

Price
Waterhouse
Associates
management consultants

GOVERNMENT OF CANADA

0669

DEPARTMENT OF REGIONAL ECONOMIC EXPANSION

PROPOSAL FOR A CASH COMMITMENT CONTROL
AND REPORTING STUDY

NOVEMBER 1970

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PROPOSAL FOR A CASH COMMITMENT CONTROL
AND REPORTING STUDY
NOVEMBER 1970

116 albert street, ottawa 4, ont. (613) 235-1459

November 30, 1970

Mr. B. R. Stoodley
Chief
Financial Management
Financial and Administrative Services
Branch
Department of Regional Economic Expansion
Sir Guy Carleton Building
161 Laurier Avenue
Ottawa, Ontario

Dear Mr. Stoodley:

In response to your verbal request we are pleased to submit our proposal relative to conducting a study on commitment control and the development of a suitable reporting procedure. The general terms of reference for the study were handed to us and were supplemented by the two meetings that we had with you and Mr. W. Arrowsmith on November 24 and 26, 1970.

Introduction

We have arranged our submission under headings in the body of the proposal as follows:

- . Objective
- . Scope
- . Approach
- . Proposed Staffing
- . Timing
- . Consulting Fees and Travelling Expenses

and in the appendices attached

- . Estimate of Consulting Time Required
- . Schedule of Billing Rates
- . Qualifications of the Firm

- . Names, Qualifications and Experience of Staff
- . Terms of Reference

Objective

The Department has special problems in exercising financial control over its various programs. These problems include wide geographical locations, the large number and diversity of the programs, the time span in terms of years over which they are carried out and in many instances, sharing arrangements with Provincial Authorities. In order to exercise effective control, the Department is seeking the development of a financial control and reporting system which will ensure that, at all times, expenditures for any specific program are controlled within the limits authorized and that an up-to-date status of such programs is obtainable. Such a system must be adaptable and flexible enough that the information processing function can keep pace with the development and broadening of the Department's activities as a whole.

The assignment, as we conceive it, will involve the development of an information processing and reporting system to monitor and control the expenditure of funds for government supported programs. Such a system should establish a common data base of information on commitments, expenditures and cash flow. It should be structured in a manner that facilitates the preparation of reports to meet the different needs of different levels of management in the Department, and it would be responsive enough to prepare specific reports to highlight conditions which are at variance with the program plans and commitments or are of an exceptional nature.

Additionally, a work plan would be prepared which would outline the work required and the steps to be taken to implement the system so that it will be in operation by the target date of April 1, 1971.

Scope

From the information provided to us in the terms of reference and in the two meetings with officials of the Department, we judge the scope of the study to be:

- A. Data gathering and analysis. This will include a review of present programs, an examination of sources of information, availability of data, transmission problems, the determination of decision points where commitments are made, and related matters upon which a system can be developed. Essentially this would include sections 1, 2, 3, 8 and 9 in the terms of reference.
- B. Develop the reporting system. This phase will include sections 4, 5, 6 and 7 in the terms of reference. The system would be developed based on the objectives set for the study and the analysis and orientation of the data and information obtained in Phase A.
- C. Develop the implementation plan. Following the design and approval of the reporting system, an implementation plan would be developed. This would include the time span and human resources required and an estimate of permanent staff required to operate the system. This phase would also include reference to PFRA operations as called for in section 8 of the terms of reference.

Approach

We believe that any financial control and reporting system must be designed to serve the various levels of management who are involved with the control and management of operations being reported upon. It must also be designed to serve the requirements of others who might have an interest in the information being produced - in this instance Treasury Board, and possibly some of the Provincial Authorities in respect of cost sharing programs. Because of the heavy demands on

the time of senior officials, reports reaching them must be condensed but informative without unnecessary detail in order that they can quickly reach conclusions on the status of the various programs. However, when more detail is required, possibly in respect of a program or project which is not performing as it should, more detailed reports must be available or possible of production in order to provide the required information. Similarly, officials who are involved with the day-to-day management of a particular program or programs would normally require reasonably detailed information in order that they can exercise the necessary control. Consequently, we believe that judgment must be exercised in the development of any reporting system in order that the best interests of those responsible for the management of the affairs of the Department, at different levels, will be provided with adequate information.

This general approach to the problem would be discussed with you at the commencement of the study to ensure that you generally subscribe to our views, since the system to be developed must suit your particular requirements. In the preceding section of our proposal under the title of "Scope", we listed three main areas in which we see the study dividing itself, and in the following paragraphs we describe the steps which we would take in carrying out the three sequential phases.

Phase A

The first phase of the study would be primarily involved with data gathering and analysis. We understand that Mr. Kayes is developing a summary of some of the major plans such as FRED and ARDA and that these summaries will be available by the time the study is to commence. These prepared summaries would be studied in order to obtain an appreciation of the scope and magnitude of the plans and their general contractual arrangements. We would examine the organization structure, procedures and information flow in order to obtain an appreciation of the workings of the Department in Ottawa. It has been suggested that visits should be made to the Atlantic Provinces, Halifax and St. John's, and to Winnipeg and Regina in Western Canada.

It is our present view that one of these trips, probably to the Atlantic Provinces, would be made very shortly after the commencement of the study in order that we could gain an appreciation of field problems and to be able to assess the availability of information necessary to the operation of a good cash commitment control and reporting procedure. An early assessment of field conditions would be of assistance in carrying out much of the information gathering and analysis in Ottawa. It would be our intention to delay the trip to Western Canada until the latter stages of the first phase in order that we would have completed the major part of the information gathering process, as this might have some bearing on the approach that we would take on the second field trip.

Methods of transmission of essential data from the field offices would be examined with respect to any improvements that might be possible; factors that would be taken into consideration would be feasibility, reasonable economics and time requirements.

We would identify the decision points where commitments are made in respect of the various programs undertaken by the Department. Procedures presently in force for transmitting decisions involving cash commitments would be examined and noted for integration with the reporting system.

We understand that the Department has recently put into operation a detailed and comprehensive reporting system for expenditures and that this system compares actual expenditures in the current year with budgeted or authorized amounts. This system and the reports as well as procedures relating to commitment control and information flow already in operation or being developed as referred to in the terms of reference would be carefully examined for incorporation or integration with the reporting system.

Phase B

This phase of the study will be concerned with the development of the reporting system. We would establish and agree with you on the contents of the reports which will adequately serve the various

levels of management in your Department and the requirements of Treasury Board. Based on the survey carried out in the first phase of the study, we would be able to advise you of limitations on the output of the system and the report contents due to problems in availability or gathering of information and broadly indicate the steps that would have to be taken in order to increase the comprehensiveness of the reporting system. It would be important that the maximum that could be accomplished in the system be clearly established with you at this juncture. Decision points and monitoring points would be defined and agreed with you.

We would then proceed with the conceptual design of the system taking into account the objectives to be reached and ensuring that it incorporates or is closely integrated with the existing reporting systems and that any overlap or duplication is minimized. Following the complete design of the system, we would review it in detail with you and obtain your concurrence or make such changes as were considered appropriate.

Phase C

This phase of the study would be devoted to the development of an implementation plan which would result in a working document that would include:

- . our recommendation of the reports that should be prepared;
- . the methods to be used in preparing input data;
- . the requirements for data preparation personnel;
- . our recommended methods for transmission, control and correction of data;
- . the implementation plan related to computer activities such as system design, programming, testing and data conversion.

We would indicate time schedules for the various steps, the sort of expertise that would be required to carry out the implementation and the extent to which we think implementation could be completed by March 31, 1971, the terminal date that you have in

mind. In view of the magnitude of the Department's operations in terms of dollars and numbers of projects, complete implementation by March 31, 1971 may be a fairly heavy undertaking although it is impossible to accurately judge this feature at this date.

In this phase we would also estimate the increase, if any, in the permanent staff which will be required to operate the system. Throughout, we would endeavor to hold increased costs, whether for staff or for any other reason, to an absolute minimum consistent with the final product required by the Department.

During the field trip to Western Canada we would review PFRA overall operations and ascertain a broad approach to the use for future studies as requested in section 8 in the terms of reference. Our recommendations based on the results of the field trip carried out in Phase A would be developed and reported upon to you at this time. If in the course of carrying out the study any situations presented themselves which appeared to call for comment particularly as they relate to the development of the reporting system, they would be brought to your attention.

We have included under a separate heading entitled "Proposed Staffing" the names of the consulting team that would participate in the engagement. You have indicated that Mr. S. B. Kayes of your Department will develop some preliminary information with regard to the various programs and sub-programs that are underway which will be available to the consultant when the assignment is commenced. You also advised us that Mr. Kayes will work with the consultant in carrying out the study and that because of his considerable background in the Department, his contribution can be considerable. We are in complete agreement with this approach, and our proposal has been prepared on the basis that Mr. Kayes will be available full time.

You have suggested and it would be our intention to review with you or someone you may designate on a periodic basis or as you require the actual progress of the study. We believe that our

contribution can achieve the greatest results through very close collaboration with you and your senior associates and so that the control and reporting procedures can develop and satisfy to the greatest extent possible the requirements of your Department and those of Treasury Board.

We understand that you do not require a report covering the work which we would carry out and that an implementation plan in the form of a working document along the lines outlined in Phase C of the "Approach" section of this proposal is your prime requirement.

Prior to submitting the working document, of course, we would welcome a meeting with you to review it in draft form.

Proposed Staffing

To achieve the objectives of the study, we would assign to the project a team of specialists who have the skills and experience necessary to study the areas outlined under the heading "Scope". Members of the project team would be drawn from our professional staff whose biographies are provided in Appendix 4.

To clarify the various areas in which the members of the team would be called upon to participate in the study, we outline in the following paragraphs how each member would function. The consulting assignment would be under the direction of Mr. J. E. Clubb.

J. E. Clubb - a chartered accountant and partner of the firm in charge of the Ottawa office, would have overall responsibility for the assignment and would be responsible for liaison with representatives of the Department of Regional Economic Expansion.

A. H. Howson - a chartered accountant and partner in the Montreal office of the firm, would have prime responsibility for the assignment. Mr. Howson has had extensive experience in financial planning and control in large

and diverse organizations and has been involved in studies closely related to the one contemplated by your Department. Mr. Howson would direct and participate in all phases of the assignment.

T. Saar - a manager in the Montreal office of the firm and a specialist in systems design, management reporting systems and mechanized data collection, will be responsible for a great deal of the data gathering and planning and would participate in all phases of the assignment.

P. J. Barnett - a chartered accountant and senior consultant with the Montreal office of the firm. During the past year Mr. Barnett participated in the development of a long-range planning study for the Canadian International Development Agency and is currently carrying out a special assignment with the Prices and Incomes Commission. His earlier experience included long-range planning, capital expenditure control systems and financial reporting.

Timing

You have advised us that you will be able to notify the firm selected to carry out the study by December 4, 1970 and that it is your wish to have the work commence on Monday, December 7, 1970. Mr. Howson and Mr. Saar will be available to take up the assignment on December 7, and Mr. Clubb will be available for consultation as and when required. Mr. Barnett will be engaged with the Prices and Incomes Commission throughout the month of December, and he will be available on January 4, 1971 for the balance of the month of January.

#2244/day

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If we are successful and receive your instructions by December 4, 1970, we would be able to take up the assignment on December 7 and we would undertake to have the assignment completed and a draft implementation plan in your hands by January 31, 1971.

Consulting Fees and Travelling Expenses

Fees for consulting services are based on the time required to complete the assignment at appropriate rates for professional staff assigned to it. We estimate that the time required to complete the assignment will be 84 man-days, and on this basis our fee for the project would amount to \$18,775; we undertake that it would not exceed that amount. If in the course of carrying out the study, and in close collaboration with the Department, it is decided that the amount of time required to satisfactorily reach the objectives set by the Department is less than we have currently estimated, then our fee would be correspondingly reduced. X

In addition to our fees, travelling and other out-of-pocket expenses will be for your account at the actual amount incurred. We estimate expenses for this study at \$3,200, and we undertake that this amount will not be exceeded. K

* * * * *

We thank you for inviting us to submit a proposal for this important project, and we are confident that we can fulfill the terms of reference and the objectives for which they were prepared.

Yours truly,
PRICE WATERHOUSE ASSOCIATES



J. E. Clubb
Partner

CASH COMMITMENT CONTROL AND REPORTING STUDY

ESTIMATE OF CONSULTING TIME REQUIRED

<u>Members of Study Team</u>	<u>Estimated Number of Days Required</u>			
	<u>Phase A</u>	<u>Phase B</u>	<u>Phase C</u>	<u>Total</u>
J. E. Clubb	1	3	1	5
A. H. Howson	9	8	5	22
T. Saar	17	10	10	37
P. J. Barnett	<u>5</u>	<u>10</u>	<u>5</u>	<u>20</u>
Total	32	31	21	84

CASH COMMITMENT CONTROL AND REPORTING STUDY

SCHEDULE OF BILLING RATES

	<u>Per Diem</u>	
	<u>From</u>	<u>To</u>
Partners and directors	\$225	\$275
Managers	185	225
Senior consultants	160	185
Consultants	125	165

CASH COMMITMENT CONTROL AND REPORTING STUDY

QUALIFICATIONS OF THE FIRM

Price Waterhouse Associates and its associated firm, Price Waterhouse & Co., which conducts an accounting, auditing, taxation, bankruptcy and trustee practice, have been engaged in the practice of management consulting in Canada for twenty-five years. The firms are represented in most of the major cities in Canada, have a completely bilingual practice in the Province of Quebec and, through our associated firms, have representation throughout most of the free world.

Price Waterhouse Associates, a wholly Canadian firm with offices in Halifax, Quebec City, Montreal, Ottawa, Toronto, Winnipeg, Calgary and Vancouver, consists of eighteen partners and some eighty full-time consultants and specialists, who collectively possess a broad range of educational, professional and business backgrounds. Consulting engagements have been carried out successfully for over one thousand clients and, in the past ten years, more than sixty assignments of significance have been undertaken for some forty Federal and Provincial government departments, agencies, commissions and Crown corporations.

The partners and senior members of Price Waterhouse Associates include graduates in engineering, physics and chemistry, accounting, business administration, economics, mathematics, law, arts and the humanities, from a broad cross-section of Canadian and other universities. With only a few exceptions, all members of the firm have had extensive experience in production, marketing, finance, personnel relations, and other managerial areas, in positions up to and including vice-presidential and presidential levels in sizeable Canadian industrial and commercial organizations.

More directly related to this study, Price Waterhouse Associates has been responsible for the development of numerous systems related to management information, budgetary control and capital expenditure planning and control. On a recent major assignment for one of Canada's

leading pulp and paper complexes we carried out a review and implemented new procedures in the fields of cash forecasting, budgeting and appropriation procedures, and capital expenditure planning and control.

In another instance we developed a budgetary control and reporting procedure for a large, diverse, multi-plant company.

We developed a management information system for a Provincial Government department with an annual budget of approximately \$1 billion. It provided information for planning purposes, program management and resulted in a reduction of demands for data on outside agencies. Worthwhile potential cost savings were indicated.

CASH COMMITMENT CONTROL AND REPORTING STUDY

NAMES, QUALIFICATIONS AND
EXPERIENCE OF STAFF

Price
Waterhouse
Associates

J.E. CLUBB

POSITION Partner

RESPONSIBILITIES

Resident partner-in-charge of Ottawa office. National coordinating partner for executive recruitment services.

EDUCATION

Early education in Manitoba. Attended University of Manitoba and obtained the degree of Chartered Accountant.



RANGE OF
EXPERIENCE

Several years as president of two companies engaged in mining and steel fabricating operations. Extensive experience at the comptroller and vice-president finance levels in both light and heavy industry. This included financial planning, management reporting systems, centralization and decentralization of accounting and control functions.

PROFESSIONAL
AND BUSINESS
HISTORY

Price Waterhouse Associates, Montreal

Partner in charge of Ottawa office, September 1, 1969 to date.

Director, in charge of special projects in Montreal, 1968-1969.

National coordination of executive recruitment services, 1968 to date.

Dominion Steel & Coal Corporation Limited

President and a director of Dosco Industries Ltd. and of Dominion Coal Company Ltd., 1963-1968.

Vice-President, Finance of the parent company, Dominion Steel & Coal Corporation Limited, and of all subsidiaries, 1958-1963.

Canadian Car and Foundry Co. Ltd.

Started as assistant comptroller and through successive promotions became Vice-President, Finance, and a director of the parent company and subsidiaries, 1951-1958.

Kellogg Company of Canada Limited

Assistant Comptroller, 1947-1951.

PROFESSIONAL
AND BUSINESS
HISTORY

Foreign Exchange Control Board, Ottawa

Initially in charge of the administration of special arrangements for the grain trade and milling industry. This involved extensive negotiations with Canadian and United States companies involved in the export of Canadian grain and with grain futures trading. Eventually responsibilities extended to other primary industry companies involved in export operations - these included pulp and paper, mining, automotive and others, 1940-1947.

Price Waterhouse & Co., Winnipeg

Student to senior. Experience covered a wide range of assignments, including grain companies, life insurance, real estate, oil companies, retail and wholesale companies, 1929-1940.

PROFESSIONAL
AND BUSINESS
EXPERIENCE

Kellogg Company of Canada Limited

Planned and implemented a complete reorganization of the accounting department including the introduction and subsequent extension of data processing. Program included training and re-alignment of staff and definition of duties all of which resulted in greatly increased efficiency and lower costs.

Canadian Car & Foundry Company Limited

Carried out a complete reorganization of the accounting department at head office and the four plants of Canadian Car. This included decentralization of accounting functions, major strengthening of staff of all locations and complete revision of financial controls and the management reporting system. Responsible for all financial aspects of the winding-up and disposal of a malleable iron foundry at Brantford, the sale of the company's Point St. Charles plant, the incorporation of Canadian Steel Foundries Limited to take over the ownership and operation of the steel foundry in Montreal east.

Canadian Car was heavily involved in defence contracts and this involved extensive negotiations with the Canadian Government.

Participated with the President of Canadian Car in prolonged negotiations with English Steel Corporation of Sheffield, England in the formation and joint ownership of Canadian Steel Wheel Limited. The company was formed to build and operate a plant to manufacture and supply

forged steel wheels for railway cars and for industry. Held the position of vice-president, finance and a director.

Held the position of vice-president, finance and a director of Canadian General Transit Company Limited, the other major subsidiary of Canadian Car.

Dominion Steel & Coal Corporation Limited

Developed and implemented a complete revision of banking and cash management of the company which had as its result the daily transfer of all surplus funds to Montreal, centralization of all bank borrowing in Montreal, elimination of unnecessary bank accounts and revised terms of borrowing with the company's bankers.

Developed and carried out a reorganization of the accounting functions of Dosco at head office and the operating divisions. The objectives were to obtain improved financial control, better reporting for management at all levels and for the directors. Directed studies and analyses aimed at obtaining better operations.

Directed the consolidation of the operations of many of the Dosco's subsidiaries with the parent company and arranged for the surrender or the reduction to an inactive state of the charters of the relative subsidiaries.

Reorganized the property insurance program of Dosco and organized with management a program of fire prevention aimed at loss reduction.

As President of Dosco Industries Limited and Dominion Coal Company Limited directed a major research program to find a method of beneficiating iron ore mined at Wabana. Based on such research the mine was proved to have no economic future and was closed. This involved extensive negotiations with the Premier and other members of the Newfoundland Government.

Asked for and obtained the assistance and advice of the Chairman of the National Coal Board of Great Britain in assessing the economics of the companies' Nova Scotia coal mines which employed some 6000 people. Based on his advice, which substantiated the companies' views, as to the economic future of the mines, the Federal Government was induced to assume ownership and operation of the mines.

PROFESSIONAL
AND BUSINESS
EXPERIENCE

Negotiated the sale of Essex Terminal Railway, a subsidiary of Dosco.

Negotiated the sale of Dosco's three ocean-going vessels and replaced their operations with short and long-term charters on a financially favourable basis.

Directed a development program of a United Kingdom subsidiary which led to the manufacture and sale of a line of underground coal mining equipment with excellent financial results for the company.

PROFESSIONAL
AND BUSINESS
AFFILIATIONS

Member, Institutes of Chartered Accountants of Manitoba and Quebec.

COMMUNITY SERVICES
AND SOCIAL
ORGANIZATIONS

Saint James's Club of Montreal

Royal St. Lawrence Yacht Club

Rideau Club, Ottawa

PUBLICATIONS AND
ADDRESSES

Addressed the Canadian Management Association of Montreal in 1962 on the subject of financial statements in industry.

Addressed the Manufacturing Sector of the Voluntary Economic Planning Board of Nova Scotia in Truro in 1963 on the subject of industry in Nova Scotia.

Price
Waterhouse
Associates

A. HUBERT HOWSON

POSITION Partner

RESPONSIBILITIES

Administrative partner for the Montreal offices of Price Waterhouse & Co. and Price Waterhouse Associates.

EDUCATION

Educated in Toronto, Ontario.
B.A., University of Toronto, 1934,
C.A., 1939.

RANGE OF
EXPERIENCE

General surveys, management organization studies, profitability assessments, financial analysis, executive compensation plans, budgetary control, financial planning, management reporting.

PROFESSIONAL
AND BUSINESS
HISTORY

Price Waterhouse Associates

Successively senior consultant, director and partner, specializing in management controls, and financial planning and analysis, Montreal, 1957 to September 1, 1968. Since September 1, 1968, administrative partner, Montreal office.

RCA Victor Company Ltd.

Corporate controller, 1954-1957.

Canadian Industries Limited

Administrative accountant; assistant to the treasurer, 1939-1957.

Office of the Attorney General of the Province of Ontario

Special estates investigator, 1939.

Office of the Auditor of the Province of Ontario

Senior auditor, 1939.

P.S. Ross & Sons

Student in accounts, 1934-1939.

PROFESSIONAL
AND BUSINESS
EXPERIENCE

Development and presentation of a plan for the installation of financial planning and control in a large and diversified industrial complex engaged in mining and steel processing.



Collaboration in the development and presentation of a plan for financial management of a major Canadian railroad, a significant feature of which was a proposal, possibly unique, for a system of standard costing for railway operations.

Reorganization of the management structure of a large eastern Canadian construction company more effectively to integrate personnel and resources and including the establishment of a new operating subsidiary.

Participation as a consulting member of a client's project team in the development of a new management information system for a large integrated oil company including operating and financial reports and the introduction of a new costing concept.

Direction of an eight-man team, comprising consultants and government personnel, which conducted a detailed review of financial management in a federal government department, an assignment which spanned a period of some seven months and resulted in a series of twelve reports on all phases of the financial affairs of the department.

PROFESSIONAL
AND BUSINESS
AFFILIATIONS

Member, Institute of Chartered Accountants of Quebec; sometime member of the Public Relations Committee of Council.

Member, Institute of Management Consultants of Quebec.

Member, Financial Executives Institute; sometime member of the Program Committee.

COMMUNITY SERVICES
AND SOCIAL
ORGANIZATIONS

Federation of Catholic Charities of Montreal, Member of Pensions and Personnel Practices Committee on the Board of Directors.

Catholic Welfare Bureau of the Federation of Catholic Charities of Montreal, Member of the Board of Directors; Chairman of the Special Committee on Alcoholism.

University Club of Montreal.

The Royal Montreal Golf Club.

The Montreal Board of Trade.

PUBLICATIONS AND
ADDRESSES

Financial Planning for Small Business - Chartered
Accountants Club of Hamilton, 1962.

Financial Control - Montreal Chapter, Engineering
Institute of Canada, 1964.

The Art of Effective Report Writing - The Canadian
Chartered Accountant, September 1965. (The winner
of the MacDonald Award).

GENERAL

Part-time member of the Faculty of McGill University
since 1949, evening courses in accountancy,
latterly a course in management accounting under
the auspices of School of Graduate Studies and the
Centre for Continuing Education.

Price
Waterhouse
Associates

THOMAS SAAR

POSITION Manager

EDUCATION

B. Comm. (Management major), Sir
George Williams University, 1970.



RANGE OF
EXPERIENCE

Data processing feasibility studies; project management, systems design, implementation, conversion and training; management organization studies; management reporting systems; organizational practices and procedures; mechanized data collection and retrieval systems; manufacturing controls.

PROFESSIONAL
AND BUSINESS
HISTORY

Price Waterhouse Associates, Montreal
Manager, computer consulting services, 1969 to date.
Consultant, computer consulting services, 1963-1969.

DuPont of Canada, Montreal
Senior programmer and systems analyst, 1959-1963.

Simpson Sears, Montreal
Data processing trainee, 1958-1959.

PROFESSIONAL
AND BUSINESS
EXPERIENCE

Feasibility study, design, implementation and staff training leading to the successful creation of a data processing department for a large food processor. This client had no previous data processing facilities or experience.

Direction of a team of consulting and client staff in developing and implementing the work required to convert a company's computer facilities from a second generation small computer to a medium-size third generation computer. In addition, this project included the standardization of the company's mechanized operations across Canada.

Feasibility studies, systems design and implementation of data processing systems for numerous financial services organizations. These included a large privately owned trust company, two public trust companies and a large international banking organization.

Conduct of a comprehensive study of the operations of a Montreal daily newspaper. This resulted in the substantial enlargement of the data processing function of the organization to include the areas of advertising, production, distribution and accounting.

Development of a project management and control system for the development and implementation of data processing systems for a large publishing company.

Preparation of a complete standard procedure manual for a major Canadian construction company, covering the estimating, procurement, project management, equipment utilization, progress reporting and the financial functions of the company.

Design and implementation of a 12,000-man payroll system for a school commission.

Design and implementation of data processing cost systems for clients in the foundry, shipbuilding, bridge erection and smelting industries.

Review of accounting controls and audit procedures of the data processing operations of major trust and pharmaceutical companies.

Conduct of major feasibility studies, one in the cement and building materials industry, another in the food processing industry, which resulted in the consolidation of data processing facilities for parent and subsidiary companies.

Conduct of a comprehensive study of the clerical operations of three of the leading business associations in Montreal. This study led to the utilization of data processing service bureau facilities to process membership billings, club billings and mailing lists.

PROFESSIONAL
AND BUSINESS
AFFILIATIONS

Member, Data Processing Management Association.

PUBLICATIONS AND
ADDRESSES

EDP Systems Design for Accounts Receivable and Credit
Management (American Management Association seminar).

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Associates

PETER BARNETT

POSITION Senior Consultant

EDUCATION

Early education in the U.K., 1947-1957.
B.Sc. in Pure Mathematics, University of
Andrews, Scotland, 1958-1962.
C.A. (U.K.), 1962-1965.



RANGE OF
EXPERIENCE

Management organization, standard costing and
budgetary control, management information
and cost control, corporate planning and
investment appraisal.

PROFESSIONAL
AND BUSINESS
HISTORY

Price Waterhouse Associates, Montreal
Senior consultant in management controls,
August 1969 to date.

The Morgan Crucible Company Ltd., U.K.
Managing Director of precision engineering
subsidiary, 1968-1969.

Cooper Brothers and Co., U.K.
Consultant, management controls, 1965-1968.

Arthur Young and Co., U.K.
Student and audit senior, 1964-1965.

Asbury, Riddell and Co., U.K.
Student, 1962-1964.

PROFESSIONAL
AND BUSINESS
EXPERIENCE

As Chief Executive, was responsible for
solvency, profitability and growth of
small precision engineering company.

Was responsible for survey and implementation
consulting on management organization, job
description, personnel selection and
management information systems in small
client companies in the light engineering
and metal fabrication industries.

Provided consulting services in the following areas to a major mining and investment company with extensive operations and holdings abroad: development of the initial five year plan; development of an operating manual; development of an investment appraisal system which was coordinated with the capital expenditure systems and procedures; establishment of and recruitment for a corporate planning team; implementation of internal cost control procedures.

Directed and controlled an implementation consulting team on integrated accounting and management information systems in all divisions of major cement-making company.

Has been a member of multi-discipline consulting teams in government-sponsored surveys on administration and operating practices of rail, bus and bakery industries in the U.K.

Participated in consulting team which implemented an integrated accounting and management information system for a soap manufacturing company.

PROFESSIONAL
AND BUSINESS
AFFILIATIONS

Associate, Institute of Chartered Accountants
in England and Wales.

Member, Institute of British Scientists.

Member, golf, squash and ski clubs in the U.K.

TERMS OF REFERENCE FOR CONSULTANT
STUDY ON COMMITMENT CONTROL

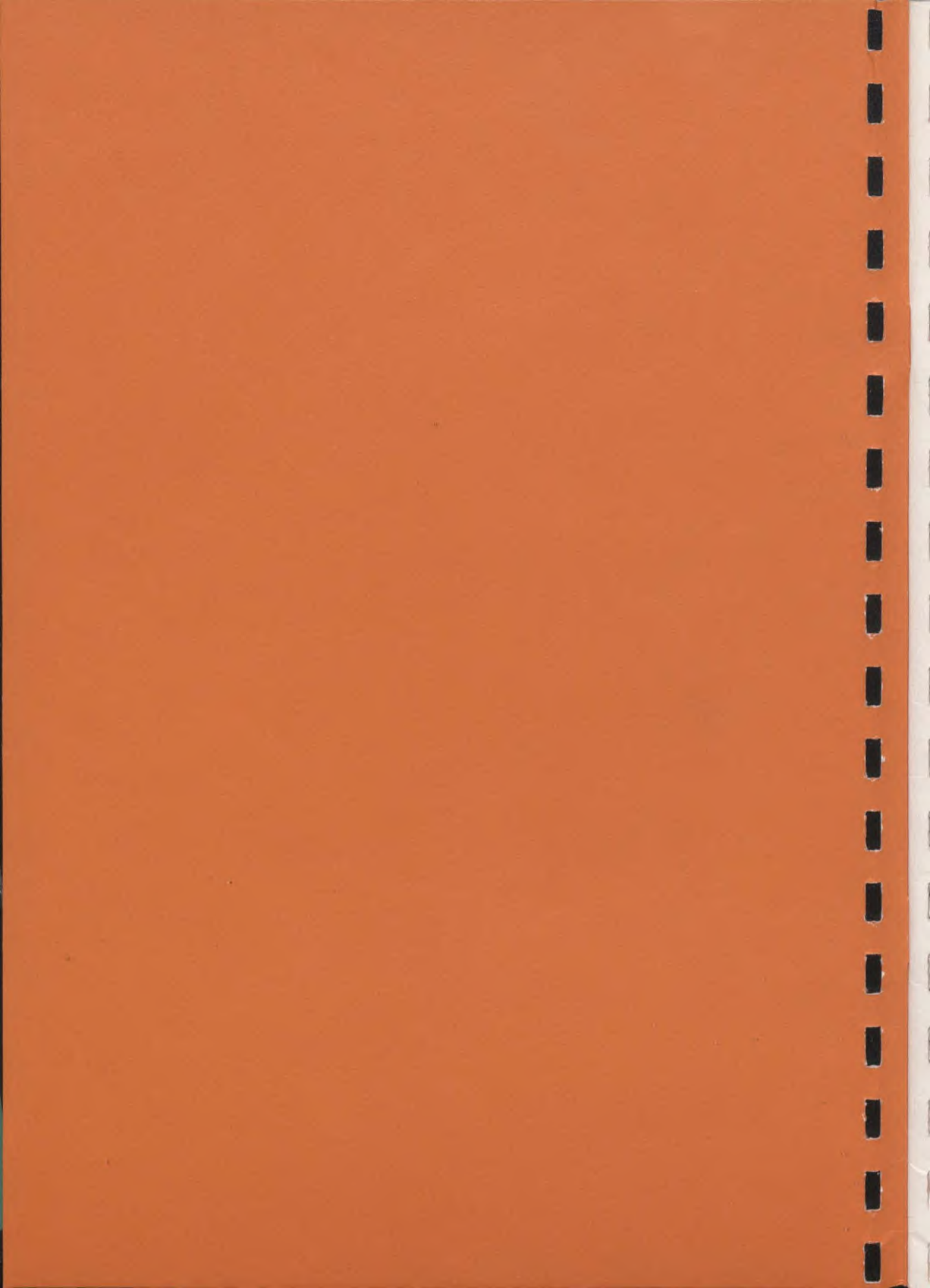
An integral and essential component of a system that will enable the Department to monitor and control the financial aspects of its various programs is proper commitment, expenditure and cash management control and forecasting function. Considering the special problems, because of long term commitments the Department makes, and the proposed reporting to Treasury Board quarterly on actual expenditures, commitments and cash flows against plans, an adequately detailed system of reporting must be set up. The consultant is required to design a system to monitor and report on commitment, expenditure and cash flow against planned activity and programs to enable periodic reporting and availability of data for three and five year program forecast. In particular, the study will:

- (1) Review present programs of the Department and related agreements, administration, claim procedures and flow of information.
- (2) Determine the decision points where commitments are made and other procedural aspects, i.e. Treasury Board submissions, ARDA Project Review Committee, Liaison Committees for Special Areas, Joint Advisory Boards, FRED Programs. Special attention must be paid to the existing Departmental Program Activity Structure and Program Forecast System to ensure compatibility with the proposed system.
- (3) Determine monitoring points to ensure changes in policy, time frames, dollar costs are reported back to any designed system.
- (4) Incorporate commitment and other information flow now being gathered in the Incentives study into the proposed system.

- (5) Incorporate commitment control of operating expenditures now being completed by the Management Services Division of PFRA on behalf of the Financial Management Section, Headquarters, if compatible.
- (6) Incorporate commitment control, etc. of Special Areas monitoring system now being manually compiled in Information Systems assisted by staff of Financial Section, Headquarters.
- (7) Be cognizant of the present financial management information system of the unliquidated commitment for current year reporting and ensure the system will provide this information.
- (8) Review PFRA overall operations and ascertain broad approach to be used for future studies and ascertain what initial commitment control etc. can be set up.
- (9) Field trips should be made to the Maritimes and possibly Manitoba. The provinces we should consider for the Maritimes would be Newfoundland and Nova Scotia. However, this will be clarified at a later date.
- (10) Time limits of the study require that a recommended system design should be available to the Department by the end of January.
- (11) The individual consultants to be engaged in the study are paramount and will determine the awarding of the assignment together with the ability to have the resources available to meet the time deadlines.

A **DYNAMIC** APPROACH
TO MODERN MANAGEMENT

Price
Waterhouse
Associates
management consultants



Price Waterhouse Associates

management consultants

This booklet introduces our firm. It outlines our capabilities, our attitudes and the contribution we feel we can make, as management consultants, to modern management.

We would be glad to discuss with you, in detail, those aspects of our services which could be useful to your organization.

CONTENTS:

Relieving pressures on modern management	1
A dynamic contribution to the management process	2
A dynamic task force concept	3
An objective point of view as a management tool	3
A team of contemporary specialists	4
The scope of Price Waterhouse Associates know-how	5
Price Waterhouse Associates in Canada	7
Price Waterhouse around the world	7
The client and the consultant: a dynamic relationship	8
Standards of performance	8
The dynamics of a typical project	9 10

RELIEVING PRESSURES ON MODERN MANAGEMENT

We, at Price Waterhouse Associates, have thought long and hard about how to define the contribution we make to management.

This is our conclusion: our function is to help take some of the pressure off you, the individual executive, and off your management team as a whole.

You, as a manager of people, plant and money, are constantly subject to conflicting pressures: aggressive competition on the one hand; the almost daily emergence of new management techniques on the other. At the same time, you have your organization to run. This tending of the managerial trees leaves little time for an objective look at the environmental forest in which you must operate — and succeed.

Calling in Price Waterhouse Associates, as consultants, assures you that what you feel needs to be done, will be done, and done on time by professionals without placing extra pressure on yourself and on your staff.

This also helps you achieve an effective balance between the decisions which have to be taken today, right now, and the time and effort which should be devoted to evaluating, improving and planning in order to sharpen individual and corporate performance in the future.

CORPORATE MANAGEMENT

OPERATIONS

CORPORATE ORGANIZATION

Corporate planning.
Objectives and policies.
Mergers and acquisitions.
Organization structure.
Functions and responsibilities.
Lines and limits of authority.
Operational reviews.

FINANCE & ACCOUNTING

Short-range profit planning and budgeting.
Long-range financial planning systems.
Capital expenditure planning,
evaluation, and control systems.
Cash management.
Profitability analysis.
General and cost accounting systems.
Reporting for management.

MARKETING

Market analysis.
Sales forecasting and analysis.
Marketing organization.
Sales force organization,
training, and compensation.
New product planning.
Merchandising and pricing.
Distribution and warehousing.
Exports and product diversification.

MANUFACTURING

Production planning and scheduling.
Materials handling.
Inventory management
and purchasing practices.
Manpower management.
MTM training and application.
Labour and materials standards.
Maintenance planning and control.
Plant and warehouse layout.
Numerical control.

ADMINISTRATIVE SERVICES

PERSONNEL

Manpower planning.
Management development programs.
Supervisory training.
Wage and salary administration.
Executive compensation.
Incentive plans.
Collective agreements.
Job definition,
position evaluation
and performance appraisal.
Organization manuals.

MANAGEMENT SCIENCES

Integrated management information systems.
Mathematical techniques in decision-making.
Scientific forecasting
(time series analysis)
Models and simulations
(design of experiments).
Transportation and distribution
rationalization.
Statistical sampling methods.
PERT, PERT/COST and CPM systems.

COMPUTER TECHNOLOGY

Feasibility studies.
Equipment evaluation and selection.
Applications analysis.
Systems design and installation.
Operating practices review.
Input/Output control appraisal.
Programming and software services.
Process control.

OFFICE SYSTEMS

Punched card systems.
Office equipment evaluation and selection.
Plant and office administrative practices.
Clerical work standards.
Records management and data retrieval.
Work simplification.
Office layout.

RECRUITMENT

Executive search.
Recruitment programs.

COMMUNICATIONS

Internal, external.

A DYNAMIC CONTRIBUTION TO THE MANAGEMENT PROCESS

The chart on the opposite fold-out page illustrates the main areas with which management must deal.

They are the areas in which we are equipped and have the experience to counsel.

These areas exert decision-making and competitive pressure on managers. They are potential problem areas. They are always potential improvement areas. Each demands current and long-term decisions. All are subject to frequent changes in techniques and methods. They reflect the complexities of the modern management process and the *constant demand for more effective performance*.

How can Price Waterhouse Associates make a dynamic contribution to the management process?

Very often two minds are better than one: the skilled, deeply involved mind of the seasoned executive combined with the skilled, dispassionate approach of the experienced consultant.

As professional consultants, we respond positively to your question, "Can an outsider's point of view help us to manage better?" Working with you and your people, the purpose of our contribution is the improvement of individual and corporate performance.

A DYNAMIC TASK FORCE CONCEPT

Modern management, today, often applies the principle: Rent — don't buy.

This principle holds good not only for equipment and facilities, but also for technical and managerial skills.

Rented management strength can relieve peak work-demand situations. It creates no fixed financial burden in off-peak periods. It obviates additional overhead.

We describe this application of our management consulting services as the "Task Force Concept".

For example, the need for a special study or work-project comes up. You cannot free the right people to handle it or do not have the special, on-staff skills to deal with it. To take on permanent staff is clearly uneconomical. You have a not uncommon problem.

To solve it, we offer you the know-how you need, *on a task force basis*, for only as long as is necessary — at a cost which is precisely budgeted and controlled by you.

Our task force may be one man. It may be several men. One man or more, we can handle a given project at a fraction of the cost of additional permanent staff. Also, since skilled managers are today so hard to find, we may very well resolve a problem better and more quickly than hastily-recruited permanent staff.

In short, if you have a management problem, we have the time, the people and the experience to help you solve it. That's our business.

AN OBJECTIVE POINT OF VIEW AS A MANAGEMENT TOOL

One of our most meaningful contributions to management is an objective point of view.

As professionals, we are concerned with "how it *should* be done" rather than with "how it has always been done". We are involved in the objective task of helping management to be more competitive, more efficient, more profitable and more contemporary in its operations.

Our independent and professional attitude, for instance, allows you to check out your decisions and gives you some assurance, working with people who have no axe to grind, that your decisions are right.

In a very human sense, your own people are influenced by their working environment and by the managers, at any level, with whom they work. We are free of these influences.

Our professional word is, therefore, free of personal bias.

Another case in point: individual opinions in an organization are sometimes in serious and fundamental conflict. When that is so, the professional, impartial and objective outsider may be the only person who can help you resolve the conflict.

Constructive criticism is basic to our work. Management may not always like what it hears from us. But it respects what it hears. The only opinion we give is one which we respect ourselves.

A TEAM OF CONTEMPORARY SPECIALISTS

Our consultants are a team of men selected for the quality and depth of their business and academic experience.

Most of our consultants have held positions of senior responsibility in industry or government before joining our firm.

In Quebec, nearly half our consultants are French-speaking. They offer the full range of our services to French-language clients. They also contribute their special and intimate knowledge of the market to any organization planning to extend or to intensify its activities in Quebec.

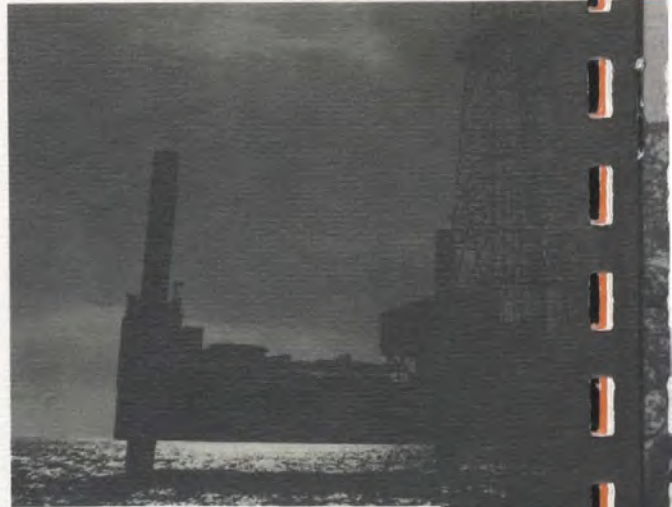
The special skills of our consultants complement each other in an interplay of ideas and opinions. Since change or improvement in one area of an organization is almost certain to influence others, a specialist, today cannot wear professional blinkers. His approach must be a broad one. Consequently, our specific recommendations always take into account, and relate to, an operation as a whole.

Our policy is continuously to update our skills and to make sure that we are familiar with the very latest developments in management techniques and methods. Constant involvement in day-to-day operational situations of every kind, within a broad spectrum of industrial, governmental and institutional fields, means that our consultants are constantly adding to

their bank of practical knowledge and capabilities.

Our approach to problems is pragmatic, not theoretical. And one of the key benefits which we offer you is being able to draw on our fund of practical experience in the most up-to-date management methods.

**THE SCOPE OF
PRICE
WATERHOUSE
ASSOCIATES
KNOW-HOW**



The following are fields in which Price Waterhouse Associates has worked and in which we have provided service to clients, large and small:

Capital and Consumer Goods Manufacturing
Financial Institutions
Governments
Crown Corporations and Government Agencies
Electric Power, Gas and Water Utilities
Natural Resources
Educational Institutions
Health Services and Hospitals
Welfare Organizations
Religious Organizations
Entertainment
Trade Associations
Construction
Transportation and Communications
Wholesale and Retail Merchandising
Distribution and Storage
Professional Firms



**PRICE
WATERHOUSE
ASSOCIATES
IN CANADA**

The organization represented by Price Waterhouse Associates has been active in the management consulting field in Canada for nearly twenty-five years. Our firm, today, consists of 14 partners and a staff of over 70.

Our consulting staff works out of Canada's principal cities. Our approach to an assignment, however, is national, not regional. We appoint to a project those people whose experience will produce the most effective counsel — no matter where their home-base may be.

At the same time, in discussing a new project, we will not put ourselves in the position of making promises which will jeopardize existing or committed assignments. If we cannot immediately assign the appropriate staff to your project, we will say so. And we will tell you, frankly, when the consultants who are best equipped to work on your project will be available.

Although a delay in a project-start may be frustrating, we must stand by the philosophy that we cannot reduce service to a present client or offer a new client less than the best service we have. Our reputation has been built on high standards. We will not compromise them.

**PRICE
WATERHOUSE
AROUND THE WORLD**

Opportunity, today, is international.

Because of our close relationship with Price Waterhouse & Co., we at Price Waterhouse Associates have a direct pipeline to the business environment of over sixty countries in which nearly 200 Price Waterhouse offices can give you a precise reading of local opportunities and conditions. This is a benefit which cannot be sold short in our shrinking world.

An international committee of Price Waterhouse senior management consultant partners regularly explores how we can broaden and deepen our contribution to management around the world. It also encourages the philosophy that, in selecting the best possible Price Waterhouse talent for a particular project, our scope must, increasingly, be global rather than local.

For example: two of our Canadian partners, one from Montreal, the other from Winnipeg, recently travelled around the world on a client assignment as members of a Price Waterhouse team drawn from seven countries. These two men were chosen because they had the right talent and the right experience for this particular project. And, from Europe to South Africa to Australia, New Zealand and Japan and back to Canada, they were able to draw on the local Price Waterhouse resources and research facilities which they needed to complete their assignment.

The Price Waterhouse team is a world-wide team.

THE CLIENT AND THE CONSULTANT: A DYNAMIC RELATIONSHIP

When you retain us, a relationship begins which is mutually committed to operational improvement and refinement. It is a combination of our professional expertise with *your intimate knowledge of your own affairs*. In our experience, it is an extremely productive relationship.

We have no monopoly on talent. But we do claim that the collective, professional experience of our consultants can make a meaningful contribution to effective management and to the solution of problems with which you may be faced.

But we cannot do our job successfully if we are remote and impersonal.

Without shifting from our fundamental stand of independence, our desire to help you achieve the objectives of a given project must be as intense as your own.

STANDARDS OF PERFORMANCE

There are four basic principles which govern our relationship with a client. These are designed to ensure that our services will meet the standards which you expect of us and which we expect of ourselves.

We must be certain in our own minds that we are qualified to accept and to follow through on an assignment. If, for any reason, we conclude that we are not equipped to help solve a particular problem, we will frankly say so.

Before work on a project begins, we submit an estimate of the time and costs which will be involved in the satisfactory completion of the project.

As a matter of basic professional conduct, all information acquired by us about your affairs is held in the strictest confidence.

Before we consider a project complete, we must be assured that you are satisfied with the work which we have done.

THE DYNAMICS OF A TYPICAL PROJECT

Over the years we have developed a phased project plan which applies to most assignments. This project plan is described below.

PHASE ONE

Preliminary Discussions

These discussions, with you and your staff, will provide answers to the following questions among others:

What is the task?

What is its scope?

What are your objectives?

What are the deadlines?

How can your staff contribute?

Who will be involved?

PHASE TWO

The Survey

We appoint a consultant-in-charge.

We establish, with you, objectives and terms of reference for the project.

We design a detailed work plan covering the various stages involved in the project or projects.

We determine what consulting staff is needed to do the work.

We establish, with you, the contribution your staff can and should make.

We estimate how long the project will take, how much professional time will be involved and the cost of our services.

We set all of this out in a written proposal which, when agreed to, becomes our terms of reference for the project.

PHASE THREE

The Study

The study produces specific recommendations covering:

What changes should be made.

Why they should be made.

How they will improve operations.

How they should be implemented.

What benefits, monetary or otherwise, should result from the changes.

What further studies may be needed.

PHASE FOUR *Implementation*

After a detailed review, with you, of our recommendations, we prepare an Implementation Plan for your approval. This Plan includes:

A definition of each project and its sub-projects.

A statement of objectives.

A step-by-step implementation guide.

Specifications of staff, yours and ours, needed for implementation.

An estimate of costs.

A target date for completion.

During implementation, your own people are, essentially, in the driver's seat. At the same time, we can make a useful contribution to keeping the implementation program on the rails. This continuing help may take the form of:

General counsel and guidance, particularly in technical areas.

General supervision and direction of the project.

Active involvement in the project, when you do not have the necessary staff and/or technical skills required to complete the project on time.

As the implementation phase proceeds, we review its status regularly with you. When our role in this phase has ended, we write an evaluation setting out what has gone well and what has gone wrong. We may also suggest further work which we think should be done.

PHASE FIVE *Final Evaluation*

From this point on, Price Waterhouse Associates stay "on call". However, after implementation has had time to take effect, we prepare a final review and assessment of the project:

Have all the elements of the plan been completed?

Have the stated objectives been attained?

Are the solutions working up to expectations? If not, why not?

What further corrections are called for?

This final evaluation is essential. It is our terminal quality control. It ensures that you have received full benefit and value from the project.

MEMBER:

**Canadian Association of Management Consultants
MTM Association for Standards and Research**

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