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FUNCTIONS AND RESPONSIBILITIES OF CONSULTANTS ^{1/}

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We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.

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FUNCTIONS AND RESPONSIBILITIES OF CONSULTANTS

1. Development and Consultants

The process of economic and social development in developing nations is complex. There exists a multitude of closely interrelated economic, social and political factors involved in the process. The successes and failures of development projects largely depend on how men behave creatively and constructively while understanding the complexity and interrelatedness of these factors involved in the formulation and execution of development projects.

Men who participate in the development process establish the goals to be attained and shape the course of actions to be taken. Leaders in developing nations must realistically grasp the material and psychological needs of the people and find the optimum solutions to the problems by examining the existing social and economic constraints.

It is now a well established fact that one of the most important resources for national development is human resource. The development of human resources requires long-range planning. The implementation of the human resource development plan takes a substantial amount of time. People must wait patiently for children to grow healthily and to be educated properly.

Nevertheless, it is often the case in developing nations that the problem of economic and social development is becoming the major political issue as more people are given opportunities to participate in the political process. The existing social and psychological condition is so unbearable for a certain stratum of the society as to make the problem of economic and social development a pressing issue for the political leaders. The importance of the time factor must not be neglected in the process of the overall national development. For the stability of government which is essential for the efficient formation of capital, the aspirations and material needs of the people must be reasonably satisfied.

The solutions of development problems require diverse and numerous human resources. Manpower is the key factor for development. The effective project formulation and implementation are dependent on the rational management of human as well as material resources.

Developing nations often lack the availability of highly trained manpower to meet the increasingly difficult requirements. They lack the empirical knowledges or know-hows which must be accumulated over time. Considering the complexity and variety of factors to be analysed and the lack of well experienced specialists in developing nations, the role of consultants should be carefully re-examined.

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It is a reality that the urgent need for a higher rate of economic growth and the requirement for foreign borrowing necessitate the use of consultants in developing nations. The specialized know-hows of consultants are found very valuable in the formulation and execution of projects. It is often the case that though the use of consultants involves cost, their consulting services bring about a substantial reduction in the total cost.

2. Definition of Consultant

It is very difficult to define the term, "consultant". The definition of consultant used in this paper is found in the Manual on the Use of Consultants in Developing Countries.

A consultant is defined as a person or an organization employed by a client organization, on account of his or its specialized knowledge and experience, to act as an industrial adviser or² to assume responsibility for action programmes for industry.

A consultant can be defined in a broader term, but we are here limiting the scope of our study to the area of industrial development.

Consultants are specialists, professionals and problem solvers. They sell their expert knowledges in response to the needs of clients. They are in a position to be able to give neutral, independent and unbiased opinions to the clients and to find the best solutions for the specific problems presented.

Consultants must have adequate education, training and experience. They must be always willing to face new problems and accept the challenges of varied works. The consultants who undertake similar projects in different developing nations can find the major bottlenecks easily and suggest the best course of action for the solution of the problem. They are often regarded as good advisers with sufficient scientific tools of analysis, who can give timely advice to the decision makers who are confronted by increasingly complex problems.

3. Usefulness of Consultants

The benefits from the use of consulting services are numerous and varied. First of all, the specialized knowledges and accumulated know-hows are readily available from consultants on a flexible basis.

1 United Nations Industrial Development Organization, Manual on the Use of Consultants in Developing Countries, New York : United Nations, 1968

2 Ibid., p.vi.

The client organization may not have a sufficient number of specialists, or the staff of the client organization may not have sufficient ability to carry out a project effectively. In such cases, consultants can be very useful in providing specialized knowledges or accumulated know-hows in response to the specific needs of the client organization. Since it is not economical for the client organization to hold a large number of specialists constantly, the effective utilization of knowledges or expertise which consultants have, may have a very favourable effect on the overall management of enterprise.

The availability of services from consultants on a flexible basis is very valuable for clients. Consultants can provide a ready set of specialized knowledges for the specific requirements of projects. When an enterprise is being expanded, for example, certain types of specialists who can carry out planning, feasibility study, designing, supervision and so on, are necessary. If a firm wants to hire a group of permanent staffs in order to meet new requirements, it takes a substantial amount of time for re-organization.

Consultants, on the other hand, can commence work at any time after the signing of the contract. This can save not only time, but also a substantial amount of cost.

Since consultants can carry out their tasks in the most efficient way, the use of consultants can assure the quality of work. In this respect, consultants can accelerate the process of development by minimizing the time required from planning to actual operation, and by assuring the quality of project.

For the purpose of management, the use of consultants can be very helpful in minimizing the interruptions of daily work when a new project must be undertaken. By delegating a certain responsibility and assigning tasks to consultants, managers can relieve permanent staff from excessive burden. In this respect, the use of consultants is particularly useful for small and medium-size enterprises which need a group of specialists for a certain period of time, but cannot afford to retain a large number of specialists on a permanent basis.

Secondly, consultants can provide independent evaluations and present unbiased opinions to the clients. The objectivity which consultants have is very valuable not only for the clients who want to understand the real nature of the problems which they face, but also for the bankers and others who want to have the objective evaluations of proposed projects. Consultants can observe the existing condition as outsiders and can analyse the problems impartially. They can avoid their emotional involvement in the internal politics of the organizations and can often act as a neutral mediator, who can make judgements based on scientific analyses. This helps the top management greatly in the resolution of pending problems, which have been prevented due to the loyalties and interests of staff and managers involved.

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Thirdly, consultants can have a fresh look at the problem presented and take a new approach to the solution of the problem. Because of their ability for multidimensional analysis and their experiences in different developing nations, consultants can see things in perspective and have a better understanding of the situation than those who are repeating the old practices. They can see all the important aspects of the problem and suggest the necessary measures to be taken for the solution of the problem.

Fourthly, consultants are well acquainted with the latest technological developments and can apply the best possible technique to the specific situation. The knowledges of consultants cover all the areas related to industrial development and their qualifications as engineers, economists, lawyers and so on, are usually very high. Among consultants, are found many distinguished persons

4. Types and Sources of Consulting Services

The scope of consulting services is very wide. Consulting services are provided in response to various requests from clients. They include such services as a brief management adviser service, planning for a large industrial project, designing of production facilities, supervision of construction works, guidance for training and so on

The following list shows the types of consulting services available for the construction and operation of industrial facilities.

- a. Preliminary survey
- b. Overall planning
- c. Feasibility study
- d. General layout and preliminary design
- e. Detailed design
- f. Preparation of specifications and contract documents
- g. Study and evaluation of tenders
- h. Supervision of construction works
- i. Training
- j. Management Consultation

At an early stage, consultants can give advice to the clients for the establishment of priorities and the formulation of an overall plan for integrated industrial development. Any project must be placed within the framework of the industrial development plan and must be evaluated from economic, technical, organizational and financial aspects.

A feasibility study must show the economic viability and the effect of the proposed project on the overall economy of the country. It must include the investigations of the supply of raw materials, labour requirements, market condition, financing, profitability and so on. It is a basis for the formulation and execution of sound development projects.

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Engineering services include technical feasibility study, testing, preliminary design, detailed design, preparation of specifications and contract documents, evaluation of tenders, and supervision of construction works.

Due to the lack of skilled manpower in developing nations, consultants are often called on to undertake a training programme for operating personnel. Consultants usually try their best to utilize as much local labour force as possible.

While working together, consultants can teach engineers and technicians on the spot. But it is often found that a systematic training programme is necessary so that enough qualified engineers are locally available when the operation is started. Consultants can give advice on the formulation of training programmes, administer training centres or act as instructors.

Management consulting services cover various areas such as general management survey, production planning, marketing, operations research, development of new production and distribution systems, accounting, corporate financing, personnel planning, data processing and so on.

The major sources of consulting services are consulting firms and individual consultants. Universities, research institutes and international organizations sometimes provide consulting services, but the scopes of their consulting activities are still limited.

Because of the complexity of the problems presented to consultants, the rapid technological change and specialization, it is often found advantageous for consultants to form a consulting firm.

A consulting firm can retain a required number of specialists according to the needs of clients and can provide consulting services on a flexible basis. Some consulting firms are very small, having been established by only a few engineers. Other firms are medium or large and can undertake large-scale projects. Some firms are independent consulting firms. Other firms may also undertake the function of contractors.

Individual consultants are usually well-experienced specialists who are often very well known in the field. They are qualified to give good advice to the managers for they usually have wide knowledge and numerous experiences.

5. Responsibilities of Consultants

One of the major responsibilities of consultants is to provide sincere consulting services and to protect the interests of clients. Consultants often act as agents or representatives for the clients. The responsibility of consultants as professionals is far beyond the legal obligation prescribed in the contracts made between clients and consultants. Consultants have a moral obligation to serve the client faithfully.

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In order to be faithful advisers to the clients; consultants must be fully aware of the limitation of their ability. If they feel that a project is beyond their ability, they should not undertake such a project. They should not attempt to sell consulting services which are far beyond their ability. They must present themselves entirely on the basis of their ability and experience. If consultants promise more than they are able to do, they are liable to lose reputation and prospective clients. Consultants must always try to gain the confidence of clients.

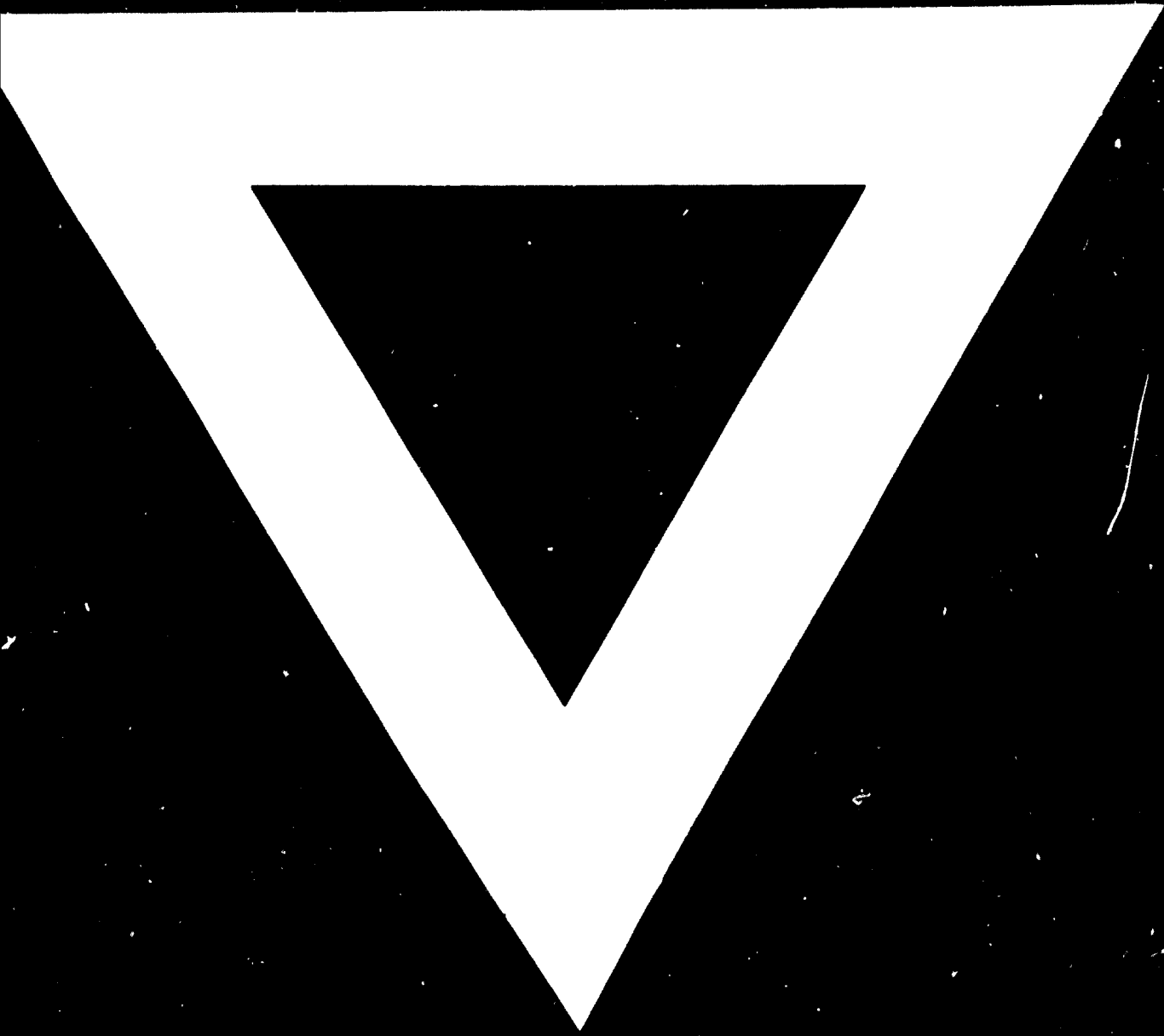
Consultants must not disclose information obtained from clients for consultation. They must not divulge secrets for the protection of the interests of clients. Consultants are given confidential information concerning the client organizations. The ethical treatment of such confidential information is usually prescribed in the codes of ethics for consultants in developed nations.

Consultants should not accept any commissions or discounts. They should act fairly between a client and a contractor. In the supply of goods and services, some contractors may approach consultants in a blatant manner, but consultants must keep a high standard of conduct under all circumstances.

For the effective and efficient formulation and implementation of development projects, the relationship of mutual confidence and co-operation between a consultant and a client is a fundamental prerequisite. As long as the behaviour of man is a key factor for development, the importance of the human relationship between consultants and clients must be strongly emphasized. Consultants and clients must work creatively side by side toward a common objective while giving and taking from each other.

In this regard, it can be said that the successful use of consultants depends also on the clients' understanding of the functions of consultants. Clients are expected to be well acquainted with the roles and modes of operation of consultants so that the conflicts caused by misunderstanding can be avoided. Good communications and frank discussion between a consultant and a client lead to the successful execution of projects. I hope this workshop on the use of consultants will be an excellent forum for both consultants and clients to have frank discussions and will contribute to our mutual understanding and co-operation.





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