

# RTG Newsletter

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## **FROM THE PRINCIPAL'S OFFICE**

These are tumultuous times in retail. Many bankruptcies and many retailers trying to survive, while a few stick to their model, and evade disaster. Is this is time to spend on information systems and technology or not?

Bob Berger writes an article on the consultant's *raison d'être*. Enjoy!

Bob Amster - Principal, RTG

## ***Why are there still consultants?***

By Bob Berger, Senior Consultant and founder of Berger Management Systems

That's a question asked by both clients and consultants. I will attempt to clarify the reasoning in support of the profession and address some of the things you were probably thinking but did not want to ask.

Consultants are like oncologists or surgeons. They are people whom you really need when you need them but are too specialized and expensive to keep on staff. They provide the expertise that may not be available internally, the experience having been gathered by seeing the same sorts of problems in similar environments. Consultants are (should be) quick, they come in, they do specifically assigned work and then they leave.

They (should) tell the truth. They are accountable to officers of the corporation. That's where their loyalties lie. Occasionally, they will run across opportunities peripheral to their assignments, and which could improve the operation of the company. And so they make suggestions. Consultants come in three major flavors: large-firm, independent and hybrid. Each has its place.

For very large software development tasks, for very large clients where short-term staff is required, large firms might be a solution. Large firms may have expertise in multi-national solutions where many consultants are needed who have proficiency in a core product and in addition, have the understanding of the cultures of the participant countries is mandatory.

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There are two downsides to the larger firms. First, they seem to attract consultants who are recruited right out of universities and who, although quite smart, often are getting on-the-job training at the client's expense. These recruits don't have much industry expertise or the combination of both system skills and awareness of the unintended implications of what their efforts might do to the client's operations. The second downside is cost. Large firm consultants pretty much earn a reasonable wage for the work they provide, but in addition to the salary and benefits, large firms have a high cost of overhead, which is reflected in their rates to their clients.

The 'independents' are generally corporate people who have had extensive experience in an industry and then start a consulting practice specializing in that industry. They usually bring background with a major firm in the vertical along with a broad understanding of the solutions marketplace and its significant players. He or she might have three distinct advantages over the larger consulting houses.

First, independents are self reliant and the fewer people you have on a task, the more likely it is to be finished on time and below budget with less miscommunication. They have probably worked many aspects of the job both as a consultant, and as corporate employees. Moreover, this breadth of exposure provides the consultant with wider scope rather than just a narrow slice of a project. This is especially valuable as consultants move from client to client over their careers.

Next, they are not politically motivated. They are less worried about the political repercussions of their comments and the client is most likely to get the straight story. Independent consultants work only for the client and not for several levels of management above them who may have conflicting agenda.

Finally, they don't carry the overhead that the larger firms do. All the fees go into the quality of the consultant and so costs are generally a fraction of that of larger firms. Also, there is no loading of the client with extra consulting co-workers simply to keep the billable percentage up. This, provided that you obtain the best possible person for your project, which can be achieved during the interview and reference-checking tasks.

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The downside of engaging independent consultants or boutiques is that they may not be able to leverage tens of programming resources, but then, that's not the reason you hire them.

The third category is a relatively new one. It is the 'hybrid.' This is an independent consultant who affiliates with other independent consultants so that when the job calls for extra hands, or a particular specialty, there is an available pool of consultants who know consultants. The Retail Consulting Group is such an association. This combines the broad specialty reach of larger firms with the low costs of independents.

So, back to the question why are there still consultants? Well, as a long time independent consultant, a former CIO, and a former buyer of consulting services for several firms, a subcontractor with larger firms, an observer of the practices and currently a hybrid member of a consulting group, I think the above medical analogy is apt. Even though there are very competent CIOs, Directors and Managers (the internists or general practitioners) within the companies that hire consultants, there are occasions where poisons need to be exorcized, serious diseases cured or precise surgical operations performed and for that you go to a specialist.

A consultant performs the same functions. He is not the internist who is constantly with you but rather the specialist who is called in when out-of-the-ordinary events occur. In retail this might mean assisting with the selection and implementation of new equipment or system, finding the cause for unusual inventory build-ups or pockets of low profit, or providing an outside view to officers of the corporation or their staff, when training and the environment becomes a little inbred.

Often, relationships between clients and their consultants go on sporadically over many years. I can think of one that spanned three engagements with the same person in two firms over 23 years. If the consultant does a good job for you, keep his phone number. You can never tell when you may want to simply ask him a question or when you might require a specialist.

## **WHAT'S NEW**

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## ***Visit our Web site!***

Obtain more information about us at  
[www.RetailTechnologyGroup.com](http://www.RetailTechnologyGroup.com).

## ***In the News***

### **Chanel**

RTG was engaged by Chanel to conduct a process re-engineering project for a Division of Chanel, Inc. Chanel has been an ongoing client in the upscale market with a number of wholesale distribution divisions and company-owned retail stores.

### **Kal-Tire**

RTG has been engaged by this large Canadian tire retailer to manage the implementation of new POS software and new POS hardware over a 200-store chain.

### **Lover's Lane**

Bob Berger completed the software evaluation and selection project for this multi-channel retailer runs 29 stores, a Web site and multiple catalogs. Lover's Lane selected KWI Merchandise and POS.

### **City Sports**

We are engaged by this urban retailer of sporting goods and equipment to manage the implementation of Epicor Retail's Loss Prevention module.

### **Things Remembered**

We continue to provide a variety of consulting services to this mall retailer of engraved gifts.

### **Coach**

We have been extended by Coach to conduct yet another new project. Coach has been a client for five years. We are extremely pleased to continue our consulting relationship with this prestigious retailer.

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