

Nation's Business[®]

The Small Business Adviser

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Firms Not To Move**

REINVENTING



*10 strategies
small retailers
are using to thrive
despite intense
pressure from big
competitors*



Published by
U.S. Chamber of Commerce
JULY 1996 - \$2.50



MANAGING

Consultants To The Rescue

By Bruce W. Fraser

Paul G. Stappas used to run his own business. But for nearly 20 years, he has helped others run theirs. As a small-business planner with the Heritage Financial Group in Somerset, N.J., Stappas has stepped in as a temporary chief financial officer for such diverse businesses as professional-service firms, small manufacturers, and retailers.

Stappas, 53, knows firsthand the pitfalls that small companies can encounter. Years ago he ran a small manufacturing firm that eventually failed because money became tight and he could no longer obtain financing. Today, Stappas is a CFO for hire, just one of the rapidly expanding number of consultants who make it their business to aid small companies.

In fact, revenues from management consulting work done for large as well as small U.S. businesses have more than quadrupled over the past decade, from approximately \$4 billion in 1985 to an estimated \$18 billion in 1995, according to Kennedy Publications, publisher of *Consultants News*, an industry newsletter in Fitzwilliam, N.H.

Thousands of middle managers cut loose from large corporations in recent years have swelled the ranks of consultants now available to small firms.

When do you need a consultant? Jan B. King, owner of Merritt Publishing, in Santa Monica, Calif., and author of *Business Plans to Game Plans: A Practical System for Turning Strategies Into Action*, identifies the four common situations requiring outside help:

- You need a high level of expertise, but your company cannot afford to pay an employee who has such knowledge and skills.
- Your needs, generated by growth or

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external market forces, are only temporary. ■ Problems have become so acute that they require immediate response.

■ Problems are of such a broad institutional nature that they defy internal response.



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By getting small-business owners to take a realistic look at their circumstances, consultant Paul G. Stappas helps them avoid pitfalls.

The most popular management consulting services currently offered industrywide, according to Kennedy Publications, include strategy and long-range planning, management development and training, organization development, profit management, and feasibility studies.

Regardless of why your firm may need a consultant, it doesn't have to be large to afford one. Fees vary widely, so don't be reluctant to nail down specifics before engaging a consultant. Consultants may seek various methods of compensation—by the hour, by the day, or by the project. Typical per-diem fees range from \$500 to more than \$5,000.

Some types of expertise clearly are priced higher than others. Retaining a turnaround manager or a crisis interme-

The growing ranks of these skilled professionals can help small firms solve financial, management, and marketing problems.

diary, for example, is apt to cost more than hiring, say, a benefits consultant.

Beware of the consultant who declines to provide at least an average daily rate, cautions James H. Kennedy, president of Kennedy Publications. "Don't worry if it's high," he says. "They don't work every day, and it's a pressure job. Look at value, not price."

And be sure to get it in writing. Ask for and sign a contract that specifies the terms of the project, how long it will last, and how much you'll be charged.

Following are some examples of how consultants have helped small businesses solve their problems:

For Better Vision

Former business owner Stappas frequently works with company principals to create what most small firms lack: a business plan. He forces owners to remove their rose-colored glasses and take a hard look at their present circumstances and their plans. He frequently encounters owners who, at least initially, are uncertain that an outsider could help.

"I was skeptical about letting anyone make recommendations about my business," says John Murray, 55, president of a Blairstown, N.J., marketing communications firm that bears his name. "But his initiatives frequently save us \$30,000 or more a year."

Frank Dalene, 41, vice president of Telemark Construction Inc., a builder of luxury homes in the Hamptons on New York's Long Island, had a similar reaction. "As a family business, it was difficult to turn over our financial information to an outsider," he says. Since Stappas put together a financial plan for the firm in 1988, Telemark has grown steadily to annual revenues of more than \$5 million.

Managers For All Reasons

In addition to financial concerns, it's possible to bring in a consultant who will tackle