

Case Studies of Pre-contract Scenarios between Client and Consultant

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Abstract: When a consultant is engaging in a business communication with a client for a consulting contract, it is very important for the consultant to recognize the client's competitive business environment and how the client is rationalizing the decision making process for their growth strategy. Even though the consultant's work may be a small project, but the consultant must investigate and identify how this project fits in their growth strategy. Decision on these small projects would depend on how the major project is handled. So, the client's competitive business environment and the understanding of the competition play a critical role in obtaining the contract. Four case study scenarios are presented to demonstrate -

- Why the contract between the consulting firm and the client was not signed: New President of the transportation company was analyzing the business growth scenario with the given constraints, but the consultant was not incorporating all the known business constraints in his decision analysis process.
- Why the company signed the initial contract but issues with subsequent contracts: Consultant firm completed one of the toughest activity in the growth strategy program at a very low price which created the unsustainable environment. Now, the client was expecting to sign the subsequent contract with similar discounts in price which was not feasible.
- Why the company signed the initial phase (cost improvement project) without any issues but delayed subsequent phases: Consultant did not investigated the issue of business growth before signing the initial phase of the project, but at the same time it was also not clear whether the business leaders knew the business owner's growth strategy. This is a typical example when business leader do not know the total business plan.
- Why the company signed the contract on phase basis: Consultant and the company's leadership had a great communication up-front before signing any contract which created the mutual knowledge trust and understanding. Consultant was recognized for his knowledge and experience. Consultant kept each project short enough where the business leaders could realize the benefits.

These scenarios would apply to almost every industry, but to gain experience from various industries these case studies have been compiled as participation went through in four industries: Transportation, Pharmaceutical, Paper and Sewing.

Sewing industry client was not only wanted to stay in business but also wanted to grow, so they sign the contract on phase basis. The project resulted in the economic impact of over \$6.6 million; during deep recession of 2009, when revenue of almost every business was lowering and businesses were laying-off employees, this organization hired 40 employees and the revenue went-up 30 percent.

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1. Introduction

Business leaders, their associates and the consulting partners have to focus on the needs of the customers and optimize the existing activities in the process. These processes include safety, quality, productivity, resources development, cost, etc. Both businesses and their working partners (may be consultants) must find a balance between passion, people and patience by studying the facts so as to fully grasp the situation.

Small business economics has been a central topic for business growth and entrepreneurship for several years, Davidsson (1991) and Davidsson et al. (2006). The availability of growth process data of new and/or small and medium-sized businesses provide the foundation for considerably sharpening our understanding of business growth. All the papers of small business economics are based on real-world evidence which provides the path to genuine progress (Simon 1991; Scherer 2001). Many studies prove that business size and its age are statistically related to business growth, Geroski (1995), Sutton (1997) and Audretsch et al. (2004), but this does not necessarily improve the chances for growth processes and strategies for business growth.

Large corporations can support very sophisticated and lengthy market research processes. These processes reveal almost everything possible about their customers. For example, Kotler's (2002) research states that Coke knows that their customers put 3.2 ice cubes in a glass, customers watch 69 of their commercials every year and prefer cans to pop out of vending machines at a temperature of 35 degrees. However, small businesses may not be able to afford, or appropriate enough funds for, their business to collect market information. Small businesses need to set affordable budgets to do limited amount of necessary research.

Business leadership tries to achieve the sustainable growth strategy and as per Kumar (2010) it means:

- Support market and product growth
- Acquire new businesses or expand business
- Improve margin
- Increase revenue and profitability
- Reduce business cycle time

These concepts were tested in four industries (Transportation, Pharmaceutical, Paper and Sewing), with the following four scenarios:

1. Why the client did not sign the contract with the consulting group in Transportation industry.
2. Why the client signed the initial contract without any major issue, but resisted to sign the subsequent contracts in Pharmaceutical industry.
3. Why the client signed the initial phase of the contract without any issue, but delayed subsequent phases in Paper industry.
4. Why the client signed the contract with the consulting group without any issues on phase basis in a Non-profit Organization in sewing industry.

High level overview of the four participating industries is presented as follows:

The transportation industry scenario was in a re-built truck engine components manufacturing company. Their major components were Air compressor, Air dryer, Alternator, Caliper, Fan clutch, Hydraulics, Starter and Water pump. This was a family owned business for three generations.

Many people cannot afford to buy a new vehicle right now," said Ken Carter, chairman of the Engine Repower Council. "Repowering is a sensible economic option that saves big money in the long run. For the cost of an average down payment on a new car or truck, you can repower your vehicle with a remanufactured/rebuilt engine and gain years of reliable service without monthly car payments and higher insurance rates."

The pharmaceutical industry scenario was in a generic drugs manufacturing facility of a large pharmaceutical company producing both patented and generic drugs. Generic drugs were produced in the form of tablets and capsules. Leadership planned to bring the generic drugs manufacturing facility's capability to produce fifteen drug families (listed below) in three years.

- Anti-infective
- Anti-arthritis
- Cardiovascular
- Gastrointestinal agents
- Psychotherapeutics
- Diabetic
- Anti-histamine
- Anti-ulcer
- Anti-nausea and vomiting
- Steroid
- Muscle relieve
- Hormone
- Appetite suppressant
- Anti-drug or alcohol
- Anti-cancer

Manufacturing processes must be streamlined before adding any equipment for additional throughput. Behr et al. (2004) shows how the combination of innovative components will guide the way to very efficient and cost-effective production. The first component is the design and manufacturing of production facility. The second component is a process streamlining of the production process.

The paper industry scenario was in a privately owned paper mill producing brown paper which is used for brown bags, cardboard boxes, packaging, etc. This was a 24/7 operation with an annual capacity of 420K tons throughput. Mill was shut down for approximately 10 days for the annual maintenance. Mill was delivering paper to its customers through third party: trucking companies and rail-roads. Approximately 85 percent throughput was sold in the US and 15 percent was exported (10 percent to Canada and 5 percent to Europe). European customers' transportation responsibility was only up to the US shipping ports.

The sewing industry scenario was from a non-profit organization where one of their product lines was sowed products. Blind employees were sowing these products. Company hires typical blind people (generally no training in sowing), trained them and their sowing work is as good as any regular worker would do. Good percentage of their contracts was with government organizations, but they were also selling their products through their own stores to general public. They were also involved in cloth cutting business as outsourced business for the other sowing companies.

2. Business Scenarios

Four business scenarios as identified earlier are presented here. This will set the stage for discussion and conclusion which are presented in the next sections.

2.1 Transportation Industry

Business situation: Client was experiencing growth in his business (growth in revenue and profitability) and was forecasting, that his business will continue to grow for several years. Current site was not large enough to handle business growth and the manufacturing processes were poorly organized and managed. There was no production manager in the business, business owner rarely used to go on the manufacturing floor and generally production supervisors used to update the business owner. He (business owner) had a great interest in marketing, sales and finance. Business

owned the current manufacturing facility, but it was in a very poor condition and close to the shopping mall area. Shopping area was growing, so the land value in the area was also increasing. This business owner was a very smart person. He found a great site in the industrial park almost twice as big as was his current facility. So, he leased the facility in the industrial park at a very low leasing price with the option to buy the facility during the lease period or latest at the end of the lease period for the pre-agreed price. He was not sure how he would move from the current site to the new leased site and utilize space correctly for the business growth. So, he decided to contact a consulting firm to help him out.

Communication scenario: In the following scenario, Joe Sr. was the business owner and Bob was a consultant. Some additional characters will be identified later.

Initial meeting between Joe Sr. and Bob – Joe Sr. shared the above information with Bob, gave him (Bob) the facility tour and took Bob to new leased site. Joe Sr. admitted to Bob that he was not providing any leadership in the production area. As Bob was walking through the current facility, he noticed that in-process and finished inventory was stored all-over the site and some inventory was also stored in the newly leased facility. Bob also noticed that some good parts were taken out from finished obsolete products and utilized in the current products.

Joe Sr. shared some business history with Bob – Joe Sr.'s father started the business almost 35 years ago. He was really good in re-building engine components. He started his business in a garage and moved 2-3 facilities until he moved to the current facility about 20 years ago. He handed over the responsibility to Joe Sr. about 15 years ago. Joe Sr. had some rough time in the last 3-4 years, but now the business is growing and Joe Sr. was happy.

Joe Sr. feels himself very proud in manipulating the patented parts without redesigning them and using those parts in his re-built component business without paying any royalty. Joe Sr.'s modification processes for the patented parts were very simple. He was drilling some holes in the parts without changing parts functionality. He faced several patent infringement law suits and fortunately he won all of them. During this rough time, he got some financial help from his customers in exchange of some share in his business. Now Joe Sr. thinks that what had happened in the past was simply a history and would not repeat again.

Bob suggested that he would like to have a meeting with Joe Sr. and his direct reports related to business finance, product growth, operations, and sales and marketing. Joe Sr. agreed to a kind of working meeting.

In the working meeting, Joe Sr. introduced his son Joe Jr. to Bob. Joe Jr. worked in a few companies for the last 15 years and gained excellent experience in operations before joining the family business. Joe Jr. was assigned to lead the production operations. Bob congratulated Joe Jr. and welcomed him in his family business.

Joe Sr. shared high level business finance information. In a \$13-14 million annual revenue business, profit before taxes was \$600-700K which was about 5 percent of the revenue. Bob noticed that about \$650K were paid as an interest to a bank. Joe Sr. shared last two years of finance information and the interest payment to the bank was high in both the years without any payment of the principal. Bob did quick calculations in mind that at the annual interest rate of eight percent, it would equal to \$8 million borrowed capital. Bob asked the question, how frequently do you count or sample count your inventory? Joe Sr. said that my employees are very honest people, so I do not need to count my inventory.

Later, Joe Jr. invited Bob to spend some time on the manufacturing floor and observe the manufacturing processes. Bob went along with Joe Jr. to the manufacturing floor and spent good portion of time (2-3 hours) with production supervisors and watched processes on the floor. At the end Bob concluded that this business needs a lot of Lean Six Sigma activities to streamline the

processes, improve product quality and document the processes before they can move to a new facility. Bob promised that he will provide the project proposal in a couple of weeks.

During this two weeks period, Bob was working hard to develop a Lean Six Sigma project proposal for Joe. Sr. During this period Joe Sr. made an announcement that Joe Jr. is business President effective immediately while Bob was not communicated about this announcement. When Bob went back with the proposal, Joe Sr. introduced his son (Joe Jr.) as the President of the company. Bob congratulated Joe Jr. and Joe Sr. reviewed the proposal, but hardly asked any questions and passed the proposal to Joe Jr. for review and his approval. Right away Bob realized that Joe Jr. as Company's President would have a very difficult time to lead the production facility without having any leadership on the manufacturing floor, so Bob started thinking what positive comment/recommendation should I make to Joe Jr. to get him on my side. Joe. Jr. took the proposal from his Dad and told Bob that I would like to review the proposal and will contact you in a couple of weeks. As Bob was walking out from the conference room with Joe Jr., Bob suggested to Joe Jr., "I think that now you should hire a production manager to lead the manufacturing floor. You would be very busy to lead the Company." Joe Jr. smiled and said, "I agree, you are right, if you know somebody, please let me know." Bob thanked Joe Jr. and left the building.

2.2 Pharmaceutical Industry

Business situation: This large company had already purchased one local small company and increased their capacity with first year's forecasted throughput of two Billion tablets and capsules. Some departments were working one shift while others were working two-shift operations. This was a non-union manufacturing facility. Company was planning to close two other facilities in the next 1-2 years and the leadership had set the target that this facility should reach the annual capacity of producing five Billion tablets and capsules for the drug families as listed earlier in three years. Company had already approved the budget to double the size of Quality Assurance Laboratory which assures the product quality.

Leadership did not have any in-house model to evaluate the throughput capacity of the manufacturing site. So, they could not able to evaluate the impact of product forecast variation on the total throughput capacity of the site. This became a critical issue for leadership, so they contacted a local consulting firm.

The following names with titles are utilized in the communication scenario:

Frank - VP Operations

John – VP Manufacturing

Bill – Facilities Director

Bob – Consultant, Consulting Firm

Roger – Capacity Modeling Expert, Consulting Firm

Communication scenario: Bob scheduled his first contact meeting with John and Frank. Bill also had an interest in the capacity model from the facility support point of view. Bill manages facility and the utility equipment such as boilers, water purification system and compressed air. Bill wanted to know the utilities requirements for the manufacturing equipment, so he could support the equipment. Bill found out that Bob had scheduled a meeting with John and Frank, so Bill decided to participate in the meeting.

Frank and John described their business issue to Bob as presented above. Bob went back to his office and discussed the project with Roger who could develop the throughput capacity model. Roger estimated the project budget of \$80K and passed the project proposal with budget to Bob. Bob shared the project proposal and budget with his leadership and his leadership could not believe

that the project would need that high level of efforts. Roger showed his justification to Bob's leadership, but leadership had a strategy which they did not share with Roger. Roger was a new employee in that consulting firm, so he did not pursue hard enough on his estimates. Since this manufacturing site was a part of a large corporation, so the consulting firm's leadership strategized that if they reduce the price on this project then this project would open door for future projects. So, the consulting firm's leadership told Bob to submit the proposal with a price of \$40K.

Bob called John and scheduled the proposal presentation meeting. John organized the meeting and invited all the interested parties in his company to attend the presentation. Bob presented the proposal with the price tag of \$40K. Both Frank and John greatly appreciated the presented proposal as well as all the attendees like the proposal, so John decided to accept the contract.

Throughput capacity project work: Roger spent a day on the manufacturing floor to understand the equipment, processes and the material flow. He had to hold 3-4 working meetings with each production supervisor to collect product and manufacturing information. Supervisors' production information was based on their best estimates for manufacturing times. Several of these products were not even manufactured at that site and the production supervisors had limited understanding of their manufacturing processes and standard times. So, the capacity model was developed with the understanding that the next project proposal would be needed to collect the needed production information to analyze the additional capital equipment requirements to meet the annual throughput capacity of five Billion tablets and capsules. The developed model was validated based on the production supervisors' understanding of the production standards. As this project was completing, John requested the next phase of the project to Bob.

Next phase proposal: The objective was to collect and analyze sampled manufacturing time data to validate the throughput capacity model for the total manufacturing facility, streamline processes and identify capital equipment requirements based on three-shift operation to support the annual throughput of five Billion tablets and capsules for the defined production variation and the time guidelines defined by the corporate leadership.

Bob worked on the proposal with Roger and the proposal was presented to John. He liked the proposal very much except some minor suggestions. By the way, these suggestions were excellent, but the financial impact of these suggestions on the proposal budget was insignificant. Presentation and discussion lasted for over two hours. John did not like the proposed budgeted price. He said, "The price for this phase of the project is very high and should be in-line with the previous project." Bob said that since you were the first time customer, our leadership offered you a discounted price for the previous project. John made a comment, "Similar to the first project was done at another site of our company at a price 2.5 times of what your price was for the first project." John insisted that please go back to your business leaders and ask them to think about the discount they would offer to John.

Bob went back to his office and discussed about the second project's presentation to his leadership. Bob also mentioned about John's comment, "The proposed project's price is too high." Consulting firm's leadership did not do anything except made a comment, "The discounting decision is up to you, Bob."

2.3 Paper Industry

Business situation: This case study was representing the period when diesel price was over \$4.00 a gallon, diesel prices were going up and there was no end in-site. Paper mills had excess capacity and customers had upper hand in negotiating paper price, shipping cost, etc. Approximately 70 percent of paper shipping was through trucking companies and the remaining through rail-road. Customers were expecting on-time delivery and their percentage was increasing, so shipping through trucks were also going up.

Proximity to a transportation facility is often considered to be a “double-edged sword,” Liu (2001). Even though the industry provides jobs and services which increases residents living near the highways, but on the other hand, households do not like to reside close to highways because of the negative externalities generated. Proximity to a roadway is often used as a proxy for exposure to air pollutants that fall close to the roadway, noise pollution, and noxious releases from traffic accidents involving hazardous chemicals, Schweizer and Valenzuela (2004). Although it may be argued that distance does not highly correlate with exposure, Feitelsen (2002), there is evidence to indicate that proximity to transportation facilities is associated with various health problems, such as asthma, World Health Organization (2000). Moreover, local residents frequently equate risk with proximity to a roadway, regardless of expert opinion, Burby and Strong (1997) and Bullard and Johnson (1997).

Mills had some consignment contracts with customers where customers were providing storage space for mill owned inventory and the customers were paying as they were consuming the stored inventory. This stored inventory was as high as 60 days worth of customer needs. Most of these deliveries were small, so typical delivery was through trucks.

Due to high cost of diesel fuel, the leadership of a privately owned brown paper mill wanted to develop a two-phase transportation cost reduction supply chain strategy:

Phase I: Identify cost reduction areas with an implementation plan

Phase II: Implement the developed plan to achieve the projected savings

Mill's leadership contacted a local Consulting firm for help. Their consultant Bob contacted the mill's leadership and scheduled a meeting.

Communication scenario: Bob attended his first meeting with mill's leadership (VP Sales and Marketing, VP Operations, Purchasing Manager, Cost Reduction Project Manager and Paper Manufacturing Expert) and he concluded that it was a good meeting. Leadership shared the above presented information and answered Bob's questions. Leadership stated to Bob that they would like a project proposal for Phase I only. If Phase I partnership works out good then we would continue for Phase II implementation phase of the project.

Bob went back to his office and developed the requested proposal and the budgeted price. Bob presented the proposal to mill's leadership and the proposal was accepted. Bob's team worked for about two months and identified savings of \$0.5 – 0.75 million and the team also identified the mill's resources that had to participate in the Phase II-implementation project to achieve the projected savings.

Bob and his team presented the project findings to mill's leadership and they liked the recommendations to achieve the savings. Leadership asked their functional managers to analyze the resource requirements for their functional responsibilities along with the additional requirements for the Phase II (implementation project). Leadership did not want to add any functional resources to achieve the projected savings by implementing the outcome (recommendations) of Phase I project. Functional managers analyzed their resource requirements and they felt that their resources would be able to support the implementation of Phase I project's recommendations.

Bob's Business analysis: Bob was very happy with the results of Phase I project and comments from leadership during presentation. Bob went ahead and invested his resources in developing the implementation plan, Consulting firm's resource requirements and also developed the project's budgeted price. Note - Bob had only limited mill's business information and the mill's leadership did not share the details of their business owner's strategy. It was not clear whether the business leaders knew owner's strategy or not.

2.4 Sewing Industry

Business situation: This non-profit organization was producing highly specialized products based on military specifications. They were supplying products to six military Defense Supply Centers nationwide and were acting as a distribution center for the federal General Service Administration. Therefore, their customers were expecting nothing less than the designated order, right down to the gauge of thread used in sewn components. None of these parameters were especially noteworthy, until you take into account that most of those producing said items were blind.

Operations site was utilizing over 200,000 Ft² facilities. Material (raw, W-I-P and finished) was stored everywhere. One new product was required to bring in production, but hardly any manufacturing site planning, layout and process testing was done. This product was expected to be approximately 1/4th of the total future business revenue. There were numerous issues with the existing products, such as difficult to meet customer demand, excessive material handling, process flow, etc. This brought the concept of Ansoff's (1957) approach to market growth where new product was introduced in the existing government market. Government's defense department generally designs these products, but suppliers have to win the contract on price, quality, on-time delivery and service basis. This non-profit organization won the contract.

The organization's leadership was looking for a significant improvement in material flow, throughput, inventory reduction, higher utilization of manufacturing facilities, higher revenue and profitability, and improved cash flow. So, they contacted the Consulting firm to help them out.

Communication scenario and business improvements: Bob from the Consulting firm had meetings with business leaders of this non-profit organization. They described the business situation as presented above. Bob went back to his office and discussed the project with experts. The Consulting firm went back with a growth strategy proposal with a phase basis implementation plan. Some of the key elements of the proposal were: Streamline processes and improve quality of existing products, Develop and implement manufacturing plan for the new product, Streamline material flow from receiving, manufacturing through shipping, and analyzed market demand strategy.

The plan was presented to business leaders and they loved the plan. The key strategy of the Consulting firm was that they divided the whole project in a fashion where client could see the project progress (improvements on the manufacturing floor) and its impact on revenue and profitability. So, the whole project was approved on the phase basis and the results are presented in the Discussion and Conclusion section.

3. Discussions

The above presented case scenarios are discussed in this section. This will provide some inside thinking of the consultant who participated in these case studies and the business leaders of these respective companies. These cases studied would provide excellent learning opportunities for young consultants...

3.1 Transportation Industry

This sets the stage for readers to analyze this case along with the following thinking of Bob and Joe Jr.

As Bob was driving back to his office, he was thinking, "The business leadership has changed and the person who is going to lead the business has good operations background. He would realize the importance of my proposal and I may have a better chance to get my proposal approved."

Now Joe Jr. had to lead the Company and he was thinking, “My Dad has borrowed a lot of money from the bank, but I do not see enough inventory worth that much. Some family members as well as some customers are business partners. So, how will I explain the financial side of the business to business partners? If I install the inventory management system and if the value of the inventory turns out to be very low compare to the borrowed amount (capital), bank will come after me and ask me to pay back the difference between the borrowed amount and the inventory’s worth.”

3.2 Pharmaceutical Industry

This sets the stage for readers to analyze this case along with the following thinking of Bob and John.

Bob’s business analysis: Based on John’s comment, Roger’s original estimate for the first project was \$80K which was already discounted 20 percent over the market price. So, Roger’s price of \$80K for the first project was a great price which had a 20 percent incentive built-in. The proposed price of \$110K for the second project has already built-in a 20 percent discount in relation to a market value of \$137.5K. Bob’s thinking, “Manufacturing time data collection is a very time consuming task. This task has already been reduced to sample data and further reduction is not feasible. Any further reduction in offered price will set a bad precedence and this company will always ask for a big discount.”

John’s business analysis: “Consulting firm has done the toughest job of developing the throughput capacity analysis model on the computer incorporating all current and the identified future products. The model has already been validated based on the supervisors’ estimated manufacturing times. Most of the operations are machine controlled, so the manufacturing time reduction would not be significant. We are in generic drug business where forecast changes very quickly. We would need somebody in-house to do what-if-analysis anyway, so if we have to run a few extra scenarios which would be fine.”

3.3 Paper Industry

Mill’s owner: He was a rich person. He was very un-happy with the returns on his investments in the mill. His marketing leadership did the marketing research and found that the mill manufacturers were running their mills to full throughput capacity and there was over supply of paper than demand in the market. Mills were cutting prices to keep their customers. The mill’s owner thought that if he could purchase another mill and adjust the supply of paper in relation to market demand, this would stabilize the product prices in the market. He had an excellent capability and knowledge in negotiating business deals. So, he negotiated the deal and purchased the second mill. This purchased mill was at least as big as the first mill or bigger in throughput capacity. This mill needed some process improvement and streamlining work. Since both the mills were in close geographical location and were producing almost same products, so the owner wanted to utilize the resources from his first mill to improve and streamline the operations in the second mill.

First mill’s leadership analysis: Same resources which were identified for the implementations of Phase I project were also needed for the second mill to improve and streamline processes. Owner made a big investment in the second mill, so the cost reduction savings of \$0.5 – 0.75 million were not enough to assign the same resources for the project implementation (Phase II project).

3.4 Sewing Industry

The initial long communication between the business leaders and the consultant set the stage for the phase basis growth strategy project. It was also understood that the business leaders would

like to see the benefits of each phase before starting the next phase. The following were some key activities and achievements as Kumar (August 2010) identified:

- Streamlined processes: 5 products, 4 cutting tables, storage area, and receiving and shipping areas.
- Reduced the facility requirements to one-half the original space (from 200,000 Ft² to 100,000 Ft²)
- Minimized total material handling in various areas including receiving and shipping docks, warehouse and manufacturing floor.
- Performed strategic capacity-load analysis to meet future throughput requirements.
- Reduced products cost significantly, gained share in the existing market and captured new markets in non-governmental businesses.
- In quantitative term: the economic impact of over \$6.6 million; during deep recession of 2009, when revenue of almost every business was lowering and businesses were laying-off employees, this organization hired 40 employees and the revenue went-up 30 percent.

Leadership of this non-profit organization did not have enough technically qualified resources in-house to solve their problems, so they went outside for help. Under these situations, any qualified consulting firm could get the contract on phase basis project to provide directions for business growth and sustainability.

All the above presented case studies have validated the sustainable growth strategy elements which Kumar (2010) has identified and are listed in the Introduction section.

4. Conclusions and the Challenges

This section concludes the communication between the consultant and the business leaders of their respective industries.

4.1 Transportation Industry

Bob's analysis and proposal was based on operations only. Bob was not analyzing the above presented scenario as a business case. Bob also excluded several business related factors including where workers were taking out good parts from the obsolete components, tight cash flow situation, huge borrowed capital from the bank, several business partners including family members and some customers.

Joe. Jr. did his business analysis where inventory and financial issues were very critical to satisfy his business partners and the bank. So, Joe Jr. did hire a production manager as Bob suggested leading the manufacturing floor under his (Joe Jr.) guidance. As Joe Sr. presented the business finance information in the working meeting and Bob noticed that the company's profit before taxes was barely enough to pay interest on the borrowed money from the bank, so Joe Jr. realized that the financial statement did not show any extra positive cash flow to pay back the borrowed capital. Production Manager's cost became a part of the operating expense with the expectation that the operations had no other place to go except upward (improvement) that means increase in revenue and profitability.

As you can see that Bob did not tie his analysis to business growth while Joe Jr. did tie his analysis to business growth. So the proposal from the Consulting firm was not approved.

4.2 Pharmaceutical Industry

So, what actually happened? Client was not ready to sign the contract with the Consulting firm for the second project as long as the Consulting firm was not ready to offer similar discount as they

did in the first project. The Consulting firm did not offer any additional discount, so the pharmaceutical company did not sign the contract for the second project.

Consulting firm has to do a better job of price survey in the market. They discounted the first project's price without sharing their strategy with the client (Pharmaceutical Company). Consultant created an undefined territory for the client with unrealistic expectations. Client's analysis validates his thinking that the second project was not the required project for business growth, so approve the project only if meets the price criteria.

4.3 Paper Industry

So, the business leadership decided to hold the phase II project. It looks like that paper mill's leadership was working on two strategies: continuous improvement (CI) and business growth, but CI as a back-up strategy. CI could very easily be a part of the growth strategy if enough resources were available to support both the projects. Unfortunately, the consultant was not aware of the business growth strategy and business owner placed higher priority to business growth strategy which was the correct approach due to limited resources. Growth strategy would generally impact more positively in revenue and profitability results than the continuous improvement strategy.

4.4 Sewing Industry

Leadership of this non-profit organization did not have enough technically qualified resources in-house to solve their problems, so they went outside for help. Under these situations, any qualified consulting firm could get the contract on phase basis project to provide directions for business growth and sustainability, but the initial communication and understanding the business issues were very critical to establish the partnership.

All the above presented case studies have validated the sustainable growth strategy elements which Kumar (2010) has identified and are listed in the Introduction section.

4.5 The Challenges

These studies had provided some very positive impacts as discussed above, but also identified some challenges based on participants' collective experience:

- Securing project: Considerable efforts were required for seeking out projects from business leaders.
- Organizational complexity and diversity: Various organizations (different client's businesses, consulting firm, third party organizations and governmental agencies)
- Slow organizational and inter-organizational adaption to change: The ways organizations define themselves, relate to the environment, approach their work, and select processes, tools and techniques all evolve slowly than the technology around them. This was compounded when multiple groups must work together.

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Short Author’s Bio

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