

BUSINESS CONSULTING IN A HUNGARIAN COUNTY

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SUMMARY

Our institution has made a survey among consulting firms and enterprises using consultations, enterprises not using consultations, but planning to do so and those not using and not planning to use any consultations. In the survey 362 enterprises from B.-A.-Z. county and 83 consulting firms participated chosen by representative sampling.

In the article we demonstrate that half of the respondents have used or been planning to use the service in B.-A.-Z county After evaluating the survey we can establish that the most important reason why entrepreneurs turn to consultants is the special knowledge and experiment of the expert in the given region. The most important consulting area is still the accounting and finance in our county, but in the near future the forging ahead of strategic, IT and the sales-marketing areas can be expected. The complexity of the offered service, the personal relationship and the undertaking deadline appear as the most important criteria of choosing the consultants.

The Institute of Business Sciences of the University of Miskolc conducts a survey among business consultants and companies that already made use of business consulting, have not but plan to make use of business consulting and have not and don't intend to make use of business consulting. The goal of the survey is to determine the situation (importance) of business consulting in our region. Subjects of the survey are 362 companies – chosen by representative sampling – with headquarters in B. A. Z. county. We conducted a complete survey of the B.A.Z. county headquartered companies with the TEAOR number: 7414 –Hungarian

Standard Industrial Classification of All Economic Activities –HSICAEA code: 7414 (business consulting).

In the present article we like to show which are the most important reasons for hiring a business consultant. Which are the main areas the consultants are needed, what are the areas tending to be the runners in the near future, what the most important characteristics by picking a consulting firm – and what the consulting firms think about those characteristics.

Type of representative sampling: layered sampling based on main profile of the company and location

1. COMPOSITION OF THE SAMPLE

1.1 THE COMPANIES – CLIENTS OF THE BUSINESS CONSULTANTS

The following sheet shows the B.A.Z. county headquartered companies by range of activity:

Sheet 1. – Number of registered, active B.A.Z. county headquartered companies

| Range of activity | A-B | C-E | F | G | I | JKL | MN | OH | Total |
|-------------------|-----|------|------|------|-----|------|------|------|-------|
| Companies | 494 | 1818 | 1265 | 4079 | 499 | 2720 | 1007 | 1039 | 12921 |
| Rate | 4% | 14% | 10% | 31% | 4% | 21% | 8% | 8% | 100% |

| | | | |
|-----|--|-------|---|
| A,B | Agriculture, hunting, forestry and fishing | I | Transport, storage, post and telecommunications |
| C-E | Mining and quarrying; manufacturing; electricity, gas, steam and water supply; | J,K,L | Financial intermediation; real estate, renting and business activities; |
| F | Construction | M,N | Education, health and social welfare |
| G | Trade, repair of motor vehicles, motorcycles and personal and household goods; | O,H | Hotels and restaurants; other community, social and personal service activities |

Sampling: Our goal was to construct a 300 subjects sample – out of the companies in B.A.Z. county. According to former experiences 50% of the companies are willing to fill out the query, so we choose 600 companies from Issue 12/2000 of the National Companies’ Database. We contacted the companies by mail or personally and were able to have 362 queries filled out. The following diagram shows distribution of the B.A.Z.: county headquartered companies by their range of activity:

Distribution of the analysed companies by range of activity

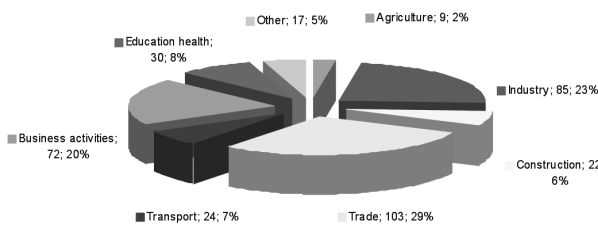


Figure 1

Comparing the diagram with sheet 1 – we can see that because of the queries that did not come in – the industry and transport are over while the building trade and agriculture are under represented. Even though the difference is not considerable and the sample remained representative based on location.

39% of the companies already made use of business consulting, 11% haven’t but they plan to make use of business consulting, 50% haven’t and don’t plan to make use of business consulting. It is important to distinguish between the 3 groups since the first group has got experience with business consulting so they evaluate this service according to that. We can analyse the expectations of the second group and the prejudices of the third one.

1.2 BUSINESS CONSULTING COMPANIES

We have conducted a complete survey of the B.A.Z. county headquartered companies with the HSICAEA code (TEAOR number) 7414 (business consulting). In year 2000 there were 199 business consulting companies in our county – we contacted all of them, but only 83 (41%) were willing to fill out the query.

2. REASONS FOR HIRING CONSULTING COMPANIES

The following diagram shows the reasons for hiring a consulting company according to the B.A.Z. based companies that already made use consulting services:

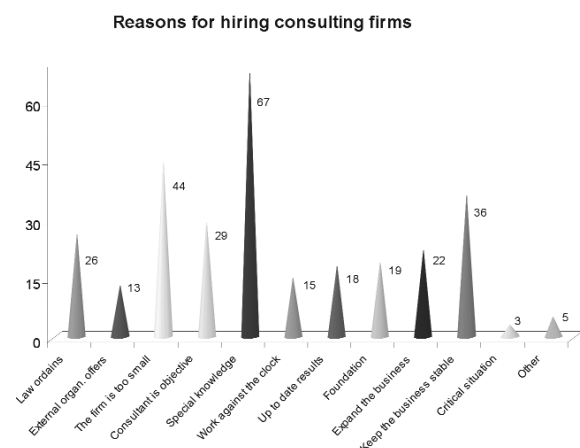


Figure 2

The most important reason for a hiring a consulting company (23%) is the **special knowledge and experience** they have. It is convenient to hire an external consultant than keeping a consulting department. This is more true in case of small companies: according to the survey the second reason (15%) is the **size of the company**. In the all day activities of a company there are more and more cases when special knowledge is needed and the experts are needed only

for these projects. An important aspect is **keeping a business stable** (12%). Concurrence is so intense, that there is a need to keep the market positions and it is also important to keep the business flow undisturbed. An interesting finding of the survey is that besides the special knowledge (25%) the second factor is to encourage business growth (20%) according to companies that haven't made use of business consulting but intend. An important motivating aspect for hiring a consultant for the first time is to expand the business and seek new markets.

3. THE MAIN AREAS FOR HIRING CONSULTING COMPANIES

The following diagram shows the areas for hiring a consulting company according to the 115 B.A.Z. based companies that already made use consulting services: (Figure 3)

Besides the conventional areas for hiring a consulting firm there are new areas like **finance** and **accounting**. Experts easily solve problems in this field. They evaluate the financial situation of the company, do the bookkeeping, and prepare the tax returns on time, do tax advising. The frequent change of tax and law regulations increases the need of hiring an external expert.

The next diagram shows the areas of planned use of consulting services according to the 115 B.A.Z. based companies that already made use consulting services: (Figure 4)

Strategic thinking, phrasing the future goal is important for keeping competitive. An increase of strategic thinking is shown by the increase of **strategic consulting**.

IT consulting experiences the most rapid growth in the branch. Reasons for using this service are improving information flow, developing controlling information systems, data integration, development of IT systems. Small companies are also aware that following IT development is of major importance in keeping competitive.

The planned areas of consulting

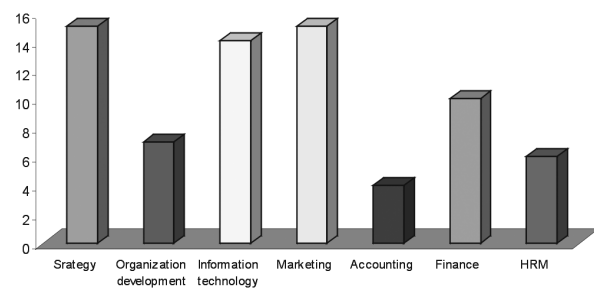


Figure 4

Due to expanding competition there is a growing need for **marketing and sales consulting** – and according to the results of the survey this area will witness an exploding development.

The answers showed that companies hire consulting companies occasionally but also regularly according to the specifics of the given area (bookkeeping, finance, tax, and law regulations). An interesting aspect is that the companies planning to use consulting services intend to use them occasionally. The reason might be the fact that the companies managed the given problems or areas and are not willing to change that in the future. So they are seeking an expert only to overview or control the project.

4. IMPORTANT FACTORS IN CHOOSING A CONSULTANT

We wanted to know what are the most important factors in choosing a consultant. The subjects had to evaluate the given factors by rating them 1 for unimportant and 5 for very important.

The next diagram shows the opinion of consultants and companies that already made use of business consulting:

Areas of consulting

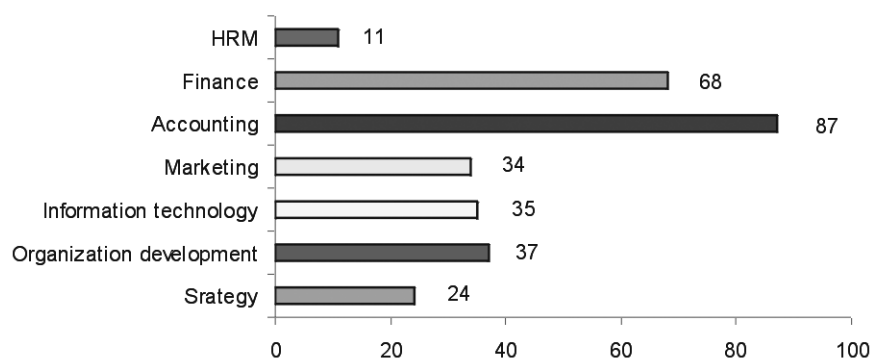


Figure 3

Important factors in choosing a consultant

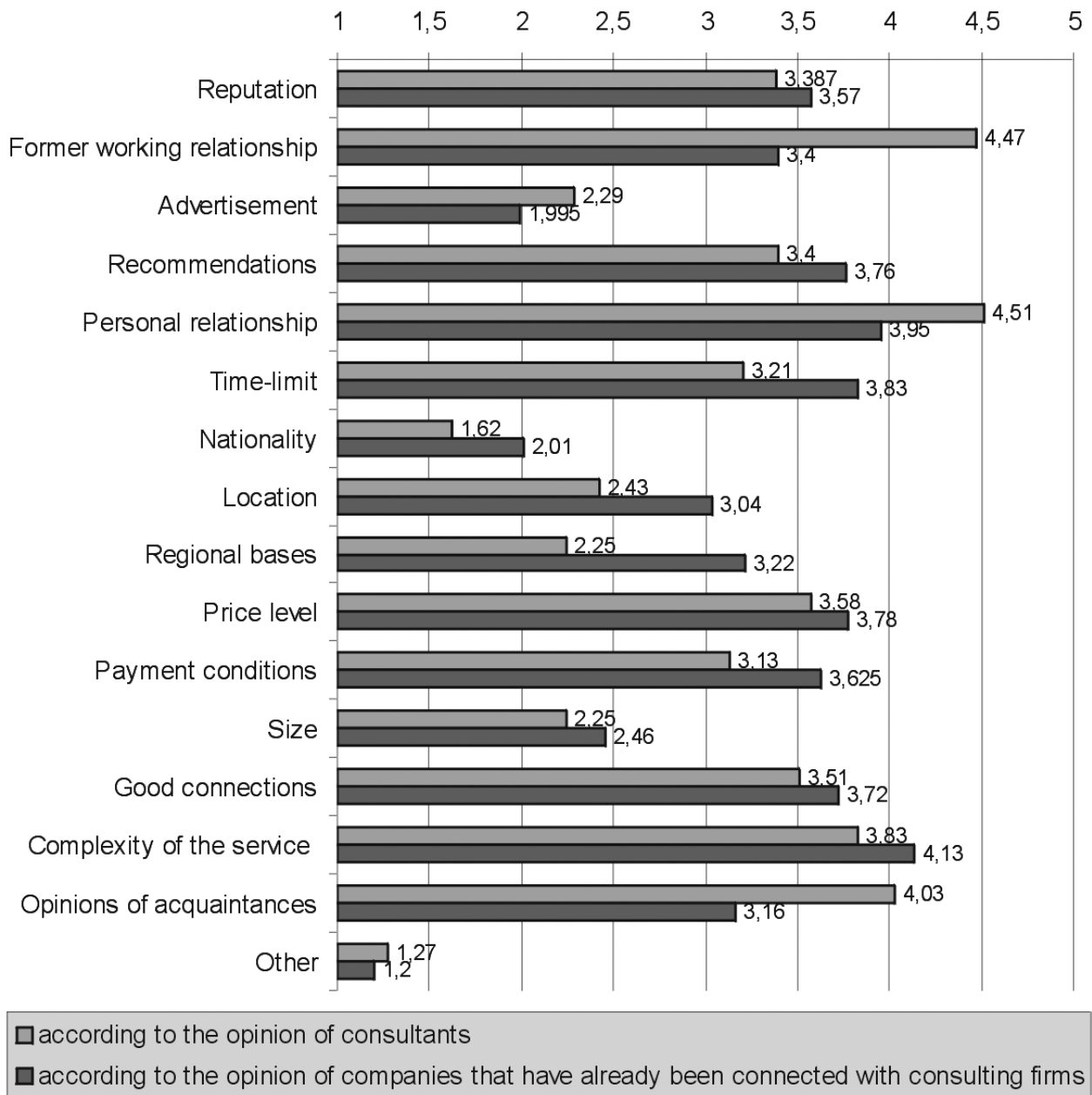


Figure 5

There is no big difference between the opinion of the consulting firms and their (potential) clients. The most important differences are:

- > According to the opinion of clients the most important factor by choosing a consulting firm is the **complexity of the service** (the consultants rated it only on place 4). The clients want the results as quickly as possible – so a dominant factor is the **time-limit** for the given project (also only of medium importance according to the consulting firms)
- > The consulting companies consider personal relationship and former working relationship and opinions of acquaintance very important (only of medium importance conform the clients).

> Price level and payment conditions aren't the most important aspects in this region. Quality and guarantees are much more important.

> Location and regional bases aren't factors in choosing a consulting company according to the consultants, but are of medium importance according to the clients. Quick, sometimes a personal help gives a feeling of safety.

> Size and nationality of consultants is not an important factor. Quality and former working relationship, recommendations are the dominant factors in choosing a consultant rather than a prejudice.

The following diagram shows the rate of clients by the type of link-up:

Rate of clients by the type of link-up

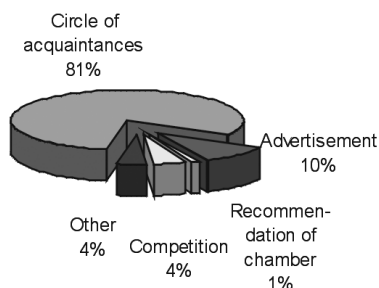


Figure 6

The most important type of link-up is the personal relationship: 95.2% of the companies have clients from the circle of acquaintances. 24.1% of the consulting firms use advertisement, 20.5% competition. Consulting firms contacted 10% of their clients with the help of advertisement, 4% with competition.

5. CONCLUSION

The Institute of Business Sciences of the University of Miskolc conducts a survey among business consultants and companies that already made use of business consulting, have not but plan to make use of business consulting and have not and don't intend to make use of business consulting.

The evaluation of the queries is in progress. In the present article we like to show which are the most important reasons for hiring a business consultant. Which are the main areas the consultants are needed, what are the areas tending to be the runners in the near future, what the most important characteristics by picking a consulting firm – and do the consulting firms think about those characteristics.

We would like to further analyse the order of the required service, the price variation, effectiveness, and the applied and preferred payment methods, the components of the payment. Furthermore the turnover of the consulting firms, the planned change in the turnover, the size change and composition of their investments, the most important holdback factors.

The results of the survey will be continuously published in professional magazines, conferences and professional forums.

Zusammenfassung

Unser Institut hat eine Befragung mit Fragebogen unter Beratungsfirmen und Unternehmungen, die Beratungsgeben in Anspruch genommen haben oder nehmen möchten, und unter Unternehmungen, die die Beanspruchung solcher Dienstleistung eigentlich nicht planen, gemacht. In der Befragung haben 362 mit repräsentativ Probenentnahme ausgewählte Unternehmungen und 83 Beratungsfirmen aus dem Komitāt BAZ teilgenommen. In unserem Artikel demonstrieren wir, dass die Hälfte der Unternehmungen in dem Komitāt BAZ eine solche Dienstleistung schon in Anspruch genommen haben oder in der Zukunft nehmen möchten. Nach der Auswertung können wir feststellen, dass die Unternehmen wenden sich vor allem wegen der speziellen Kenntnisse und Erfahrungen der Berater an solche Firmen. In unserem Komitāt sind heute noch die Buchhaltung und die Finanz die wichtigsten Gebiete, aber in der nahen Zukunft werden voraussichtlich die strategischen, informationstechnologischen Gebiete und Absatzmarketing in den Vordergrund treten.

Összefoglaló

Intézetünk kérdőíves felmérést végzett tanácsadó cégek, valamint tanácsadást már igénybe vett, igénybe nem vett, de tervező, igénybe nem vett, és nem is tervező vállalkozások körében. A felmérésben 362 reprezentatív mintavétellel kiválasztott B.-A.-Z. megyei vállalkozás, valamint 83 tanácsadó cég vett részt. Cikkünkben bemutatjuk, hogy Borsod-Abaúj-Zemplén megyében a megkérdezett cégek fele igénybe vette, vagy tervezi igénybe venni a szolgáltatást. A felmérés kiértékelése után megállapíthatjuk, hogy a legfontosabb ok, amiért a vállalkozók tanácsadóhoz fordulnak a szakértő speciális tudása, tapasztalata az adott terü-

leten. Megyénkben még mindig a legfontosabb tanácsadási terület a számvitel és pénzügy, a közeljövőben a stratégiai, információ technológiai, valamint értékesítés-marketing területek előretörése várható. A tanácsadók kiválasztásának legfontosabb szempontjaként a kínált szolgáltatás komplexitása, a személyes kapcsolat, valamint a vállalási határidő jelenik meg.

orosz