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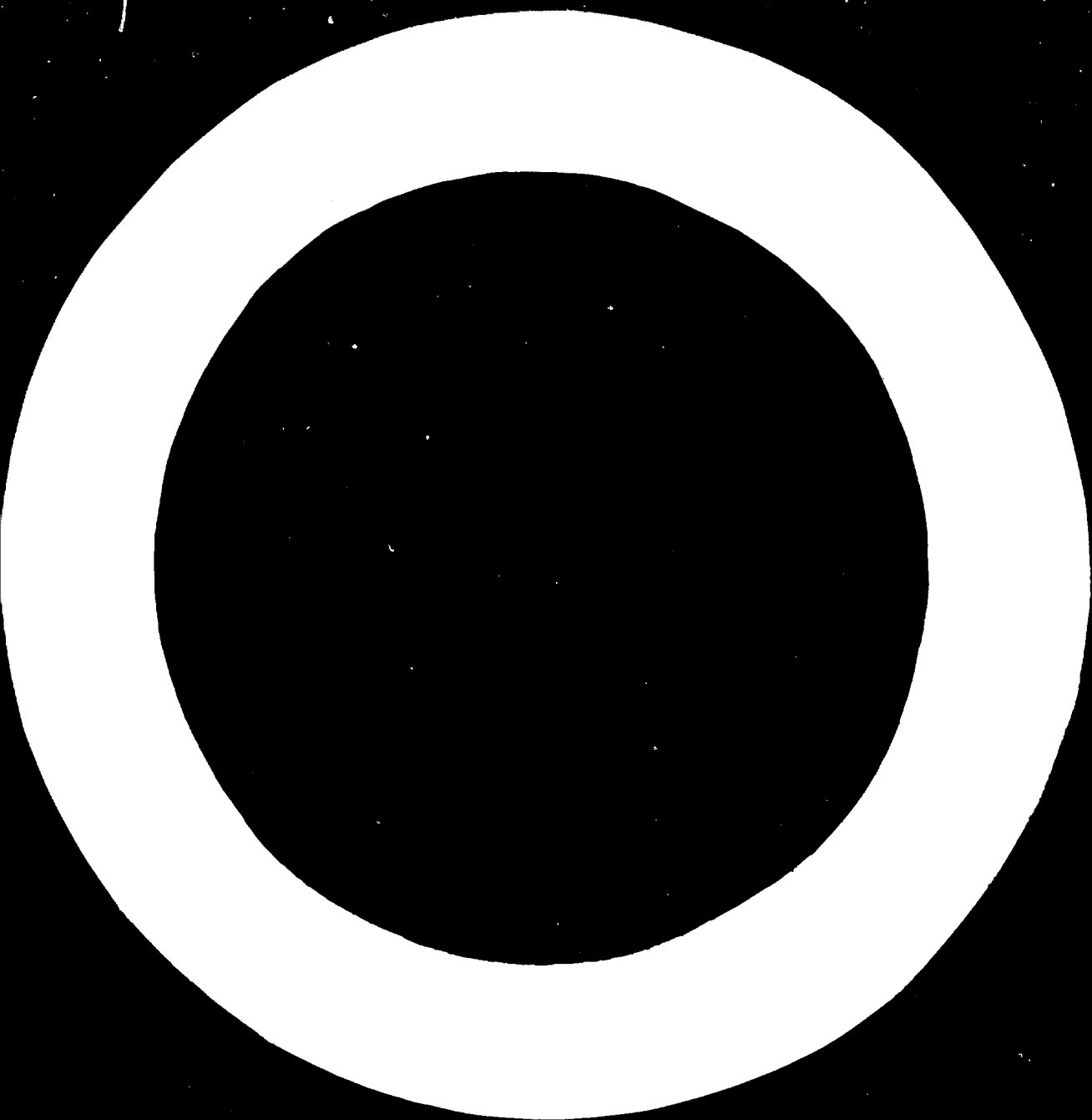
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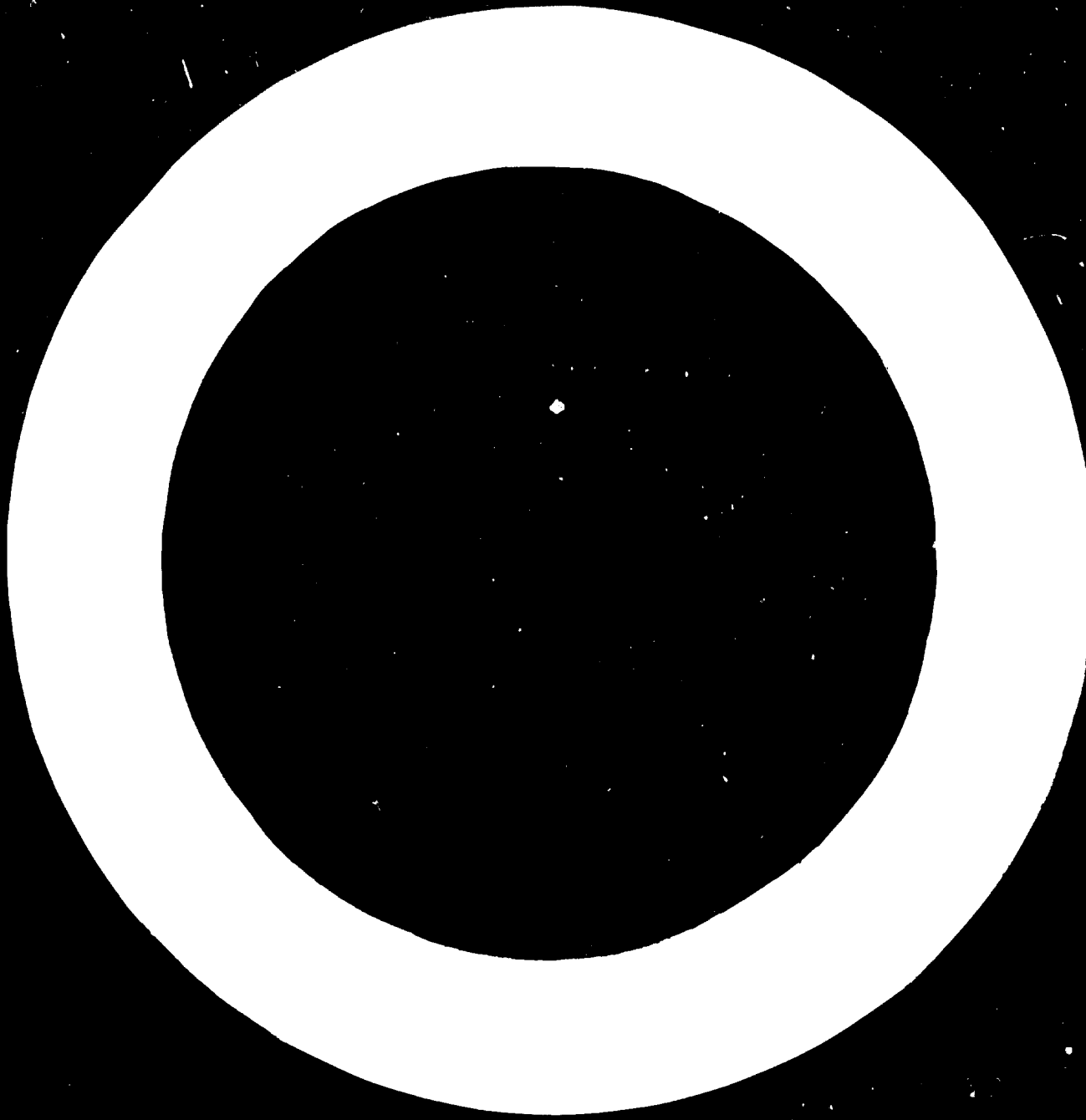
REPORT OF
THE REGIONAL WORKSHOP
ON THE USE
OF CONSULTANTS

held in Tokyo, Japan, 1-13 December 1969



UNITED NATIONS





UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION, VIENNA

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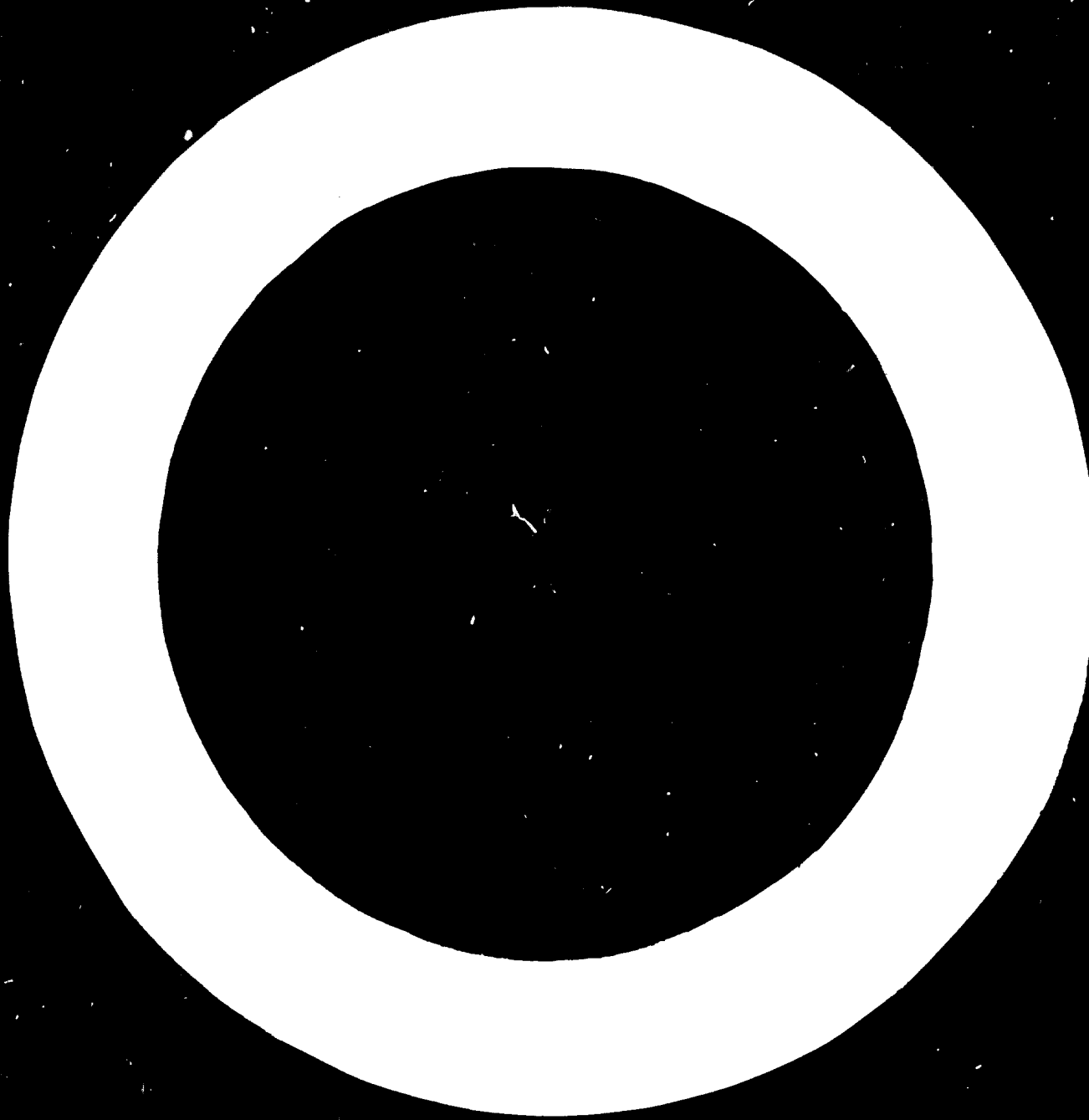
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I. INTRODUCTION

Background and Purpose

1. At the Expert Group Meeting on the Use of Consultants, held in New York in October 1966, the "Manual on the Use of Consultants in Developing Countries" was finalized and the comments of more than sixty experts and managers of engineering, management and other consulting organizations in the Americas, Asia and Europe were incorporated in the final document published in 1968.
2. In line with the increasing interest in and need for consultants in the industrialization process of developing countries, regional workshops were proposed as an effective means of bringing together industrialists, managers of public and private industrial development agencies and other employers and suppliers of consulting services to discuss common problems encountered on the regional levels.

Organization

3. Under the joint sponsorship of the Government of Japan and the United Nations Industrial Development Organization, the first Regional Workshop on the Use of Consultants was held at the Tokyo International Centre in Ichigaya, Tokyo, Japan, from 1 to 13 December 1969. The Workshop was organized with the co-operation of the Overseas Technical Co-operation Agency (OTCA), The Engineering Consulting Firms Association (ECFA), the Japan Productivity Centre and the Japan Consulting Institute. Mr. H. Ohoto, Director of OTCA, was Honorary Chairman of the Workshop; Mr. L. Katkhouda, Acting Chief of the Industrial Institutions Section, UNIDO, and Mr. H. Hori, Chief of the Internal Operations Division, OTCA, were Director and Co-director of the Workshop, respectively.
4. The Workshop proposed to discuss problems concerned with the functions and responsibilities of consultants, the techniques and methods of selecting consultants, the contractual and financial arrangements in connexion with consulting assignments, the implementation of the consultant's recommendations, the training of consultants and the ways and means of providing more effective consultancy assistance to industry

and to those agencies dealing with local and foreign consultants involved with industrial development.

Opening Ceremony

5. Mr. W. Magistretti, Resident Representative of the United Nations Development Programme in Japan gave the initial address of welcome to the members of the Workshop and to the representative of the Government of Japan, Mr. A. Shigemitsu, Director General of the United Nations Bureau, Ministry of Foreign Affairs. Welcoming statements were also given by Mr. K. Tasuke, Director General of OPCA, and by Mr. Y. Kubota, Chairman of ECFA.

Attendance

6. The Workshop was attended by:

- Seven experts with executive positions in consulting organizations from the following countries: Australia, India, Japan, Poland, Sweden and the United States;
- Thirteen participants holding high managerial positions in either consulting firms or industrial development agencies from the following countries: Afghanistan, Ceylon, China, India, Indonesia, Iran, Malaysia, the Philippines, Singapore and Thailand;
- Ten observers with executive positions in either consulting firms or industrial development agencies in Australia and Japan.

The Engineering Council of America and the International Federation of Consulting Engineers forwarded their regrets to the Workshop that they were unable to send observers as originally planned.

A complete list of names and addresses of experts, participants and observers at the Workshop is given in Annex 2.

Election of Officers

7. The Workshop unanimously elected the following officers:

Chairman	Mr. M. Mariwalla (India)
Vice-Chairman	Mr. C. Mylvaganam (Ceylon)
Rapporteur	Mr. H. B. Tan (Singapore)

Agenda

8. At its first session, the work programme and agenda, as reproduced in Annex 2, were unanimously adopted.

Documentation, Report and Working Language

9. Documents prepared in connexion with the Workshop included the following: information papers distributed at the Workshop, and discussion papers presented by the experts in attendance. A list of these documents is given in Annex 2. In addition, certain papers were prepared by participants and delivered to the Workshop as unofficial statements. A summary of these individual statements is given in Annex 1.

10. At its closing sessions, the Workshop unanimously approved the draft report of the discussions that took place. The recommendations formulated by the participants and the experts were carefully considered and unanimously approved.

11. English was the official working language of the Workshop.

Closing Ceremony

12. At its closing session, the Workshop was addressed by Mr. Y. Sekiyama, Chief of Technical Co-operation Section, Trade and Development Bureau, Ministry of International Trade and Industry, Government of Japan, and by Mr. H. Hori, Director of the Workshop. Both speakers complimented the participants on their enlightening discussions and constructive recommendations as well as on the co-operative spirit that prevailed throughout the sessions. In a statement made by Mr. H. Yamaguchi, Managing Director of ECFA, the Workshop was praised as a rewarding experience for all in attendance. Speaking on behalf of UNIDO, Mr. Katkhouda expressed appreciation to the Government of Japan for their hospitality and co-operation and thanked the responsible parties in the Government and in the respective consulting firms and development agencies for their valuable efforts in organising and servicing the Workshop. The closing statement was made by the Chairman of the Workshop, Mr. K. Mariwalla, who, speaking on behalf of the participants, thanked UNIDO and the Government of Japan for providing the opportunity for discussion on this important subject. He expressed the hope that UNIDO and other agencies would, as appropriate, implement the approved recommendations that fall within their competence.

II. THE DISCUSSIONS

Functions and Responsibilities of Consultants

13. Two papers on the subject of functions and responsibilities of consultants were presented to the Workshop for discussion. The emphasis in the first paper was on technical and engineering consulting services, the speaker citing several case studies of projects in the fields of industrial design, planning, specification, bid analysis and the like, undertaken by Japanese consulting firms for international, national and regional clients. Using consultants retained by the International Bank for Reconstruction and Development (IBRD) as a specific point of reference, the speaker noted that consultants often serve as an important link between the supplying organization and the recipient country.

14. In the second paper, the work of Japan's management consultants received considerable attention and, in this connexion, the speaker stated that the type of management consulting service required and most readily accepted by a particular country was dependent for the most part on the country's achieved level of industrial development as well as on the nature of its most immediate problems.

15. In the discussions that followed attention was focused on the need for consultants to act not only as problem solvers but also as diagnosticians of related problems. It was suggested that, when consulting with national bodies concerned with national development plans, consultants should take into consideration the project's over-all contribution to the country's economy and thus be willing to train local counterparts to deal with the after-service of such projects.

16. In referring to management consulting assignments, the Workshop was mindful of the problems involved in assessing the extent of a consultant's liability should his service fail to produce the expected results. More probably, liability can be determined in cases involving technical and engineering services such as dam building, water projects and the like. Thus, consultants were advised to act always with the best interest of their clients in mind and to provide clients with unbiased and qualified recommendations. Since a valuable criterion

for judging a consultant's qualifications is the repeated use of his services, the consultant was seen to have a responsibility to himself and to the profession to maintain his good reputation and professional standing through top level performance on each assignment. It was agreed that, while as professionals consultants should assume responsibility for their decisions, they should not be held liable for unsatisfactory results if the client has failed to properly implement the consultant's recommendation. It was further noted that consultants wishing to comply with the objectivity requisite should not have any commercial or business ties to suppliers of the same client.

17. The practicality of obtaining insurance on design and other consulting work, particularly as it applies to projects in the technical and engineering fields, was discussed at length. Several participants maintained that the high premiums for such insurance tended to put a financial burden on the consulting firms, thereby limiting their freedom to operate effectively.

18. It was thought useful to the discussions to define the primary sources of consulting services: industrial consultants, consulting firms, industrial research institutes, universities, government agencies and international organizations; suppliers of equipment, material or proprietary information were not regarded as professional consultants.

19. Consultancy in the field of project evaluation and feasibility studies was believed of special importance to developing countries and, in this context, two types of feasibility studies were distinguished: one involving projects concerned with the infrastructure for economic development where no direct financial return on investment can be measured; the other concerned with the establishment of new or the expansion of existing industrial enterprises where direct profits may be seen as resulting from such investments. However, as a general principle, estimates of feasibility should involve not only cost and profit analysis but should also be based on the project's long-range socio-economic contributions to the country.

20. Reference was made to the interest that the Governments of both developed and developing countries have in supplying technical and managerial advisory services to their small-scale and cottage industries.

It was noted that in many cases Governments have established the institutional schemes needed to provide such services. In this regard, advisory services supplied by public or semi-public organizations were believed to complement the work of private consulting firms operating in the country.

Selection of Consultants

21. In order to alleviate the critical shortage of qualified consultants in developing countries, the Workshop unanimously recommended that developed countries make available their pool of experts. In the paper presented on "Methods of Selecting Consultants", it was pointed out that often the so-called problem initially assigned to the consultant may, in fact, not be the actual problem requiring solution. Hence, clients should conduct preliminary studies aimed at clearly identifying the nature and defining the scope of their problems before bringing in an outside consultant. Particularly in developing countries, specialists in the field of concern should be assigned the task of preparing such studies. The Workshop was critical of clients that placed too much emphasis on the selection of a consultant and not nearly enough on the proper evaluation of the problems requiring solution.

22. Once the decision to bring in an outside consultant has been reached and the preliminary studies on the problem have been completed, the client's next step is to select a suitable consultant or consulting firm, as the case may be. In the combined opinion of the participants, the following criteria should be observed when evaluating prospective consultants: the reputation and professional standing of the consultant or firm or both, based on reference checks; the previous clientele served; the volume of repeated business; the academic and professional qualifications of the consultant(s); the value of the proposed consulting fee; the degree of knowledge of local conditions, language and the like. It was agreed that often a high fee must be paid for top quality consulting work and, in this connexion, clients were advised not to allow a low fee to be the most decisive factor in selecting a consultant. On the other hand, it was agreed that clients should not interpret an expensive fee as being tantamount to superior work. Ultimately good consultants will stand on their reputation

and high degree of professionalism and not only on remunerative returns. It was concluded that no method existed that would guarantee the screening out of "misfits".

23. Since most of the participants were familiar with the services of United Nations experts in their respective countries, the subject of selecting and utilizing such experts seemed highly relevant to the discussions. Experts are recruited by the United Nations on an individual basis and assigned the tasks of completing a specific assignment and of training local counterparts in the country. Several participants pointed to cases where there had been a breakdown in communications between the United Nations expert and the recipient agency. It was therefore suggested that the recipient country prepare a background information report, to be supplied to the expert before he assumes his functions at his duty station, that would include, inter alia, a detailed job description conveying an accurate and realistic definition of the assignment and including relevant data on existing facilities, local personnel and the socio-economic conditions in the country.

24. Developing countries were urged to explore the possibilities of using indigenous expertise for certain types of consulting assignments before turning to foreign consultants for assistance.

25. It was also mentioned that certain international agencies such as IBRD and UNIDO have developed for their internal use standard questionnaires which when filled out would supply the required information necessary to allow for a proper selection of consultants.

26. In the concluding remarks on the discussion topic, several participants maintained that international agencies, including UNIDO, could do much to assist developing countries by establishing standard criteria for selecting consultants.

Contractual and Financial Arrangements in Connexion with
Consulting Assignments

27. The lack of indigenous technical know-how is a characteristic of most developing countries. Bearing in mind the limitations on available UNIDO funds as well as the paucity of experts and consultants from UNIDO and from developed countries, the Workshop strongly recommended

that international consulting firms dispatch only their most qualified professionals to developing countries and not use such assignments as a training ground for junior consultants.

28. It was believed that for consulting services rendered on the international market formal contracts were essential; less formal written agreements between clients and consultants may suffice for domestic assignments. Those responsible for drafting contracts were advised to take the following important points into consideration: the availability of skills and materials, the client's existing facilities; the degree of involvement of client personnel; overhead costs; time and budget allowances.

29. Preliminary discussions between client and consultant were strongly recommended in cases involving international consulting assignments. In order that all parties concerned have a clear understanding of the roles they were expected to play, such talks should precede the signing of the contract and the commencement of work. The usual practice is for the client to be charged an initial fee for these discussions.

30. Examples were cited of contracts and written agreements containing consultant liability clauses. However, it was generally concluded that the difficulties involved in assessing liability often render such clauses ineffective and for this reason the client should look to the selection of a good consultant as the final guarantee for good service.

31. The Workshop drew attention to the various systems that have been developed within the consulting profession to provide a means of remunerating consultants for their services.^{1/} Included in this listing were: lump sum, relating to all or part of the consulting service; per diem, based on salaries and overheads; costs plus a fixed fee; percentage costs of work involved in cases of engineering consultancy; a combination of any of the above.

^{1/} See "Manual on the Use of Consultants in Developing Countries", New York, 1968, United Nations publication, (Sales No.:E.68.11.B.10), pp. 29-35.

32. In terms of the work itself, the following guidelines were given for fixing a fee: lump sum for process design, plant design and the like; per diem for supervision and commissioning of plants. In cases of fees based on a percentage of total costs, it was noted that professional ethics have prohibited consultants from accepting additional payments from contractors. It was suggested that clients investigate fees that appeared disproportionate with the amount of service rendered. Where a description of services exists, it should be accompanied by a detailed accounting of costs. In this manner, a client could then determine his personnel requirements and, if the assignment involved the use of foreign consultants, decide to assign preliminary studies and other groundwork activities to local consultants, thus contributing to the development of a viable indigenous consulting profession and possibly reducing the overall costs of the project.

Implementation of Consultant's Recommendations

33. In discussing the integrated stages involved in the use of consultants, the Workshop listed the following: first, the determination of the need for consulting services; secondly, the proper identification and definition of the problem requiring solution; thirdly, the selection of a suitable consultant(s); and finally, the implementation of the consultant's recommendations. At all stages, it was believed imperative that a continuous dialogue take place between the client and the consultant (and including the contractor if one is involved in the project). Furthermore, consultants were advised to work in close liaison with key client personnel and with others who may be associated with the project.

34. In the implementation of contracts involving large supplies of materials, depending on the availability of hard currency, local skills, equipment and the like, it may be necessary to overlook the high costs of indigenous materials. The Workshop was informed that this practice has particular application in the developing countries where the paucity of ready money among local concerns has sometimes made it difficult to safeguard the progress payments of consultant's fees.

35. The need was expressed for an exchange of technical data between the client and the consultant even after the latter has completed his assignment. This system of feedback enables consultants to correlate new data with their recommendations.

36. With specific reference to management consultancy, the Workshop suggested that consultants explain to those who are to apply their recommendations the reasons behind their choices as well as the restrictions within which they have had to work. In this way, implementation of recommendations was known to proceed more effectively. Where the client's employees have contributed to the preparation of a management report, their assistance may be credited within the report; however, names of individuals should be omitted. Similar practices were also suggested for technical consulting assignments.

Conditions for a Successful Consulting Assignment

37. It was believed that, depending on the type, the size and the scope of the consulting services as well as on the personality of the principals involved, one of the following remedial steps may be necessary to clear up differences of opinion that may arise in the course of the assignment: cancellation of the original contract; request by the main consultants for the services of a secondary consulting firm; replacement of the client's liaison officer or the consultant or both.

38. Realizing that the client-consultant relationship has direct bearing on the effectiveness of consulting services rendered, the workshop urged that interim reports become standard procedure for all consulting assignments. Key personnel in the client organization must be assured that the consultant aims to increase the level of productivity and not to decrease staff responsibilities or posts. Client personnel and employees at all levels in the client organization should be instructed to provide the consultant with any necessary information. It was noted that, even with the services of the best consultants, the objectives sought can be fulfilled only to the extent that the client is willing to achieve them.

39. Three case studies outlining the reasons for unsuccessful consulting assignments were presented to the Workshop. In the first instance, the failure on the part of the consultant to initially establish a smooth working relationship with the client's senior management personnel brought about later conflicts and misunderstandings. In the second case study, the client's management personnel rejected the consultant's recommendations, since he had diagnosed the problem as being one of faulty management. Thirdly, a personality clash between the consultant and the client's chief engineering, caused for the most part by the latter's fear of lost responsibility, resulted in his refusal to co-operate with the consultant.

40. On the basis of this background experience, the Workshop proposed that the following procedures become standard in all consulting assignments: job descriptions should be accurately detailed; requests for consulting services should originate with the client's top management personnel; interim reports should be adopted; client personnel at all levels should be adequately informed of their contribution to and the overall purpose of the consulting assignment; the consultant should be given a degree of flexibility in establishing his fee; the selection of a consultant should be based on a combination of factors and not only on the attractiveness of the proposed fee.

41. The suggestion was also made that consultants should take a flexible approach to their problem-solving, since many solutions may lie outside the immediate range of the problem. Nevertheless, consultants should not be willing to compromise their professional ethics for the sake of obtaining solutions.

Training of Consultants

42. In order for a country to establish a viable indigenous consulting profession, the services of its industries as well as of its infrastructural institutions must be enlisted. In this connexion, the Workshop recognized the following as possible training grounds for consultants: universities, research institutes, scientific and professional associations, productivity centres, and international organizations. At this point, in the discussions the example of the

Polish Development Centre was presented to the Workshop. An essential part of the curriculum for each training course offered to managers, specialists and consultants is an explanation of the client-consultant relationship and of the need for interrelated action. The Centre has successfully established a system of feedback between graduates now active in industry and its course instructors.

43. It was the general consensus that those wishing to enter the field of management consultancy should spend some time in industry before joining a consulting firm. For technical consultancy, however, it has been found practicable to accept recent university graduates into a firm on a junior consultant basis, thereby giving them valuable on-the-job experience needed to later qualify them as full professionals. A consulting trainee should possess the following qualities: a broad knowledge of subjects other than his fields of specialty, a logical and analytical mind, an enthusiasm for new learning and a passion for work.

44. The Workshop observed that, owing to the lack of adequate facilities, of technical know-how, and of opportunity for practical experience that exist in most developing countries, the time period for training consultants in these countries is usually considerably longer than that in the more industrialized countries. Consequently, the idea of sending consultants from developing countries to short-term, intensive-training courses conducted by organizations in developed countries received the strong endorsement of all participants.

45. The discussions then focused on the unresolved topic of whether consultancy should be considered as an activity of a specialist or regarded as a full recognized profession. Those wishing to "professionalize" consultancy were advised to: establish a reservoir of knowledge in specific fields of consultancy; establish new and strengthen and upgrade existing training programmes for consultants; establish standard criteria for evaluating a consultant's eligibility for becoming a professional; grant recognition to and adopt legislation for the profession of consultancy; and establish on national and regional bases professional associations of consultants. The Workshop recognized

that especially in developing countries such associations could assist in safeguarding the ethics of the professions and in regulating the practices of consultants operating in the country. It was noted that consideration is now being given in several developing countries to drawing up legislation aimed at fulfilling the above goals.

Summary of Participants' Statements

46. In the afternoon sessions of the Workshop, statements were made by participants on the use of consulting services in their respective organizations and countries. Statements were made by participants from the following countries: Afghanistan, Ceylon, China, India, Indonesia, Iran, Malaysia, the Philippines, Singapore and Thailand.

47. Since participants at the Workshop represented various private, governmental and semi-public organizations making use of and often providing themselves such consulting services, the requirements on the use of consultants differed accordingly. Nevertheless, there was a general consensus on several topics, as summarized below.

48. Governments of developing countries often set targets and establish priorities for their cottage and small-scale industries. Thus Governments should take the initiative in forming productivity centres or similar institutions where low-cost consulting and advisory services would be available. These centres should seek to educate the local industrialists on the need for consulting services in their industries, the knowledge of which is lacking among many of the small-scale industrialists in most developing countries. It was agreed that assistance of this type would serve to complement the activities of the private consulting firms operating in the country.

49. To offset the dearth of both trained specialists and local consultants that exists in most developing countries, the participants joined in urging developed countries and international consulting firms to make available their reservoir of knowledge and qualified consultants.

50. It was further recognized that foreign consultants often represent the only available source of training for would-be consultants in developing countries. Hence consultants from developed countries should act not only as problem-solvers but also as instructors to local counterparts.

III. RECOMMENDATIONS

The Workshop made the following recommendations:

- (1) THAT developing countries in order to strengthen their own core of professional consultants should give preference to domestic consultants whenever possible;
- (2) THAT developing countries should ensure that the needs of small-scale industries for advisory and consulting services are adequately met;
- (3) THAT developing countries should give preference to consultancy training needs in their requests for UNIDO fellowships;
- (4) THAT users of consulting services in developing countries should take adequate measures to retain and to assign their most competent personnel to work with foreign consultants or experts;
- (5) THAT the duties and responsibilities of key client personnel assigned to work with the foreign consultant or expert should be clearly defined;
- (6) THAT in a "turn-key project where the technical consultant is provided by the machinery supplier or financier it would be desirable for the user of consulting services in a developing country to additionally retain their own consultant;
- (7) THAT it would be advisable for the client to require periodic progress reports from the consultant during the course of the assignment;
- (8) THAT foreign experts and consultants retained for assignment in a developing country be made aware of their obligations to train indigenous personnel assigned to work with them so that there will be an optimum transfer of knowledge, skills, techniques and technology, and when applicable this obligation should be defined in the contract.

- (9) THAT foreign consultants retained or assigned in a developing country should make maximum use of indigenous consultants and of other local personnel;
- (10) THAT foreign consultants retained or assigned to work on a regional project should employ as much as possible regional expertise from developing countries;
- (11) THAT it should be emphasized that the successful completion of a consulting assignment will depend to a great extent on the consultant's or expert's prior knowledge of and adaptability to the social, cultural, political and economic environment of the country of assignment;
- (12) THAT maximum utilization of local materials and resources should be encouraged in all development projects including "turn-Key" contracts;
- (13) THAT users of consulting services should give preference to technical consulting firms and individual consultants who have no direct ties with equipment suppliers, manufacturers, or contractors, where such ties might result in a conflict of interest;
- (14) THAT UNIDO prepare a directory of consultants and consulting organisations in the field of industrial development within each developing country
- (15) THAT UNIDO should give priority in the use of consultants and experts to those from developing countries whenever possible;
- (16) THAT UNIDO conduct surveys in co-operation with other United Nations bodies and with appropriate regional organisations to help determine consulting needs and capabilities in developing countries;
- (17) THAT UNIDO in co-operation with developed and developing countries take the initiative in organizing training programmes for consultants in developing countries;

- (18) THAT national consulting associations of developed and developing countries make available to UNIDO for publication purposes case studies of successful and unsuccessful assignments in developing countries
- (19) THAT UNIDO as well as regional, national and other international organisations sponsor periodic workshops in the use of consultants.

ANNEX 1 STATEMENTS BY THE PARTICIPANTS AT THE WORKSHOP

The statements made by participants during the afternoon sessions of the Workshop have been summarized to permit inclusion in this Report.

The views and opinions expressed in these statements are those of the participants and do not necessarily reflect the views of the Secretariat of UNIDO.

Statement by the Participant from Afghanistan^{1/}

Capital and equipment alone have been found insufficient to promote industrial growth; the prime need in Afghanistan as in other developing countries is for easy access to the knowledge of modern technology.

Afghanistan's industrial sector consists of small-scale industries mainly of a handicraft nature and of only a few medium-sized industries. As a result of effective government planning, the past decade has witnessed considerable progress in the development of the country's manufacturing industries.

Bilateral, multilateral and international technical assistance programmes have been instrumental in promoting industrial development in the country. The services of technical consultants and experts on assignment in the country as a result of agreements with the Governments of the Federal Republic of Germany, France, the Union of Soviet Socialist Republics and the United States as well as with various United Nations agencies have contributed substantially to the establishment of an industrial foundation from which Afghanistan is developing. Notable assistance has been received in a number of projects outlined below.

^{1/} Mr. A. Ali Abawi, General Director of Technical Department, Ministry of Mines and Industries, Pashtunistan Wat, Kabul

Under an agreement with the Federal Republic of Germany, an advisory group composed of a director and a staff of eight experts rendered the following assistance: advice to the Ministry of Planning on matters concerned with industrial planning; advice to the Ministry of Mines and Industries on promoting industrial development through improved use of management techniques; training of civil servants in the principles of modern cost accounting; advice to local industrial firms in both sectors on investment matters in connexion with the Afghan Investment Centre. Additionally, the consulting firm of Laymayer International G.m.b.H., operating in Afghanistan since 1963 under a similar technical assistance programme with the Federal Republic of Germany, has lent its consulting services to the installation of an electrical network in Kabul; the construction of the hydro-electric power station in Mahipar; and the construction of oil storage tanks in Kabul and Jalalabad. At the request of the Food and Utilities Department of the Ministry of Finance, the services of the Euroafghan Consulting Company (a joint venture between the Danish firm of Lief Hansen and the Suka Silo Bau of the Federal Republic of Germany) have been received in connexion with planning and construction of silos, food processing and water plants.

Since 1966 the French mission of ASMIC-CINAM (Association pour l'Organisation des Missions de Coopération Technique - Compagnie d'Etudes Industrielles et d'Amenagement du Territoire) has been at work in Afghanistan for industrial development on the regional level. Their services have been instrumental in promoting development in several rural areas and are presently devoted to studying the economic factors that would permit the regional development of industrial estates. The American firm of Robert R. Nathan Associates have been rendering assistance to the Ministry of Planning in establishing the administrative machinery for the formulation and implementation of industrial development programmes.

The Afghan Investment Centre was established to offer assistance to foreign and domestic private investors as well as to government officials concerned with national investment programmes. The Centre's

services include feasibility and pre-investment studies, technical advice on plant design and equipment procurements as well as technical assistance in the areas of management development and productivity. The International Labour Organisation, the Asia Foundation and the Governments of the Federal Republic of Germany, France and the United States have contributed expert advisors to act as the Centre's initial teaching staff. Fees are kept low so as to provide services to local industries and are offered usually on the basis of a fixed fee plus out-of-pocket expenses.

As Afghanistan plans for further developments of and improvements in the country's infrastructure as well as in its agricultural industries, the assistance of more foreign consultants is urgently needed.

Statement by the Participant from Ceylon^{2/}

Within recent years Ceylon has experienced an unprecedented growth in its industrial sector as well as a concurrent demand for skilled technical consultants. Both the public and the private industrial sectors have sponsored the establishment of institutions offering managerial and technical consulting services, such as the Management Development and Productivity Centre, the Technical Services Agency of the Industrial Development Board, the Ceylon institutions of industrial and scientific research, the accounting and management consulting divisions of the country's major auditing firms. Since most of these institutions are in the early stages of operation, Ceylon must look to external sources to supply highly specialized technicians. In this context, the use of consultants has become the subject of many meetings and seminars held among potential and actual users of such services. The following important factors have emerged from these discussions:

- A clear definition of the problem to be solved as well as an accurate assessment of related factors are essential to the success of all consulting assignments;

^{2/}Mr. Cadiravail Mylvaganam, Chairman, Industrial Development Board; and Director, Industrial Development, Ministry of Industries and Fisheries, Colombo.

- Specific reasons for retaining consultants should be properly identified and clearly spelled out to the consultant and to the client's involved personnel;

- Time and money will be wasted in drawing up recommendations if the consultant fails to conduct his own preliminary studies of the problem and its related factors:

- External financing arrangements for consulting projects often place limitations on the client's choice of consultants;

- Both client and consultant have mutual obligations in a consulting assignment;

- At all stages of the assignment, it is essential to have a continuous dialogue between client and consultants as well as to have interim reports in order that harmony may exist among those involved with the project.

Against this background of experience, the Industrial Development Board was set up to provide, inter alia, assistance to clients in both industrial sectors who seek advisory help in the use of foreign consultants. IBD operates in various industrial fields and its work is administered by its associated agencies which include: the Marketing and Export Promotion Centre, the Management Development and Productivity Centre, the Credit and Finance Agency, the Industrial Estates Agency, the Investment Information Bureau, and the Technical Services Agency.

Through its Economic Research Division, IBD provides clients with assistance in conducting preliminary project studies and subsequent follow-up activities involved with the use of foreign consultants. In association with its advisory councils and with its industrial panels set up in each branch of local industry, IBD also provides help to local industrialists in identifying trouble spots where consulting services may be of assistance.

According to a recent survey of Ceylon's industrial needs over the next five years, consulting services will be required on both the national and the regional levels for most of the country's heavy and light industries. Additionally, such projects as the proposed "Free Industrial Zone" and the development of the Trincomalie harbour will require assistance from skilled consultants.

Statement by the Participant from China^{3/}

The China Productivity and Trade Center was established in 1955 to stimulate economic development by means of improved industrial productivity. Through the training programmes set up, the management research conducted and the consulting services rendered, the Centre has provided technical and managerial assistance to almost five hundred of the country's industrial firms.

Consulting services are extended either on a short-term or a long-term basis depending on the diagnosed client problem or on the length of service requested by the client. In either case, a task force composed of personnel from the Centre as well as from the client organization is assigned the job of ensuring that the consulting service is rendered in a harmonious and effective manner.

The Centre operates on a non-profit basis and charges its clients a minimum fee for service. In this way it is able to assist many of the smaller firms that are unable to meet the high fee requirements of international consulting firms. The Centre aims to provide top quality service and as such selects only qualified consultants to carry out its assignments. In assessing the value of a consultant, the Centre places emphasis on the consultant's character rating as well as on his professional qualifications.

The problems encountered by the Centre are likely to be shared by similar institutions in other developing countries. For example, the management of many small-scale firms are either ignorant of or apathetic towards learning modern management techniques. This can be partly explained by the nature of these businesses: most firms have been passed down through families with little or no concern for the management ability of the family member inheriting the firm. As such it is often difficult to make the owner see that he must update the firm's management techniques. Attempts have been made, and at times with much success, to break down these traditional barriers by means of symposiums and conferences aimed at bringing the problems of these industries into the public light and at educating the

^{3/} Mr. Yu-Tien Li, Manager, Management Consulting Department, China Productivity and Trade Centre, Taipei, Taiwan.

industrialists to come more management oriented.

Similarly, problems have been encountered in compiling the necessary economic data required for an accurate diagnosis of the client's problem. Tradition again plays a part in making the client fear that revealed statistics will result in fiscal reprisals. The Centre has had to develop methods of circumventing this client practice although the system of checking submitted data with other sources of information is time consuming.

Many cottage and small-scale industries have registered increased profits as the country has generally enjoyed overall economic growth. True, it is often difficult to convince many of these industrialists that they must quantitatively and qualitatively increase their management personnel. Experience has shown that among the management staff of many "family" firms, knowledge of the principles of modern management is severely limited. The lack of qualified personnel as well as the unwillingness often to bring in trained "outsiders" are problems that the Centre continues to solve.

Statement by the First Participant from India^{4/}

India recognizes the need for deliberate and well-planned efforts aimed at achieving optimum utilization of available resources and improved economic status. Although the expenditures in both time and money for consultant engineering services is low in relation to total outlays for development programmes and projects, insufficient attention to detail resulting generally from inadequate knowledge of local conditions often leads to results considerably at variance with expectations. Not only are certain infrastructures for industrial development generally inadequate in developing countries but environmental conditions are largely different in these countries from those existing in developed countries. While foreign consultants have specialized knowledge

^{4/}Mr. Shri Kan D. Mariwalla, Chief Consultant, National Industrial Development Corporation Ltd., New Delhi.

of technologies, indigenous consultants are familiar with local conditions and influences which ultimately affect the nature of the techno-economic solution suitable for an industrial enterprise.

Consultants in developing countries, in addition to their usual project analysis work, have an additional function, i.e., to analyse manufacturing processes and machinery and equipment available from developed countries with a view to their suitability for application to developing countries. It has been observed that most manufacturing processes and equipment in use in developed countries are essentially large-scale, single-purpose and capital intensive in nature, thus making them usually unsuitable for use in developing countries where markets are small and the equipment required must be essentially flexible and versatile. Indigenous consultants in developing countries, who are familiar with local conditions, make efficient project consultants acting either on their own or in association with consultants from developed countries.

Engineering services in India have evolved rapidly in the past years, owing in part to the increased interest in and use of specialized technology. After two decades of experience, India has built up consultant capabilities in such fields as project planning, market surveys, feasibility studies, project engineering and project evaluation. India has reached a level of general self-sufficiency in most phases of pre-investment analyses and plant engineering. Considerable progress continues to be made in product and process design as well as in the more recently introduced field of management consultancy.

Experience has taught the Indian consultant to take the particular socio-economic factors of a region into consideration when approaching solutions. Similarly, national priorities have been borne in mind in carrying out consulting assignments.

The National Industrial Development Corporation, established by the Government, has evolved into one of the foremost organizations operating in India in the field of engineering consultancy. During a little over a decade, NIDC has dealt with problems particular to local conditions. The activities of NIDC include demand surveys,

techno-economic studies, and detailed design and engineering work at all project stages. Its staff now numbers over 250 engineers, technicians, economists and other professionals skilled in the fields of manufacturing, light process industries, formulation of regional industrial development programmes and the like. The services of NIDC have been used by other developing countries in Africa and Asia as well as by various agencies of the United Nations.

NIDC has, in the course of its growth, experimented with a number of solutions to the problem of training consulting engineers. The main sources of recruits have been experienced engineers and professional men as well as some recent university engineering graduates. For new recruits, it has been found useful to have them work as understudies to experienced consultants in the organization.

It has been recognized that one important function of consultants is the accumulation of technical and engineering data in order that an effective and viable system of feedback may be set up. In this connexion, it is hoped that institution arrangements on the national and international levels can be made for the collection, compilation and dissemination of information pertaining to design solutions adopted for various problems in the past and for follow-up information on the effectiveness of implementing these solutions. In this capacity, UNIDO may be of great assistance to consultants as well as to those using consulting services.

Statement by the Second Participant from India^{5/}

The use of consulting services has increased rapidly in India in the past decades. As a result, Engineers India Ltd. has become the country's largest and most developed consulting firm operating in the area of petroleum and petrochemicals. Government-owned, EIL offers a broad range of technical services to clients in all sectors of the economy. Included among these services are techno-economic studies, process development, basic design, detailed engineering, equipment

^{5/} Mr. Narmohan S. Pathak, Chairman and Managing Director, Engineers India Ltd., New Delhi.

procurement, pre-construction services and construction supervision, project management. EIL operates usually within its own resources although it has occasionally subcontracted with foreign engineering companies, process licensors and the like. EIL's major projects to date have included services rendered in connexion with the construction of refineries at Madras, Haldda and at Bombay and of a chemical plant at Koyali. On a smaller scale, it has been involved with the construction of a petroleum coke calcination plant, a lube blending plant and receiving/shipping facilities for crude/finished products at the Madras Port. A master plan has been prepared for a proposed petrochemical complex in Koyali, and elsewhere studies continue in the areas of insecticides and fertilizers. Future projects include design and construction of a naphtha cracker and of several chemical plants. EIL's clientele have included the Government of India, American International Oil Company, National Iranian Oil Company, Esso, and Sham Progetti. EIL began operations in March 1965 with a staff of three; in 1970 it is estimated that the company will produce over 600,000 man hours of work.

In the course of its work, EIL has recognized that the following points should be borne in mind by all engaged in offering consulting services:

- The development of management skills must keep pace with that of technical skills. This is particularly important in a labour-intensive developing country where a clear definition of objectives and an optimum use of available resources are requisites to achieving a high rate of industrial development. Moreover, the development of only technical skills and the neglect of management skills may result in misguided economic targets that can cause large expenditures of resources and little or no financial gains. Similarly, the application of technical skills relies heavily on the services of management, as for example on the science of quantitative economics which compiles data on available local human and natural resources needed for implementation of development projects.

- Management and technical skills must for optimum development results be applied simultaneously at all key levels of decision making. For example, the work of most government central planning commissions

in formulating national development plans involves such activities as market analyses, economic surveys of local production and the like. Thus, the specialized knowledge of both management and technical consultants are needed. Furthermore, the implementation of industrial projects will require: first, the preparation by competent experts of a techno-economic report, defining inter alia, the size and location of the proposed plant; secondly, the setting up of plant operations which involves construction, equipment procurement, design layout and the like, and carried out so as to receive an optimum of benefits while incurring a minimum of costs.

- Design engineering skills must be developed on the local level in order to support the development and the use of locally manufactured industrial machinery and equipment. It must be realized that foreign consultants are more accustomed to working with foreign manufactured goods and generally specify the use of such goods on their assignments. Hence, the client must pay the costly import duties in addition to the costs of the equipment itself.

- The selection of consultants will best be accomplished if, in addition to such factors as related experience, fees and repeated business, the client examines his available facilities, his personnel and the results of man-hour surveys before making a decision.

- Foreign engineering firms should aim to utilize to the fullest extent the available local manpower and machinery. In this respect, local consulting firms need to exercise a maximum of salesmanship in persuading their clients to give them a growing share of the country's consulting assignments. In order to support this request, they should be willing to furnish clients with guarantees and assumed liability clauses if necessary. It would be useful if Governments of developing countries were to scrutinize the import of foreign engineering services in the same manner as they do the procurement of foreign manufactured equipment.

- As regards the questions of whether a contract should be negotiated or whether it should be thrown open to competitive bidding, and of what form of remuneration should be adopted for a consultant's services, it has been found advisable to allow the specific nature of the project as well as the constraints under which service will have

to be performed to influence the final decision. In all instances, the best guarantee of good service is the selection of the most suitable consultant.

Statement by the Participants from Indonesia^{6/}

In 1969 the National Planning Board began preparation of the country's five year development plan, "REPELITA", which aims to achieve economic progress primarily through the rehabilitation of the country's industries. While the economy remains essentially agriculturally based, the emphasis is on stabilizing inflationary prices, building up the country's infrastructure and increasing productivity of its export-oriented industries.

The shortage of trained manpower, the lack of investment capital and of knowledge of technology and tools of efficient production, inadequate training and research and development facilities are characteristics of the country's industries. While the past years have witnessed a number of studies, reports and seminars directed at solving management problems, the critical need now is for upgrading the over-all operations of industries which means that labour's productivity must be improved, technicians must assume more operational responsibility and prices and quality of manufactured goods must be competitive on world markets. The practice among most management and technical personnel has unfortunately been to downgrade their activities in order to adjust to problems which offer no easy solution. As a result of a recent Management Consultation Seminar held in Gresik, the country's management leaders were urged to study more closely the various socio-psychological factors that affect industry and the community as a whole. Suggestions were also made to strengthen the educational efforts to support greater understanding of these related factors and to broaden the communication channels between industrial managers.

^{6/} Mr. S. Adnan Harun, Chief, Silicate Industries Division, Directorate General for Chemical Industries, Department of Industry, Djakarta;

Mr. M. Harsono, Director, Institute for Industrial Research and Training, Djakarta;

Mr. W. Wignjodipero, President Director of BISMA, Sourabaya

Indonesia has received notable assistance as a result of various bilateral and multilateral technical assistance programmes. The services of UNIDO and of the United Nations Economic Commission for Asia and the Far East have lent valuable support to solving national problems. Consulting services have also been received from the following countries: Czechoslovakia, Denmark, the Federal Republic of Germany, France, Italy, Japan, the Netherlands, the United Kingdom, the Union of Soviet Socialist Republics, the United States and Yugoslavia.

It has been observed that there are many advantages for industrial clients in using outside consulting services. Both foreign and local consultants are generally more able to make independent and unbiased recommendations, apply their broader experience to the problem at hand, work within definite terms of reference, concentrate on the specific problem as opposed to having to work out a solution within the daily routine of office procedures. Moreover, consultants have the psychological advantage of being considered "experts" which makes implementation of their recommendations much easier. Clients are also benefited by the consultant's need to uphold his good reputation through successful assignments. On the other hand, there are a few disadvantages which deserve attention such as the consultant's limited executive authority and his need to act normally through intermediaries, his often brief acquaintance with and understanding of local conditions and language. However, these can be overcome if senior management personnel in the client organization and the consultant take sufficient time to discuss the latter's recommendations. Consultants should consider the heavy work loads of many of these officials and keep the number of discussions to a required minimum. Recommendations should be practical and should take into consideration the client's facilities and the local conditions in the country.

Assigning counterparts to work with UNIDO experts on assignment in the country has been found to contribute substantially to the creation of a viable local consulting profession. If the assigned counterpart receives sufficient salary for his work, he is able to devote his full time to learning and is later able to carry on the

"after-service" of most projects. Since UNIDO experts play a major role in the country's industrialization process, they should be chosen with care, bearing in mind that the need in developing countries is for highly skilled technicians who are able to adapt their problem-solving knowledge to local conditions.

Statement by the Participant from Iran ✓

The services of consultants have played a key role in helping Iran implement its industrial development programmes as set forth in the Government's development plans of the past two decades. Current estimates of industrial needs indicate that consulting services will be required to carry out projects in the areas of education, housing, agriculture, dam construction, irrigation, communications and transportation. Owing to the lack of fully trained local personnel, foreign consultants will be called upon to complement the activities of local consultants in these areas. Thus, the Government has concluded agreements with various foreign firms to begin industrial surveys on improving production levels in Iran's basic industries. Earlier assistance from foreign consultants to infrastructural projects has enabled Iran to carry out such urban projects as city water supply, housing and school building construction.

It has been found that the system of assigning local counterparts to foreign consultants provides otherwise unavailable training to consultants on the local level.

In the opinion of many government and industrial leaders, consulting services have contributed to the high level performance of those responsible for drawing up the Government's latest five year plan as well as to the increased levels of productivity in the various development projects under the supervision of the Plan Organization.

✓ Mr. Kiomars Saghafi, Industrial Expert, Plan Organization, Teheran.

Statement by the Participant from Malaysia^{8/}

The Malaysian Productivity Centre was initiated in 1966 as a joint venture between the Government and the Special Fund component of the United Nations Development Programme. It aims, inter alia, to provide a means of meeting the country's increasing demand for highly skilled industrial managers. Operating as an autonomous body within the Government, the Centre has established various training sections, staff initially with experts supplied by the International Labour Organisation, and offering programmes aimed at developing industrial managers and at increasing the level of industrial productivity. The Centre also assists with the preparation of in-plant and refresher courses offered at the various large-scale industries. Its monthly news letter serves to provide the industrial community with valuable information on recent world-wide industrial developments.

It has been proposed to extend the Centre's activities to include a consulting services section, offering assistance in particular to the country's cottage and small-scale industries unable to meet the high fee requirements of private foreign consulting firms. In planning for this extension, the Centre has had to consider several important factors related to setting up consulting services. Consultants will need to work in close association with the client requesting the Centre's consulting services. Moreover, it is recognized that, owing to the general lack of information about the nature and scope of consultancy work among the country's small-scale industrialists, consultants will have to make additional efforts to provide excellent service and to build up trust in the consultant as an effective problem solver. In this connexion, it may be necessary for consultants to accept "demonstration" projects for little or no fees in order to obtain optimum publicity for their services. The Centre will also need to draw on its good reputation within the business community to ensure that clients properly implement the consultant's recommendations. The Centre is fully aware of the need to back up its consulting services with adequate industrial research operations and to continually improve

^{8/} Mr. Abu Kassim bin Haji Mohamed, Director, National Productivity Centre, Kuala Lumpur.

the performance of its consultants by making available to them upgrading and refresher courses. The needs of the industrial sector as a whole will be periodically surveyed in order to direct consulting services to those requiring assistance.

Thus, the Centre's range of operation will be enlarged to permit even greater contributions to the country's industrial development. It is believed that the Centre's consulting services section will serve to complement the activities of other public agencies offering advisory services such as the Federal Industrial Development Authority which engages in identifying industrial investment opportunities, the Majlis Amanah Ra'ayat which promotes small-scale industries on the regional level, the Malaysian Industrial Development Finance Ltd. which in addition to providing loans offers various forms of technical advice to its customers, and the Development Administration Unit within the Government's Economic Planning Section which offers training in management analysis for selected government officials.

All these efforts and more will be required to meet the increasing needs of Malaysian industry for consulting services.

Statement by the Participant from the Philippines^{2/}

Although consulting services had been utilized by the public industrial sector as early as the 1950s, it was only in 1958 with the organization of the Industrial Consultation Services Department of the now defunct Industrial Development Centre that consultancy emerged as a profession in the private sector. Since that time, many socio-economic factors, the nature of Philippine enterprises and the highly unpredictable market for consultants have affected the growth and the development of consulting firms in the Philippines.

Philippine industry has long been export-oriented. Thus the protective import tariffs gradually set up in the 1960s by foreign

^{2/} Mr. Jose B. Viado, Jr., Managing Director, PERCON INC., Industrial and Management Consultants, Manila.

Governments presented Philippine industry with financial set backs. Moreover, the Government in aiming to encourage foreign investments in the country, lifted the import and foreign exchange controls, thereby heightening the already highly competitive internal market situation. Considering the inadequate management situation that prevailed in most local firms, the time should have been ripe for consulting services to have established a strong foothold in the country. However, for various reasons some of which are explained below, this period saw the proliferation and the subsequent extinction of a number of consulting organizations.

The majority of industries in the country are of a small-scale nature; moreover, most manufacturing concerns in the medium-sized and large-scale categories are owned by individual proprietors. According to a 1959 survey undertaken jointly by the National Economic Council and the UNESCO National Commission on the Philippines, the education level of managers in small-scale and medium-sized industries is as follows: 29 per cent with college education, 32 per cent with secondary school education, 24 per cent with elementary school certificates, and 14 per cent with an education below the elementary school level. Most of these industries lacked trained professionals able to diagnose problems and to implement their solutions.

By tradition, most proprietors owning industries in the country are skeptical of outside assistance. Additionally, the corporate structure of many of these firms is comprised of family associations where the right of inheritance and not the professional ability is a requisite for running the firm's operations. As a result, long-term client-consultant relationships were difficult for consulting firms to establish. Most assignments were on short-range, "crisis-oriented" basis. Hence, the sporadic nature of the market can be viewed as contributing to the disappearance of many indigenous consulting firms.

Regardless of past difficulties, it is believed that consultancy will generally fare much better in the years ahead. In most instances retrenchment has been the solution to many firms' problems. Among the consulting firms specializing in one field, as for example, in management consultancy, a system of reciprocity has been successfully set up. Smaller-scale consulting firms have developed skilled but

flexible professionals; larger firms have increased their areas of operation. Furthermore, the educational level of industrial executives has recently been upgraded as is evident from the more sophisticated management techniques now being employed in industry.

Basically, two major problems face the consultancy profession in the Philippines: first, that of promoting professionalism, and secondly, that of establishing consultancy standards. As regards the former, it has been found that many consultants practicing on a part-time basis have not the time and often not the interest in turning in a highly professional performance. This unfortunately has served to undermine the work of consultants in the country. It has further been recognized among professional consultants in the country that standard criteria for evaluating consultants' work would be a valuable contribution to the profession. It is in this connexion that international agencies, such as UNIDO, can make a valuable contribution.

Statement by the Participant from Singapore^{10/}

The Economic Development Board of Singapore was established in 1961 to assist the country in meeting its development targets. To date, it has created more than 300 industrial plants with a paid-in capital of more than US\$130 million. The Board's responsibilities include promoting industrial development by means of financial and advisory assistance to domestic industrialists planning to establish or to expand their operations. The Consultancy and Productivity Division provides industry with a broad range of technical services, administered by the following agencies: The Singapore Institute of Standards and Industrial Research; the Engineering Industrial Development Agency; the National Productivity Centre and the Light Industries Service Unit.

The Singapore Institute of Standards and Industrial Research provides new industries with facilities for quality control, testing

^{10/}Mr. Hui-Boon Tan, Acting Director, Light Industries Service, Economic Development Board, Singapore.

and inspection. The Institute's facilities are presently available to industrial firms in the fields of chemicals, heavy engineering, building materials and construction, food technology and food science. Future operational plans include undertaking, on a contractual basis, industrial research and development projects.

The Engineering Industries Development Agency offers training programmes for unskilled workers and provides local industries with laboratory and workshop facilities. Additionally, the Agency's skilled technical personnel undertake consulting assignments in various industrial fields. The Agency is currently providing several industrial services otherwise unavailable in the country such as mould making, metal finishing and machine construction.

The National Productivity Centre is basically geared to provide labour-management relationship services and industrial engineering services to the Jurong Industrial Estate. Additionally, the Centre offers training orientation programmes aimed at improving labour productivity.

The Light Industries Service Unit was started in 1963 to provide small-scale industries with urgently needed technical and managerial consulting services. When needed, the Unit is also able to supply technical assistance to those industries requesting aid.

As is evident from the work of the above mentioned agencies, the Board has provided industry with consulting services on an organized and professional basis. The accomplishments of all agencies in the field of consultancy have been numerous; a few examples of successful project assistance are summarized below.

- Advice on redesigning plant layout rendered to a local printing which resulted in a substantial increase in the firm's level of productivity;
- Assistant to a local textile knitting manufacturer in setting up an effective production planning and control system which, according to the client's estimate, has resulted in annual savings of over US\$150,000.
- Advice to a manufacturer of soya beans on redesigning his production equipment;

- In order to assist a food plant in meeting export health requirements, consultants were required to redesign the plant layout. As a result, the requirements were met and production capacity increased fourfold;
- Numerous small-scale industries, unable to pay high fees for service, have been assisted by management consultants in such areas as inventory control and cost accounting.

These are but a few of the services the Division is in a position to render. While the Government is providing a small portion of consulting services, the country's needs for technical assistance are growing at a fast rate particularly in the fields of management development, shipbuilding construction, oil exploration, soil investigation.

Statement by the Participant from Thailand^{11/}

Since operational practices and procedures of most Thai industry have not at this period achieved a high level of technical sophistication, the majority of the problems faced by its industrial sector are therefore amenable to relatively straightforward consulting services. Specifically, assistance is needed in the areas of management development, industrial engineering, cost and management accounting, production engineering, marketing and personnel management.

Thailand's Management Development and Productivity Centre in Bangkok provides both industrial sectors with management consulting services. The Centre was initially established as a management training institution within the Industrial Works Department of the Ministry of Industry. Consulting services are therefore an additional service of the Centre, designed to offer assistance in implementing on the plant and management level the techniques acquired through the Centre's training programmes. Thus, the development in April 1969 of the Centre's Management Consulting Division was regarded as a progressive step in organizing and supervising the Centre's consulting work.

^{11/} Mr. U. Bhasavanich, Director-General, Department of Industrial Works, Ministry of Industry, Bangkok.

The Division's immediate goal is to train Thai nationals as management consultants fully versed in the management procedures practiced by foreign consultants and equipped to adapt these methods to meet the specific needs of Thai industries. Selected members of the Centre present teaching staff comprise the initial group of management consultant trainees. (Qualified teachers have assumed the teacher posts left vacant so that the Centre's training division may continue its valuable work.) It is planned that future trainees will be recruited from outside the Centre and selected on the basis of previous training and knowledge of English.

One specialized expert and four experienced general practitioners have been supplied by the International Labour Organisation to act as the Centre's initial instructors in management consultancy. The teaching methods adopted are similar to those used by foreign firms for training their junior staff; the syllabus includes both the theoretical and practical approach to problem solving, the latter drawing heavily on the Centre's experience with and knowledge of Thai industry.

The Centre recognizes the invaluable experience gained by having trainees work as counterparts to international consultants on assignment for various Thai clients. It is planned that the trainee's share of job responsibility will be gradually increased in proportion to the degree of skill achieved. Trainees who have performed well and have been judged competent will be given individual assignments to be carried out under the supervision of the international consultant. Eventually, the programme aims to develop over a two-year period fully trained consultants so that they may assume the roles of instructors and/or supervisors. With a qualified indigenous staff of teaching experts, the Centre hopes to diminish its dependence on outside instructional assistance.

It is also planned to augment the above proposed training scheme by sending appropriate Thai nationals abroad for a period of six months during which they will work as trainees with established consulting firms or with other suitable organizations. In this way, it is hoped that they will have the direct exposure to and supervised participation in the operations of modern, professional management consulting firms.

In selecting candidates to receive training as consultants, the Centre considers the academic and vocational background of the applicant in terms of his contribution to building up a balanced team of management consultants. However, it is not intended the trainees should concentrate exclusively on their specialized fields; rather they will in practice be trained to undertake assignments covering a broad range of management problems aimed at developing knowledge and flexibility.

The Centre views consulting and teaching as closely related and mutually supporting activities. Just as experience in teaching represents a valuable background for prospective consultants, so also will the practical problem-solving experience of practicing consultants made a substantial contribution to the training activity. In this connexion, local consultants while in training will be encouraged to attend selected courses offered at the Centre. Although its training and consulting divisions are physically separate units, their efforts are aimed at reaching similar targets through co-operation.

Ultimately, the Centre's management consulting service hopes to develop an effective management consultancy training service division able to provide training courses for Thai nationals wishing to become industrial technical consultants as well as to encourage the formation of viable local consulting firms.

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ANNEX 2 ORGANIZATIONAL MATTERS

WORK PROGRAMME AND AGENDA ^{1/}

Monday, 1 December

- 9:30 AM Registration, administrative matters
- 10:30 AM Opening ceremony
- 11:30 AM Organizational working session
- (a) Election of officers
 - (b) Adoption of the agenda
 - (c) Organization of the work
- 1:30 PM "Functions and Responsibilities of Consultants" by H. Yamaguchi (ID/WG.51/4) and by A. Takanaka (ID/WG.51/1).
Discussion

Tuesday, 2 December

- 9:00 AM "Methods of Selecting Consultants" by D.M. Taylor (ID/WG.51/6).
Discussion
- 1:30 PM Statements by participants
Discussion

Wednesday, 3 December

- 9:00 AM "Contractual and Financial Arrangements in Connexion with a Consulting Assignment" by A. Strömberg (ID/WG.51/5).
Discussion
- 1:30 PM Statements by participants
Discussion

^{1/} Distributed as document ID/WG.51/7/Rev.1.

Thursday, 4 December

- 9:00 AM "Implementation of Consultant's Recommendations", by K.A. Bond (ID/WG.51/8).
Discussion
- 1:30 PM Statements by participants
Discussion

Friday, 5 December

- 9:00 AM "Conditions for a Successful Consulting Assignment" (Employer - Consultant Relationship), by J. Goscinski (ID/WG.51/3).
Discussion
- 1:30 PM Statements by participants
Discussion

Saturday, 6 December

- 9:00 AM "Training of Consultants", by R. Agrawal (ID/WG.51/2).
Discussion
- 1:30 PM Statements by participants
Discussion

Sunday, 9 December

- 9:00 AM General discussion: Ways and means of providing more effective consulting services to industry.
- 1:30 PM General discussion on the Workshop Report; preliminary recommendations.

Monday, 10 December

- 9:00 AM Final discussion; approval of the draft Report and Recommendations
- AFTERNOON Closing session
Adjournment

Tuesday, 11 December to Saturday, 13 December

Study tour to the Kansai District

Place of the Meeting

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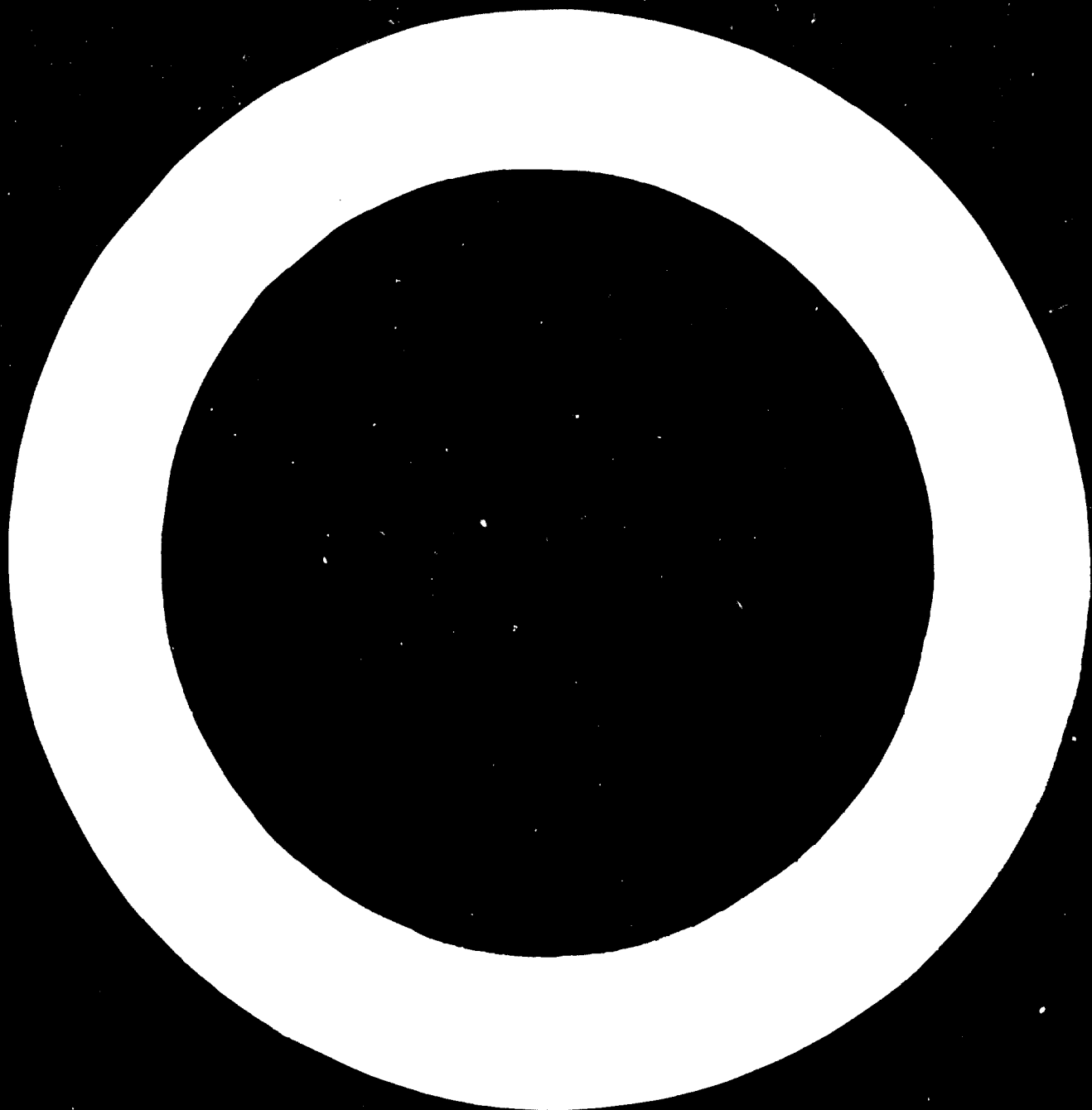
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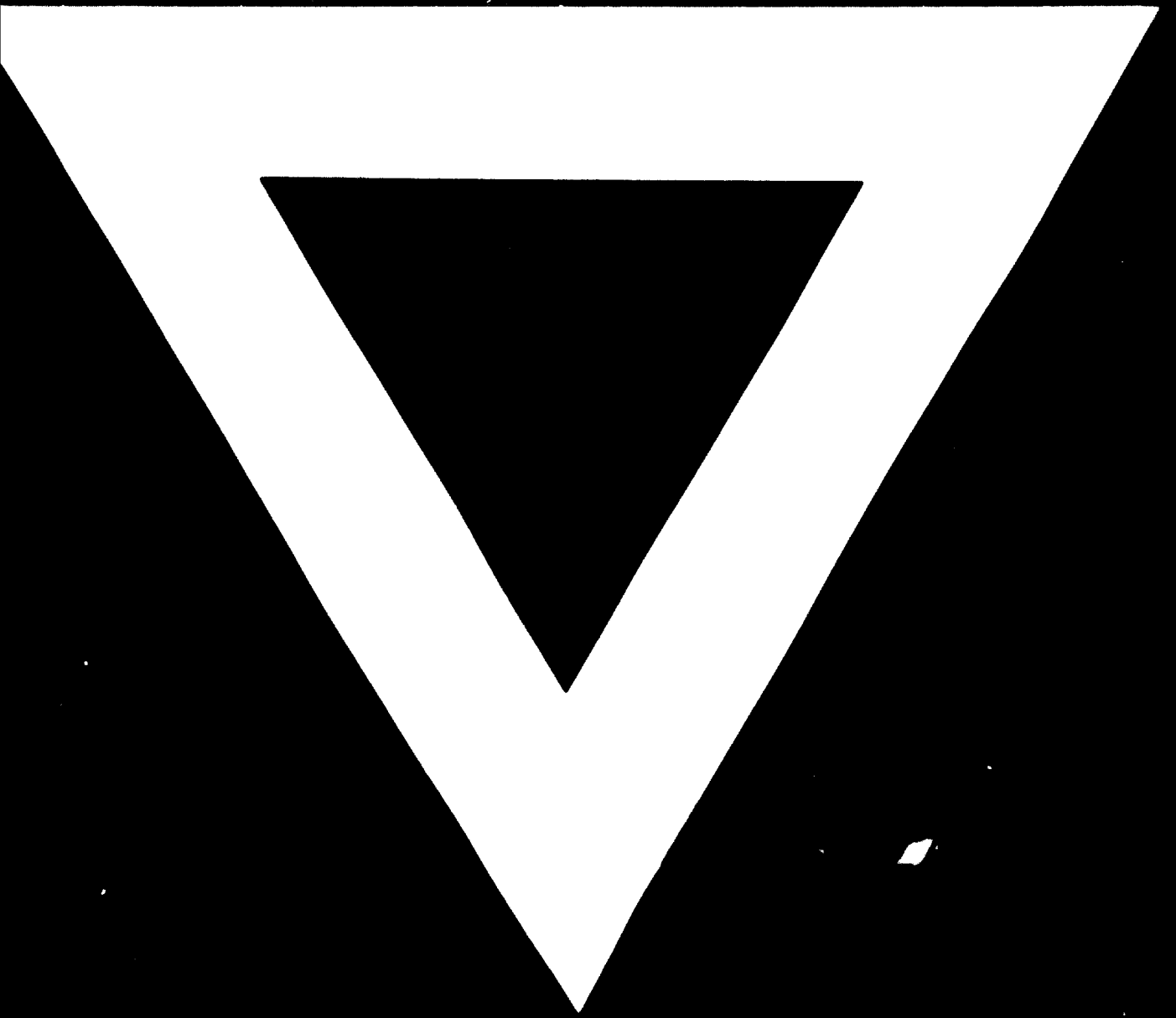
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