



Why Small Businesses Need Management Consultants

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Introduction

It is common for small businesses to pay little regard to hiring consultants. Perhaps this is due to the mindset that only big businesses need and can afford business consultants, or perhaps it is because the mindset of the small business owners is frequently one of doing everything for yourself.

Regardless of the reason, it is important that small businesses look at business consultants as a way of actually helping them to improve their return on investment among other benefits. Small business owners become accustomed to keeping expenses to an absolute minimum and that prevents them from being able to see the value that a Business Consultant can bring to the table.

The failure of success for small businesses has oftentimes been due to the losing a focus or lack of knowledge pertaining to business operations. Ultimately, it is the low ROI that causes failure, because the infrastructure and cash flow are not properly in place.

While during the initial stages this consulting will require some cash upfront, it will help increase a business's profitability by objectively evaluating various aspects.

Business consultants are not just for the larger businesses. Small businesses can reap rewards as well.

Small Businesses Best Investments Are Its People

The small business owner is driven to succeed, with an overwhelming desire to be prosperous from the beginning. The small business owner has the tenacity to make it past any obstacle that gets in the way. It is the small business owner who is motivated,

determined and willing to do whatever it takes. But, does that mindset cloud the small business owner's ability to see the big picture down the road? To realize that no matter how great you are at something, it is just as important to acknowledge no one can be an expert at everything.

As a business grows and develops, it becomes near impossible for the small business owner to do everything the business demands; the one-man show is just that, a show. While that devotion may have been what initially kept the doors open, it is not strategic, nor is it scalable.

Rather, small business owners must realize that instead of investing more countless hours, more of themselves into the business and spreading themselves too thin, all in with the hope that it will all work out is not going to work long-term. What is needed is an investment in the right people.

These right people may be employees who are necessary in order to complete the day-to-day tasks; and those very people need to have a vested interest in the business, not a mindset of showing up to work just for a paycheck. Then, once the day-to-day tasks are covered with dedicated employees, what about those special projects that need to be addressed? What about that ongoing issue that can't quite be overcome? In order to grow as a business, the entrepreneurial mindset must come into play.

The decision that is made here will determine the difference of keeping the mindset and maintaining the belief of needing to do it all alone, or realizing there is not only room for growth, but that it is a necessity for staying in business.

The smart business owner understands that in order to grow, the skill sets and expertise of other people are necessary, in order to make it to the next level. After all, most of your big businesses started out small and it was the entrepreneurial mindset that helped launch them to the next levels. The entrepreneur realizes the importance of investing in the right people in order to grow, and those right people oftentimes expand past employees who do the daily tasks. The entrepreneur knows that this is when a business consultant can step in and help.

What Does a Business Consultant Do?

The Business Consultant is an expert with specialized knowledge, skills, and experience that can be objectively applied as a means of helping you solve issues and improve the condition of your business.

It is not uncommon for small businesses to hire an accountant or CPA to handle finances and taxes, but there's more hesitation at the thought of hiring a consultant for other business aspects.

A Business Consultant is well-versed in assessing the health of a company. The consulting services can be as general or as detailed as you need. For example, if you want a general overview of performance and ROI, the business consultant can help. On the other hand, if you have certain staff members who by all appearances seem to be doing their job right, but never meet production requirements, a consultant can dive in to assess the issue.

It is a common misnomer that only the large businesses need consultants, however, the business consultant is able to help improve the performance of any size business and provide input and advice on marketing strategies, business growth, and overall improvements.

Why Hire a Business Consultant?

In making the decision to hire a consultant for your small business, you are making an investment towards your future. Consultants can actually help close the gap between skills and knowledge and work on developing fresh new ideas that will help carry a small business to the next level.

While your passion for business got you where you are today, that passion does not address all aspects of the business. That is how a business consultant can help move a company into the growing stage.

Below are common reasons why small businesses hire a consultant:

#1 Develop Solutions

Perhaps you have a great idea for business expansion but have not been able to reach that goal. A consultant would be able to identify the shortcomings that are preventing that move forward.

When you hire a business consultant you are acquiring the assistance of someone with a specialized skill that is needed to help the business in the way that you envision it. Not only are you hiring for a specific need, but that skill set is going to be available to you for the amount of time necessary to finish a job, rather than an ongoing basis as a hired-on employee would be.

#2 Identify Problems

Small businesses have hired consultants to address recurring issues such as management problems, decreased sales, or lack of cash flow. With the skillset of the

consultant, they will dive in and find the underlying problems and work with you to come up with a solution.

#3 Strategic Expansion

In some instances, small businesses experience rapid growth and during the process, the small business owner is merely working to meet the demands in order to keep things running. With this scenario, a business consultant would be able to assess things from an objective viewpoint and find solutions that would help business not only run smoother but put systems in-place to make it replaceable for future growth.

This systematic process will help lay a strong foundation for business and growth. A business consultant will help you determine what needs to be delegated in order to free up your time to focus on other, more important details.

#4 Avoid Costly Mistakes

While you may be wonderful at running your small business, there's no doubt you've at some point in time made mistakes; perhaps costly mistakes. And while you learned through trial and error, this is not the best way to run a business. A business consultant can save time, energy and costly mistakes. Another possibility is that you've been fortunate enough not to have made expensive mistakes that impacted your company, but do you find yourself spending hours researching prior to making important business decisions? If so, this is yet another reason why it is worth the investment of hiring a business consultant.

#5 Additional Assistance Required

Also, there's the scenario of a company encountering a time when a problem arises or a new project needs to be addressed. Perhaps this is something of vital importance, but with the demands of day-to-day tasks, the time nor the manpower to follow through are readily available.

Generally speaking, new projects would require the restructuring of duties for existing staff, or hiring additional assistance. However, if it is a special project, it may be hard to bring on someone full-time, i.e. a new employee. Therefore, unless you're at a point of being willing and able to hire for this, then the project is likely to be delayed.

However, bringing on a consultant or a consulting team to take care of the problem provides you with people that are specialized to deal with such issues or focus on the project at hand. From a financial standpoint, you're benefiting 1) by having an advanced level of expertise and 2) only paying them for the specific time period and hours worked rather than hiring on a new employee.

#6 Seeking Assistance from Someone Unbiased

Consultants are available to provide unbiased feedback on a difficult project or problem and have no involvement whatsoever with the politics or emotions involved with business owners and staff.

It is common for small business owners to become short-sighted and experience tunnel vision. When dealing with daily issues and tasks, it is hard to redirect focus toward the big picture. A business consultant will meet with you to determine what exactly you want to accomplish, in one or more ways. Once the consultant knows what you're after, they can help in creating a clear, concise action plan and help you stay focused on that vision.

#7 Addressing Unpleasantries

Sometimes consultants are brought in to do the unpleasant duty of terminating staff members. This is especially true when it comes time for an overhaul or restructure of your business.

#8 Offer Solutions

In other scenarios, the consultant is able to offer expert advice on a project that can potentially help the business owner assess if it is a good move for the company or not. The consultant will be knowledgeable in the aspects of business growth as well customer demands. If you pitch a "great idea" to a business consultant, they will be able to objectively discuss with you the pros and the cons, which will inevitably help you make the right business decision.

When you take that step forward and bring on a consultant, you will gain knowledge from the expertise of someone who can help you dig in and examine tough situations. You'll have someone available to help you identify problems as well as come up with solutions.

The consultant will be able to help you strategize and develop plans, implement processes and set goals for the business, you, the owner and staff. This is perhaps one of the most beneficial aspects because when you have staff who feel appreciated, valued and can share the vision of the business with you; they will in-turn be more dedicated and stay long-term. This in and of itself is a saving for any business because hiring, training, and firing is one of the most expensive and stresses of any type of business no matter the size.

Through hiring a consultant you are not forfeiting the pilot's seat or handing over the reigns of your business; nor are you a failure for asking for help from someone. Instead, you are doing what many successful businesses do every quarter; realizing a need and seeking help to come up the with right solution.

How Can Your Business Benefit From a Business Consultant?

Thus far, we've discussed a few aspects of what a business consultant is and various facets of how their expertise comes into play. You, the small business owner decides the level of involvement that is needed on behalf of the business consultant.

Consulting is more than giving advice or a brief problem-solver. A business consultant's role can be that of a mentor, coach, expert, trainer and a facilitator. A business consultant can be a collaborator and a skilled, knowledgeable expert.

The significant amount of value that a business consultant can bring to an organization is undeniable. Since they work with various clients from an array of business environments, they bring to the table lots of creativity and the ability to "think outside of the box." Being hired for a specific project, they are able to offer diversity, unique solutions and are focused on the best outcome for the business.

A business consultant offers a variety of other benefits as well:

- Flexibility to focus on work specific to a project
- A higher level of professional expertise that typically exceeds that of a standard employee
- Diverse background and experiences
- Can easily be “terminated” when services are no longer needed
- No expenses of payroll taxes, human resources or benefits
- Professional advice

First, you must decide what you are looking for in a consultant. As the small business owner, you determine the path you want to take and the level of involvement of the business consultant. The business consultant is there to help you move towards future improvements, running a business more efficiently and streamlining processes.

It is time to grow your business!

Factors Driving THE Value of Your Business

MANAGEMENT

PLANNING

- Company policies
- Profit Planning , Rate of Margin, Mandatory Minimum, Acquisition, Rate of Overhead, Absorption
- Capital Management
- Short and Long-Range Goals
- ORGANIZATION
- Organization Analysis
- Key Employee Incentives
- Communications
- Management Reports
- Executive Appraisal

MANAGEMENT

ECONOMIC STUDIES

- Feasibility Surveys
- Competitive Analysis
- Employee Benefit Programs
- Long Range Incentive Plans
- Product Line Analysis
- Product Planning and Development

CONTROL

- GENERAL ACCOUNTING
- Simplified Accounting
- Systems and Procedures Analysis
- Profit and Expense Control
- COST SYSTEMS
- Costing Methods
- Cost Controls
- Cost Analysis
- REPORTS
- Profit and Loss Statement
- Balance Sheet
- Cash Management
- Daily and Weekly Cost Reports
- INFORMATION SYSTEMS
- Systems Analysis
- Programs
- Installations
- Evaluations

TAXES

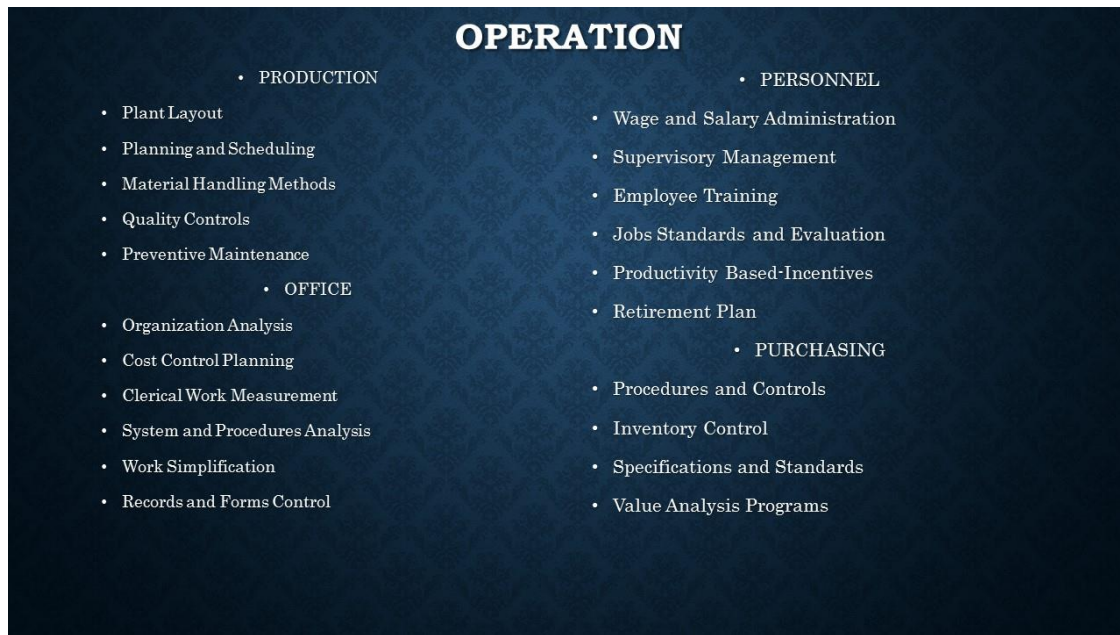
- EXIT STRATEGY PLANNING
- Plan for Succession
- Control with Buy and Sell Agreement
- Key Person Insurance
- Maximize Retirement Income
- ESTATE PLANNING
- Minimize Estate Tax
- Effective Transfer of Wealth
- Maximize Charitable Giving
- Ensure Privacy
- RETIREMENT PLANNING
- Provide Cost-Effective Benefits
- Maximize Plan Contribution
- TAX PLANNING
- Minimize Tax Liabilities
- Defer the Payment of Tax
- Fund Benefits with Pre-Tax S
- ENTITY STRUCTURING
- Business Form – Corp, LLC , etc.
- Personal Asset Protection
- Corporate Asset Protection
- Hedging

FINANCE

- PLANNING
- Financial Reorganizations
 - Capital Structure
- Long Term Policies
 - Use of Funds
- CONTROL
- Cash Forecasting
- Budgeting of Operations
 - Expense Allocation
 - Employee Training
- ECONOMIC ANALYSIS
 - Financial Ratios
 - Source of Funds
 - Reserves
 - Equity Funds

MARKETING

- SALES
- Organization
- Compensation
- Sales Forecasting
- Market Analysis
- Sales Lead Development
- Online Business Strategy
- SERVICE
- Customer Support
- Follow-Up
- Satisfaction Levels
- Response Time
- ADVERTISING
- Budgeting
- Sales Promotion
- Social Media
- Market Research
- Competitive Advantage
- Agency Selection
- PUBLIC RELATIONS
- Industry
- Stockholder
- Employee and Union
- Government and Community
- Environment and Health



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