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Canadian Association of Management Consultants Annual Report 1970

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President's Report

The simple statistical measurement of the Canadian Association of Management Consultants' services in the pivotal year 1969-1970 is a maintained growth rate of 20 per cent, reflected in billings in excess of \$22 million.

A measurement of vitality and other indispensable qualities by which the consulting profession lives and expands in the industrial society is more difficult to define.

The theme of this new decade is change, which is a process rather than a problem. The environment is dynamic, uncertain, pluralistic and turbulent. Opportunities in business, it can now be seen, are not a result of problem-solving, but of process-controlling.

The Canadian Association of Management Consultants now reports a total of 828 professional consultants among its member firms. This is a significant number of consultants with a wide variety of skills and many years of experience.

Specialized management talent is in greater demand than ever before. As one of Canada's newest professions, management consulting has successfully met the challenges of the past 30 years. It is firmly established as a significant segment of the business community as Canada moves forward to the 21st Century.

The role of consultants is to assist management in the public and private sectors to meet changing conditions. The use of consultants is not confined to the large business or to any particular industry. Last year, CAMC firms performed services for companies of every size and listed under every category of the Dominion Bureau of Statistics Standard Industrial Classification.

Assignments in foreign lands have increased in number and represent a vigorous cross-fertilization of management techniques in the world at large. As a result of foreign aid dollars, many developing nations have witnessed an upsurge in economic activity. Plants and equipment have resulted in a growing demand for increased skills. Canadian consultants are well qualified to provide the skills necessary to operate and manage these major overseas projects.

The growth of CAMC's member firms, evident in increased staff, services and billings, complements the diversity of clients and scope of assignments. This Annual Report examines the expansion and the trends of management consulting work carried out by members of our Association.



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Assignments and Performance

Canadian management consultants work on all continents and the scope of their services is constantly enlarging. The following brief descriptions of assignments illustrate the diversity of CAMC members' capabilities and skills.

Computer applications are a growing facet of the management consultant's practice. One firm developed a financial model of the Corporation of the City of Toronto for the purpose of simulating financial decisions at the municipal level. Another member devised a computer program capable of evaluating the thousands of possible combinations in bids received by a school board for functional construction of schools.

Development of advanced computer systems for the advertising industry and a cross-Canada computer system for the Bank of Montreal are other examples.

Municipal assignments are increasing in number as cities expand. In conjunction with a public inquiry conducted by a Department of Municipal Affairs, a CAMC member carried out a study that involved the complete reorganization of a town's administrative structures.

For a city still in the planning stages, a consulting firm was asked to define the long and short term needs in the field of health care. This included two areas: the extent and scope of services, and the space, facilities and operation of a health care complex.

The computer was involved in executing another assignment: the development, planning and control systems for a real estate development that included shopping centres, office buildings and apartments.

A large municipality called on a CAMC firm to design and implement a management information system for the creation of a Civic Centre.

Working with the Canadian Council on Urban and Regional Research, management consultants surveyed and evaluated current information services and needs in cities. This was the first step in a program to develop more effective information systems for Canadian cities.

Planning, both long-range and short-term, often requires the skills of management consultants. One firm, on behalf of the Department of Indian Affairs and Northern Development, planned and scheduled the relocation of an entire community.

To triple the capacity of a snowmobile factory, another firm planned and implemented a program to expand facilities, layouts and controls.

A CAMC member studied a division of a national merchandising organization. After appraising the market, a number of non-competitive outlets were closed and several unprofitable lines were eliminated.

Following a heavy acquisition program, a company needed improved planning capability. Management consultants reviewed top manage-

ment organizational needs together with current and future marketing, packaging, distribution, plant location and management information system plans.

Governments and institutions employ management consultants for a wide variety of assignments. After studying postal codes of other countries, a CAMC firm developed a postal code for Canada.

A provincial government requested another firm to review the criteria and policies governing the administration of educational grants. The firm provided policy guidelines and suggested procedures for streamlining the grants system and controlling allocation of funds.

Management consultants developed procedures and controls to facilitate the introduction of a provincial law governing health and welfare.

UNICEF engaged a CAMC member to conduct a feasibility study on the expansion of a Danish warehouse used for distribution of relief supplies throughout the world.

To determine if objectives were being attained, management consultants appraised the attitudes and activities of the Presbyterian Church of Canada and its members and identified the Church's present position and needs.

In January 1970, the City of Halifax began operating the Halifax Transit System. A CAMC member conducted feasibility studies concerning the change from private to public ownership, then worked on creating the Corporation, developing

a market program, and planning the transportation system and services.

Financial services offered by management consultants are used by clients in many ways. Wishing to employ modern management methods, a widely diversified, family-owned company sought consulting advice. Following the development of sound management techniques, the company's financial reporting system was revised to allow for preparation of basic financial documents for processing by a computer.

An expansion-minded client wished to enter a highly specialized facet of the primary agriculture industry. Consultants conducted an economic study, verified the potential of the proposed endeavor and found a small, successful company which the client subsequently acquired.

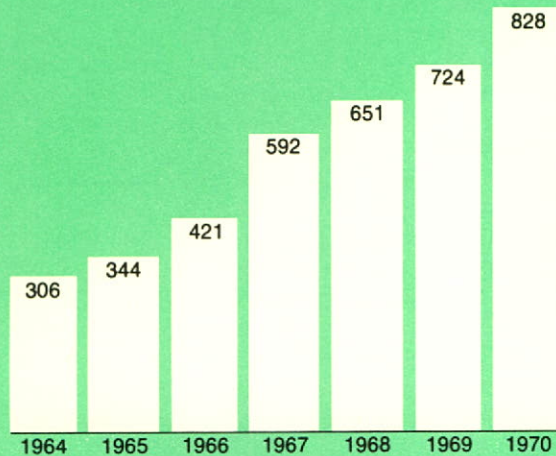
As part of an acquisition program, a client desired assessment of the opportunities for a public warehousing-distribution service. Prior to investment, a CAMC member investigated present facilities, estimated future demand and provided relevant operating data.

Improved administrative practices, with special emphasis on billing, collection procedures and budgetary controls, were designed to assist another client in generating cash from within the business.

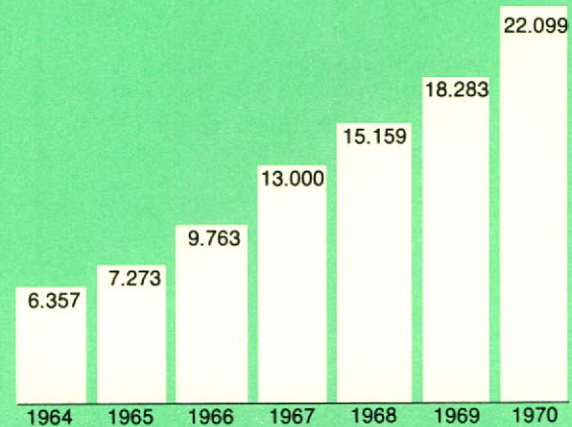
A Caribbean resort accommodation pricing study combined with a five-year economic feasibility study of condominium housing led to the recommendation of where a client should build.

The growth of management consulting in Canada 1964-1970

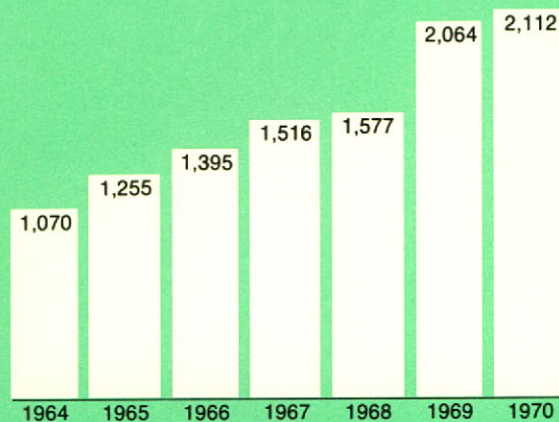
total professional staff employed at april 30
(by all members)



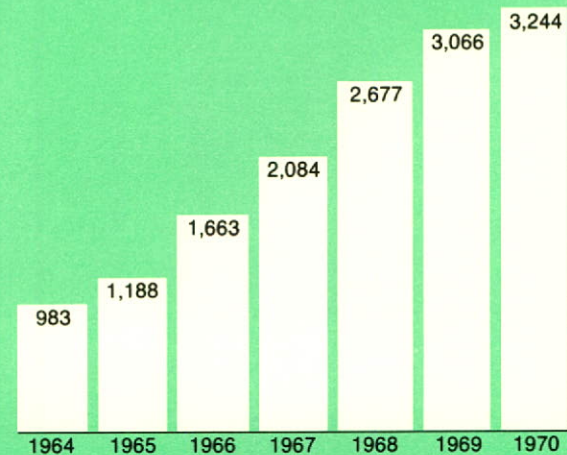
gross billings during the year
(millions of dollars)



number of clients served during the year
(excluding executive search)



number of assignments during the year
(excluding executive search)



A look at clients . . . the services they use

Management consultants categorize their services into nine areas. This table examines the basic functions in relation to the number of assignments conducted by CAMC members and the dollar volume of fees received.

functional classification	number of assignments	percentage of total assignments	dollar volume of fees	percentage of total fees
General Management and Organization	1017	20.6	\$5,733,983	25.9
Production	363	7.4	2,149,405	9.7
Marketing	235	4.8	1,202,653	5.5
Finance and Control	531	10.8	2,721,180	12.3
Computer Applications	461	9.3	4,755,643	21.5
Personnel Services	401	8.1	1,588,896	7.2
Executive Search	1707	34.6	1,988,187	9.0
Management Sciences	156	3.2	1,434,147	6.5
Resource Development	54	1.1	390,619	1.8
Other	6	.1	134,558	.6

A look at clients . . . their kinds of business

CAMC members completed assignments and earned fees in each of the 12 categories listed in the Dominion Bureau of Statistics Standard Industrial Classification.

classification	assignments	fees
Agriculture	37	\$ 244,883
Forestry	58	355,869
Fishing, Trapping	32	175,949
Mines, Quarries Oil Wells	111	829,092
Manufacturing	1297	5,429,079
food, beverage, tobacco	216	852,613
rubber, leather	10	35,817
textiles, knitting clothing	57	220,982
wood, furniture	70	391,754
paper	39	129,825
printing, publishing	84	357,754
primary metal	41	361,729
metal fabricating	119	505,897
machinery	102	484,113
transportation equipment	55	293,635
electrical products	103	345,731
non-metallic mineral products	46	207,035
petroleum, coal products	33	198,142
chemical, chemical products	95	576,415
miscellaneous	227	467,637
Construction	141	534,024

classification	assignments	fees
Transportation, Communication, Other Utilities	179	\$ 2,044,712
Trade	257	605,775
wholesale	146	239,983
retail	111	365,792
Finance, Insurance, Real Estate	361	1,901,624
Community, Business and Personal Service	657	2,473,598
education	90	756,197
health, welfare	149	590,746
charitable, religious organizations	26	55,965
motion picture, recreational	40	76,353
service to business management	159	572,254
personal services	29	79,587
miscellaneous	164	342,496
Public Administration and Defence	445	5,459,916
federal	146	2,102,417
provincial	164	2,295,295
local	109	720,185
other government offices	26	342,019
Industry Unspecified or Undefined	64	286,775

A look at clients . . . their sales volumes

The following table reflects the number of clients, determined by sales volume, who used the services of CAMC members in the 1970 fiscal year. The numbers exclude executive search services.

A percentage breakdown of number of clients and of fees earned, is shown for each category of sales volume.

The largest number of clients (47.3% of total clients) have sales volumes of from \$1 million to \$30 million. Non-profit organizations, such as governments, hospitals and universities, account for 35.5% of fees. Although clients with sales volumes of over \$100 million number 113 (5.4% of clients), they generate 15.4% of fees.

sales volume of client	number of clients	percentage of total clients	dollar volume of fees	percentage of total fees
Under \$1 million	210	9.9	\$ 584,244	2.9
\$1 - \$10 million	626	29.6	3,145,443	15.7
\$10 - \$30 million	373	17.7	3,282,364	16.3
\$30 - \$60 million	193	9.1	1,819,327	9.1
\$60 - \$100 million	95	4.5	1,088,285	5.4
Over \$100 million	113	5.4	3,083,684	15.3
Non-profit organizations	502	23.8	7,083,459	35.3



Professional Objectives

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.

The purpose of the association is to maintain standards that will ensure the orderly development of consulting and that will assure the public of competent and ethical practice.

The objectives of the Association are:

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.

Code of Ethics

Members of the Canadian Association of Management Consultants 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.

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 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 ex-

perienced and competent. At least one of the senior members of the firm must be a member of an Institute of Management Consultants in Canada.

- 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.

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 for businessmen seeking the names of reputable management consulting firms and for members of the press who require information about consulting.

For further information about the Canadian Association of Management Consultants please contact:

Suite 2110, Royal Trust Tower, Toronto-Dominion Centre (416) 368-1487 Postal address: Box 289, Toronto-Dominion Centre, Toronto 111, Ontario
Suite 2165, 630 Dorchester Blvd. West, Montreal 101, Quebec (514) 861-7082

