

Smart Consulting Sourcing



A Step-by-Step Guide To Getting
The Best ROI From Your Consulting

Hélène Laffitte and Laurent Thomas

Smart Consulting Sourcing 101

*A step-by-step guide to get the best ROI from your
Consulting*



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Introduction

Did you know that 52% of companies only involve procurement in the last stage of the process and towards the completion of major purchases? As a result, the consulting spend is scattered across the different units of the company and not managed as a category by itself.

You may be thinking, “What effect does this have on my company?” Let us explain.

Your consulting budget represents on average 1% of your annual revenue. Stepping up your game when it comes to your consulting spend could lead to a 30% savings, which would improve your EBITDA directly by 0.3 points or allow you to execute many more projects within your budget. You would win on both value creation and savings.

Now we are sure we caught your attention.

More and more companies work with consultants on a regular basis. The consulting industry is flourishing, and new practitioners start every day. Consultants always adapt their offerings to new trends in the capabilities of the industries they serve. The digital disruption is also looming for the industry, breaking the value chain, and revealing new opportunities for both new players and clients.

But companies don't always manage their consulting spend properly. Some work exclusively with large consulting firms, accepting payment of a premium price for quality that is not always at the level they expect. Some companies don't work with consultants as all, depriving themselves of a powerful strategic lever. Either way, they are leaving value on the table.

High consulting costs are not a necessary evil. You can get excellent consultants at a reasonable price. But more importantly, you can learn how to maximize the value of your consulting spend. It will mean sometimes paying a premium for your consulting services. But the value created will largely be worth your investment. The key is to understand when to work with consultants, and how.

Combining decades of experience in management, consulting, and procurement, Consulting Quest has developed a unique approach to value creation through consulting. Every day, we help our clients leverage consulting to accelerate their transformation.

Every time we work with a client, we try to bring insights on consulting sourcing, and develop guidelines and templates to help them get the best results. After years of practice, we have accumulated a lot of knowledge and tools on consulting sourcing. When we discuss with executives, procurement or not, we realize that they like our inputs and often ask for more.

We started writing blogs, guidelines and white papers to answer their demands. Even though the information shared was accurate, it seemed a little bit all over the place. Suddenly, we had an “aha” moment. “What if we organized all this material into a book?” After several months of work (and thousands of sentences), we realized we had enough information to write a series of books addressing in more detail the various aspects of value creation through consulting.

We designed this book for executives and consulting buyers as an overview of what can be achieved from the most basic to the most advanced practices. In particular, this book will help the readers to:

Understand the existing consulting landscape

Whether you are looking at capabilities, industries or regional specificities, there are 50 ways to segment the industry. We cover at a high-level what is

consulting, how it was created, how it brings value, what is the state of the market, and how it is organized.

Source and manage a standalone consulting project

We review the main steps in the process of managing the sourcing of consulting projects, from defining the needs, formalizing all the elements in the RFP, assessing the written proposals, getting closer to selecting the best provider, and managing and terminating contracts.

Focus the efforts to maximize the value

We highlight for busy executives the key areas where they need to focus their efforts to maximize the value they will get from the project. Many organizations tend to focus on the negotiation stage, when what creates more value is aligning the objectives and scoping and sourcing the right consultants.

Manage the consulting category

We explore how companies that are managing a significant number of consulting projects can professionalize the management of their consulting spend and capture quick gains by implementing a simple set of actions.

Build a first-in-class consulting sourcing capability

We present proven strategies on how to measure the maturity of your consulting procurement and implement a foundation for effective management of the category. We describe how you can assess the maturity of your consulting sourcing capability and shape your improvement roadmap.

Shift focus from savings to value creation

We touch upon advanced practices that can elevate the organization's maturity when sourcing consulting from cost savings to value creation. We introduce the key elements to optimize the utilization of consulting, and advanced practices ranging from grouping projects, designing a make-or-buy strategy to optimizing tail spend while using different compensation models.

Leverage the disruption in consulting and procurement

We explore the disruptions currently underway in both consulting and procurement. From new systems and processes to digitally enabled platforms, we look at how clients can harness this evolution to their advantage.

Recognize that clients are the true force of change -

Disruption in consulting might come from various sources, from smaller specialized boutiques that offer consulting models close to the needs of their clients, to medium-size companies with thought leadership, to large players reinventing themselves. However, the most powerful disruptive force to challenge the status quo is generated by the clients who have the willingness to grow and lead forward.

The methodologies behind this book have been specifically developed to support organizations intending to maximize the value for the money they spend on consulting services. The concepts described in this book apply for small companies buying their first project, up to large companies handling millions of dollars of consulting spend. There is, of course, no one-size-fits-all solution, but you will probably find here all the levers to get started in your transformation journey.

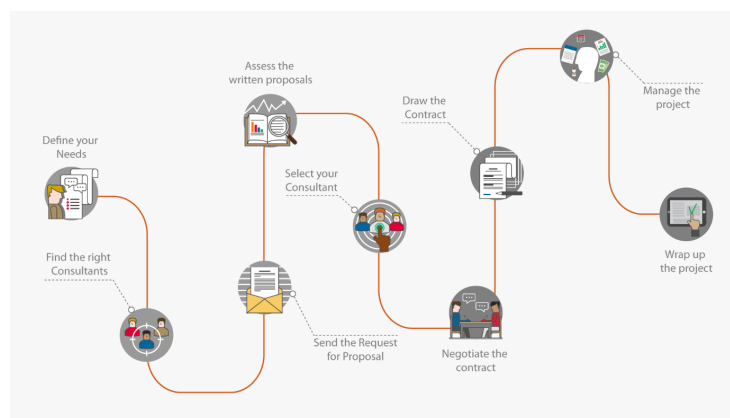
You can decide to read this book from beginning to end, or to focus on the chapters that make more sense to your organization. Don't hesitate to reach out if you feel overwhelmed or if you simply want to discuss what you just learned. We are always happy to chat and to help.

Take advantage of the different assessment tools we describe in the book to understand where your organization stands and where you want to go.

Ready? Let's start creating value now!

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Successfully Managing the Sourcing Process



“Eighty-five percent of the reasons for failure are deficiencies in the systems and process rather than the employee. The role of management is to change the process rather than badgering individuals to do better.” – W. Edwards Deming

Let’s start with this—putting several consultants in competition is a great way to evaluate them and start looking for the right fit. It will enable you to make an informed choice on the consultants, and who fits best with your project on levels such as skills, experience, and price. Along the way, you might come up with ideas that are completely outside the box that you might like to explore as well. Designing a perfect RFP is easy when following the points described in this chapter. To get the most out of this competition, you need to manage an efficient sourcing process adapted to consulting services. Too many companies fail to define a specific process for consulting, letting their business lines define how to organize the competition when there is a better way. Ready to learn how?

What is asymmetrical information and why should you care as a client?

Asymmetrical information, otherwise known as information failure, refers to the situation when one party in a transaction has more information than the other party. Almost all economic transactions involve some information asymmetries.

Asymmetrical information distorts the relationship

Asymmetrical information is particularly present when it is difficult for the client to judge the quality of the product or service. When you buy a computer, for example, you can only believe what the salesperson or the website describes about the product, unless you are an IT expert. The rating features on most marketplaces, such as TripAdvisor.com, help the client break some part of the asymmetry. Similarly, in consulting, partners and consultants know their industry and their trade inside out, while the clients and their buyers have limited information.

2001 Nobel Prize winner George Akerlof⁶ presented that situation in his paper, “The Market for Lemons.” He explained that in certain markets it could be difficult to distinguish the good product (“pears”) from the bad product (“lemons”). To mitigate the risk, the buyer will use the average statistics of the market while the seller has detailed information for each product. The seller will tend to sell the product of lower quality to minimize their losses, and the best product won’t be sold. As a result, the market will shrink, and the average quality will decrease.

What applies to consulting and how to change the situation?

Unless they are handling several consulting projects a month in each capability, buyers and users of consulting services are at a disadvantage when negotiating with consulting providers. As a result, they might become

risk-averse in their choice of consulting providers and choose consulting firms based on mostly their reputation or their existing relationship. The winners then are the large consulting firms that provide constant high-quality work and are excellent at building relationships.

However, we have mentioned several times that the key to creating value through consulting is to work with the right providers. Even though large firms have high-quality standards, they are not always the right choice for a given project in regards to performance and price. To break the information asymmetry, users and buyers need to gather the right information about the project and the potential consulting providers to make an educated choice.

The sourcing of the right consultants is just one step in the process to collect the necessary information to maximize the chances of success of a consulting project. There are other crucial steps such as the need analysis, the assessment of proposals, or the negotiations. All of these steps are very specific to consulting services. That is why the only way to get the most value from consulting is to follow a rigorous sourcing process customized to consulting.

How to get started?

Organizing a healthy competition is not that complex. You have to keep in mind that the goal of the process goes beyond the sourcing and focus on the success of the project. Organizing a competition without putting all the candidates in the right conditions to give their best answer is meaningless. You need to bring in relevant potential consulting suppliers and give them a fair chance to get the project.

You are the client; you are the boss

Don't forget that you are the client. Don't let the consulting firm dictate the pace or the content of the conversation. Explain your process beforehand. They need to give you one contact person and comply with your rules.

The same applies to terms and conditions. Work with your documents, based on your internal policies. Define, for instance, your rule for travel expenses: Expenses capped at 12-15%, pre-approved by your teams, and based on your company policy.

Be fair to all consulting firms and apply the same to rules to everyone.

Start the process early

Most of the time, you are not in such a hurry. When projects are complex, integrate Q&A sessions in the process. In all cases, give the consulting firms enough time to prepare their proposals. They will only be more detailed.

Generally, response turnaround times should be in the range of one week for a small project, two weeks for a standard consulting project and three to four weeks for a very large project (PMI, company-wide transformation, etc.).

Anticipate also spending some extra time for back-and-forth communication with the consulting providers to adjust the proposals.

Who is doing what?

Generally, business lines should focus on the business expertise, and procurement should bring their consulting and procurement perspective to the table.



Define your needs

Defining the scope of your project is a compulsory step in the RFP process. You need to gather a team made of the major stakeholders and agree on the expected results, timeline, and budget for the project. Even though you are thinking of bringing in external resources to lead the project, the sound principles of project management still apply. Determine the real problem to solve and the project objectives. Many consulting projects fail because the scope is too vague and too broad.

Get them excited

If you decide to work with consultants, you are interested in their analytical skills, their expertise or their outstanding communication competencies. Don't waste their talent (and your money) on menial tasks. They are better employed at complex projects where they can do their magic. Besides, they might not be interested in working on small projects, and your project could move down on their priority list. And it might not be "good news" in regards to quality and expertise.

If you are looking for another pair of arms, or data crunching, you might prefer freelance platforms such as CoMatch, Catalent, TalMix, or even networks like Eden McCallum. You will find bright individuals ready to take on very small projects or interim work.

Take your time (when you can)

It is sometimes difficult to translate the business challenges and the needs into a project. You might not be sure even if the project will happen, or have a clear scope in mind. The RFI (request for information) can be a good way to collect and leverage information. It will help you refine your approach to solving the problem and develop consensus within your organization. It can also be a smart way to narrow the number of contestants on your list before engaging in the RFP process.

Be sure to give a fair chance to all the consulting firms you engaged in your RFI, so your company is not seen just as a brain picker.

When the scope is clear, you can take an educated guess at how many consultants you need for the project. You can also think about the value expected from the project. That should give you a ballpark for how much you are ready to pay for that project.

Formalize the elements in a request for proposal

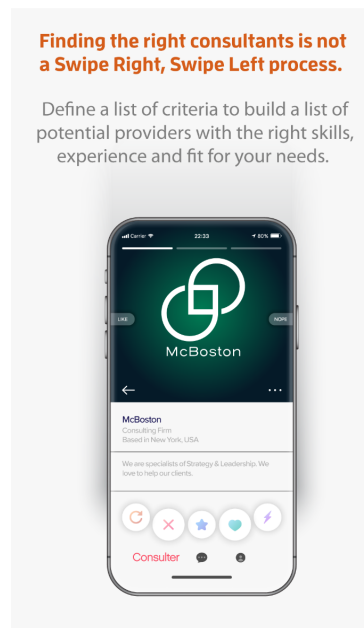
Many RFPs for consulting are rushed in their development. Sometimes the details or the context are insufficient to understand the business problem you are facing. Maybe some key requirements are missing, or the language is ambiguous. You also might have omitted the common pricing framework to be followed or given too little time for the candidate consultants to respond to the RFI/RFP. However, the result is always the same: it is difficult for consulting firms to send a solid proposal, particularly if they are newcomers.

The RFP will be the reference document for the consulting providers you invite to the competition. Don't forget to include elements on the RFP process such as timeline, criteria of choice, and requirements. It will help the candidates to be laser-focused on your needs.

Find the right consultants

With your RFP in hand, you can start identifying the potential candidates.

Adapt your short-list to the project



Look closely at the scope of the project, the budget, and the internal procurement policies to define your criteria of selection for the short-list. Be mindful of your time and adapt the length of your short-list to the level of priority and the budget of your project.

When you have a very tight timeline or for small projects with limited impact on your business, choose a small short-list so that you can spend enough time on the proposal and checking references. We recommend not going beyond three prospective providers.

For larger projects, you can broaden the first round (briefing/proposal phase) to up to ten consulting firms (depending on the project and the stakes) but keep at most four-five companies for the final round (pitching phase).

When your short-list is ready, contact your suppliers and check their interest by sending your RFP.

Secure confidentiality

It is important always to protect your confidential information. Don't hesitate to make your candidates sign a confidentiality agreement at the beginning (even at RFI or RFP stage) to protect proprietary information and make sure the consulting firms will not be sharing your project's details with your competitors.

If the proposal includes collaboration and sub-contracting, make sure that all the contributors on the project are legally bound by an NDA.

If your project is particularly confidential, you should even consider working with a third-party sourcing company, like Consulting Quest, that will handle the process anonymously. They will keep your company and your project confidential until the short-list stage.

Keep it simple

Unless you are handling a multi-million dollar project, don't organize extravagant tenders. Looking through proposals and listening to consultants' pitches can be extremely time-consuming. It will also considerably slow down your project. Make sure that your RFP process is adapted to the scope and the budget for your project.

If you only have a small number of consulting firms, or if the project is specifically complex, you might want to organize briefings to discuss the

details of the project and make sure the consultants have well understood what is at stake.

If you have a large number of candidates, a clear RFP, and little time on your hands, you can just send the RFP and assess the written proposals to identify the most promising one for the next step.

Assess the written proposals

Once you have received the proposals, take the time to review them with the other stakeholders. Always keep your objective in mind: maximizing the chances of success of your project. You need the candidates to submit their best proposals, and for that, they need to understand the problem very well.

Level the ground, so all companies have a fair chance in the competition. It is in your best interest to do so. Don't hesitate to explain in length the background of your company and the context of the assignment, and to take some time to polish the Q&A documents.

Assess the fit with your RFP

Make sure the candidates have responded to the most important elements in your RFP. Their proposals should help you answer the following questions:

- Has the consultant understood our objectives?
- Do the deliverables answer our questions?
- Do we trust the approach the consulting provider proposes?
- Does the team have the required experience?
- Is this consultant the right fit for us?
- Does the budget fit the value we expect?

Note if there are any gray areas and potential misunderstandings.

Identify the most promising proposals

When you are working on a large cohort of consulting providers, you should focus at first on the most promising proposals to save time and energy. You can always go down your list if you are not satisfied with your first batch.

Start ranking your proposals based on your assessment of the proposals. You can use these five dimensions: objectives, deliverables, approach, experience, fit, and budget.

You should also be able to put your finger on the uncertainties in the proposals and articulate them into questions. The list of questions will be the basis for the pitch session with the most promising consultants: an excellent opportunity to clarify the RFP if necessary and assess the fit with your teams.

Select your consultant

Keep also in mind that the best consultants in delivery are not always the best in sales, and vice versa. Rather than placing too much emphasis on how consultants look on paper, give them a chance to convince you and organize a meeting where they can pitch their proposal.

Define your selection criteria and your budget

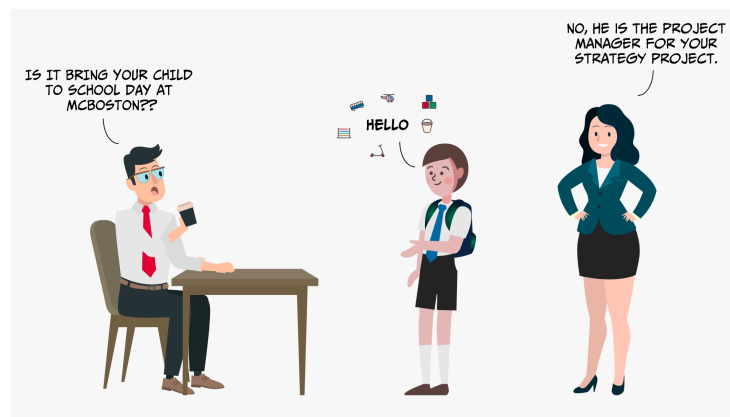
The first step is to build a set of criteria. Start with the dimensions you had defined in the RFP, and add the elements that may not be included in the RFP such as price, cultural fit, intimacy, etc. Once you have agreed on the dimensions, start prioritizing them.

You should also agree on how much value you expect from the project, and therefore, how much you are willing to pay. The price is a major parameter in the choice. You should always make sure that your project has a positive value for money.

In that part of the process, we recommend working with the different stakeholders to get the buy-in and prepare the start of the project with a compromise.

Ask for a presentation

It is extremely difficult (if not impossible) to assess the chemistry between a given consultant and your teams on paper. When you invite consulting firms to pitch their proposals, you get the opportunity to sense the human element in their approach.



During the presentations, you will need to keep several goals in mind:

- Challenge the core proposal,
- Make sure the team on the field has the right expertise,
- Understand the pricing,
- Assess the chemistry with your teams.

After the presentation, give the consultants a few days to revise their proposals. If you haven't done it already, now is the right time to check the references of the consulting firm and the partners in charge.

Make your final decision

Go back to your list of criteria with the order of priorities. Allocate a weight to each criterion, and start grading each proposal on the different dimensions. Once you are done, you can calculate an overall score.

Last but not least, try to build a consensus score with the main stakeholders. Sourcing a consulting provider is just one requisite in the success of your project. Another requisite is to get the buy-in of the stakeholders. When building consensus around the choice of consulting firm, you are working to ease the way forward for the project and the consulting team.

Negotiate a consulting agreement

Once you have identified the most promising proposal, you can start negotiating. Similar to the selection process, you need to gather as much information as possible to have leverage during the negotiation.

Prepare for your negotiation

Before you dive into the key elements, take the time to prepare for your negotiation.

The first step is to agree on what you want to negotiate. With intangible services, almost all the components of proposals are negotiable. You can modify anything from scope to team composition to, of course, price.

You also need to keep in mind the overall value of the project vs. the price. Understanding the dynamics of the pay-off matrix will help you define the needed magnitude of the negotiation.

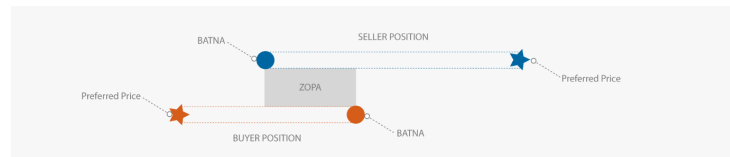
Now, look also at how much latitude you will have in the negotiation. Do you have a negotiation edge? Or are your hands more or less tied?

Finally, get the right people at the table based on the size and the strategic importance of the project.

Try to anticipate as much as possible how the consultants will act to get the best deal. In this situation, the best deal is when both parties have a positive outcome.

Negotiate the key elements

When you enter a negotiation with multiple dimensions, the best alternative to a negotiated agreement (BATNA) and zone of possible agreement (ZOPA) concepts can come in handy. They will allow you to draw a bundle of potential deals along the different dimensions.



To build this bundle, you will need to analyze how the changes in scope or team staffing will impact the price and conversely identify the trade-offs you are willing to accept.

If you still need to reduce costs, you should explore other savings opportunities such as travel expenses or expert staffing.

Give feedback to the unhappy consultants

Don't forget to debrief the consultants who lost the project bidding. Take the time to explain why they didn't get the project and what they could have done differently. It will help them improve their proposals for your next project or their next client.

You can also ask these consultants to give you some feedback on your project as well. This can bring you valuable insights on how your teams manage a consulting project and help you improve your practices.

Draw the contract

Once you have negotiated the terms of the agreement, you can start drawing the contract. You can either work with a standard consulting agreement, or work with a master service agreement (MSA) plus statement of work (SOW). The latter solution is particularly interesting when you work with the same consulting providers on a regular basis. We strongly recommend working with your legal team to develop your own agreement templates.

Formalize your expectations

Even if you work with a standard consulting agreement, the statement of work is the first element to include in the contract. It covers the scope of work and deliverables, the schedule and phasing, the governance and escalation procedure, and the expected outcomes and metrics.

The contract is always the reference in case of litigation. You want the consultants to commit to the results of the project, not the means.

Define the terms & conditions

When you have described what work will be done, and how and when, it is time to define how the consultants will be paid. The schedule and the terms of payments should be clearly stated in the contract, even if you have opted for a flat fee.

If you work with hourly fees, flat fees, or performance-based fees, you should include the conditions to get paid and the potential safeguards to avoid derailment.

Clarify the rules

Depending on the project, and the company, some rules should be included in the agreement:

- **Confidentiality** – This clause should always be involved in a consulting agreement. Many projects include confidential information about the company’s strategy or products.
- **Use of Third-Party** – Many consulting firms work with subcontractors or partner with other firms on projects.
- **Intellectual Property** – Monitor the information and the models developed during the project and clarify the ownership in the contract.
- **Client Policies (such as information management and safety)** –The consultants should comply with any rules you request.
- **Conflict of Interest and Non-Compete** – On some projects, you might want to make sure that the consultants won’t have any conflict of interest, or won’t go and sell the methodology they developed for you to your competition.

Prepare for the worst

As Lao Tzu said, “Anticipate the difficult by managing the easy.” In your contract, you should integrate clauses that cover the most probable problems you might encounter if the project goes awry. Resolution of the issue if and when it occurs will be then much easier to manage.

Manage a consulting project

When you are buying services, and in particular intangible services like consulting, the bulk of the work comes after the procurement process has ended. You have to monitor and manage the outcomes of the project, but

also the project itself. Indeed, consulting projects very rarely play out as planned.

Get organized to manage your project

Managing a consulting project is first and foremost managing a project. The same principles apply. To maximize the chances of success of your project, you will need to manage these three elements:

- **Stakeholders** – This is Project Management 101. Align the stakeholders to make sure they will support the project and collaborate with the project team and the consultants.
- **Project** – You need to put in place the best practices for project management: define the work plan, clarify the roles and responsibilities, and put in place a clear governance with a steering committee.
- **Change** – Always obvious, but more often overlooked, change management is a key success factor for consulting projects. Anticipate resistance to change from the teams impacted by the project and define strategies to address each situation.

Monitor the performance

Don't wait until the end of the project to evaluate the performance and share your results with the consultants. The reasons for low performance can be multiple and simultaneous. It could come from the consulting firm (capabilities, skills, experience, staffing, etc.) or your own teams (low priority, staffing, etc.).

In any case, it is best to sit down with the consulting firm to discuss and understand the issue and find solutions together.

Manage the contract

When you are working with consultants, you also have to enable a productive relationship. First, you will have to track the changes in the project that can touch scope, staffing, timeline, or unforeseen events. When these changes are substantial, you should consider amending the contract. In any case, keep track of the changes in the minutes of the steering committees.

For very large projects, you should consider organizing a formal mid-project review. You can cover both the changes to the statement of work and the quality of the outcome. It should not prevent you from checking in regularly with the consulting firm to anticipate potential slips in the project scope and timeline and allow your provider to fix the problem.

Consider the consulting firm as your partner with a common objective: the success of your project. Be unbending on the quality of the outcomes. Give them feedback on their performance and visibility on payments.

Wrap up the project

Anticipate and prepare for when the consultant departs

Maybe you have prepared for transition from the start (in other words, in your RFP) and included the transition plan and regular check-ins in the deliverables. If that's not the case, make sure to prepare for when the consultant leaves.

Once you have decided what recommendations you will act on, you have to organize how you will act. You should also consider the transfer of knowledge in particular if the project implemented a new organization or technology. You should define this plan with the consultant at hand.

Prepare the performance assessment for the consulting firm by gathering the information collected along the project.

Don't hesitate to end the contract

Sometimes consulting projects have to be closed earlier than expected. Many changes can happen between the moment you decide to work with consultants and the end of the consulting projects.

The context can change, as can the management team. If that's the case, continuing the project as it is might be a loss of energy and money. Always find ways to adapt the scope to your needs, and terminate the contract if you must, if the consequences will be acceptable.

Close the project cleanly

Whatever the reason for terminating the project early, don't rush into it. Take the time to analyze the impact of the termination and the probability of success of another consulting project. Prepare also what to communicate with your teams involved in the project.

At that point, you should have paid the consulting provider based on delivery and accrued the budget until the end of the project.

Keep the last invoices on your desk until you are sure that the project is delivered in full. That will give you enough leverage to get back to finish the project.

When you think the project is closed, and the invoices are approved for payment, you can take time to debrief the consultants on their performance on the project.

Running a structured and highly effective sourcing process is essential to objectivize the selection of the best consultant and keep the project's success in perspective. Understanding the associated risks and the potential for savings at each step is key. Surprisingly, most executives lack a clear view of where to focus on creating the most value.

5 takeaways for busy executives

1. Healthy competition is the best way to overcome asymmetrical information.
2. Set up a multifunctional team to make sure you get the right expertise at each step of the process.
3. Use selection criteria to support the selection of the right consultants for your needs.
4. Formalize your expectations into contractual terms.
5. Manage the project to transform the potential into real value for your organization.

This part is not included in the extract.

Conclusion

If you jumped straight to this final chapter, you might be tempted to think this is probably just another book on consulting, but you will miss the point in that case. If you have read the book, you have realized you have a powerful tool in your business arsenal now.

The purpose of dedicating our time and effort to this endeavor is, of course, far greater. You can view the book as a call for a new approach to consulting, sourcing the right expertise and most of all, leveraging consulting to fully optimize value creation like never before.

Why is it important now to change the way companies approach consulting?

Let's talk about the pink elephant in the conference room, metaphorically, of course.

Saying that consultants have a popularity issue with most executives is an understatement. Indeed, companies are often not satisfied with the value for money their providers bring in.

Actually, the most common reason for dissatisfaction when working with consultants is linked to their skills. Clients are complaining that the consultants don't understand their business, or don't have the expertise they expected. Worse, some executives see consultants as competition.

If you look closely, this issue is linked to another famous complaint about large consulting firms: “The School Bus” syndrome. According to *The Crimson*, roughly 15% of Harvard graduate students become consultants right after college. However, these consultants, even though smart and well trained, remain young professionals with little field experience.

*“Trying to help someone twice your age grapple with a problem that you just read about on the flight over can be quite challenging.” –
Matthew Stewart*

Even if this pyramid structure is not representative of all consulting firms, its prevalence with the major players overshadows the focus on seniority from smaller firms.

Another frustration comes from the fact that the executives interfacing with consultants often fail to see the value they create. Seeing the intervention as a supplemental resource, they compare the cost of the project to their internal remuneration grids.

Also, at times, they consider the conclusion as a repackaging of what they already knew, without considering the political added value. The budget owner who sponsored the project might have a different perspective, preferring to win with pricey consulting help rather than losing without it. But they would rarely discuss this topic with the rest of the team.

CEOs are often horrified when they realize the consolidated amount spent on consulting during intensive transformation periods, like PMI, but also in run mode. Consulting Quest’s studies are showing that up to 3% of the revenues can be spent on consulting.

However, our experience indicates that depending on companies, up to 1% of EBITDA could be generated through savings solely on the consulting budget. And it doesn’t include the value created beyond the savings.

This dimension is often overlooked as the associated impacts are not necessarily immediate or visible. These impacts can range from accelerating the speed of strategic projects, making sound strategic

decisions, or enabling transformations — in other words, the real value you get for the money you spend.

At the root of these issues lies the way companies approach consulting. Often using traditional procurement methods developed for other indirect services if not for direct purchases, consulting might very well be indeed the most direct item of the indirect category. Alas, very few companies have organized themselves to approach consulting as a true category.

Consulting is a rather secretive industry. It is at times hard to figure out what projects consultants are working on, and many firms cultivate the culture of secrecy by protecting client names even after they have left the firm. Stepping back, you have to admit that a 250 billion dollar industry growing at a 5 to 7% rate must be adding some value, even though this value may be unclear to you.

Also, there are to date no specific norms or standards to measure consulting performance, and it creates a formidable information asymmetry. Partners from large consultancies are selling multiple projects per year and know exactly the “in and outs” of their value proposition. Executives, on the other side of the table, only handle a project of this nature every couple of years. Who do you think has the upper hand in this relationship? And can this relationship be more balanced?

Why write “Smart Consulting Sourcing” ?

We wrote this book because we believe consulting, leveraged properly, is a formidable lever for companies to step up their game, accelerate transformations, and implement effective new strategies. As a leader in consulting procurement, we help clients to buy millions of dollars of consulting every year. With this critical mass comes expertise that we wanted to share.

Without enough knowledge of the changing consulting landscape, and by using somehow outdated methods to source consulting services, clients are

not taking advantage of the huge savings and benefits Smart Consulting Sourcing, powered by digital, could deliver.

The objective of the book is to equip the readers with practical tools and techniques to create more value through consulting. With a significant impact on the bottom line, what companies can create, and how much they could save, there is a huge value creation opportunity that goes unrealized.

If you are ready to start the journey toward Smart Consulting Sourcing, consider Consulting Quest your best ally in this transformation. This book is the first part of a blueprint for executives who wish to leverage consulting to their advantage. And I passionately believe you are one of those.

You have the power to change the status quo

Consulting today is a perfect candidate for disruption. We carefully analyzed the forces behind the evolution of the consulting industry, and how the ever-growing demand for industry and capability expertise, the shift of the willingness to pay for performance rather than effort, and the very high level of profitability are creating pools of opportunities for disruptors.

Disruption might come from various sources, but we came to the logical conclusion that clients represent the most powerful force of change the industry might experience. Surprisingly, most companies have been quite slow in realizing this situation and are still living in a self-inflicted world of exponential consulting fees and inadequate providers, leaving value on the table.

If you are reading this, you are probably scratching your head and wondering how to change this situation. Well, waiting for a fairy to grant you a wish is probably not a good idea, but thanks to the methodologies outlined in this book, you now have the power to change the status quo.

What's next?

Now it is your turn to be a disruptor. Use this book, leverage all the resources on **smartconsultingsourcing.com**, and join our community on social media. In any case, let us know about your progress and if you need expertise and help in taking the next step. Don't hesitate to reach out. We will be delighted to help you and to celebrate your success.

Sincerely,

Hélène & Laurent

Acknowledgments

As we write these final words, we cannot resist borrowing this quote from Dorothy Parker: “I hate writing, I love having written.”

You are never sure of the results when you engage in such an exercise. The objective is not to put on paper what you would like to say but to capture properly what part of it will be useful for others.

This book is the result of years of experience using, delivering, or buying consulting services. We are extremely grateful to have had the chance to learn, work, or study with extremely talented clients, teachers, and mentors. Thank you to Marc Baij, Jonathan O’Brien, Emmanuel Mas, Stefan Meier, Michel Zarka, Chiheb Mahjoub, Guy Somekh, Alexandre Corjon, Emmanuel Butstraen, Mung Ki Woo, Valdirene Licht, Dan Amiram, Jean-Pierre Benqué, Philippe Follenfant, Jean-François Mayer, Francis Angotti.

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Special thanks to our kids and families for the patience they have shown and sincere apologies to all those we have forgotten to mention.

Lastly, and most of all, thank you to all the readers. This book is for you.

Resources

Blog:

To learn more about consulting, sourcing and how to create value

Visit: <https://wiki.Consultingquest.com/>

Community:

Join the community of buyers and executives interested in consulting procurement

Visit: <https://www.linkedin.com/groups/12171082/>

Conavigo:

Search the largest global professionally managed directory of consulting firms

Visit: <https://conavigo.com/>

Digital Solutions:

For tools mentioned in this book (RFP Wizard, Performance Scanner, marketplace, etc.)

Visit: <https://Consultingquest.com/sourcing/>

Podcasts & Videos:

Enjoy interviews with experts and step by step guides for consulting sourcing

Visit:

<https://www.youtube.com/channel/UCn4MSyB27inyoCQwKTpGR0w>

Publications:

For other books or white papers on consulting sourcing

Visit: <https://Consultingquest.com/sourcing/>

Templates & Assessments:

To access the sourcing templates (taxonomy, SOW, RFP, etc.) or Assessments (strategy alignment, maturity)

Visit: <https://smartConsultingsourcing.com/>

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Endnotes

1 According to Statista, the video games industry is expected to reach approximately 115 billion U.S. dollars in 2018 and the source projects the industry revenues to surpass 138 billion by 2021.

2 CAGR: Compound Annual Growth Rate. The compound annual growth rate (CAGR) is the mean annual growth rate of an market over a specified period of time longer than one year.

3 Internet bubble burst: In 2001, stock prices took a sharp downturn in the United States, Canada, Asia, and Europe. The indices that had just recovered from the decline after 9/11 attacks, slid steadily again in March 2002. Reaching their lowest levels since 1997 in July and September 2002.

4 The 2008 financial crisis was the worst economic disaster since the Great Depression of 1929 that led to the near collapse of the banking system.

5 US Census Bureau: Number of firms per size (2014).

6 George Akerlof received the 2001 Nobel Prize for his insightful work on “markets with asymmetric information” along with Joseph Stiglitz and Michael Spence.

About the Authors



H  L  NE LAFFITTE is the CEO and co-founder of Consulting Quest. She launched Consulting Quest in 2014, driven by the idea that a global performance-centric consulting service platform would greatly benefit clients by helping them source better.

Consulting Quest today has a worldwide presence in four regions and eight countries, servicing many Global Fortune 500 organizations. Under H  l  ne's leadership, Consulting Quest is helping clients save millions and benefit from extra value creation through consulting.

Providing disruptive solutions in a way not currently available in the consulting space was a tremendously inspiring endeavor. Combining her own experience along with her co-founder's helped shape up the concept of Consulting Quest. The innovative start-up leverages big data to improve performance, aiming to change the game for consulting and procurement, by providing key insights for efficiency and expertise.

Hélène, a civil engineer by profession (École des Ponts et Chaussées), has held several executive positions in operations, R&D, and procurement and industrial strategy for one of the largest energy companies in the world.

She is the strategist responsible for the creation of an agile make-or-buy strategy and performance measure system for operations services at Engie that resulted in more than \$100 million dollars in annual savings.

She moved to the US from Europe in 2011 to pursue further education. After completing an MBA at Columbia Business School, she launched her first consulting practice in innovation and strategy for small to middle-sized businesses.

Hélène's background in engineering, consulting, procurement, and industrial strategy has contributed to the creation of an extremely athletic business model, set to change the way consulting is procured.

As a personal credo, Hélène would like to influence others positively; she is an avid learner, and likes to challenge the status quo. She loves to stay active playing rugby and basketball with friends and family when she finds some free time.

She is also the illustrator of this book!



LAURENT THOMAS is the Co-founder of Consulting Quest, and the Executive Vice President of Strategy and Transformation of Novacare, a Global Business Unit of Solvay, the global chemicals company. At Novacare, he is responsible for developing and implementing the GBU

Strategy, Transformation, Digital Roadmap, Open Innovation, and M&A activities.

Laurent graduated with an engineering degree from École Nationale Supérieure de Techniques Avancées, one of the foremost engineering schools in Paris.

Prior to joining Solvay, Laurent was a Senior Partner at Oliver Wyman, leading the North American Organizational Transformation Practice serving clients in industries ranging from Aerospace to Financial Services and Manufacturing.

Focused on greater value creation, and being thoroughly familiar with Consulting, Laurent has sourced and sold millions of dollars worth of Consulting over the course of his career.

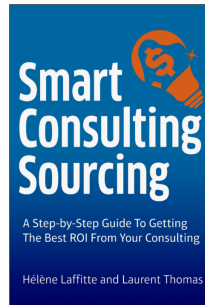
Co-Founder and Advisory Board Member of Consulting Quest, Laurent believes that the innovative start-up providing services to executives, consultants and buyers of consulting services, will introduce a needed transformation in the Consulting space.

His professional background which blends consulting and operational experience, has lead him to the realization that tremendous value can be unleashed through consulting if procured and managed properly.

As a visionary leader, he is committed to help businesses by spearheading transformation initiatives for enabling progress.

Passionate reader who loves collecting Management Books, he also enjoys playing rubgy, and is an amateur Computer programmer.

In order to finance his engineering studies, he created his first business when he was 18.



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