CONSULTING WITH SMALL BUSINESS: A PROCESS MODEL

by John Charles Bruckman and Steve Iman

Increasingly, business professors, students, and retired business executives are using their knowledge to assist small businesses. This is particularly true of those who participate in the Small Business Institute classes sponsored by the Small Business Administration. Few participants in these assistance programs are trained in consulting processes, although they are usually highly skilled individuals. Solving organizational problems requires more than academic training. Beyond the consultant's basic business knowledge many non-technical skills and values are required to use knowledge effectively for improving the client's organizational situation.

There are approximately 3,500 management consulting firms in North America which can assist any business with operational or managerial problems, providing the client can meet the costs of the services. Until recently the majority of small businesses in this country were unable to take advantage of these professional advising firms because they could not afford to hire consultants. The recent establishment of both the Small Business Institute and the Small Business Development Center has helped equalize the inequities that have been prevalent in the past professional service market. With these inequities in mind, the authors have developed a logical model for the consulting process. The model focuses on consulting issues at various phases and steps in the development of client-consultant associations. The model is expected to help professionals who are planning consulting assignments with small business clients. It should be particularly helpful where client involvement is essential to implementing solutions to consulting problems.

Effective consulting requires clients who know how to properly utilize consulting teams. The authors hope this article also helps managers of small businesses prepare for their responsibilities in joining with consultants and their organizations. The authors have used the model in their classroom teaching of undergraduates, who as part of their advanced undergraduate curriculums, are involved in small business consulting problems. It provides a project strategy prior to the students' entry into the field.

MODEL

Consulting assignments can be viewed as consisting of six phases. The phases of Contact, Problem Definition, Data Search, Analysis, Plan Develop-

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ment, and Implementation require different activities and provide separate challenges for both the client and consultant. An understanding of the requirements of each phase is especially important in the overall planning of project activities, within a framework of time available to the consultant.

PHASE A: CONTACT

Step 1: Solicitation. Consultants generally have a rather informal approach for "getting the word out" about their available resources and services. The communication network which yields initial contact may have important consequences on the types of clients one obtains, as well as the expectations the clients bring to the project. The authors are currently participating in a Small Business Institute (SBI) assistance program composed of faculty, students, and Service Corps of Retired Executives/Active Corps of Executives (SCORE/ACE). Both faculty and SCORE/ACE executives are involved in presenting numerous assistance programs within specific geographic areas. They purposefully use a variety of media to publicize their programs. A variety of solicitations have provided access to businesses outside of the normal contacts of the business school; many are new businesses. In a number of "over the transom" cases, potential clients contacting the authors have heard about the authors' successful programs with prior clients.

Step 2: Reconnaisance. The initial contact between a potential client and the consultant is a critical one; both the client and consultant must establish expectations of commitment and resourcefulness. At the earliest opportunity, client-consultant dialogue on the following topics is deemed critical:

- Nature of the overall program.
- Limitations of the specific assistance program.
- Available resources.
- Experience and formal training of individual staff members.
- Composition of consulting teams.
- Methods of operation.
- Consultants' desired results for the project.
- Project parameters and constraints such as timing, budgets, etc.

It is important at this phase to encourage statements from the client about:

- Purposes for requesting assistance.
- Perceived nature of the problem or problems.
- Brief information about the firm.
- Client's reservations about seeking assistance.
- Desired results of the process.
- General ground rules they have about involvement of outsiders.

At this early stage the consultants must be aware of the key figures in the client's system and be sensitive to their concerns. Since consultants are often dealing with the "life blood" of managers and owners, strong emotional elements are often apparent in the thinking patterns of the client. The client's behavior must be met with respect. Effective consulting involves more than solving mere technical problems; sensitivity to the feelings and personal needs of clients is extremely important for establishing the trust and understanding which will later be required for developing commitment to a sound course of action.

Step 3: Go/No Go. Based on the first two steps, both parties must come to a decision as to whether or not to proceed with the process. The client must decide if there is a good chance of a positive end result. The consultants must understand their own motivations and assess their available resources.

Step 4: Team Building. The consultant must build a team around the perceived needs of the client. This should involve selecting team members who have talents and skills which fit the particular situation. A variety of viewpoints, experience, and analytic skills should be built into the resource team. The more varied the viewpoints, the better the changes are for an objective and successful output. Yet the team members should possess a generally similar set of values. This step should also involve activities designed to facilitate effective relationships and communications among participating consultants. Prejudice or narrow-mindedness on the part of any team member should be avoided at all cost. The team members should be comfortable expressing their own feelings of discomfort and lack of experience, and learn to deal openly with the insecurities of others—especially when working with fledgling consultants. Consultants who maintain a supportive and trusting relationship with each other are less likely to evoke defensive behavior towards clients which can disrupt the working relationship.

PHASE B: PROBLEM DEFINITION

Step 5. Defining problems. This is one of the most crucial steps in the process. Generally, not enough work goes into this phase. It is rather easy for a manager or an inexperienced consultant to mistake symptoms for central causes of problems. It is important that ccnsultants pay close attention to their diagnostic approaches, avoiding adherence to the first "problem definitions" which arise out of the initial chaos of information. Experience repeatedly demonstrates that problems are rarely as simple and recognizable as they may seem to be. "Problem definitions" must be reviewed throughout the consultation process; the consultants and clients should either reaffirm the validity of the definitions or redefine the problems.

At this point the future working relationship between client and consultant should be more carefully examined. Consultants should be more specific about who will work on the project, for how long, and explain what the team hopes to accomplish. Clients should be encouraged to set limits on time and funds. They should clearly state restrictions regarding access to staff and available data. Clear representation by both parties will prevent unnecessary conflicts during the course of the project.

PHASE C: DATA SEARCH

Step 6: Research Planning. In planning their research activities the consulting team must:

a. Define specific purposes for the study including any limitations on the research. The boundaries must be clearly established.

b. Determine a study approach. How shall the team proceed with data on a step-by-step basis? Who is to lead the team? What are the respective duties of each participant? Deadlines must be set for the production of reports or working memos.

c. Be sure that all team members understand the desired end products. If the team knows what the end product will resemble, it can move quickly toward its development.

d. Detail in a working memo the level of intended fact finding. The memo should answer questions such as the following: Who will be interviewed? What documents will be reviewed? What literature will be reviewed? What outside resources might be needed to assist the team? Will questionnaires be utilized? Should flow charts be developed?

All of the answers to the preceeding questions should be clearly presented in a written proposal to be shared with the client for discussion and revision. Creating an environment which will be conducive for change can only be realized when the consultation team brings the key members of the business into the team effort as working participants. They should be involved in as many levels of decision-making as time allows. They are more likely to accept the final plan if they have been involved in a strong communicative relationship with the consultants throughout the work of the project. The owners of small businesses are not only information sources but are often actual embodiments of the problems and solutions.

Step 7: Data Collection. A number of alternatives are available for collecting data relevant to effective consultation. Seven assessment techniques particularly applicable to small business settings are outlined below:

a. Structured and Unstructured Interviews. Structured interviews with predetermined questions can be used in most cases. Having taken the time to think out questions, consultants have a better chance of collecting useful data. Unstructured interviews (no predetermined questions) are best used toward the beginning of a project when problems are not clearly understood, or when contradictory "problem definitions" exist. Key members of the organization, customers, suppliers, employees, supporters, and competitors are all sources of useful information.

b. Review of Documents and Procedures. Document and procedural review is an essential early assessment step in many projects. Basic data about constraints and key problem areas will emerge from this review. Key questions can also be developed from this material.

c. Statistical Evaluation. Many tools are available for assessing quantitative data which may be collected. Analysis of data used for purposes seemingly unrelated to the problems within the organization often will provide important information which will help the consultants establish goals.

d. Direct Observation and Feedback. The organization should be observed in many of its normal functions. Regular discussions with the client about the consultants' observations of on-site operations will keep communication lines open. Times spent "just observing" the daily activities of a firm is often extremely productive.

e. Pre and Post Questionnaires. Written surveys can be used in a variety of ways to assess organizational functioning; they might be used to explore marketing problems and situations, employee morale, or they may review the effects of management decisions on general operations.

f. Client Feedback. Clients will usually provide consultants with an assortment of reactions to their team's observations and assessments. These reactions are valuable for testing the validity of information, as it is obtained. Sensitivity to client feedback is essential for maintaining the client's belief in the possibility of change, and commitment to the final plan.

g. General Monitoring. Throughout a consulting project, periodic activities of the business must be monitored in order to detect changes or trends in the organization. A problem well in focus in January might be mistakenly identified by tax time.

h. Self-Evaluation. Client evaluations of their own professional problems are valuable in a wide variety of situations. Self evaluations can be solicited by distributing questionnaires developed by the consulting team to all employees. This information can be used by the consultants for project planning. The client also obtains valuable feedback from employees.

Although data collection systems should be developed with an eye to consulting problems, effective diagnostic approaches will probably combine a variety of the techniques outlined above. An effective system of assessment combines informal memoranda with more formal reports based on specific data gathering points in the process.

PHASE D: ANALYSIS

Step 8: Pattern Delineation. As data is reviewed, patterns similar to those of a crossword puzzle begin to appear. Parts of the pattern are clear from the beginning and help to delineate prospective solutions; empty spaces provide opportunities to "test fit" available data for developing a more comprehensive understanding of the situation. If available data fails to fit the gaps, either additional data needs to be collected, or consultants must accept the fact that some of their solutions are inconclusive, or at best reasonable assumptions. The two latter situations are common to many projects.

Step 9: Development of Alternative Responses to the Problem. At this point the objectives of a solution should be clearly defined. Do sought after goals include higher profits, or a greater return on investment? Typically, a constellation of objectives will arise and consultants are advised to put them in a priority order. Objectives should be stated in detailed terms in order that solutions may be specific and operational. Alternative approaches should then be outlined in a working memo to be reviewed by the client. Each alternative solution should be tested in relation to such factors as:

- Selection criteria as established by the consulting team.
- Limiting factors as established by the client or inherent in the working environment.
- Pertinent facts established by consultants' research.
- Cost benefit analysis conducted by consultants.

Step 10: Ranking of Alternatives. The analysis just described should provide the consulting team with sufficient information to rank the alternatives in descending order. Client involvement in this step will be helpful in assessing the validity of research to date.

PHASE E: PLAN DEVELOPMENT

Step 11: Plan Preparation. Depending on available time and resources, the consultants should consider the possibility of developing comprehensive plans for at least two alternative solution approaches. Often, the detailed preparation of a plan will require a reordering of alternative plans, for one may prove to be unworkable in actual preparation. The plans should give detailed descriptions of the following:

- Activities required.
- Responsibilities of each of the parties.
- Time schedules.
- Available resources.

In the absence of client involvement at this phase, consultants need to ask themselves, "Is this plan going to be acceptable to the client?" "Is it practical?" "What about its timing?" "What risks are involved?" "What long run implications need to be considered?" "Is the solution technologically sound for this particular industry?" When questions of this type have been satisfactorily answered, the consultants are ready to market their ideas.

Step 12: Plan Marketing. The consulting project normally entails the consultants submitting data previously unknown to the client for his or her inspection. Key members of the client system are often too ego-involved in the activities of the business to analyze organization problems objectively. The consultants can rarely expect instant acceptance of their ideas, so they must develop strategies for fair assessments of their proposals, as reasonable and workable plans. In part, resolving this problem involves laying the groundwork for commitment, understanding, and support early in the project. The team should bring the client along slowly, in an informational sense. Client involvement in early decisions, and regular feedback activities provide the consultants with opportunities to introduce the data base in small modules in order that a client is not overwhelmed during the latter stages. Consultants must also develop plans for presenting and marketing their proposals. The approach at this point should remain sufficiently flexible to respond to client reactions and anticipated resistances.

PHASE F: IMPLEMENTATION

Step 13: The Missing Link. Deep in the gap between knowledge and practice lie innumerable consultant reports. The energy generated by effective consulting often vaporizes in the absence of follow-up plans or when implementation of solutions begin to threaten the client. In planning consulting projects, time should be budgeted for follow-up procedures. The consulting team should also support the client during the initial stages of implementation.

Step 14: Evaluation. In addition to evaluating the effectiveness of consulting solutions, every project which assists small businesses provides opportunities for the consultant to learn more about the consulting process itself. In addition, group evaluations of a team's work provide unique learning opportunities. Evaluation activities should be part of any comprehensive project planning; too often they are not. Any of the assessment techniques outlines in Step 6 may be useful for conducting evaluations of previous projects.

The authors also conclude that consultants with small businesses by academic teams can be a fruitful educational experience for the academic community, and a practical cost-effective means of solving small business problems. The quality of the outcome of the process is in direct relationship to the pre-planning and supervision of the professor in charge of the consulting process, and to the receptivity of the client.

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