

The Study on the Status and Countermeasure of our country's Consulting Industry Development

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ABSTRACT: Consulting Industry is the general name of the third industry which takes consulting services as the characteristics in various industries. It essentially a knowledge service industry contains intensive intellectual. This article starts from the introduction of the development of modern consulting industry, based on the deep analysis of industry development in developed countries, discussing the present situation and problems of consultation industry in our country, and putting forward some measures to further development of consulting industry in China.

KEYWORD: Consulting Industry; Status of Development; Countermeasure

1 THE DEVELOPMENT OF MODERN CONSULTING INDUSTRY

Modern consulting industry began in the late 19th century Anglo-American, the first management consulting firm showed in the United States in the 1930s. These companies formed the seniority groups, management consulting professional organizations - Association of Consulting Management Engineers (ACME)¹, it takes group as requirements for membership. Currently, the United States has set up a management consulting consortium of professional organizations as the main body to ACME and IMC and often communicates with the other three of the most prestigious consulting professional associations, known as management consulting organization Federation, the Federation inclusive and representative of the 50,000 management consultants, accounting for 62% of the total number in the United States 81,000 management consultant in early 90s. Currently, the consulting industry growth rate of the major developed countries in Europe and the United States are 20% -30% annually.

In 1992, China put forward the development of the socialist market economy, which promoted the further development of the national economy. From the late 1970s to the early 1980s, the consulting firm began to take root in China. In the 1990s, China's consulting firms such as "ideas company" and "planning company" rose rapidly. For example, in 1992 an idea by He Yang has been sold with 400000. Domestic consulting market consists of

consulting company, advisory body to the government authority belongs, advisory body set up by the universities and research institutes, young college professor individuals (or partnership) consulting firm, private consulting agencies. Been compared with developed countries, domestic consulting firm still in its infancy, the consulting industry as a whole is still very low.

2 THE PRESENT SITUATION OF CONSULTING INDUSTRY IN DEVELOPED COUNTRY

The developed countries take modern consulting industry seriously as a sunrise industry. After hundreds of years of development and accumulation, the consulting industry in the United States, Germany and Japan in the world is representative. U.S. consulting industry is very mature, involved in various fields of social life, such as engineering consulting, decision-making, consultation, management consulting, accounting, consulting, legal consulting, pharmaceutical advice and personal consultation. Currently, the consulting firms in the United States are about 10,000 whose type of think tank consulting research institutes are 400-500. In addition, the U.S. government and public bodies consulting demand market and the independent advisory body ("think tanks") are numerous. Various forms advisory body in Germany 9680, German consulting industry amounted to 15.3 billion marks in 1996, the total number of employees reached

46,900 people per capita turnover of up to 326,000 marks, and the formation of a series of well-known large-scale comprehensive consulting firm. Japan's consulting market size is second largest after the United States, the amount of consultation in 1995 reached \$ 4.7 billion³. The major work of consulting business in Japan is on the IT. According to statistics, advisory accounts for 35% of the market information, human resources accounts for 19% of the market, and market research and corporate strategy consulting accounts for 10% and 7% respectively. The survey shows that, in the United States 60% of the enterprise and consulting firm; cooperation in Japan, 50% of companies and consulting firms; Fortune 500 companies, about 50% of the companies have their own long-term cooperation of well-known international consulting firm, 100 % of the companies have received consulting services.

3 THE PRESENT SITUATION AND PROBLEM OF CONSULTING INDUSTRY IN OUR COUNTRY

3.1 *The development situation of consulting industry in our country*

Modern consulting industry has appeared in China in the late 1970s which the number of registered advisory body till the year 1996 amounted to 380,000. Currently, nearly one million employees in consulting industry, but truly engaged in the consulting business, there is a certain strength, a certain degree of fame in 1000 within the related industries. In 2000, China's gross domestic product (GDP) was 8.9 trillion yuan, the consulting industry's turnover is only about 100 billion, only occupied 0.11% of the consulting industry. Consulting industry in China can only say that are just starting out, and broad it is equivalent to the level of the early 1960s. End of the 20th century, China has successfully joined the WTO, the initial establishment of the socialist market economic system. Therefore, despite the late start of China's consulting market, but in recent years, with the rapid development, the role and significance of the consultation has gradually been accepted by the community. For example, Robust, Konka, PetroChina, CNOOC, Haier, Lenovo, Xinhua Insurance, Pingan Insurance, Wangfujing Department Store and many other well-known Chinese enterprises, all have a record of cooperation with domestic and international consulting firm. Multinational consulting company in the 1990s turned their attention to China's huge market potential. For example, Roland Berger, operating income in China in 1995 accounted for 9% of the Group's global income, the proportion rose to 14% in 1997, accounting for 1/3 strong 1999. Consulting

industry in China in the past 10 years, the growth rate of more than 20% the Shanghai consulting industry growth rate of nearly 30% in the past five years. Overall, information consulting industry in China is still in the primary stage, the advisory body to both the traditional government-run Institute of its subsidiaries, has a private consulting agency.

3.2 *The existing problem of consulting industry in our country*

Chinese consulting industry only has a history of 20 years, there are many problems. Firstly, there is no clear division on the rights and responsibilities in the consulting firm. In the transition process from the planned economy to a market economy, the majority of our advisory bodies did not become truly independent business entity. Management behavior as an advisory body attached to government departments of the government-run, non-standard and professional level is not a common problem. Private advisory body is weaker, and its commitment to the economy and legal responsibilities are not clear enough. Secondly, our consulting market is underdeveloped. Due to the long-term planned economy system, companies formed a "pampered" trend, losing the power of the memory of the consultation. Thus, our ideas of society as a whole lagged behind, which has seriously hampered the development of the consulting industry. It is understood that the United States has 60% of the companies and consulting firms, this proportion is 50% in Japan, while China is less than 10%. Thirdly, the consultants' qualities are low. Most of our consultants from universities, research institutes and information research department, although have a wealth of expertise, they often lack of the awareness of modern consulting, strategic vision, consulting experience, the concept of competition in the market, and the system concept. Advisory body lacks personnel structure, professional structure and age structure, besides, our consultants aging trend is obvious. Due to the lack of a comprehensive management and incentive mechanisms, consulting team is unstable. Fourthly, the consulting industry is not standardized. Consulting industry in China market shows a high number of low-quality states. Some companies neither have professionals nor adequate capital, technology. China didn't have the relevant laws and regulations, also, there is no the consulting industry standard certification bodies, no unified management agency for the consulting industry. Consulting market disorderly competition is a very serious problem, and has become a very common phenomenon of many consulting companies competing for the same customers. Fifthly, defects of structure and layout in consulting industry. Consulting industry in China is extremely uneven development, on one side, the geographical

imbalance, the main advisory body is concentrated in Shanghai, Beijing and other cities. On another side, industry imbalance, a serious shortage of the consulting industry, including the foreign consulting industry, technology consulting industry in rural areas and life consulting industry, lack of enterprise management consulting, engineering consulting, and economic consulting industry. Sixthly, the reputation of consulting industry is low. The market economy is a credit economy, but our market is very unsound. Advisory bodies and customers distrust and consulting activities taboo. Consultants often need to understand the customer's trade secrets and should not be public information and information. And the credibility of the advisory bodies and staff put forward higher requirements, at the same time, customers must also improve the loyalty of the advisory body.

4 THE COUNTERMEASURE TO THE FURTHER DEVELOPMENT OF CONSULTING INDUSTRY IN OUR COUNTRY

At present, our country should accelerate the developing process of the consulting industry. We can use the experience of western countries' for reference and take forceful policy and measurements. Focus on the following projects:

4.1 *Strengthen the internal management of the advisory body*

Firstly, achieve the separation of manipulator and operator in the advisory institute and successfully change workshop to enterprise. At the same time, separate owners and operators and format modern enterprise as well. Secondly, divide the work specially and change personal behavior and organizational behavior. Advisory Body should be opened to customers exclusively, so that those consultants can grasp company's consulting projects, create their own brand, and develop brand strategy, price strategy, quality strategy and development strategy. Thirdly, we must strengthen staff development, consultants, and experts.

4.2 *Cultivate and developing consulting market. In order to do a better job, we need to do following aspects:*

4.2.1 *Efforts to expand government advisory needs*

Government is one of the main user of the consulting industry, governments at all levels should give full play "outside the role of the brain ", gradually formed the Consultation - decision-making" ideas and procedures.

4.2.2 *We should vigorously develop corporate consulting market*

Doing business is different from the past, more and more high technology content, market factors very complex, not consulted on the decision-making caused by the probability of mistakes than ever. Advisory body is supposed to focus on business interests and social benefits, to be dedicated to providing consulting services for corporate decision-making, to enable enterprises to benefit from winning corporation and social recognition and trust, to continue to generate new demand for consulting.

4.2.3 *To vigorously explore the international consulting market*

Consulting industry should train to meet international standards as soon as possible, make efforts to expand the country's international consulting market, and gain more share in the foreign-related consulting.

4.3 *To develop and improve consultation policies and regulations, to create a favorable environment for the development*

4.3.1 *Policies to start the huge demand of the community advisory industry*

To strengthen the government, state-owned and state holding enterprises, consult legal procedures will be a decision-making process. The government, state-owned and state-holding enterprises project feasibility studies, investment, operation and completion of the various stages must have a different advisory report. Moreover, we should actively create conditions for the establishment of science and technology consulting development. Funding for the counseling costs of SME, so that we could offer them some subsidies.

4.3.2 *Making policies to support development consulting firm*

Currently, in order to develop the incentive consulting industry development finance, tax, pricing policy, we should focus on supporting a number of large-scale integrated advisory bodies, making it a leader in the consulting industry, driven by the overall development of the consulting industry.

4.3.3 *Formulating of regulations to protect the development of the consulting industry which could according to the law, rules-based*

Currently, the consulting industry in China is in its infancy, which is particularly important to develop and improve consultation regulations.

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