

# MANAGEMENT CONSULTING

## MANAGING THROUGH THE DOWNTURN

# Now more than ever, learn to take advice

Panicked firms may be tempted to stop spending on consultants, even as they need help in managing future risk

BY MARJO JOHNE

During a recent meeting with a client, Lynn Bennett, a certified management consultant and president of Toronto consulting firm Leadership Intelligence Inc., got a first-hand glimpse of how the economic turmoil was affecting corporate Canada.

"My client was talking about a major budget presentation she was preparing to deliver, and in the midst of this conversation she said to me, 'You know Lynn, this can't come at a worse time for us,'" recalls Ms. Bennett.

"You could just feel the sense of hopelessness in that statement."

With global stocks skydiving, big banks going belly up, and economists predicting that things can only get worse from here on, it's easy to understand why Ms. Bennett's client should feel so gloomy. And it's a sure bet that other corporate leaders across the country are feeling the same way.

So should Ms. Bennett, and other management consultants like her, also be worrying about what today's tough economic times might do to their business?

### TOUGH TIMES

Bob McCulloch, chairman of CMC-Canada, the national association of certified management consultants, says management consulting activity is slower these days as companies hang on more tightly to their budget dollars.

"In general, the impression in the industry is that it's relatively quiet in the marketplace," he says. "Clients are holding off on discretionary spending, which includes consulting services."

But not all is quiet on the consulting front, adds Mr. McCulloch, who is also CEO of CYOR Inc., a Toronto consulting firm.

### M & A ACTIVITY HOPPING

While many companies may be freezing spending on executive searches and human resources programs, management consultants who specialize in mergers and acquisitions are hopping right now, he says.

"They are in strong demand and they continue to be as companies say 'I'm in deep doo-doo - how do I restructure to keep my lenders off my back?'"

It's not just troubled companies that are keeping M and A specialists busy; many companies in sound financial condition - those with low debt and healthy cash reserves - are looking around and finding plenty of opportunities to buy

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Bob McCulloch, chair of CMC-Canada

failing businesses at bargain-basement prices.

### RISK MANAGEMENT

The hot M and A market is also keeping risk management consultants busy, says Mr. McCulloch. In today's touch and go environment, there's little room for error, so companies are making doubly sure that their decisions won't be placing the business at risk.

With the markets changing so swiftly, it's difficult even for seasoned corporate leaders to predict what will happen in the next six months, let alone the next three years, says Mr. McCulloch. This is where the expertise of a management consultant can come in handy.

Gordon Graham, president and CEO of Accerta Service-Corp Inc., an employee benefits management company in Toronto, says a good management consultant becomes even more valuable during times like these.

"Getting your decisions right is always important, but more so now than ever before because you could easily be tempted to make a decision that is valid for the short term but doesn't play out against your three-year strategy," he says.

"That's why it's critical to have someone who's got a much broader perspective, and who can provide you insight on what other companies and other industries are doing, what's working and, most importantly, what isn't working for them."

### IMPARTIAL ADVICE

Because they're not "in the fray," consultants are also in a better position to give impartial advice, says Mr. Graham, whose company uses Ms. Bennett's services.

But while good advice is invaluable, companies must also be selective about what type of advice they should be buying now and what they can postpone for another day, adds Mr. Graham.

Mr. McCulloch agrees. Pan-



Companies must be selective about what type of advice they should be buying now, experts say. ISTOCKPHOTO/OKTAY ORTAKCIOGLU

icked companies tend to react in one of two ways when it comes to consulting: Either they decide to cut all services completely, or they spend their money on the wrong type of service.

As they prepare to hunker down, many companies also make the mistake of cutting budgets across their organization, says Mr. McCulloch. But this often results in revenue-generating units getting hobbled at the worst possible time.

"Instead of focusing on what's working in their businesses, companies often react

to trouble by asking everyone to find ways to cut their budget," says Mr. McCulloch. "The problem is, it takes a lot of guts for senior management to say 'we're going to cut this division altogether and put 20 per cent more in this product line or division because that's where our strength is.'"

### TOUGH CHOICES

Having the support of a management consultant can make it easier for senior managers to make these tough choices, says Mr. McCulloch.

And sometimes, it's just nice to have an extra shoulder to

lean on.

"One of the most important things a consultant can do in these tough times is to offer moral support to their clients and help them stay focused," says Ms. Bennett.

"And of course, we need to ensure that they've developed a good plan with tight and sound financials and that they have what they need to execute.

"Because good times or bad times, plans need to be executed and companies need to continue building for the future."

Special to The Globe and Mail

### KNOW YOUR ACRONYMS

Looking to hire a certified management consultant but not sure how to tell a CMC from a GMA or CGA?

Bob McCulloch, chairman of the board of directors of CMC-Canada, understands how a CMC (certified management consultant) can easily be confused with a CMA (certified management accountant) or even a CGA (certified general accountant). In fact, many CMCs also hold these or other designations.

"CMC for many is what I'll refer to as a second designation," explains Mr. McCulloch. "What happens is that people will often acquire some kind of expertise in a specific area - whether it's in accounting, human resources, or insolvency - and then get their CMC."

Unlike more specialized designations, a certification in management consulting requires a broad understanding of business and organizational design. What this does, says Mr. McCulloch, is give management consultants a greater sense of context.

"So if I were to compare a company to a car, then I might say that an accounting or human resources consultant are the experts in a specific part of the car, like the tires or the transmission," he says. "But a certified management consultant, he's the guy who understands the entire car and how all the components fit and work together."

But, he cautions, not all management consultants are CMCs. Becoming a CMC requires certification by CMC-Canada. And to earn this certification, consultants must take a best-practices and professional-standards course through CMC-Canada, produce proof of an undergraduate degree, and have 1,200 hours of management consulting experience.

CMC applicants also need to pass an oral exam.

Mr. McCulloch says many clients see a CMC designation as an additional guarantee that they're getting a high-quality consultant. He's already observed a marked preference for CMCs amongst public-sector clients.

"Because today there's more emphasis in organizations on accountability, they like the fact that the CMC designation provides proof of expertise in how organizations work."

» Marjo Johne

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