

Good Consultants Can Boost Efficiency of Businesses

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What does the parent of teenagers have in common with the business owner who needs to hire an outside consultant? They have no idea what the future holds, and the suspense is nerve-wracking.

But you can make things easier for yourself if you start with some good golf course research – that is, if you talk first with your business peers and professional advisors, maybe over a golf game, telling them your goal is to hire the right consultant with the right skills, and you need help with two questions:

- ❑ What's my problem?
- ❑ What skills must my consultant have to solve the problem?

The answers should help make it easier to find the right consultant. You will get some referrals and when you review the ideas and qualifications of the people you meet, you will know at least what to look for.

The next job is to hunker down and look for opportunity in the bad news that the consultant will in all likelihood deliver, sooner or later. Delivering bad news is what consultants do; what you must do is to look to the payoff – because a good consultant can help you turn your problems into opportunities.

Assume, for example, that you run a chain of fast-food restaurants and the bad news is that your inventory control systems are out of whack and may threaten the business. When they want to be polite, restaurant people say that poor

inventory controls make it possible for employees to divert inventory for their own purposes; in reality, what results is pilfering or, worse, theft, and it happens all the time in the food service industry. And since food is both inventory and product, you control it or you sink. Indeed, you expect theft – and you take steps to control it.

Expertise speeds results

A consultant with experience in the food service industry should make short work of such a problem, studying your cost of sales and comparing the numbers from outlet to outlet in search for unusual bumps. If you sell a standard product – that is, if you offer the same menu from location to location – finding the problem shouldn't take long, and you can act before it mushrooms, maybe by firing the offenders, by installing a computer system to track inventory, by implementing new internal controls, or all three.

Another potential nightmare in running a chain of restaurants is keeping track of cash. Assuming the manager of each location deposits receipts into your business bank account once or twice a day, your bank statements could show scores, maybe hundreds, of deposits every month, making it difficult to reconcile the statements. Worse, if a manager makes a mistake, innocent or otherwise, it could take hours of your accounting staff's time to track it down.

This is inefficient at best and an invitation to thievery at worst.

But the solutions are simple: Open separate bank accounts for each location and require your managers to make their deposits via night-drop bags, each with a specific number identifying the transaction so that your accounting staff can monitor deposits from each location separately. If you add a second simple layer of security to this procedure – by penalizing your managers if they don't follow the rules – you're in position to track every penny that passes through the till. A third layer of protection, you might have your bank provide weekly, not monthly, statements.

Simple steps

Note the many payoffs that come from making simple procedural changes:

- ❑ You get timely information about what happens in each of your locations. Information received soon enough to allow you to resolve any discrepancies and quickly rectify any problems that arise. This enables you to manage your cash effectively, which can be key to the success of any business enterprise.
- ❑ Improving inventory controls gives you a more accurate picture of the value of your inventory. Your accountant can produce financial statements that reflect the true profitability of the business. This can prove crucial when you go looking for a bank loan, and come tax time it will enable you to pay not a penny more or less than you actually owe.

Note also that strong cash and inventory controls can benefit

businesses in many industries, from restaurants to property management companies and from manufacturers to service firms.

And if you think these aren't new ideas, you're right; there are no new ideas in the world. But good consultants come with toolboxes full of ideas that have worked in other companies. Using skills honed by wide experience in a varied range of enterprises, a good consultant can help you define, isolate and resolve the problems that cloud your own future. This will give you a greater sense of control – probably the biggest benefit from a good consulting experience.

Good consultants don't come cheap, but they pay for themselves by enhancing productivity and by freeing you, the chief executive, to spend your own time doing the things that fatten your bottom line – the true measure of a consultant's worth.

Keep that in mind as you begin the process. Even in good times entrepreneurs hesitate to tell their troubles to a consultant – sometimes because they only sense the problem they face and don't know what to do about it, sometimes because they fear the cost needed to make an impact, and sometimes because they don't want to hear bad news.

If you are to make your own engagement with a consultant successful, speak openly, pay attention – and turn the suspense to your own advantage.