consultants

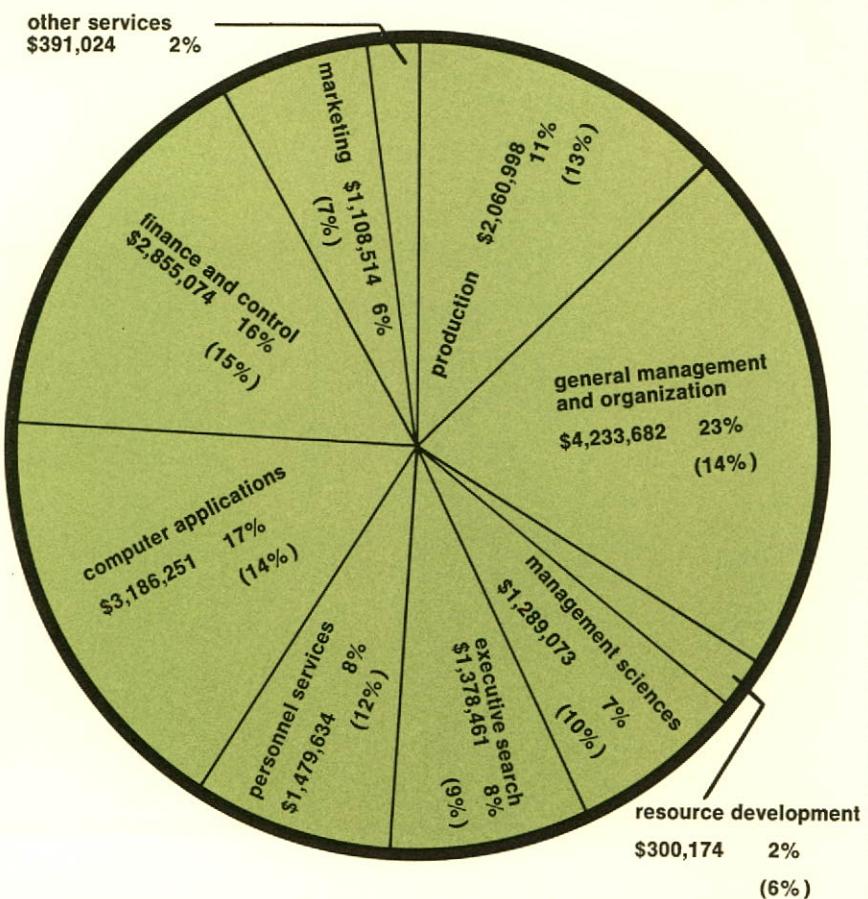
Clients served by CAMC firms in 1968 are classified according to their size, as measured by sales volume, in the graph at the right. The green bar shows the percentage of clients in each size range, while the striped bar shows the dollar volume of fees paid by companies in each group. The largest users of management consulting services during 1968 were companies with sales from \$1 million to \$30 million. They accounted for 47% of consultants' clients and 37% of their fees.

They were closely followed by government and non-profit making organizations such as hospitals and universities, which accounted for 23% of consultants' clients and 37% of their fees.



the consulting services they use

General management and organization studies, one of the most popular services provided by management consultants, accounted for 23% of consultants' revenue last year. This increase, from 14% in the previous year, is a strong indication of the growing concern over improvement of administrative structures in business, government and institutions. Computer applications increased from 14% to 17% in 1969, while other services declined slightly as a percentage of total revenue. The figures are based on fees earned in 1969 by the twelve member firms of CAMC. Percentages of total revenue for 1968 are shown in brackets.



expanding scope of management consulting



International Assignments

Canadian management consulting firms, in competition with some of the largest international consulting firms in the world, are now winning assignments as far afield as South America, Europe, Africa and the Far East.

Among their more interesting international assignments of the past year were a manpower selection and training project for a Bolivian mine, the setting up of a furniture factory in Taiwan, Nationalist China, and an international trading company in Hong Kong, transportation studies in England and Europe, industrial and government studies in the Caribbean, and a food distribution study in Ghana.

To improve their competitive position in the international market, Canadian consultants are also forming consortia to bid on important assignments. A consortium of two Canadian consulting firms was recently selected as the leading contender among four United States and one French firm that had been asked to submit proposals for five major studies for the Korean National Railroad.

Another management consulting firm, in conjunction with a firm of consulting engineers, is currently working on plans for waste disposal facilities in Nigeria's largest city. The engineers are doing the design engineering while the consultants plan the administrative structure and train local personnel.

Through its international affiliates, another consulting firm is assisting a Canadian corporation to locate and appoint licencees to manufacture its patented products in all major industrial countries in the world.

Municipalities

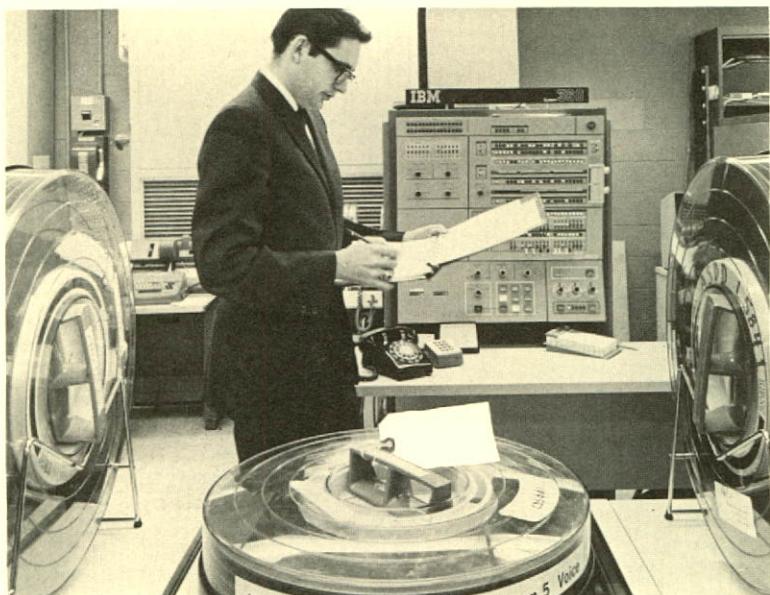
The organizational problems involved in the merger or consolidation of small municipalities into larger metropolitan areas or regional groupings are turning municipalities into major users of management consulting services.

Consultants are assisting municipalities to plan the new organization structures and information systems demanded by their enlarged responsibilities. They are assisting in personnel administration, improving administrative practices in various departments, introducing new techniques in coordination and planning, and implementing electronic data processing systems.

One of the more interesting assignments of the past year was a planning study to predict the probable development of the Oshawa region of Ontario to the year 2000. The first of its kind in North America, the study combines physical, economic and social planning with the development of a regional government structure and a financial program. It involves seven local governments, a regional planning board and three provincial government departments.

Among consultants' other municipal assignments were the complete reorganization of a city police force, a study of a city public works department to improve its management practices and efficiency, and the setting up of a finance department for a newly formed regional government.





Computer Applications

Electronic data processing continues to be one of the major areas served by Canadian management consultants. Last year consultants provided advice and assistance on computer installations to financial institutions, government, industry, universities, and of particular interest, to the United Nations.

The UN assignment involved a Canadian firm in carrying out a management audit review of UN agencies, followed by a study of their present computer operations and proposed computer usage into the 1970's. The study included the UN's New York headquarters and its key operations in Europe.

One of the most advanced computer studies begun in Canada last year was the development and implementation of a large scale, on-line, real-time computer system for a major Canadian stock broker. When completed in late 1970, the new system will process within one or two seconds orders coming from more than 30 branches across Canada to stock exchanges in Toronto, Montreal and Vancouver.

Another large computer study being carried out by management consultants is the assessment for a provincial government of its present and future requirements for data processing. The study includes not only government offices, but also an insurance company, a telephone company, power corporation, universities, hospitals and schools.

Other interesting computer applications developed by consultants last year included an integrated EDP system for a major United States steel warehouse, and the development of a computer program to assist universities and colleges to plan and control student registration and choice of courses, taking into consideration sequence requirements and teaching capacity.



Industrial Relations

Industrial relations is one of the newest fields in which management consultants are now offering assistance to Canadian industry. In the past, most of their work has been in the background. It has included such services as providing management with research information on current industry practices, costing out union demands, providing advice on how productivity agreements will affect management freedom to improve productivity.

But today, consultants are carrying their assistance a step further and providing experienced labour negotiators who act for management at the bargaining table. Small and medium size companies, unable to afford their own full-time labour relations staff are finding this service particularly useful.

Consultants are also being named as arbitrators in union contracts, and occasionally they are retained by a union. In one such assignment this year, a management consulting firm was asked by a major union to study and advise them on the acceptance of a new work measurement plan. Consultants, after studying the plan, advised the union to accept it, but they also recommended to management several significant changes which made the plan more acceptable to the union.



Industry

Individual manufacturing industries continue as one of the most frequent users of management consulting services, but consultants are also noticing a distinct trend towards more industry-wide studies.

During the past year Canadian management consultants have conducted a nation-wide marketing study for the Canadian fishing industry, a study of the effect of wage parity for a Canadian trade association, and a productivity study for the fishing industry of Newfoundland. They also assisted three trade associations, with a total membership of 750 firms, to amalgamate to form Canada's first three-level trade association. The new group includes manufacturers, wholesalers and retailers.

One of the larger studies of the past year involved 12 management consulting firms in a study of the economic prospects to 1980 for the industry of Manitoba. Their recommendations included proposals for improving export marketing, taking advantage of Kennedy Round tariff changes, attracting new industry to Manitoba, and improving the productivity of its present industry.

Long range planning, which has grown in importance in today's rapidly changing world, has also resulted in many management consulting assignments. In one of the largest, a Canadian firm assisted a United States based conglomerate, which is engaged in 40 different businesses through 28 major subsidiaries, to develop a long range planning system at the corporate level.



Institutions

The variety of institutions for which management consultants are working increases yearly. From hospitals, universities and school boards it has grown to include libraries, museums and major financial institutions.

Last year management consultants were retained by the Toronto Stock Exchange to study the feasibility of establishing a central depository for all securities traded on major Canadian exchanges. Their recommendations were accepted and they are now implementing the new plan which will eliminate physical handling of certificates and speed up paperwork for banks, trust companies and insurance companies, as well as for stock exchanges.

The long term development of the health sciences at a major Canadian university was the subject of a study by another consulting firm. Its aim was to design a centre that links all health-related disciplines, such as medicine, dentistry, and nursing into one coordinated unit. An essential feature of the plan is a joint graduate facility which will promote graduate studies, continuing education programs and research in all health fields.

Among the other interesting assignments for institutions were the development of a special accounting system to provide legal firms with proper control of trust funds, and the development and administration of a large scale management training program for the branch managers of a major Canadian bank.

the professional objectives of CAMC

The Canadian Association of Management Consultants was founded in 1963 by ten of the leading Canadian management consulting firms whose principals believed that the rapid growth in management consulting necessitated a professional association to exercise control over its future as a profession. Management consulting, since its beginnings in Canada in the 1930's has grown steadily. In the past four years the consulting staff of CAMC member firms has more than doubled.

The purpose of the association is to establish standards that will ensure the orderly growth and development of consulting and that will assure the public of competent and ethical practice. It is the hope of the association that membership in CAMC will become a mark of excellence in the field of management consulting.

To that end, the following objectives have been set:

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

membership requirements

Membership is open to any management consulting firm in Canada which has recognized standing in the profession and whose practice conforms with the standards of ethical and professional conduct and meets the admission requirements prescribed by the Association.

- 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 at least two areas of management, such as: general management, production, marketing, finance and controls, and personnel administration.
- The persons employed in the direction, control and execution of consulting assignments must be recognized by the Association as experienced and competent in their particular fields of management consulting.
- 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.

code of ethics

Members of the Association subscribe to this code:

- 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 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.

CAMC information services

CAMC maintains two offices, one in Toronto and one in Montreal, for the purpose of answering queries about management consulting. Information is available for businessmen seeking to find the names of reputable management consulting firms and for members of the press who require information about consulting.

For further information about the services of CAMC consulting firms write or phone:

The Canadian Association of Management Consultants
■ Box 61, Toronto-Dominion Centre, Toronto 111, Ontario • 416-368-1487
■ Suite 2165, 630 Dorchester Boulevard West, Montreal 101, Quebec • 514-861-7082

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