



Articles & Commentaries



p-Guru



by S.K. Chan, formerly the Executive Director of the Hong Kong Productivity Council (HKPC) from 1981 to 1996. During his tenure, he was adviser to several governments on productivity and served on the Basic Law Consultative Committee set up by the People's Republic of China and on the IBM Hong Kong/China Advisory Board. Since his retirement he has continued to serve as both APO and UNDP expert. He is also still active in public service in Hong Kong.

Providing Consultancy Services: A Must Role for NPOs (Part II)

In [Part I](#) of this article, which appeared in the September issue, Mr. S.K. Chan made an impassioned case for national productivity organizations or NPOs to undertake consultancy services. Instead of competing with private sector consultancy companies, he argued that this service of the NPOs will help to promote the value of consultancy, especially among the small and medium industries for which private sector companies are not too keenly interested as the projects they offer are not commercially viable. Mr. Chan enunciated a number of compelling reasons to support his contention that NPOs must engage in providing consultancy services. For instance, he said that they cannot promote productivity effectively without gaining practical knowledge in resolving the productivity problems encountered by industries. Acquiring this knowledge base, he added, will enhance their credibility to discharge their other broader responsibilities, such as advising their governments on productivity related matters. Moreover, without the support of consultancies, it will be difficult for them to engage in development work, which requires an accurate definition of the problem areas and an insight into their possible solutions. Consultancy services, Mr. Chan pointed out, are not an end in themselves. The ultimate purpose is to repackage the knowledge gained into various forms, e.g. software programs, reports, distance learning materials, self-learning kits, seminars and workshops, for widest possible dissemination in order to create the greatest impact. In this Part II of the article, he presents four case examples based on the HKPC (Hong Kong Productivity Council) experience to illustrate the points he made in Part I.

Case Example One -Development of Strategy

The economy in Hong Kong has experienced rapid changes during the past thirty years. In each phase of its development, there is a very real need for both the government and the private sector to formulate an appropriate productivity strategy to facilitate the transition. HKPC has played a very important role in advising the government and the industry it serves on the formulation of an appropriate productivity response. In providing this advice, HKPC has been able to draw on its very substantial consultancy experience. For example, there was

a massive relocation of the manufacturing industries in the 1980s to mainland China in direct response to the open-door policy of China and the rising costs in Hong Kong. HKPC was heavily involved in enabling many manufacturing companies to strengthen their manufacturing control functions. Based on its experience, HKPC was able to advise on an appropriate productivity strategy which consists of three essential elements:

- ▶ The industry support program should emphasize strengthening Hong Kong's role as a manufacturing control center in such fields as applied development, product innovation, design, quality assurance, tooling support, sourcing, marketing, and distribution;
- ▶ In formulating a sector specific strategy, HKPC should identify the main productivity bottlenecks in each sector, e.g. innovation and time-to-market in the electronics industry; supply chain management and rapid response in the textiles and clothing industry; tooling and precision stamping in the metals industry; and product design and materials technology in the plastics industry; and
- ▶ The key to enhancing productivity in Hong Kong is the ability to integrate manufacturing with service (intangible attributes) to produce the most desirable products. Thus, Hong Kong competes not only on the basis of tangible attributes such as cost and quality but also on intangible attributes such as design, convenience, reliability, innovation, fashion, customization, timely delivery and so on.

Without the support of its consultancy experience, it would not have been possible for HKPC to position itself as the prime industry support organization in Hong Kong.

Case Example Two - Establishment of Communal Facilities

In the course of its consultancy work, HKPC discovered that there were many barriers hindering innovation and product development in the electronics industry. One major difficulty was associated with a new stringent directive imposed by the European Union in January 1966 which requires most electrical and electronic products exported to the European market to comply with electro-magnetic compatibility (EMC) standards. Under this directive, manufacturers are required to establish that their products do not cause excessive radio frequency (RF) interference in the environment, and are not themselves affected by a reasonable level of radio frequency interference. This directive places Hong Kong manufacturers at a great disadvantage. Firstly, many manufacturers are unable to afford the expensive analytical equipment, and, secondly, the lengthy process of sending their products to overseas laboratories has the effect of delaying the launch of new products, which usually have a short product life cycle. In the following year, HKPC set up a Anechoic Chamber to help manufacturers measure radio frequencies emitted from electronic and electrical products. An Radio Frequency Product Characterization and Training Centre was also established to train practicing electronics engineers.

Case Example Three - Software Development Program

HKPC was frequently asked by small and medium companies to help them computerize their operations but they were unable to afford the development cost of software programs specially tailored to meet their requirements. In one instance, HKPC undertook the development work for a jewelry company at a fee which was only a fraction of the cost involved. However, HKPC retained the right

to license the software to other companies. An integrated software program was developed and subsequently offered to the whole industry. More than 50 companies benefitted from this program. Using the same approach, HKPC developed specific CAD-CAM systems for plastics and mold applications to help the plastics and metals industries in tooling design and manufacturing to enhance their productivity and quality. These systems include AUTO-Mold, Metal CAD and the Desktop Manufacturing System. Over three hundred licenses were issued. In this process, HKPC assisted many manufacturers in accelerating the application of IT to enhance the productivity of their operations.

Case Example Four - Training Packages and Information Kits

HKPC is recognized for its track record in ISO 9000 consultancy services. HKPC has been helping both large and small companies set up quality systems in compliance with ISO requirements. In co-operation with specific industry sectors, HKPC has developed several generic reference documents tailored to suit the requirements of these sectors. The documentation includes a standard quality manual, a set of company operation procedures, and sample working instructions. In August 1995, HKPC and Rank Xerox (HK) Ltd. signed an agreement to establish the HKPCXerox Quality Institute. The purpose was to upgrade the quality performance of Hong Kong's business enterprises to world class standards. Under this arrangement, a set of best practices in company-wide quality management applicable to the local environment was developed. In this way, HKPC was able to use the knowledge and experience gained in its consultancies for wider dissemination, creating a multiplier effect throughout the industry. Using a similar approach, HKPC launched a 14-month ISO 14000 EMS Pilot Program in 1995 to assist 11 local companies in developing an environmental management system to meet the new standards. The knowledge gained was subsequently repackaged in the form of training manuals and information kits.

Conclusion

The case examples are included in this article to show how consultancies can be used as a knowledge base to provide an added impetus to development work on the one hand, and to enrich the training and information activities of the NPOs on the other. More importantly, consultancies provide a very effective communication channel between the NPOs and the industries they serve, and it is on the basis of this effective dialogue that the NPOs can devise an effective productivity enhancement program.



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