

Chartered Accountants as Management Consultants.

The world today is fiercely competitive & rapidly changing. Businesses and consequently economies now move at astonishing speeds. Sweeping changes occur in a time-frame so small that established businesses may suddenly fail to bridge out the discontinuity, thereby losing out on opportunities & hence whither away; whereas new-comers with novel concepts/methods may rise to dominance. Industry after industry the world over exhibits the same process of transformation. In this market battlefield only the best survive after a shakeout in which the weak are either thrown out or are merged into bigger entities. Today mistakes on the part of companies are simply too costly to be made as one mistake and the company is out. Understanding the dynamics of these innovations in the changing market-place and moving faster than others is essential to the survival & success of any corporate entity. The only way to do so is to constantly be alert for every new event that has the potential to change the way business will move.

The nature of problems faced by companies has therefore changed over the years & this is reflected in the differences in relationships between business & the market and also the very visible difference in sophistication of management skills and knowledge applied. The management team of any entity is comprised of individuals who are experts in their specialized fields of professional knowledge. With the passage of time they are bound to get so engrossed in their own fields that they may lose out on changes that have occurred in related fields. They may not be focussed on the larger canvas of the industry as a whole. They miss the chance of acquiring additional knowledge to be disseminated and applied. Also the closed and protected environs stop them from envisaging from newer possibilities.

At this juncture, after having enumerated some of the more common problems, let's look at some complex ones. These could be diverse such as developing sales & marketing strategies for a new product, business unit. Integrating diverse business departments and functions after a corporate merger or trying to find solutions for extra work force. Or a business re-structuring exercise. There could also be various risks to be managed for which the company does not have adequate experience. Last but not least it could be re-designing the entire set-up to result into a more

effective organizational structure, managerial infrastructure development & creation of functional hierarchies and business processes. With these kind of diverse & multi-faceted problems management teams increasingly are calling in management consultants who work for companies on a turn-key basis and more importantly have the requisite abilities to deliver results on time and consistently. Some consultants work with functional specialists or division heads, others with top management. They stand to serve & advise senior managers on problems important to their business and supplement client position by means of practical & effective opinion based on both analysis and experience.

Management consulting as we see it today has its origins in the work done in the United States by stalwarts such as F.W.Taylor, Arthur Andersen, Martin Bower (McKinsey) at the turn of this century. Taylor, an engineer by education, was not satisfied with the way the process of production & management was conducted and he set forth to devise a whole new philosophy & system of production management. His book, *The Principles of Scientific management*, converted what had been a technique into a systematic, teachable approach to the study of work and its rational organization. Meanwhile, Bower was a Harvard educated lawyer who brought the professionalism of the legal world to the concept of Management consulting. Andersen was a professor who realized the value of knowledge. Their contributions have resulted in crystallization of the concept of 'Professional Management Consultant'; an event, which has brought in drastic changes in the way business is nowadays transacted. Next, we shall see the skills & qualities that are required by a Consultant & later we shall see how a CA possesses those requisites.

Management consultants are multi-disciplinary experts having multiple competencies in various functions. They are usually professionals who have in-depth knowledge, practical experience and a wide range of skills & so are trained to develop dynamic & radical solutions for problems. Most importantly they are able to deliver an objective assessment of the situation and give unbiased answers. They, because of their job-requirements, have to think laterally & consequently develop a broader outlook. They are in touch with the latest state of the art management practices. They have the viewpoint of a specialist. This enables them to implement specific analytical tools for intensive examination & interpretation of the markets.

They serve as the link in the relationships between management & the external environment. They need to look beyond mere numbers and provide solutions based on the three pillars of experience, education and research.

Now let's take a closer look at some of the personal qualities that a management consultant today requires. He needs to be a relationship manager who can effectively liaise across various functions, departments, & agencies. He should manage people effectively & extract useful information, get work done from them. He needs to have a keen eye for detail and a deeply imbibed sense of patience to take along a team of disparate individuals with their egos, problems & ambitions. He must be relentless in his pursuit of the most effective solution. He should have the foresight to visualize the solutions for multi-pronged problems. He must possess keen lateral thinking abilities to analyze a situation from an independent angle. He must use connective logic along with latest business practices in his course of consultancy. He should have good organizational capabilities & a responsible attitude & stable mind, not losing his temper very fast. Last but not least he should have excellent knowledge of the commercial world in general i.e. he should know the ins & outs of business very well.

Thus having taken an overview at the functions & qualities of a good management consultant; let's now see how is a Chartered Accountant qualified to handle a management consultancy assignment. A C.A. commands professional & social respect on basis of the combination of the following 3 factors:

1. Theoretical Knowledge,
2. Practical experience,
3. Application of the above 2 in synchronization.

The profession of Chartered Accountancy has some of the best input standards in the country along with a tough examination process. This ensures that the final professional coming out in the market possesses command on all above 3 aspects. We will take each factor in consideration separately:

The theoretical knowledge that a CA amasses over the course of his study period is not only vast but also very comprehensive. It covers a wide array of subjects like Auditing, Accountancy, Taxation, Costing, Systems Analysis (& design) which are dealt in detail at the various levels of examination. This base enables him to become an expert in the above fields. It is demanded of him that he be proficient in all the subjects that he studies due to the tough examination mechanism of passing. The course subjects him to wide variety of theoretical questions & problems that he must solve in order to understand the concepts of each topic clearly. The high standards required, add up to create a formidable bank of knowledge that can be called upon to give correct & balanced advice. . A CA can constantly upgrade his knowledge by keeping up to date with the publications of the ICAI & it's various study courses.

Let's now take the second (& in my personal opinion most important) aspect viz., Practical Training. The CA has to compulsorily undergo article-ship training under a senior professional as a requirement for eligibility to give exams. This training imparts qualities like people-management & ability to handle real-life problems such as getting things done in time & scheduling activities. It develops the ability to sense for information by looking beyond mere numbers. The CA gets trained to work for longer hours continuously.

It also gives a broad perspective about the business world to the incumbent. The aspects like Finalization of Audit where the article takes multiple aspects into consideration provides inputs to develop planning abilities. The training goes a long way in developing the student into the future professional. The diligence that is developed in this course harbors & nourishes analytical skills, lateral thinking. Also patience & teamwork get in the mind-set of the incumbent. The article-ship experience brings a responsible & sound professional into existence.

Let's now go to the third & last aspect: Application of knowledge & experience in synchronization. The professional serves his clients by advise based on knowledge of the highest caliber in it's respective area of study & experience. The process of maturing from a student to a CA lays the foundation for both knowledge & experience in the field. His professional opinion is therefore based on a combination of possibility & real-life feasibility. He can examine a situation from various angles and help solve specific problems. He can understand the dynamics of innovation & the movements of the market to guide a client in times of crisis by identifying

qualities that will help a client survive. It is this synchronization effort that results in imparting the best services for each client, every time.

But this is not the end of the story. Up to this point we have seen the feasibility of a CA as a consultant but then there are certain shortcomings also which the present study course has within it. The curriculum today is more theory oriented. It is not tuned towards the latest in terms of management practices or information technology. Also the market perception that a CA is the "numbers man" has been rooted because of such course pattern. I would like to point out that the C.A.'s today are mainly in Tax & Financial management due to the curriculum. This can be changed if the ICAI adopts a different approach & allows students to select optional subjects such as Human Resource Management, Negotiations & Liasoning at the Intermediate & Final levels. Also students could be provided more inputs about communication & information management. The Article-ship period could be re-designed to provide scope for specialization. Besides the Industrial Training period could be extended.

Having expressed my opinion on the suitability of a CA as a management consultant, and possible steps to further enhance the skills of a CA, I shall conclude by saying "The CA is a very appropriate & necessary qualification for the management consultants across the entire spectrum of corporate management advisory services."