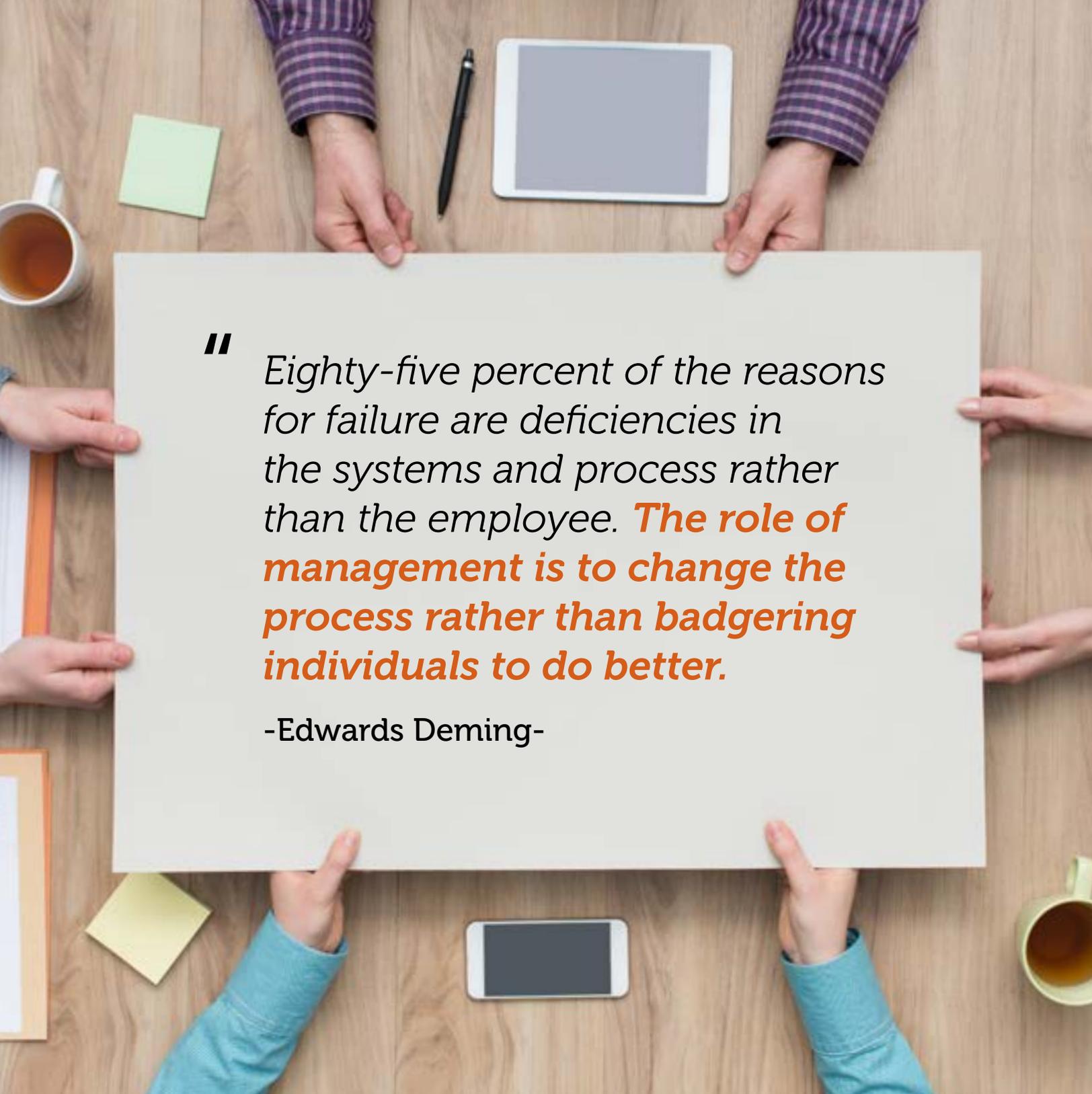




## Successfully Managing the Sourcing Process



**“** *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.***

**-Edwards Deming-**

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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?

# WHO DOES WHAT?

## Consulting Sourcing Process

1

### IDENTIFY THE SCOPE AND THE BUDGET OF YOUR PROJECT



BUSINESS LINES

- Define the needs
- Articulate the context and the problem to solve
- Explain the expected outcomes
- Validate the RFP



PROCUREMENT

- Challenge and reformulate the needs
- Formalize the elements in an RFP

2

### IDENTIFY, SHORT-LIST AND BRIEF THE POTENTIAL PROVIDERS



BUSINESS LINES

- Define criteria and priorities
- Decide on short-list



PROCUREMENT

- Propose potential providers
- Check eligibility of the potential providers
- Organize the bid and the meetings
- Share the objectives with the potential consultants

3

### REVIEW THE PROPOSALS AND MAKE THE DECISION



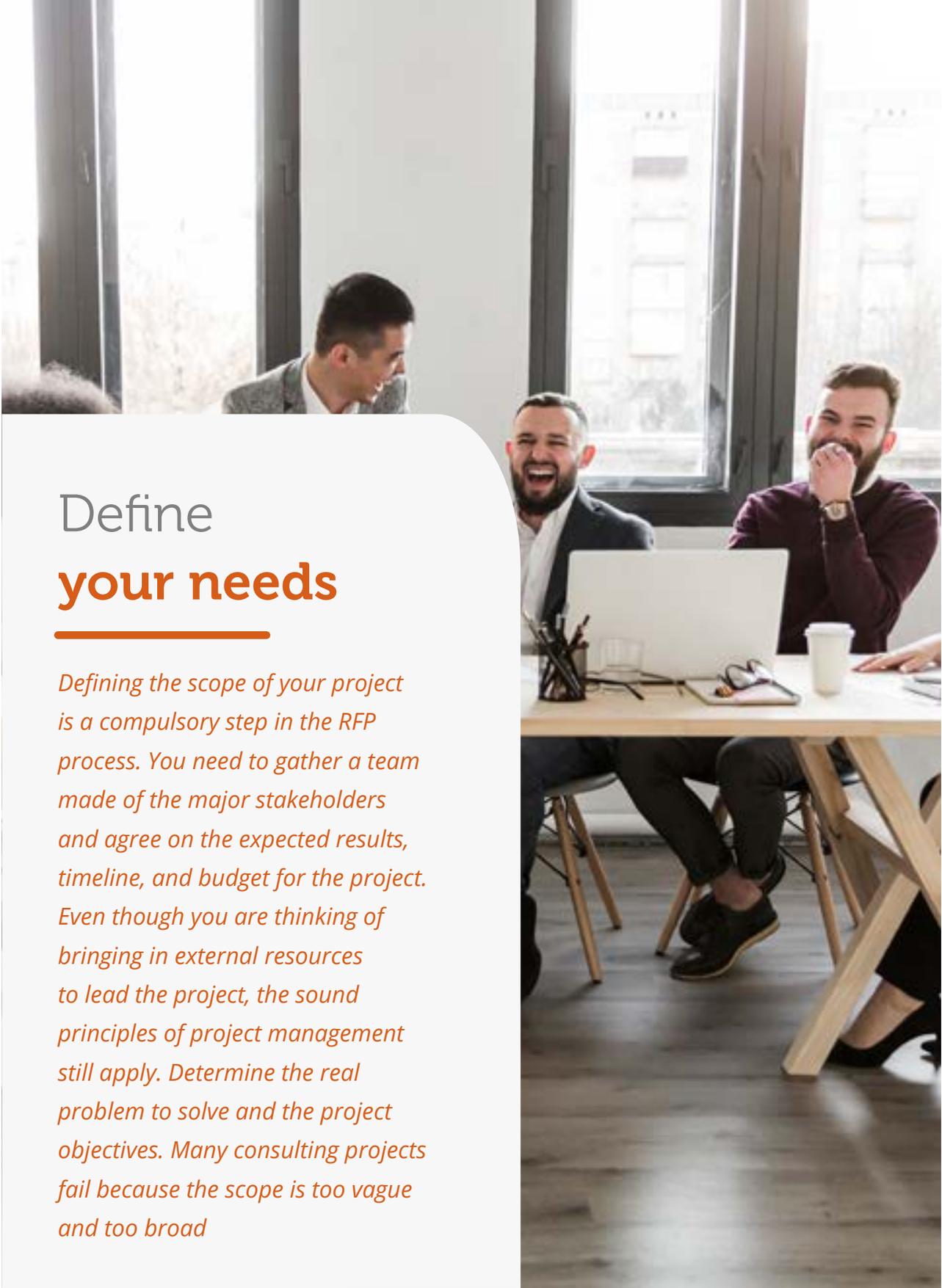
BUSINESS LINES

- Assess the proposal from a business standpoint
- Challenge the expertise, and the approach
- Make the decision



PROCUREMENT

- Assess the proposal from a procurement standpoint
- Challenge the team composition, and the price
- Negotiate with Consultants



## 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.

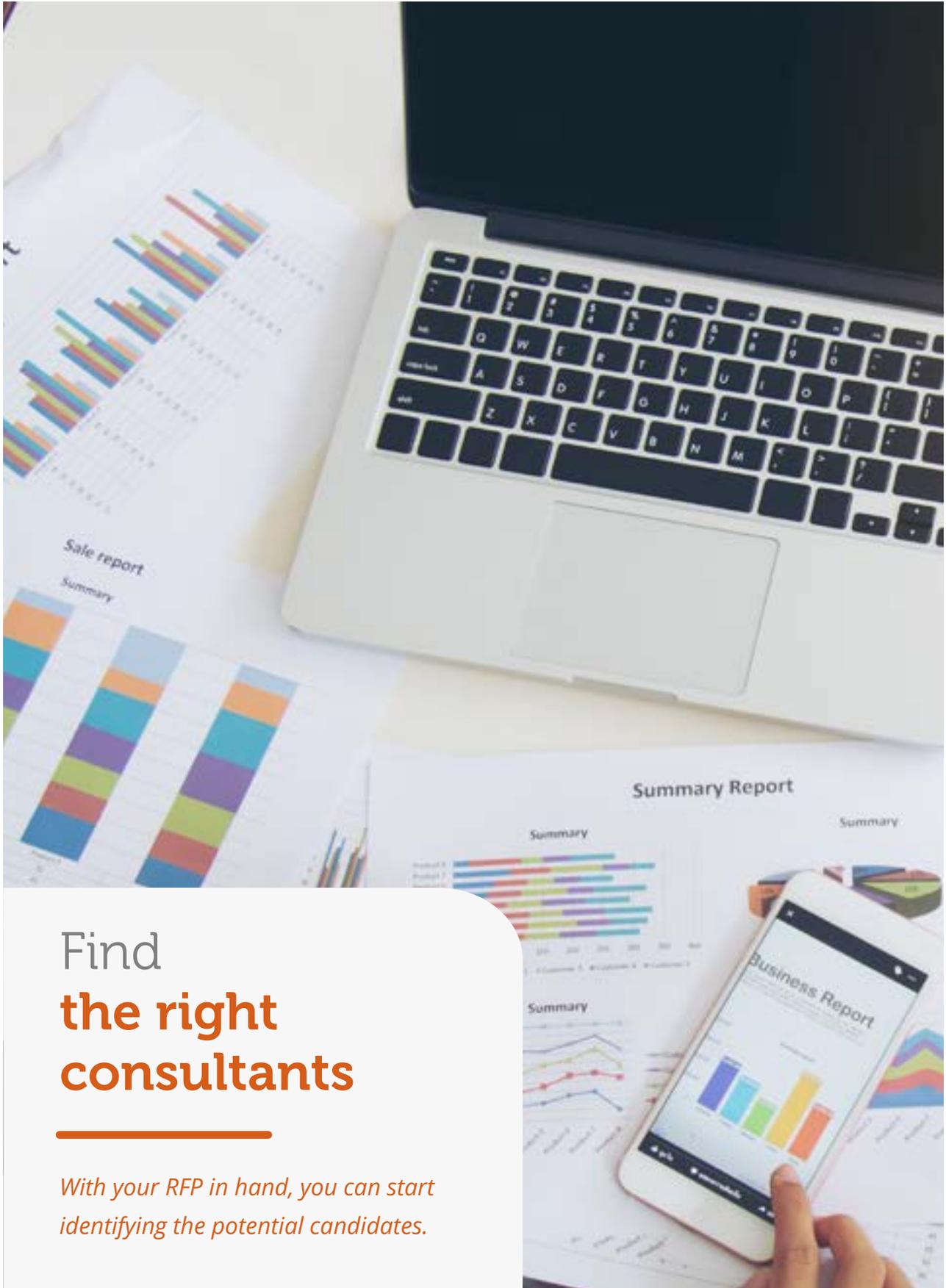
Be sure to give a fair chance to all the consulting firms you engaged in your RFI, so your company is not seen just as a brain picker.

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**

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

## Finding the right consultants is not a Swipe Right, Swipe Left process.

Define a list of criteria to build a list of potential providers with the right skills, experience and fit for your needs.



## 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).

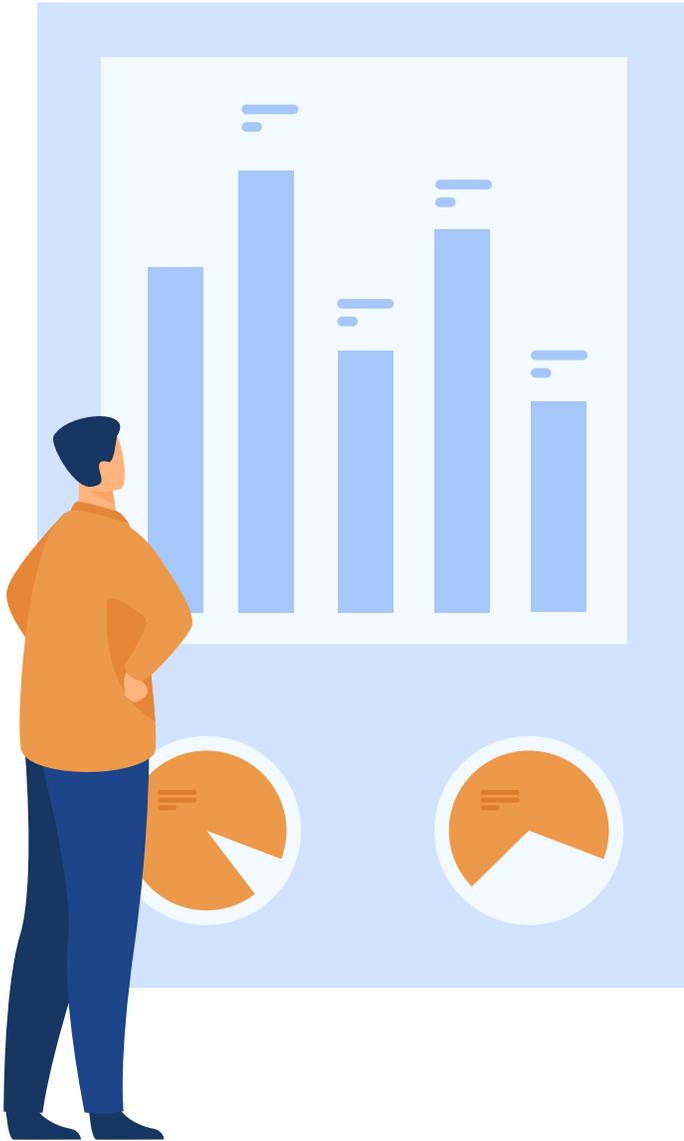
When your short-list is ready, contact your suppliers and check their interest by sending your RFP.

## 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

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*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?

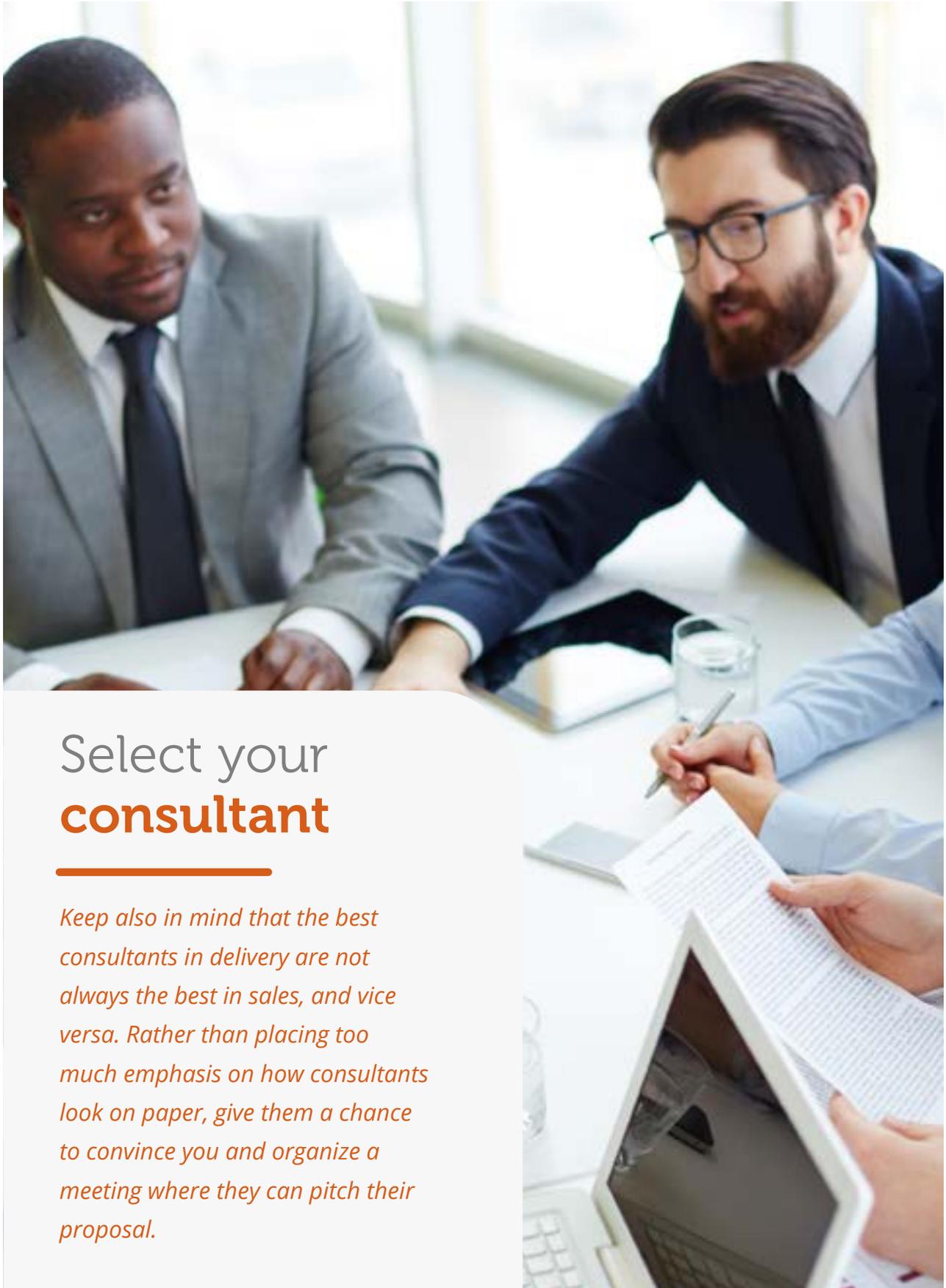
Note if there are any gray areas and potential misunderstandings.

## 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**

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*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:

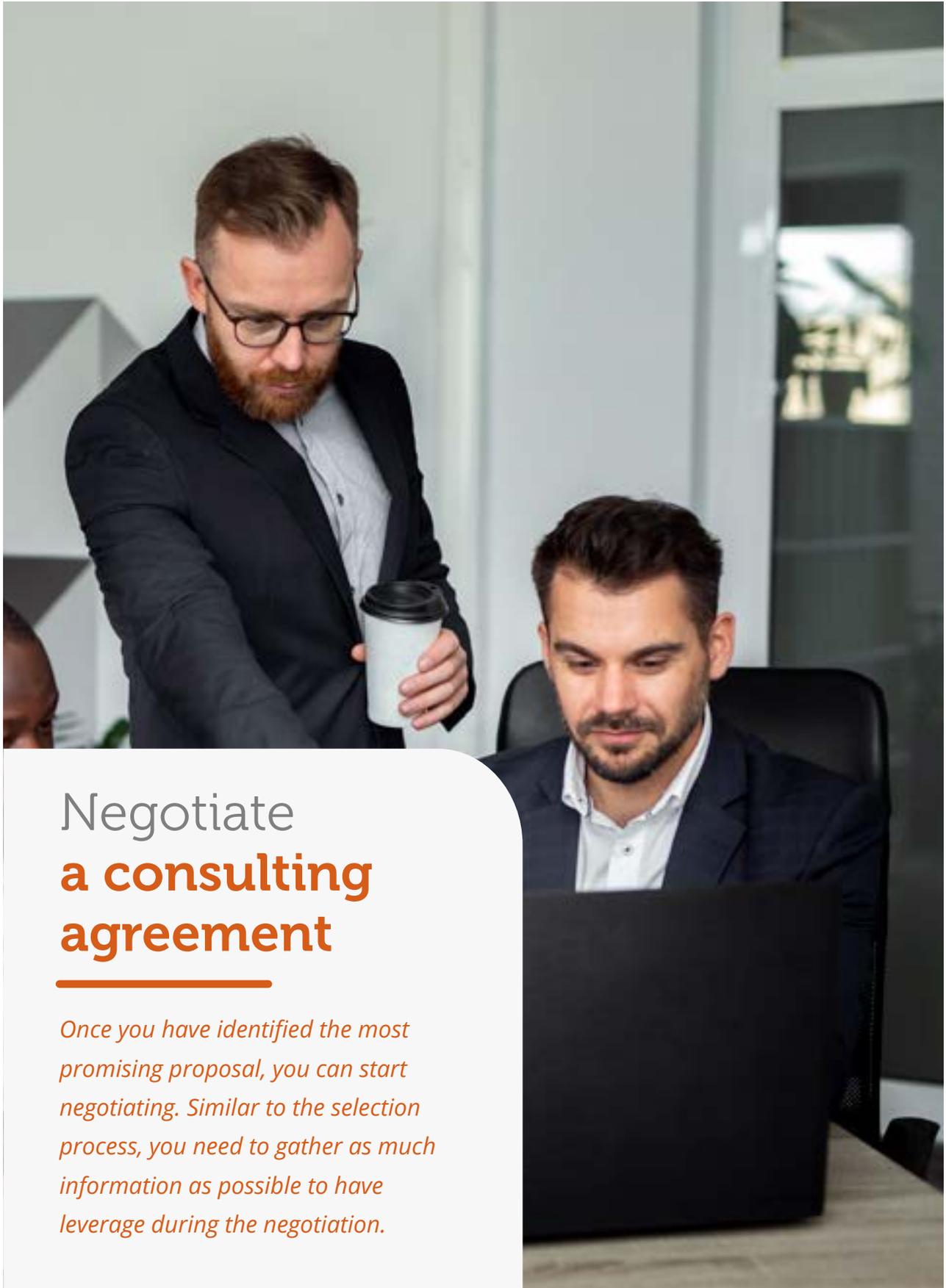
- Challenge the core proposal,
- Make sure the team on the field has the right expertise,
- Understand the pricing,
- Assess the chemistry with your teams.

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**

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*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.

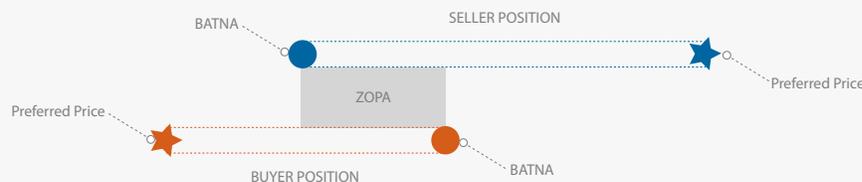
Now, look also at how much latitude you will have in the negotiation. Do you have a negotiation edge? Or are your hands more or less tied?

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 into how your teams manage a consulting project and help you improve your practices.



## Draw the contract

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*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 a 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.

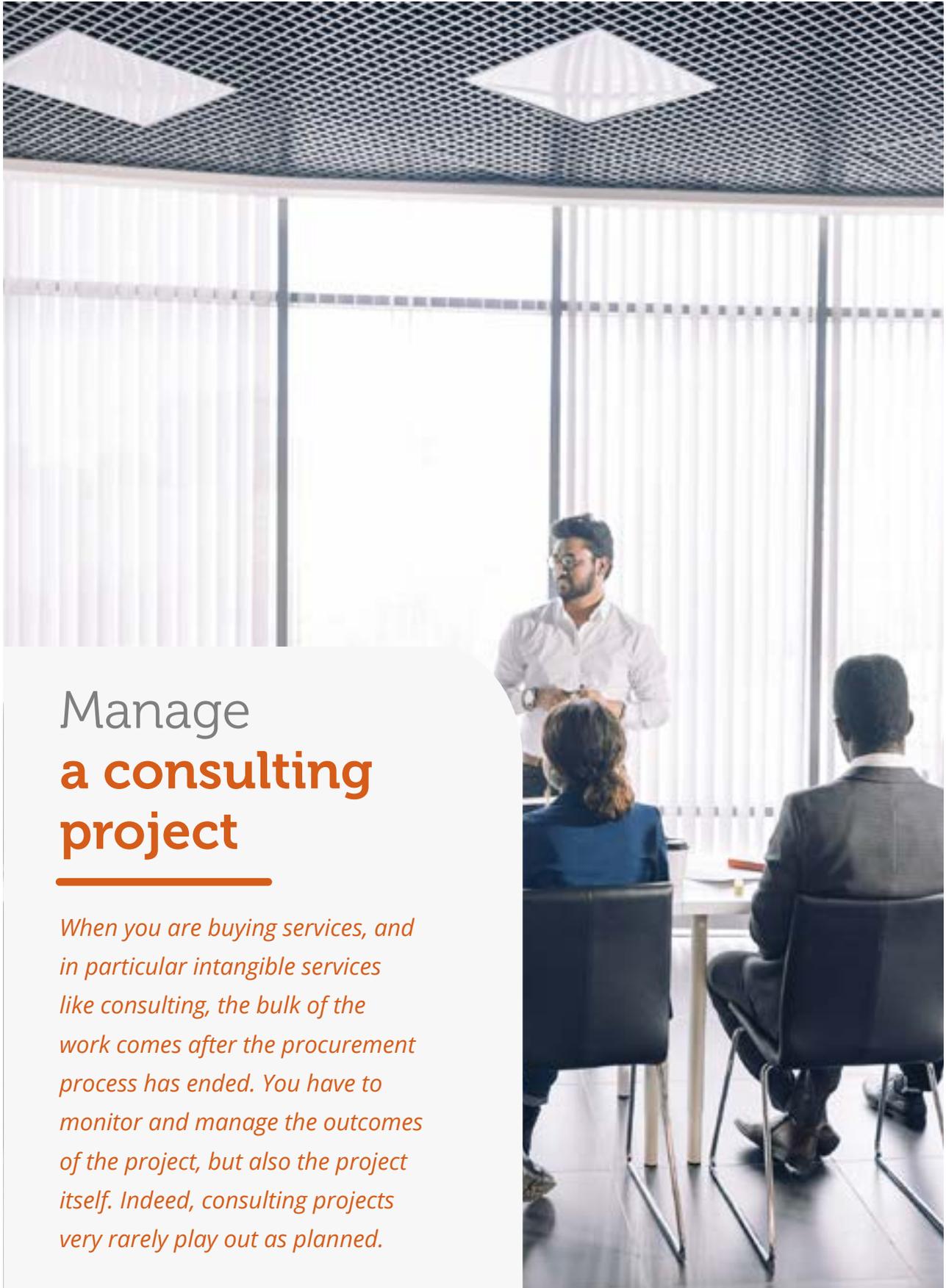
**Intellectual Property** – Monitor the information and the models developed during the project and clarify the ownership in the contract.

**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

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*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**

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### 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 the 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.



## Discover Consulting Quest Sourcing

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### What we do

***We help you with all your consulting sourcing needs.***

We provide sourcing, consulting and digital solutions to control your costs, accelerate your strategy and maximize the value you create from your Consulting Spend. Our approach is data-driven and executed by dedicated advisors whose profiles are a blend of executives, consultants, and procurement experts.

### Why it matters

Consulting Spend can represent up to 1% of Companies Turnover. Yet only 7% of executives feel properly equipped when it comes to buying consulting services. Using best practices could lead in average to 30% of savings. Those could help the bottom line of fuel additional projects to create more value.

All conditions are gathered for clients to disrupt the way consulting is procured. Those who dare will capture tremendous value. We are here to help in this journey.

## How we help our clients



### **Sourcing**

We partner with clients throughout the entire consulting Sourcing Process. Our team of consulting procurement experts provides a white glove service to find and select the right consultants within the target budget



### **Consulting**

We help clients to manage their consulting category, reduce overall costs, accelerate strategy execution and implement best in class processes increasing the maturity of their consulting procurement



### **Digital**

We offer a full range of solutions to help companies easily manage demand, source consultants, measure their performance and manage the consulting category while reducing costs and maximizing value

## Follow us





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## Focusing the Efforts to Maximize the Value in Consulting Sourcing

June 2020

Identify the key areas where you need to focus your efforts to maximize the Value you will get from the project. Many organizations focus on the negotiation stage when aligning the objectives, scoping and sourcing the right consultants is what creates more Value.



## Scanning your Consulting Spend for Performance

July 2020

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. Value.



## Assessing the Alignment of your Consulting Strategy

August 2020

Understand how companies can generate more value through Consulting by aligning their Consulting Spend with their Strategy.



*“ Don't tell me where your priorities are. Show me where you spend your money and **I'll tell you what they are**”*

*-James W. Frick-*

