

# EXPANDING HORIZONS IN CONSULTING

M K Raju



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Nothing New . . .  
. . . In consultancy

- In vogue from time immemorial
- only management consulting of recent origin

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An interactive session . . .

- Not a lecture
- Expect effective participation by each and everyone
- Then this meeting will be worthwhile

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## My first premise . . .

- A Management Consultant is an integral part of any organisation as he/she renders objective, unbiased and result oriented advice.

5

## Do you agree?

- If yes, raise your hand.

6

### Alfred Sloan . . .

- Leader of GM, an outstanding professional of our time, confessed he was benefited by over 2000 (repeat 2000) consultants in his career.
- GM was the best professionally managed company in the world.

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### If your accept this premise . . .

- Consulting has a mind boggling potential for growth in India.

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## A survey reveals . . .

- One consultant for every 2200 working people in the developed world
- In India, it is estimated we have one for 190,000.
- On this basis the scope for growth is about 100 times
- every Rs 1 lakh turnover consultant can strive for Rs 1 crore

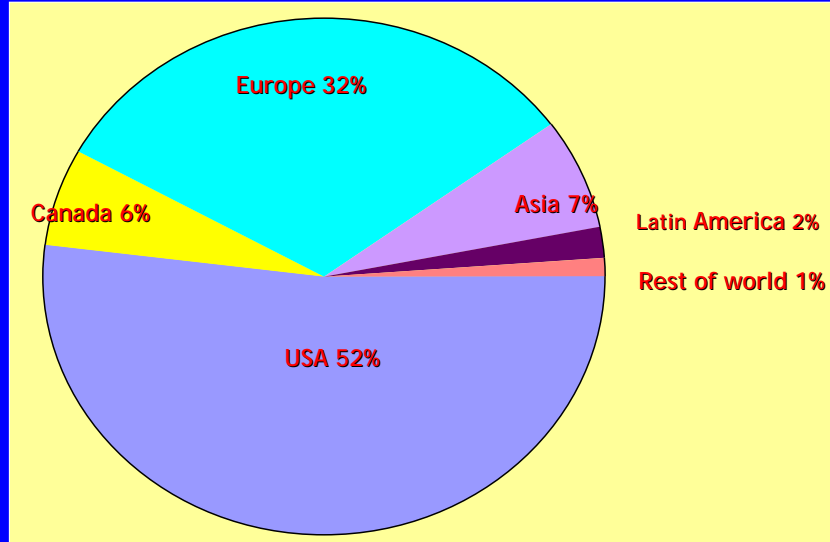
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## Globally . . .

- Consulting is \$118 billion business world wide.

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## Consulting Worldwide. . .



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## Asia . . .

- only 7% share
- India's share is miniscule

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## Indian Consulting Scenario . . .

- Consulting firms : 5000
- No. of professionals : 70,000
- Turnover : Rs.5000 cores  
% of Global turnover about 0.8%

TINY BY ANY STANDARD

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## Indian Scenario . . .

- Consulting firms . . . 5000
- over 80% one man consulting firms . . . 4000

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Indian Scenario . . .

. . . No. of firms

• Turnover . . .

Below Rs 25 lakhs	Above Rs 100 crores
3750 (75%)	100 (2%)

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Indian Scenario . . .

• Management consulting firms only

:100

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## MKRC . . .

- One of the oldest Management Consulting Companies in India

17

## Indian Scenario . . .

- Few are global
- by all counts, a most disappointing picture

18

Why ?

19

Now your individual diagnosis please!

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First & foremost . . .

- IMCI has been too shy to project itself as the sole spokesman for the consultancy profession in India

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IMCI?

- Current membership of IMCI : 400
- less than 1/10th of the potential members : 5000

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Then what do we do about it?

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## The Start . . .

- We started with an elitist approach.
- We restricted membership to fall in line with ICMCI (International Council of Managing Consultants Institute) norms
- We have ignored individual members.

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## Broad-base the membership . . .

- It must jump to 5000 members at the earliest
- This must include one man consultants or in fact any practising manager.
- This is how MMA & AIMA have grown

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## IMCI Constitution . . .

- To be amended, if necessary
- G Shankar and Muthuvelu must go to AGM at Mumbai and raise this issue with Mahalingam

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## Recognition by Government . . .

- Government must recognise IMCI as the one and only spokesman for the entire consultancy profession in India.

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## All Indian foreign aid . . .

- Must be tied up with Indian consultants
- with 40% consulting in Government business, too large a market to be ignored
- This is the international convention

28

## Foreign Aid to India . . .

- No foreign consultant should be allowed to take consultancy assignments in India on their own, without an Indian partner.

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## National Convention of Management Consultants . . .

- Organise a National Convention of Management Consultants
- Target : 1000 participants
- Preferred Venue : Chennai
- Participation fee : say, Rs 500
- A two day convention with 12 symposium sessions

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National Convention Theme. . .

**EXPANDING HORIZONS  
IN CONSULTING**

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Ensure IMCI . . .

- Designs the seminar
- A core group will be formed to determine the Keynote Speakers, Symposium Sessions, Chairmen of Sessions, etc.
- Bring professionalism at its best

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## Networking . . .

- Large consulting firms must build a network with one man consulting firms.
- By helping them grow, it is mutually beneficial.

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## Case Studies . . .

- Indian management scenario still suffers from lack of true case studies
- This is vital for the profession to grow
- IMCI should take the lead in building a 'resource' with true case studies capturing the present scenario in its entirety.
- This will help consultants in a big way

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## Book Release . . .

- 'The Saga of a Professional' will be released at 6.15 PM Saturday, September 11, 2004 at CLRI Triple Helix Hall, CLRI Campus, Adyar.
- This book has 29 case studies capturing intimate 'behind the scene' corporate decisions
- you are most welcome

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## Monthly IMCI meetings . . .

- Each member must commit to bring along a minimum of 5 participants
- plan on a 20/30 minutes address and 20/30 minutes interactive session
- it will make it a worth while get together
- Block 3rd Wednesday every month

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IMCI the lead player for . . .  
. . . National Seminars such as

- Energy Conservation : A National Priority
- Rural Prosperity : A Management Perspective
- Breakthrough In Global Consulting
- Corporate Governance: How, When & Where?

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IMCI LEAD PLAYER FOR . . .  
. . . ORIENTATION PROGRAMS

- 'Why consulting'
- 'How and when to become a consultant?'

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**IMCI must launch a National Survey  
on**

- **ENERGY CONSERVATION**
- **RURAL PROSPERITY**
- **LEATHER**

**and make it a position paper for  
launching National Seminars**

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- **I would take up one subject to  
highlight the scope for Expanding  
Horizons in Consulting namely  
ENERGY**

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## Energy . . .

- Since the oil crisis in the early seventies, energy has become the barometer of National economic progress.

41

- The availability and the price of energy and its impact on the cost of production, determines the global competitiveness of industrial products.

42

Energy is like time . . .

- Once lost, it is lost for ever.

43

Energy can be saved in any plant . . .

- whether new or old
- sick or healthy
- small or large
- with indigenous or imported technology
- as-is or under expansion
- with or without consultants

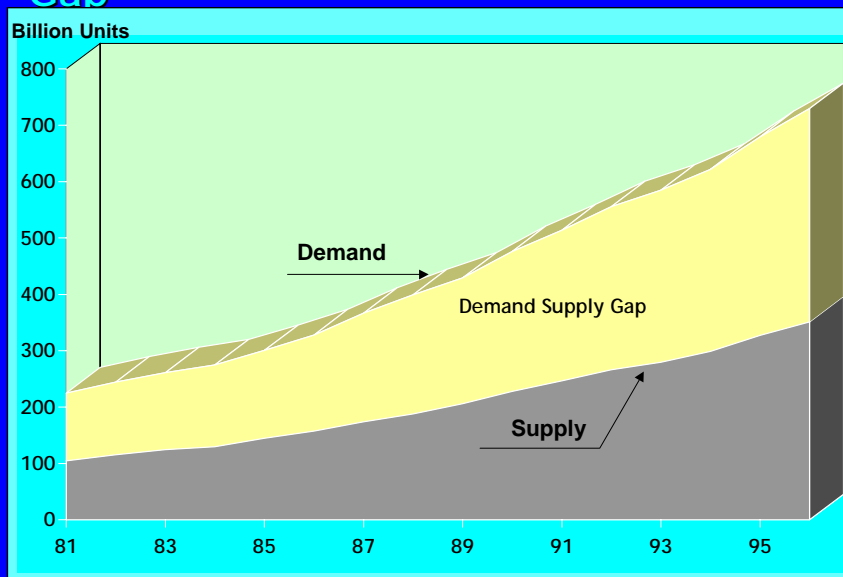
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To save energy . . .

- All it requires is an integrated approach with a pre-determined strategy and action plan.

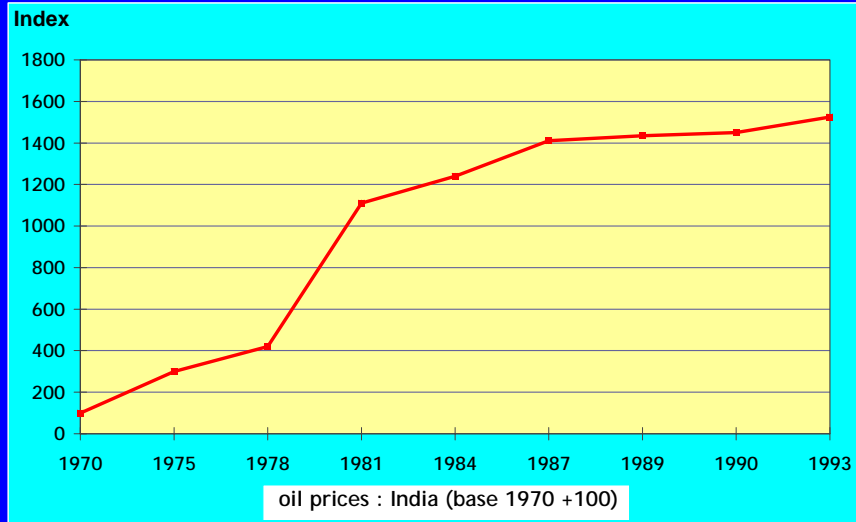
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## Electrical Energy Demand - Supply Gap



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## Oil Price Trend in India . . .

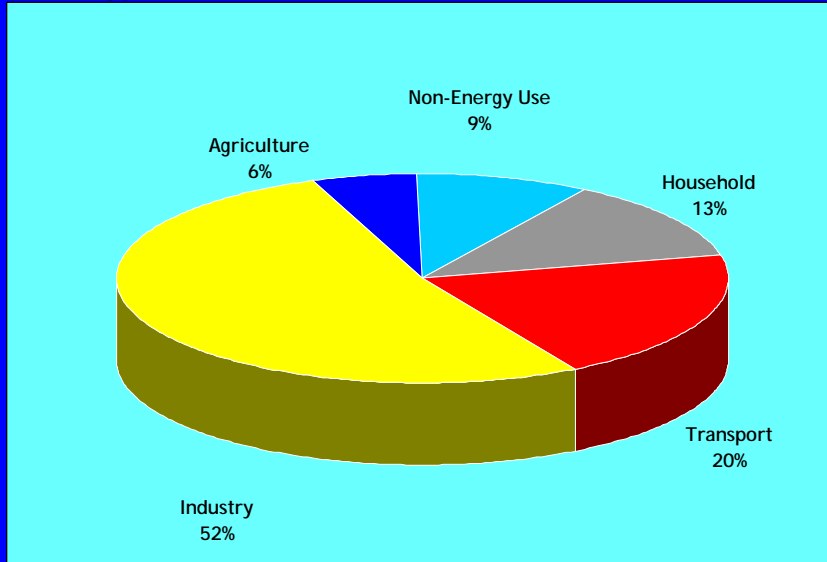


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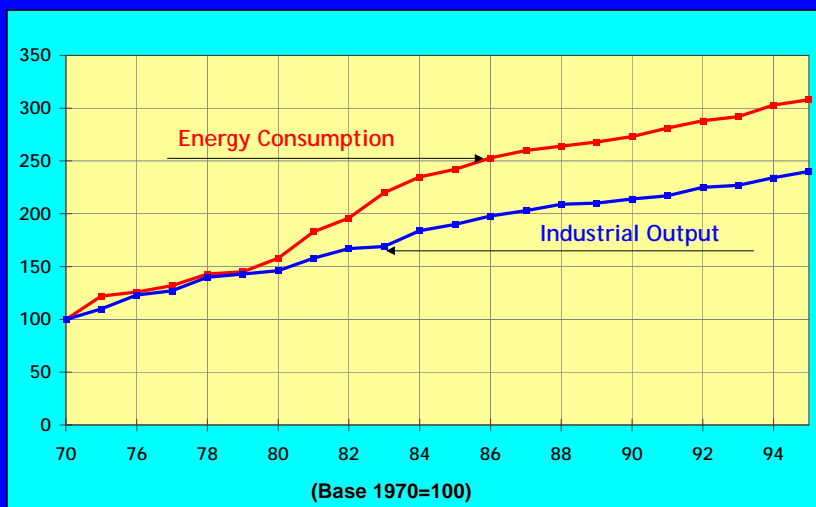
The Industrial sector accounts for more than 50% of the total commercial energy consumed in the country

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## Sector wise Consumption of Commercial Energy . . .

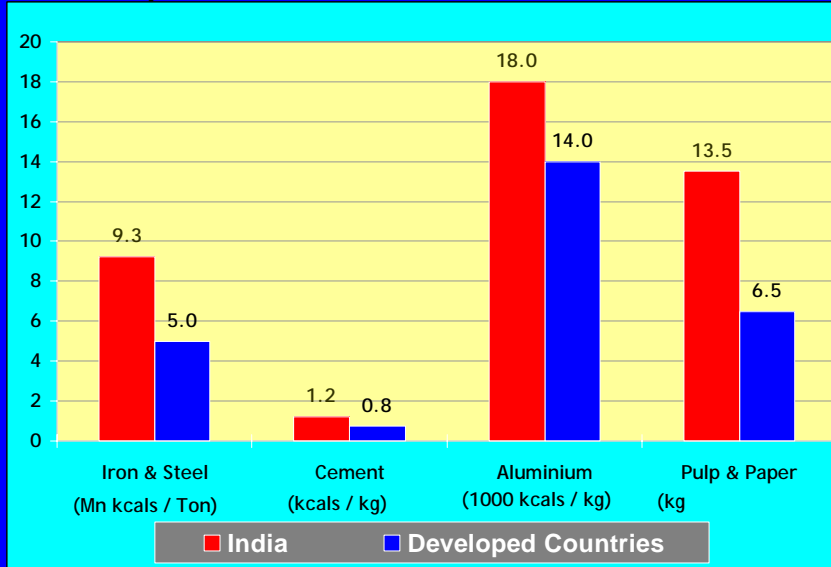


## Energy consumption per unit of industrial output going up contrary to global trends

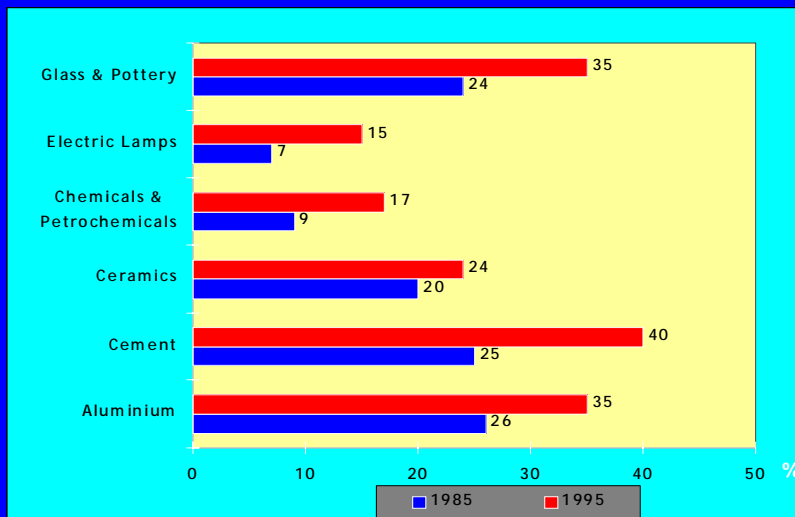


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## Energy Consumption higher than developed Countries . . .

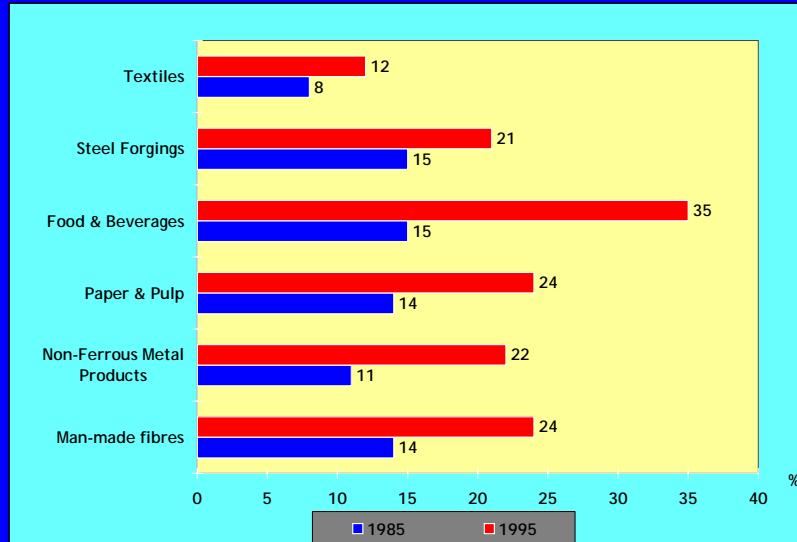


## Energy costs increase as % of Production Costs



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## Energy costs increase as % of Production Costs

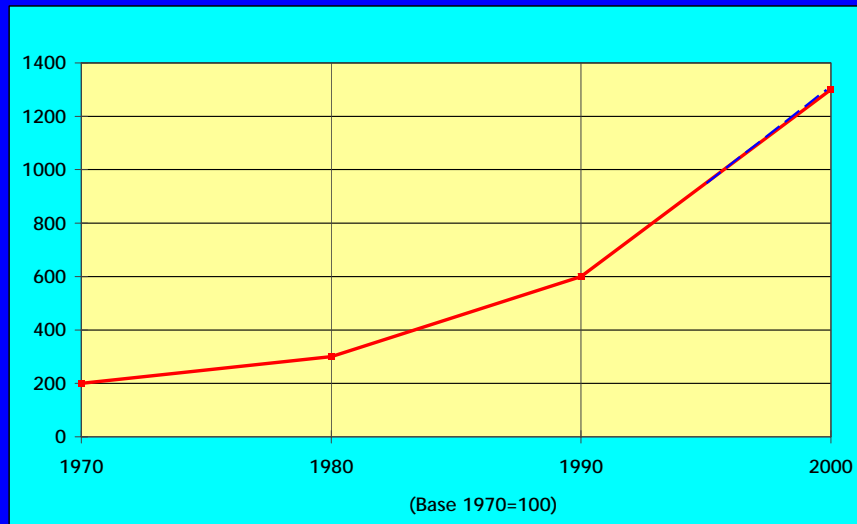


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- Thermal plants are operating at 24% efficiency against world's best of 40%
- Transmission and distribution losses are 22% against the world's best of 5%

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## Energy Demand Unabated . . .



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- In the normal course of events, one would have expected a tremendous spurt in energy conservation activity, to save the much needed energy in all sectors of the economy with the widening demand-supply gap and high savings potential.

56

To the contrary, the pace of progress has been rather slow. Why ?

57

- Protective environment with a 'cost plus' culture, resulted in a callous management indifference to cost improvement in the industrial sector

58

- lack of top management commitment.
- lack of direction, thrust and accountability at the plant and industry level, on a time bound basis.
- pre-occupation of operating personnel with day-to-day operations, with no time for properly implementing energy savings.

59

- lack of appreciation of the magnitude of the savings.
- lack of energy conservation technology, equipment and know-how.
- lack of confidence amongst operating personnel to commit for quantified savings.

60

- lack of managerial stamina to sustain the savings on a continuing basis.
- poor quality of coal and frequent power cuts.
- financial constraints for new investments.
- lack of worthwhile incentives for energy conservation and capital equipment.

61

- Which is best way of increasing profits?

Saving energy or  
increasing turnover

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## Save energy . . .

	Turnover	Energy Bill	Profits
	Rs Crores	Rs Crores	Rs Crores
Before EC	123	27	9
After EC	123	23	13

- By saving energy of Rs 4 Crores, you increase profits by Rs 4 Crores (1:1)

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If you do not save energy. . . to make the same profit . . .

	Turnover	Energy	Profit
	Profit	Rs Crores	Rs Crores
Existing	123	22	9
Increase sales without EC	170	33	13

- You have to increase turnover by Rs 47 crores (38%)
- You have to consume Rs 11 Crores more energy (50%)

64

- It is easier to increase turnover  
or save energy?
- How many say 'yes'

65

- MKRC experience reveals 10% to 20%  
savings in energy is possible in any  
company

66

## Indian scenario for EC fast changing

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- There has been some awakening and by concerted efforts, progress has been achieved in some of the industries

68

- Many Indian companies are as good as their counterparts in the world

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This covers a wide spectrum of industries . . .

- aluminum,
- cement
- chemicals & petrochemicals
- fertilisers.
- food processing
- foundries
- glass & ceramics

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- jute & man made fibres
- mini-steel
- pulp & paper
- refineries
- sugar
- textiles
- tyres
- transport
- commercial
- residential

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in the

- small
- medium
- large scale sectors

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## With all forms of energy . . .

- coal
- lignite
- wood
- oil
- gas
- electricity
- agricultural waste etc.

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## A wide spectrum of Industries with 20% average savings . . .

	No. of units	Energy bill	Annual savings	
	covered by MKRC	in Million Bahts	Million Bahts	as % of
Cement	34	2045	368	18%
Chemicals and Petrochemicals	45	3480	830	23%
Synthetics and Manmade Fibres	21	1206	193	16%
Pulp and Paper	61	2453	515	21%
Foundries	24	553	83	15%
Engineering, Metals & Metal Products	45	867	130	15%
Glass & Ceramics	32	452	95	21%
Textiles	76	690	138	20%
Tyres & Rubber Products	13	450	90	20%
Food & Beverages, transport, commercial/residential sectors etc	54	289	55	19%
<b>Total</b>	<b>405</b>	<b>12485</b>	<b>2497</b>	<b>20%</b>

- All these success stories indicate how rapidly advance can be made in a very short time.

75

- 10% to 20% savings in energy in the best run plants is possible

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- With our energy bill of Rs 4 lakh crores, and a savings potential of Rs 40 to 80,000 crores, this is of such a magnitude which you cannot ignore

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- Energy Consulting provides the greatest challenge for Indian Consulting

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- All you have to do is to
- Create awareness
- Motivate units to save energy

79

- If you guarantee savings and relate your consulting fees to savings achieved; any company which does not avail of the services of a consultant is stupid

80

All the more so . . .

- As saving energy is the easiest, fastest and the most profitable investment

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RURAL PROSPERITY

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## ALL OUR POLICIES SO FAR . . .

- Land ceilings
- land for the landless
- food subsidies
- free power and
- easy bank finance

HAVE NOT GIVEN THE DESIRED RESULTS

83

## Mahatma Gandhi said . . .

- India is poor because rural India is poor.
- Rural India is poor because rural people are drastically under employed
- Rural people cannot prosper, unless rural families get employed

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## Rural Prosperity - Advantage India . . .

India has the advantage of being the first or second largest producer in the world for

Bananas	Mangoes	Tea
Eggs	Milk	Vegetables
Fruits	Rice	Wheat

This must give you a competitive leverage

85

## Wastage . . .

- India loses in storage and distribution as high as 30% of its produce
- This is a colossal waste with the back drop of 300 million hungry people
- This is an insult to the intelligence of the managerial community and consultants

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## Land . . .

- Only 1/3rd of land is irrigated.
- Scope for wasteland/dry land development is enormous

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## Productivity . . .

- Deplorably poor
- about a fourth of the world's best

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## India's Ranking . . .

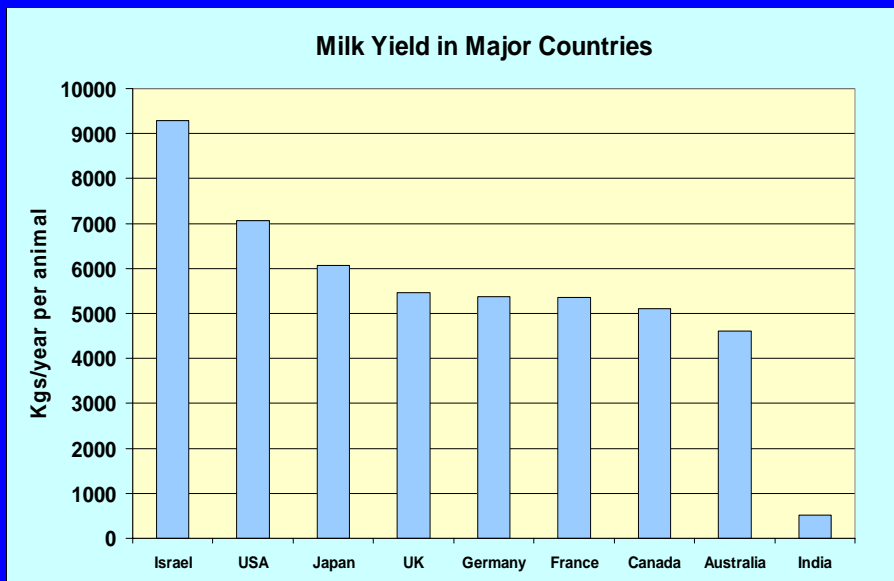
Crop	Country	Ranking	Yield (kg/Hectare)
Rice	Australia	1	8843
	India	27	2576
Wheat	Ireland	1	7446
	India	32	2226
Pulses	Egypt	1	2412
	India	4	576
Tomato	USA	1	85000
	India	4	30000
Potato	Belgium	1	44318
	India	33	15961

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## In India milk yields per animal . . .

- are the lowest in the world

90



91

With a scientific approach . . .

- and a managerial dimension, Indian Agriculture can generate as much as US \$ 2 trillion - fifty times our current GDP (repeat fifty times) in the new millennium

92

- What more challenge can the consultancy profession want than agriculture?

93

- Yet, there is not the slightest effort to focus on agriculture in the right way

94

- We must wake up from our stupor

95

A NMC at Delhi . . .

- is being held with the Theme

'Transformation through  
the People for the People'

96

- Not a mention about agriculture, in which 70% of our population live.
- Then what transformation are we talking about?

97

### Challenging Opportunity for . . .

- Improved farm productivity
- increased milk yields
- training and new employment avenues
- power generation from bio-mass
- cooking gas from cow dung
- literacy through computer programs
- health care

98

## The Method of approach . . .

99

## Cattle Development . . . .

- Artificial Insemination, Veterinary Services and nutritious fodder at farmer's door step
- Crossbred cows with improved milk yields
- Cattle Insurance

100

## Demonstration Farms . . . .

- Soil tests for nutrient replenishment
- Seeds & fertilizers
- Pre & Post harvesting
- Outlets for farm produce
- Crop rotation - 3 crops /year
- Crop Insurance
- Wasteland development
- Improved farm productivity

**A BLUE PRINT FOR EVERY FARMER**

101

## Training & Development . . . .

- Practical Training
  - Land preparation
  - Seedling
  - Transplanting
  - Fertilizer applications
  - Irrigation
  - Pest management

102

## Vocational Training . . . .

- Tractor operators
- Car & truck drivers
- Computer operators
- Gardeners
- Nurses
- Agro Industries

103

## Take another industry . . .

LEATHER

104

Swami Vivekananda says . . .

- poor and hungry have no time for  
God

105

- Poor and hungry also have no fancy  
for shoes

106

## Look another way . . .

- A 300 million pairs market for shoes for the rural sector

107

## Leather . . .

- Not a sunset but a sunrise industry

108

## MKRC . . .

- First hand knowledge of the leather industry

109

## What it calls for . . .

- Massive investments
- latest technology
- high production and low costs

110

- An environmental free technology

111

- Is this not a challenge to prepare a project report, market survey, environmental protection, technology, training of rural folk and new product development

112

- Does this not throw a new dimension for consultancy in terms of investment, employment, and rural prosperity
- Does the industry respond to this challenge? Do the Consultants give a helping hand.

113

## TO SUM UP Consultancy Profession . . .

- In India has so far been unable to tap the vast potential

114

## THE SCOPE . . .

- Is enormous
- ten fold and hundred fold

115

## IMCI . . .

- Has to be a lead player

116

## IMCI . . .

- Must prepare a position paper for such potential markets as energy, agriculture, leather etc

117

## IMCI . . .

- Must organize National Conventions to create awareness

118

## IMCI . . .

- **Must work out a strategy, action plan and time schedule**

119

## IMCI . . .

- **Increase membership multifold for a much wider participation**

120

In short . . .

- Consultants must become an integral part of any organisation for rapid progress

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Thank you



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