

Buying Professional Services

Replacing the Price-Based Request for Proposal with Qualifications Based Selection

Eleven principles to help institutional buyers of professional services efficiently and transparently hire the most qualified expert firms at a fair market price.

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A QBS Approach

This handbook is designed to help institutional buyers of professional services to find and hire the most qualified expert firms at a fair market price.

It exposes the limitations, inaccuracies, and gross inefficiencies of the typically utilized price-based Request for Proposal (RFP) process and expands upon the fundamentals of Qualifications Based Selection (QBS) offering new ways to handle pricing during the selection process as well as new methods for evaluating the qualifications - also referred to as the expertise - of a professional services firm.

As such it is intended for use when purchasing *expertise* instead of just labour hours or commodity services.

Our goal for this book is to advance QBS processes, improve the ethicality, transparency, sustainability and quality of a selection process, and while doing so remove literally billions of dollars of wasted time from our economy.

Since legal issues will vary across jurisdictions we have not offered nor intended to offer legal advice and none should be inferred by our comments.

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A Note About Language

Throughout this book we refer to professional services and consulting and intend those to be interchangeable labels to represent professions such as advertising, architecture, engineering, graphic design, IT consulting, law, management consulting, web development, or any similar professional advisory practice.

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**Why Should Buyers Use QBS?
Because RFPs Are A \$5 Billion Dollar Annual
Problem - Paid for Entirely by the Buyers of
Consulting Services**

The following is a true story with actual numbers.

A federal government department committed to a \$500,000 construction project for which they issued an RFP to select an architecture firm. The fees to the architecture firm, based on a typical 10% of the construction cost would be \$50,000.

This means the RFP was issued to make a decision about which firm to award a project worth \$50,000 in fees.

One firm shared with me the costs they had incurred to respond to the RFP. Their direct costs (primarily the salaries to cover the time for the staff writing the proposal) totaled about \$13,000 but the retail value of the work they had done was about \$20,000 – meaning that if they had charged a client for writing the proposal they would have charged \$20,000. They told me that these costs were typical and would be consistent for any firm submitting a proposal to this RFP primarily because of the need for detailed pricing (all of which had to be redone by the winner anyway).

In total 38 consultants responded to the RFP.

This means that the architecture sector incurred a cost of \$760,000 (the retail cost of \$20,000 x 38 firms) so that a client could decide which architecture firm to hire for a \$50,000 project.

So the industry cost of writing proposals was more than 15 times greater than the professional fees paid to the winning architecture firm – and almost 150% of the total project cost INCLUDING CONSTRUCTION - even without including the buyer side direct costs of issuing the RFP and evaluating 38 proposals.

It was like a 150% tax on the construction project levied by inefficient procurement processes.

Unfortunately, this scenario is not uncommon and I have estimated that this “RFP tax” totals approximately five billion dollars in wasted proposal writing each year in Canada alone.

What buyers need to remember is that every penny of this proposal writing cost ends up getting built into the fees charged by their clients – so the buyers always pay for every unsuccessful proposal written for every professional services RFP issued.

It is ironic that most RFPs have a clause stating they will not be liable for the vendor cost of submitting a proposal when in fact buyers are covering the entire cost of every proposal ever submitted by every vendor.

The Beyond Referrals RFP Experiment

A few years ago I decided to estimate how frequently the cost of writing proposals was greater than the value of the project fees being awarded in the professional services sector.

To do so I went to a popular RFP posting website and took a snapshot approach to assess all the professional services RFPs in three different categories that were available on that one day.

I gathered or calculated the following data from all the RFPs that were active that day:

- Budget identified in the RFP. If a budget range was provided I used the high end of the range in my calculations and if no budget or range was identified in the RFP then I did not include it as part of my experiment.
- Number of firms that had downloaded an RFP. I then cut that number in half to approximate the number of respondents to that RFP.
- An estimate of the retail value of the time required to respond to each RFP.

What I found was astonishing.

In the category of PAMSS (Professional Administrative and Management Support Services) **17%** of the time the industry response cost of writing proposals was greater than the fees the winner would receive.

In the category of IT & Telcom **33%** of the time the industry response cost of writing proposals was greater than the fees the winner would receive.

In the category of A&E (Architecture and Engineering) **67%** of the time the industry response cost of writing proposals was greater than the fees the winner would receive.

It is important to note that when the response costs were not greater than the fees that the winner would receive, the costs were still frequently still quite substantial – often 75% of the fee amount or greater.

My experiment was designed to explore some benchmarks and the results could be argued that the sample size was too low (I reviewed hundreds of RFPs) or that my assumptions were wrong (maybe fewer than 50% of downloads result in proposals, etc.) but my point with this is that the inefficiencies scale very quickly and that because of the sheer volume of RFPs for professional services issued every year, the detrimental costs to an economy add up quickly.

Fortunately, as demonstrated in these pages, it is an institutional inefficiency that can be fixed easily and quickly once the decision to do so has been made.

17%

33%

67%

The Goals of This Book

This book is written with the idea that somewhere there is a selection process that can be trusted to balance value for money with process efficiency. To that end we have kept a few simple principles in mind while writing this guide.

Buyers, Consultants and Taxpayers Want A Fair, Ethical, and Accurate Selection Process

Trying to select the right consultant can be a difficult task.

On the surface many consultants (and I mean this to include architects, lawyers, engineers, management consultants, IT consultants, etc.) appear to be very similar, because many have done a poor job of clearly communicating the specific and focused expertise they are selling.

Consultants aren't going to like hearing that but with respect I have worked with enough of them over my lifetime that I am quite comfortable writing that.

However, even when a consultant clearly communicates their very specific expertise, trying to determine which consultant has the most relevant and most valuable expertise for a specific project can still be difficult.

This book is designed to bring structure and insight to the evaluation of consulting expertise and the transparent, ethical and objective selection of a consultant or consulting firm.

Buyers, Consultants and Communities Want A Sustainable and Cost Efficient Selection Process

Increasingly, the world of consulting and procurement are becoming more concerned with sustainability and innovation in business is a global concern.

No surprise then, that when one single archaic practice like the RFP for professional services can drive five billion dollars of wasted time into a national economy every year it becomes an obvious target for process improvement - like the improvements suggested in this book.

These Processes Can Be Implemented Immediately

This book offers eleven principles to apply when deciding which consultant or firm to hire for an engagement.

These principles can be implemented with the simple directive to do so and will not require fundamental organizational changes.

- No new procurement policies or legislation are required to implement these standards.
- No new technologies are required to implement these standards.
- No new people are required to implement these standards.
- No new funds are required to implement these standards.

The only thing required to implement all of these is the decision and direction to implement them.

How to Use This QBS Based Process

QBS means identifying the most appropriately qualified consultant and then initiating discussions about the possibility of them doing your project.

The end result is usually a much more accurate and realistic project scope and budget that has incorporated the cost-savings, design, and process opportunities that a consultant can bring to a discussion when they have the opportunity to discuss information and receive the direction that they need from a client – in a way that is never available with a typical price-based RFP.

Note that by “price-based RFP” I mean any RFP that requires a price be provided and evaluated at the same time as the proposal – even if price is only 5% of the weight of the evaluation.

But sometimes a QBS process requires ending negotiations because it becomes obvious the project is not actually feasible, or the consultant that seemed initially perfect is not the right fit, or it might just be that the parties are too far off on price to make the project happen together.

This is different than an RFP that typically requires substantially blind bidding with a binding proposal by a consultant for a project that may be substantially speculative by the buyer.

This is the cause of scope creep and budget management issues that can be so difficult on RFP based projects.

While RFPs typically bind buyers to a selection, QBS is just a structured process for identifying which firm you should negotiate with first.

Step One: Determine Which Firm is Most Qualified for A Specific Project by Issuing A Request For Qualifications (RFQ)

The buyer’s job is to (i) clearly define the type of functional, category and geographic expertise that

is required by their organization and then (ii) fairly and objectively evaluate which consulting firm has demonstrated the most relevant expertise (iii) to the highest degree.

The principles described in the following pages identify how to structure such a QBS assessment to select the most qualified consulting firm in an efficient, ethical, fair, transparent and objective process.

Step Two: Negotiate A Detailed Project Scope and Budget with The Most Qualified Consulting Firm

Requesting detailed pricing and scope information from only the most qualified firm instead of every proposing firm removes 90+% of the inefficiency and industry response cost of a typical RFP for professional services while also introducing a higher ethical standard as well as increased levels of objectivity, transparency and fairness.

Similar to the Qualifications Based Selection process mandated by the Brooks Act (and several related “Mini-Brooks Acts”) in the United States the process outlined in this book differs slightly in that it advocates for (i) buyer disclosure of an approximate project budget at the time the RFQ is issued and (ii) that price and scope negotiations begin with the most qualified (a process that is already in place in some jurisdictions) and if no satisfactory agreement can be reached then negotiations commence with the next most qualified.

This ensures that the buyer will always select (i) the most qualified vendor that is (ii) willing to do the work at a price agreeable to both parties and (iii) has not been incented to provide an unrealistic low price/minimal project scope in an attempt to win the work.

Read on to learn the 11 principles in this book will help you create a QBS process for your firm.

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One. You Must Disclose Your Budget

Overview

When purchasing commodities such as toilet paper, it is very easy for the buyer to define all the variables and leave price as the sole determinant of the winning vendor.

When purchasing professional services, it is almost impossible for the buyer to define all the variables and leave price as the only variable. Therefore, it is best to do exactly the opposite.

Define the budget so that appropriate firms can opt in or opt out of your opportunity and then challenge those that do opt in to demonstrate how they are most qualified to solve the buyer's problem at that budget level.

It's just like buying a car. Sometimes you have enough money for a luxury sedan, and other times a little tin can will have to do. It helps the vendor if they know what makes sense for you to invest in their services.

When you tell the vendor what you can afford you are providing them critical information that enables them to tell you who they can assign to your project and therefore what skills will be available to you over what period of time.

A budget is one of the most powerful scoping tools for a consulting project so by defining the budget you are also clarifying the possible scope of the project and significantly reducing many of the post-award issues that can arise around scope. In fact, in some cases budget is the only practical scoping tool available at all.

It is interesting to note that many professional services firms have as their policy that they will not respond to an RFP or project competition where budget has not been disclosed so by failing to disclose the budget on a competition buyers

are automatically eliminating some of their best possible partners.

Communicating This Standard

When discussing your budget with consulting vendors or in your RFQ, consider language such as the following.

For the purposes of selecting a consulting partner please consider that at this time we are proposing to invest \$100,000 in this project (excluding taxes). Please base the resources that you are presenting in your proposal on this budget amount.

Acceptable Variations

On occasion you may have different budget thresholds. For example, you may have set aside \$100,000 for a project but would prefer to spend only \$85,000 if you could get away with doing so and still get an acceptable solution.

Here's how you might handle that scenario.

For the purposes of selecting a consulting partner please consider that at this time we are proposing to invest \$85,000-\$100,000 in this project (excluding taxes).

Conversely you may wonder if you could get an exponentially more valuable solution if you increased the budget to \$110,000 without actually committing to that figure.

For the purposes of selecting a consulting partner please consider that at this time we prefer to invest 100,000 in this project (excluding taxes) but if there is considerable value in doing so, would consider increasing that budget to \$110,000.



Common Issues Raised by Buyers Relating to Disclosing Budget

How am I supposed to know what consulting fees are for my project? I am not an architect/engineer/lawyer/etc. The consultants have to tell me.

The consultants can only tell you what it costs. They cannot tell you what your organization can afford to, or should spend, on a solution. Prior to initiating an RFQ you should have had conversations with credible industry representatives or consultants to get an estimate of what a reasonable budget would be for a project like the one you are considering.

It is unethical to ask multiple consultants to each invest tens of thousands (in some cases hundreds of thousands) of dollars to write proposals for a project you don't even know if you can afford.

As well if you can't even identify a budget for a project how could you possibly know enough detail to make any sort of accurate consultant evaluation and selection?

If I disclose my budget everyone is just going to come in at that budget. How will I decide who to select?

Comments of this nature are red flags that a buyer is buying exclusively on price. While that is fine for paper, engine oil, computers, vehicles, and other commodities this is a strategic error when buying consulting.

When everyone comes in at the same price, there is no need for elaborate (but highly unscientific, time consuming and typically indefensible) scoring matrices to try and assess value when all the prices are different.

By having all proposals based on the same budget it is much easier to accurately assess value.

Our procurement policy prevents me from disclosing my budget.

It is my experience that procurement policies don't prevent you from disclosing budget even though many of your staff will tell you it does. On several occasions I have hosted industry discussions between buyers and vendors of professional services including representatives from all levels of government in Canada.

"Our government purchasing policy prevents us from disclosing price" was an oft-stated defense during these discussions. Typically, they were immediately rebutted by other buyers telling them it was common practice but not actual policy.

Although I have heard this excuse on many occasions, and have also seen this stated many in RFPs, I have never had a buyer able to present the actual wording within their procurement policy as proof. In my opinion this is a classic case of "we have never disclosed our budget before so that must mean we can't do it now".

Unless you have documentation in front of you that explicitly prohibits you from disclosing price then you are probably able to disclose price. Note that policy statements such as "all bidders must be treated fairly" do not prevent you from disclosing a budget to potential vendors – as long as everyone receives the same budget information.

A final thought: Consider hiring a staff person as a proxy for hiring a consultant – when hiring staff, you are looking for the most qualified person for a certain salary or salary range. And the search always works best when you disclose the salary up front.

Two. Price Compliance is Mandatory, But Not Evaluated

Overview

By accepting the first standard, to disclose the budget, it becomes obvious that price cannot ever be an evaluated criterion.

Therefore, by default price compliance must be a mandatory criterion.

Communicating This Standard

When discussing price compliance with consulting vendors consider language such as the following.

For the purposes of selecting a consulting partner please consider that at this time we are proposing to invest \$100,000 in this project (excluding taxes).

Proposals not based upon a budget of \$100,000 may be eliminated from the selection process.

Acceptable Variations

Price can sometimes be neither a mandatory nor evaluated criteria.

For example, in the United States the Brooks Act (1972) requires that the “U.S. Federal Government select engineering and architecture firms based upon their competency, qualifications and experience rather than by price”¹.

In such a competition price is discussed only once the highest qualified firm has been selected. The agency head then negotiates a contract and compensation which the agency head determines is fair and reasonable to the Government. If they can’t come to an agreement, the agency head terminates negotiations and moves on to the second most qualified firm.

Many states have adopted “Quality Based Selection” processes that do not include price as part of the selection process and incorporated them into state law recognizing that using lowest price to determine the most appropriate vendor for critical infrastructure such as roads, bridges and buildings is probably not a great idea.

Common Issues Raised by Buyers Relating to Price Compliance

If I disclose my budget I give up the opportunity for a consultant to lower their price if there is some reason for them to do so, so I may be leaving money on the table.

If you are concerned about leaving money on the table, then request proposals with a much wider spread of budget – for example options for \$75,000 and \$100,000.

Another option is to identify the most qualified vendor (based upon a certain budget that you have identified) then begin negotiations with that vendor to see if there is room for savings somehow.

As well you can request that vendors identify any opportunities for you to receive a discount. For example, pre-payment in full may yield a discount or if the vendor has a window of low utilization there may be discounts available if the project can be started and completed within a certain time frame.

As a procurement professional your objective should be to find the most qualified professional services provider at a fair price and not to find the cheapest vendor that barely meets some minimum standard.

¹ http://www.ct.gov/scsb/lib/scsb/brooks_act.pdf

But awarding on price is an objective way for our organization to demonstrate an impartial decision.

It has long been understood in the professional services industry that one way to win in a price-sensitive competition is to bid low and then generate profit from the project via change-orders and scope expansion.

While a price based selection may appear to be objective and impartial it is really creating an environment that forces consultants to bid low to win the work and then look for profit opportunities after the project has been awarded meaning (i) there will be constant pressure on your budgets and (ii) the buyer will end up looking incompetent (and rightly so) because of cost overruns.

In a 2009 APWA (American Public Works Association)/ACEC (American Council of Engineering Companies) national study on QBS, they found “while the industry average on construction cost growth (defined by the value of the cost of change orders as a percentage of the final construction cost) is approximately 10 per cent, QBS projects are three percent.”²

But price is only a small percentage of our scoring.

Any sort of price evaluation even as low as 5% combined with the inadequate subjective or missing scoring rubrics within the typical RFP for professional services mean that scoring results in a cluster of similar looking proposals with only price as the absolute differentiator and the only one that buyers can point to with confidence for a selection.

So even a price weighted as low as 5% can effectively become a 100% weighted category.

RFP=

Project Cost Increases

QBS=

Project Cost Accuracy

² <http://www.apwa-wa.org/forums/qbs%20newsmagazine%20article.pdf>

Three. Defining the Evaluated Decision Criteria (Expertise) vs. Mandatory (Non-Evaluated) Decision Criteria (Everything Else)

Overview

One of the most significant and frequent flaws in the selection process, guaranteed to drive vendors away from your project, and generate a lot of questions about your competition, and unnecessary work for you the buyer, is the lack of clarity around decision criteria.

First and foremost, they need to be clearly defined and then clearly communicated.

So what decision criteria are most effective at determining which consultant will be the best fit for your project?

Think for a moment about what you are buying from a consultant.

No matter what professional service you are buying (architecture, IT consulting, graphic design, etc.), the common element among them is that you are buying their advice to solve a problem or exploit an opportunity.

Not a general problem, or a general opportunity, but a very specific problem, or a very specific opportunity.

When you want good advice, do you ask anyone on the street? Of course not - you look for an expert.

When you are buying professional services you are buying advice to address some specific opportunity or specific problem and the best advice is going to come from an expert that is familiar with that specific opportunity or problem and has provided good advice to other similar buyers facing similar problems or opportunities in a consistent and replicable manner.

For example – when hiring an architect, you are not buying a building, you are buying the advice that will get you a building. Similarly, anyone can make a website but with a web design consultant what you want is advice on how to build the best site for your specific situation. You are not buying things you are buying advice that may or may not result in things. In many cases the advice will result in policies, decisions, strategy, or new skills.

If you are looking to engage the best consultant for your problem or opportunity your only *Evaluated Decision Criteria* should be expertise.

The expertise of a professional services firm has three elements to it:

- Functional expertise (the advice they know how to deliver best – an example might be facilitating organizational change)
- Category expertise (the type of buyer or industry they know best - an example might be bilingual federal government agencies and unionized environments)
- Geographic expertise* (the region in which they deliver their expertise and are most familiar with business norms and issues – an example might be Quebec)

(*Note: I am frequently asked if geographic expertise really matters and in fact in many cases it does not. However, there are many projects that would benefit from geographic expertise. Some regions of the world have unique cultural or language requirements. As well, in some cases, familiarity with local/regional legislation, or government departments and processes may be helpful. And of course some types of consulting may require regional licensing or government registration. Be cautious however that you are not creating protectionist barriers to trade but actually recognizing a requirement for location based expertise.)

However clearly we can define expertise, we must consider that it is in fact an intangible element. In order to evaluate this intangible, we need to look for tangible evidence of any claims of expertise made by a professional services firm.

Obviously anyone or any firm can claim to be an expert. And anyone or any firm can tell the world they are an expert.

Your job as a buyer is to make them show you proof that they are an expert and then to evaluate that proof and establish a hierarchy of expertise.

Communicating This Standard

The expertise you require is defined by the problem or opportunity you are addressing and your entire search will be a failure if you do not define your requirements for expertise using the following format – functional expertise, category expertise, geographic expertise.

For example, if you are a federal government agency that needs help with getting staff to adopt and use a new ERP system you would describe the expertise you require within the framework of your situation.

The best consultant for our project will be one that has the greatest expertise in areas most relevant to our project. We have decided to implement a new ERP system and require the following:

Functional Expertise: A consultant or firm that has significant expertise in the area of organizational change related to the users of a new ERP system.

Category Expertise: A consultant or firm that has significant expertise working within

bilingual federal government agencies and unionized environments.

Geographic Expertise: A consultant or firm that has significant expertise working in Quebec.

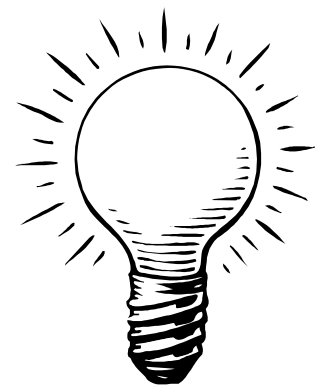
Acceptable Variations

In many cases geographic expertise is not relevant to the selection of a consultant. In the case above, given the unique cultural and language elements of Quebec, expertise managing projects in this region may be of significant value to the project.

In other instances, geographic expertise may not be a factor at all and may be dropped as an evaluated criterion.

Be careful not to confuse the proximity of a consultant with geographic expertise. If “nearness to the project” is a bona fide requirement it should be covered in the mandatory criteria section and not evaluated.

To find out more about consulting expertise and how it is defined, communicated and proven by the best firms read *The Consultant with Pink Hair* by Cal Harrison.³



³ http://www.amazon.com/Consultant-Pink-Hair-Cal-Harrison/dp/1605440140/ref=sr_1_1?s=books&ie=UTF8&qid=1345324163&sr=1-1&keywords=consultant+pink

Common Issues

But what about personal fit and personality? Is there room for subjective evaluation along with objective evaluation? After all we want to work with people we like.

Good luck explaining to your boss, board chair, taxpayer, deputy minister, shareholder or the media that the very expensive, failed change management component of the new ERP system transition was mangled by the firm you hired because you “liked them”.

A QBS process is about hiring the most appropriate for the project and not about creating selection criteria that would help and encourage employees to hire their friends and family over legitimate experts. (However if friends and family are legitimate experts, this process will facilitate and support their selection in an unbiased and credible method.)

You do not hire consultants because you like them. That is the type of criteria that is a transparency, fairness and value for money killer.

In my career I have frequently heard buyers legitimize their selection to a losing proponent with a version of the following phrase:

*“We felt that many of the proponents could have done the work so it was a difficult decision but in the end **we just felt a better connection** with Company X during the interview so we went with them.”*

It is my opinion that any buyer uttering any version of the above is communicating a lack of integrity on behalf of themselves and their firm and should make preparations for the possibility of lawsuits by all the non-winning proponents.

What about process and the education histories and certifications of their people? Those are important.

Process, education, people etc. are not decision criteria. These things are the evidence of expertise that consultants can use to prove the claims they make about their capabilities. We will address these in another section.

What about customer service? Shouldn't we be measuring that?

Again, service levels are a subset of expertise. Service standards should be clearly defined by the buyer as a mandatory criterion instead of as a criterion to be evaluated as they are virtually impossible to evaluate with any sort of consistency and objectivity across several firms (see the service standards mandatory criteria below).

What About Mandatory Decision Criteria? What should those be?

Those can range significantly in content and in number and there is no single standard here as expertise is the standard for Evaluated Decision Criteria.

The thing to remember is that a Mandatory Decision Criterion is a variable that the proponent must have/be capable of meeting or they will be denied the opportunity to compete. They can either deliver it or they can't and they must declare and prove which way they fall. All it requires from the proponent is a “Yes” response (along with the appropriate evidence) to fulfill the requirements of the Mandatory Decision Criteria.

These requirements should be clearly stated at the start of the selection process so as to not eliminate proponents after they have already invested hours in the process.

As well be cautious to not create inappropriate hurdles by using broad all-encompassing Mandatory Decision Criteria. An example might be that by making it mandatory to adopt all Terms and Conditions of an RFQ it could eliminate a great proposal that cannot meet one condition that may in fact be irrelevant – such as the proposal being conditional upon the contract being awarded prior to some date.

Mandatory Decision Criteria examples might include things such as:

The successful proponent must be able to deliver change management services in written and spoken French at a grade 9 reading level.

The successful proponent must be licensed to practice law in Quebec.

The successful proponent must hold or be capable of holding prior to March 1, 20XX, a NATO Security Clearance of COSMIC TOP SECRET.

The successful proponent must be able to demonstrate prior to engagement a certificate of insurance of \$X for general liability and \$Y for professional liability.

Three positive references from existing or previous buyers will be required by the successful proponent prior to awarding the project. The only question and explanation that will be asked of the reference will be “Would you hire this firm again?” (Three positive responses will be required to meet this criterion).

The following service standards are required to be considered eligible for this project:

- *The consulting team must be available to meet in the greater Montreal area in person with 12 hours notice;*
- *During the implementation phase of the project the consulting team must provide 24-hour access via phone and email;*
- *The consulting team must adopt the respectful workplace standards as stated in our employee handbook.*

Four. Weighting the Evidence of Expertise

Overview

Weighting is the metric that describes the relative importance of **the evidence used to assess** the proponent claims of functional, category, and geographic expertise.

The evidence that buyers should solicit from proponents for the purposes of this evaluation can be put into three basic categories and weightings, and each requires specific submissions of evidence:

1. **Experience:** Prior Similar Projects Completed by the Firm or Individuals (60%)
 - Three Process Based Case studies should be requested (see Process Based Case Studies definition in later section).
2. **Consistent Methodology:** A Defined Framework for Achieving Consistently High Outcomes (30%)
 - A flow chart (or similar) and accompanying description of the process used by the firm in the three Process Based Case Studies.
3. **Thought Leadership:** Relevant Achievements, Education or Training of Individuals or the Firm (10%)
 - Proponents should be requested to submit a listing and brief description of five pieces of evidence of relevant thought leadership including such elements as research and data, articles/papers, books, presentations/speeches, awards, accreditations, educational achievements, etc.

The weighting of the evaluated criteria is heaviest for evidence of applied expertise (Prior Similar Projects) and lightest for the more theoretical (Thought Leadership). Methodology is the bridge

between the applied and the theoretical and is weighted between the two.

Communicating This Standard

Just be simple and be clear.

Acceptable Variations

Don't mess with this too much. The ratios above are rational and defensible as explained above.

Common Issues

While weighting may seem arbitrary it should not be done arbitrarily. Rank the criteria as above based on the logic that demonstration of prior applied expertise is more valuable a predictor of success on your project than demonstration of theoretical expertise (although there is certainly value in the theoretical).



Five. Defining the Scoring Rubric for Each Decision Criteria

Overview

By this point you have clearly identified that the evaluation criteria is expertise, how expertise is defined, and how the proponent must provide evidence of their relevant expertise.

The next step is to be clear to communicate how you will evaluate a proponent's evidence of expertise. In this section buyers need to communicate two things:

- (i) What tangible evidence of expertise proponents must provide (and in what format) for evaluation purposes;
- (ii) A clear scoring mechanism to create obvious separation between varying levels of expertise.

Many buyers mistakenly interpret a mandate to be "fair" to mean that they need to create tight scoring levels to give every vendor on the planet a chance to propose.

This is incorrect. Fairness requires that only every appropriately and sufficiently skilled vendor have a chance to propose. Fairness means that you will be clear about who should not propose.

An example from the Government of Canada Procurement Policy and Guidelines, Guiding Principles 1.10.5.d ⁴

"Equal Treatment

PWGSC will ensure that all potential bidders of a particular requirement are subject to the same conditions."

The standard is to measure everyone by the same very well-defined yardstick **appropriate to the requirements of the project.**

⁴ <https://buyandsell.gc.ca/policy-and-guidelines/supply-manual/section/1/10/5>

Vendors should be able to review an RFQ and quickly determine how competitive they will be by assessing themselves against the evaluation criteria, thereby enabling them to make an informed "go vs. no go" decision. With clearer evaluation criteria, and access to the list of competitor proponents, professional services firms can make better decisions about where to invest their expensive but scarce resources when responding to opportunities. And that benefits everyone in the equation.

The optimal situation is to get **a few very qualified vendors to submit proposals.**

When evaluation criteria or their weighting are vague, too many vendors will waste hours writing proposals because they think they have a chance of winning, or conversely will not submit because of the vagueness of the criteria.

If a buyer is not explicitly clear about how they will score proposals, then the buyer should expect (i) high proposal submission rates from the LEAST qualified firms and (ii) low submission rates from the MOST qualified firms.

If you are getting too many weak proposals or too few quality proposals those are red flags that you have not focused your RFQ enough and are wasting yours and the vendor's time.

Again, the standard is NOT to create a vague yardstick that encourages a broad number of vendors to submit a low quality proposal.

To avoid confusion and the challenges that result, the scoring rubric must be clear and obvious.



Communicating This Standard

When creating a scoring mechanism:

- Scoring mechanisms must be completed before an RFQ can be issued or a competition can begin and must be shared as part of the RFQ.
- Never use a sliding or arbitrary scale only an either/or type scale. Do not give the evaluation panel the option to decide on how many points should be awarded. They should only decide what point category the proposal can meet and then award the points identified for that category.
- You need to create separation between proposals so the differences in scores should be definite and substantial.
- Each evaluation committee member should complete a scoring sheet in confidence for each proposal.
- After the scoring is done independently, the scoring committee should meet and discuss their individual scores and come to a consensus on a single committee score in each category (and ultimately the proposal) for each proposal. This allows for individual thought but also debate and clarification from different perspectives (end-user, technical expert, procurement facilitator, etc.) to make sure the proposals have been given appropriate due diligence.
- In the case of a tie or a very close result interviews can be used to determine a final firm to negotiate with. Interviews are not a mandatory part of the process.
- If an interview is used the format should be to review the proposal information with the proposed project team to pursue additional insight or new insights about their already submitted case studies, methodology and thought leadership that would cause their score to be increased or decreased. An interview does not require a new scoring

system because it is simply a review of the existing proposal in an attempt to make the scoring of the proposal more accurate.

Scoring always remains focused on the best predictor of success on a project and that is relevant expertise.

Again, back to our previous illustration - if you are a federal government agency in Quebec that needs help getting staff to adopt and use a new ERP system you would describe the expertise you require within the framework of your situation.

The best consultant for our project will be one that has the greatest expertise in areas most relevant to our project. We have decided to implement a new ERP system and require a firm or consultant that has all of the following:

Functional Expertise: Significant expertise in the area of organizational change related to the users of a new ERP system.

Category Expertise: Significant expertise working within bilingual federal government agencies and unionized environments.

Geographic Expertise: Significant expertise working in Quebec.

You would then list the evidence you require each proponent to submit along with the scoring rubric for that evidence. You would begin by simply requesting that the proponent identify the members of the project team that will fit within the budget you have proposed. The expectation is that if awarded the project it will be this team (or substantially this team) that will actually deliver the project. This is not evaluated, just documented for future reference.

The following pages outline the information that should be requested and how it can be objectively evaluated.

1. Project Team (Not Scored)

- ***Proponents should provide*** the names of the primary project team members that will be assigned to the project, a brief description of the role(s) they will play if selected for the project, and explanation of their relationship to the proponent firm (employee, partner, subcontractor, etc.).

John

Ringo

Paul

George

2. Experience: Prior Similar Projects Completed by the Firm or Individuals (60%)

- ***Proponents should provide*** three Process Based Case studies.
- Note that the same OR different case studies can be submitted for the prior projects evaluation (60%) and the methodology evaluation (30%). The most relevant case studies will be those that demonstrate relevant functional expertise, category expertise, geographic expertise (if required) as well as the methodology of the firm and thought leadership (usually in the form of unique and new data or learning that has come out of and been published as a result of the case project) all in the same case however those are rare.

Pioneered by Canadian management consultant Blair Enns⁵ one of the leading advisors to the global design and advertising industry, the term Process Based Case Studies refers to a specific format of presenting case materials and is designed not to claim some outcome, but to illustrate that the firm uses a standardized process or methodology when working with their clients.

Similar to the concept of Key Performance Indicators, Process Based Case Studies focus on the early, controllable and replicable actions in a process as the determinants of the successful outcomes of a future engagement.

Process Based Case Studies differ in the way they present a case. Most case studies are written in this format:

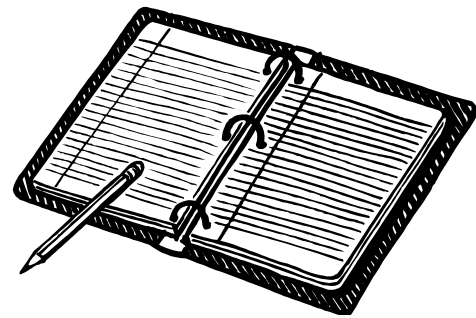
The Problem
The Solution
The Outcome

Whereas Process Based Case Studies frame the case using the standard process the firm has identified as their modus operandi when working with clients in some form similar to:

Gather Data
Analyze Data
Identify Options
Recommend
Implement
Evaluate

Note - when evaluating each case study in this next segment use the scoring matrix provided IF YOU ARE INCLUDING GEOGRAPHIC EXPERTISE. If you are not using Geographic Expertise, then simply eliminate that column.

Each Process Based Case Study will be evaluated using the rubrics that follow.



⁵ Blair Enns, President, Win Without Pitching, www.winwithoutpitching.com

Scoring Functional Expertise:

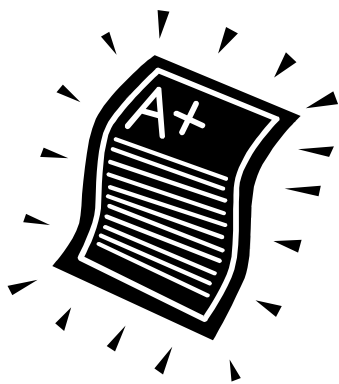
Functional Expertise is what the consultant is being asked to do – be as specific as possible.

For example – *organizational change related to the users of a new ERP system* vs. just *organizational change*.

10.0 In this case study the firm clearly demonstrated it has successfully completed a project in *organizational change related to the users of a new ERP system*.

5.0 In this case study the firm demonstrated it has successfully completed a project somewhat related to *organizational change related to the users of a new ERP system*.

0.0 In this case study the firm demonstrated it has successfully completed a project unrelated to *organizational change related to the users of a new ERP system*.



Scoring Category Expertise:

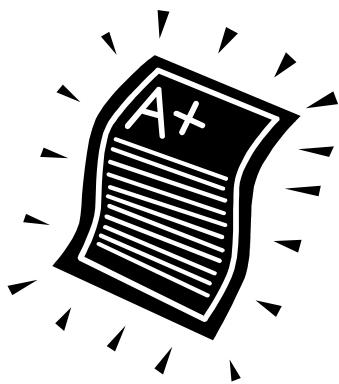
Category Expertise is the sector you (the client) are in – be as specific as possible.

For example – *bilingual federal government agencies and unionized environments vs. just government.*)

10.0 In this case study the firm clearly demonstrated it has successfully completed a project in a bilingual federal government agency and unionized environment.

5.0 In this case study the firm demonstrated it has successfully completed a project somewhat related to a *bilingual federal government agency and unionized environment.*

0.0 In this case study the firm demonstrated it has successfully completed a project unrelated to a *bilingual federal government agency and unionized environment.*



Scoring Geographic Expertise:

Geographic Expertise is where the consulting is required – be as specific as possible.

For example – *Quebec* vs. just *Canada*.

- 10.0 In this case study the firm clearly demonstrated it has successfully completed a project in Quebec.
- 5.0 In this case study the firm demonstrated it has successfully completed a project somewhat related to Quebec.
- 0.0 In this case study the firm demonstrated it has successfully completed a project unrelated to Quebec.



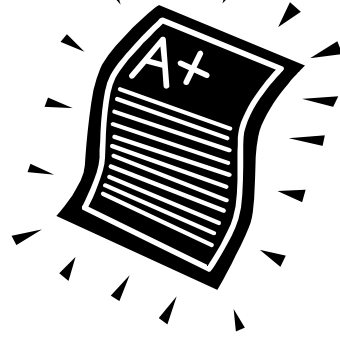
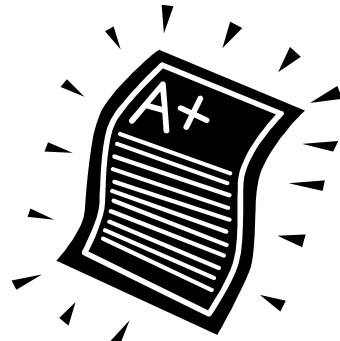
Totalling Expertise Scores for Prior Similar Projects

Columns are then tallied for the three case studies, totalled out of 90 and calculated as a percentage so that the score out of 60 can be calculated.

So in the example below the scores for this firm add up to **55** out of a possible 90 which is 61% which is equal to 36.6/60.

Note: If Geographic expertise is not relevant and therefore not scored then this second step would not be required as the raw score would already be out of 60.

	Fun. Exp	Cat. Exp	Geo. Exp (Option)	Total
1	5/10	10/10	0/10	
2	10/10	5/10	5/10	
3	10/10	5/10	5/10	
	25/30	20/30	10/30	55/90*



3. Consistent Methodology: A Defined Framework for Achieving Consistently High Outcomes (30%)

- *A flow chart (or similar) and accompanying description of the methodology used by the firm should be requested.*
- *Three Process Based Case Studies that demonstrate that methodology should be requested. These can be the same as provided for the expertise assessment.*

The goal of the buyer is to assess the likelihood that a vendor can replicate a (hopefully successful) outcome.

One element used to predict this is the existence of a standardized process (and not to worry about the quality of the process itself unless of course the process is so obviously flawed – like relying on dice or magic Ouija boards – that it must be discounted).

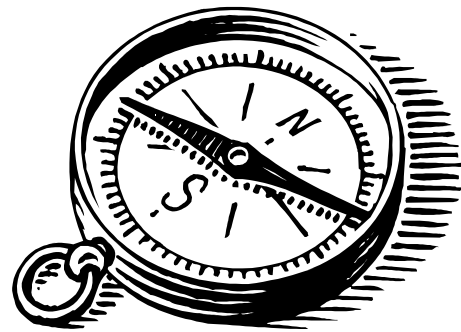
If they cannot demonstrate their process using case studies, then it is unlikely that they actually have a process that they use and their ability to replicate any previous project successes must be suspect.

A firm that has mastered and applies a standardized process is likely to reduce variations in outcome. A firm with a well-defined and well-utilized process for solving their buyer's problems is likely to be able to more consistently be able to replicate that success than a firm that flies by the seat of their pants.

So instead of trying to evaluate the process, or even worse trying to evaluate how they will apply the process to your situation (this would mean they actually have to start solving your problem and that is unethical unless you are paying them fair market value to do so),

evaluate if their process is actually embedded and consistently used within their firm. This is most easily done by evaluating the degree to which the case studies demonstrate use of their methodology on previous projects.

Each Process Based Case Study will be evaluated against the methodology that has been described in a flow chart and written description using the rubric on the following page.

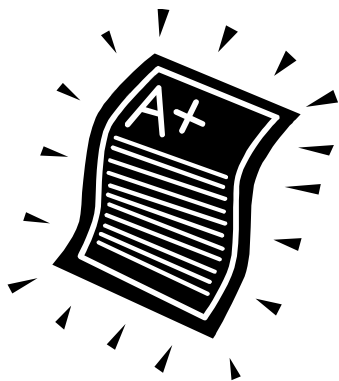


Scoring The Degree to Which the Case Study Demonstrates the Use of Their Methodology:

- 10.0 In this case study the firm clearly demonstrated it has successfully completed the project using the methodology it has described.
- 5.0 In this case study the firm clearly demonstrated it has completed a project using some elements of the methodology it has described.
- 0.0 In this case study the firm has not demonstrated it has completed a project using some elements of the methodology it has described.

The column is then tallied for the three case studies and totalled out of 30. So in the example below the scores for this firm add up to **15** out of a possible 30.

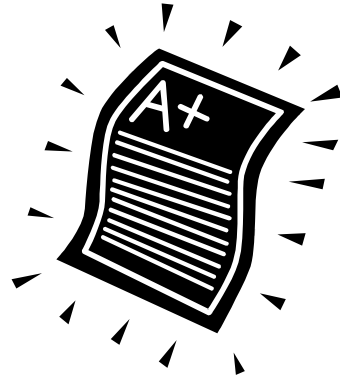
Case 1	10/10
Case 2	5/10
Case 3	0/10
Total	15/30



4. Thought Leadership: Relevant Achievements, Education or Training of Individuals or the Firm (10%)

- *Proponents should be requested to submit a listing and brief description of how each of five pieces of their thought leadership relate to the functional and category expertise of their firm.*
- *This could include such elements as research and data, articles/papers, books, presentations/speeches, awards, accreditations, educational achievements, etc.*

Another great category of evidence of relevant expertise is thought leadership. While this phrase has come to mean many things for our purposes we can define it as “some substantial piece of information created by an individual, or groups of individuals within a firm that brings new information, or new understanding to a situation”.

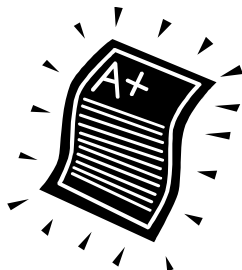


Scoring the Degree to Which the Thought Leadership Sample Reflects BOTH Functional and Category Expertise of the Firm

- 2.0 Sample provided demonstrates evidence of BOTH functional and category expertise and was completed entirely by one or more proposed project team members while at the proponent firm.
- 1.0 Sample provided demonstrates some evidence of functional and/or category expertise and was completed in whole or in part by a member of the proposed project team while, or while not, at the proponent firm.
- 0.0 Cannot meet the requirement

A score is then assigned for each of five pieces of thought leadership and totalled out of possible maximum score of 10.

Thought Leadership Sample 1	2/2
Thought Leadership Sample 2	0/2
Thought Leadership Sample 3	1/2
Thought Leadership Sample 4	1/2
Thought Leadership Sample 5	1/2
Total	6/10



Negotiating Price and Scope with the Highest Scoring Proponent

Once the proposals have been evaluated using the above process, determine which firm has the highest score, and barring any other issues such as an inappropriately low score or unbalanced score (see below) you can begin negotiating the actual and final (and REALISTIC) scope and details including detailed pricing for the project with the most qualified, and within the range of budget you have identified as part of your search.

If negotiations are unsuccessful and a deal cannot be consummated with the most qualified, simply conclude your negotiations and begin negotiating with the second most qualified.

Communicating This Standard

Be clear.

Acceptable Variations

Your scoring rubric language may vary according to the industry but the format should not.

For example, RFQs for architects may have language focused on construction management systems, while RFQs for web design firms may ask about wire frame software, etc.

Common Issues

Not Creating Enough Separation

The scoring above is not subjective it is objective. It does not let an evaluator decide if a response should earn a 0 or a .5 or a .625 or a 1.715 or a 2.5 – it clearly identifies what earns a 0 and what earns a 5.0 or a 10.0 – you either earn a score of 0, 5.0 or 10.0 etc.

Evaluate Proponents Against Objectives Not Against Each Other

When you evaluate proposals against each other you always have a winner. One proposal always comes out on top.

When you evaluate proposals against objective decision criteria there is not always a winner as they may not meet or sufficiently meet the criteria.

Just because you receive proposals does not mean that there is a firm that should be awarded the project.

So what should the minimum score be? There is no absolute answer but here are some guidelines:

- In most cases, complete absence of either functional or category expertise should preclude an award of the project;
- A functional expertise score that is significantly higher than a category expertise score can still lead to an acceptable result if no other more appropriate vendor options are available. It means that consultant knows how to do the job but may encounter difficulties relating to the sector – something that you as a client could possibly assist with.
- A category expertise score that is significantly higher than the functional expertise is a red flag for further review and possible re-evaluation. It means the consultant knows the sector very well but does not have technical skills in the area required.

Tie Breaking

Sometimes even with a good scoring separation, there can result an obvious tie. You have four options.

First, you can look to other criteria not in the proposal to break the tie.

Company X has worked with us before so we will use our familiarity with them as a tie-breaker and we will select them.

If you take this approach you may be creating the potential for a legal challenge because you have stepped outside of the decision-criteria to make a decision. A consultant losing a project might reasonably argue that “familiarity” was never identified as an evaluation criterion and if they had known that “familiarity” was an evaluation criterion they would have estimated their opportunity for success differently and would have chosen not to spend \$X,000 writing a proposal. Note that we are not offering legal advice here but simply communicating what it appears some courts have decided in the past.

Second, you can review existing criteria to see if there is evidence of greater quality of submission.

In the event of a tie, the quality of the evidence provided will be assessed as a tie breaking criteria via secondary review or interview.

So for example if you have asked for samples of thought leadership as evidence of expertise and one firm has provided articles of a page or two published only in their newsletter while another firm has provided samples of 20 page articles from peer-reviewed academic journals you would have an argument that the latter has offered better evidence of expertise than the former.

Third, and related to the previous, is that the most relevant case studies will be those that demonstrate relevant functional expertise, category expertise, geographic expertise (if required) as well as the methodology of the firm and maybe even thought leadership all in one case. If two firms have similar scores but one firm has earned its score with only three cases studies in total versus another firm that required up to six case studies to demonstrate expertise, it is reasonable to argue that the three case studies are more similar to your exact needs than the six case studies that each represent part of your needs.

Therefore, you might use the idea of “same score achieved with fewer case studies” as an indicator of greater relevance to your project and making it a legitimate tie-breaker.

You can see how this process provides a framework for evaluation but also some flexibility within that framework.

Fourth, you can use an interview to look for evidence of greater expertise within the categories identified in the RFP as identified in Principle Ten (Interviews).

Attempting to Evaluate Process

If you ask a firm to provide you with their detailed process for solving *your specific problem*, you are probably really asking them to start solving your problem before you have hired them. This causes three potential issues.

Issue 1:

To present and discuss their process more than just generally, they have to begin the process of starting to solve your problem and by doing so you have just stepped over an ethical line as outlined in Section 7 (Never Request Free Consulting).

Issue 2:

You will get a poor result. Defining the detailed process requires significant interaction and collaboration between the buyer and the consultant. This is typically not permitted or possible during a selection process and will have to be redone or substantially redone when the project is awarded.

Issue 3:

Their processes are all very similar and rooted in Herbert Simon's Bounded Rationality Model of Decision-Making - basically they all Gather Data/Analyze Data/Identify Options/Recommend/Implement/Evaluate.

Although they may use different tools - for example one might use focus groups while another might use surveys to gather data - their basic process will all be substantially the same so process is not typically something that is a good evaluator of consultants. The degree to which they identify and use a standard process is a better predictor of successful outcomes and that has already been covered in our example (see point 3 above).

One exception might be that if two firms had slightly different processes of seemingly equal validity your firm might choose the one most customized or appropriate to your specific expertise requirements.

As well, think for a second about why their process is important to you.

Again - a firm that has mastered and applies a standardized process is likely to reduce variations in outcome. A firm with a well-defined and well-utilized process for solving their buyer's problems is likely to be able to more consistently be able to replicate that success than a firm that flies by the seat of their pants.

So instead of trying to evaluate the process, *evaluate if their process is actually embedded and consistently used within their firm*. This is most easily done by evaluating the degree to which the case studies demonstrate use of their process and methodologies.



Six. Confidentiality and Ethics

Overview

Expertise is what consulting firms sell to their buyers and how they compete.

When a buyer shares information provided to them by an expert consulting firm, with the generalist competitors of that consulting firm, they have inappropriately and unethically compromised the expert firm's ability to compete.

In many cases consulting firms will choose to not propose, or choose to not ask a question (meaning their proposal will be weaker, and your decision will be compromised, because of the lack of information) simply because their question will be shared with other consulting firms.

An expert firm will know what questions need to be asked to formulate a strong proposal because of their specific and relevant expertise and experience they have accumulated on similar projects, via training or research, and through recruitment of experienced staff.

A generalist firm that does not have relevant expertise will be "educated" on the opportunity simply by observing the types of questions an expert firm asks.

By sharing the questions, a potential proponent asks, the buyer is educating generalist firms at the expense of expert firms. This is an unethical business practice. Would your organization choose to participate in a practice now that it has been identified as being unethical? Especially since there is clearly no advantage or requirement for a buyer to continue to use this practice – again it is unlikely that your procurement policy requires this level of disclosure. The requirement is for fair access to a response - not sharing of responses.

It is interesting that most buyers will refuse to share detailed pricing information or complete

proposals between competitors for the obvious reason that it would be unethical but are quite comfortable sharing questions and answers among all competitors - which is absolutely unethical.

Expert firms protect their expertise often by (i) choosing not to ask a question that they would otherwise ask if their question was not being shared with competitors or (ii) choosing to protect their long-term interests (protecting their ability to compete by maintaining their expertise advantage) by not participating in the RFP.

By sharing the questions and answers of potential proponents among all potential proponents a buyer is reducing the chance of higher quality proposals, reducing the participation of the most qualified firms, and participating in an unethical business practice.

Communicating This Standard

Your role is to make the rules clear and obvious and then enforce them fairly.

Questions may be asked by email until Noon CST on January 1, 20XX.

A response to a question will be provided only to those asking the question. All responses will be made via email.

Questions and answers will be shared among ALL potential proponents only if the question is simply a correction of a typographical or factual error.

Acceptable Variations

Simple logistical or administrative corrections identified by one firm are fair game for sharing with all potential proponents.

For example, if one proponent contacted the buyer and pointed out that the budget as stated on page 3 of an RFQ is \$10,000, while on page 7 it

is identified as \$100,000 for efficiency sake it would be fair to issue an addendum or simply a communication to all potential proponents that the correct number is \$100,000.

However, if one proponent asked what change management consulting or training had already been completed as part of a software transition, the only appropriate response would be to communicate solely with the proponent that asked the question.

Proponents not asking explorative questions should not benefit from the due diligence and expertise of other proponents.

Remember the buyer's job is to separate the experts from the non-experts, not assist the non-experts to look like experts.

Note that regarding confidentiality and ethical behaviour it does not matter if telephone access or email access etc. is provided regarding questions and answers. What is important is that questions and answers are not shared, regardless of how a buyer chooses to communicate with potential proponents.

Common Issues

It's our policy to share questions and responses.

It is frequently stated to me that organizations, particularly government agencies, must share all questions and answers with all potential proponents to ensure fairness and transparency "as per their procurement policy".

While most procurement policies do in fact require transparency and fairness, I have never seen a procurement policy that explicitly states all questions and answers will be shared.

It is a commonly used process that is mistakenly presented and protected as if it were policy.

We know that:

There is no procurement advantage to the buyer when disclosing all questions and answers to all proponents.

There is advantage given to generalist firms when expert firms ask questions and the corresponding answers are shared with generalist firms.

There is disadvantage to the expert firms if their questions and answers are shared with generalist firms.

Therefore, the sharing of questions and answers actually creates an unfair playing field where low expertise firms will benefit from the questions asked by high expertise firms.

So the practice of sharing questions and answers with all proponents actually contradicts procurement policies that require fairness and transparency.

The process is fair and transparent when:

- Every firm has the same ability and access to ask a question confidentially and receive a meaningful and confidential response;
- All questions are answered with similar levels of detail and information quality;
- An audit trail of those questions and answers is recorded for future review if necessary and;
- All firms are aware in advance of the rules in place regarding questions.

Seven. Never Request Free Consulting in A Proposal (“Spec Work”)

Overview

Since the goal of an RFP is to select the most qualified vendor - NOT to have dozens of vendors begin the problem solving process, there is no reason to request free consulting (sometimes called “spec” work) in an RFP.

There exist both ethical and practical reasons for not requesting “spec” work.

The Ethics of Asking for Free Consulting

When you ask a consultant to begin solving your problem as part of your selection process, you are asking the vendor for free consulting. So either they will do the bare minimum possible or they will do a tremendous amount of work for free in an attempt to win the project.

What this means is that whoever does the most work for free will likely have the most substantial proposal. This is a case of whoever donates the most to the buyer wins the project.

Do you see how this begins to look like kickbacks or off the table donations in exchange for paid work?

At best this is an unethical slippery slope and at worst it is illegal and will make the buyer the highly publicized subject of an external audit and/or criminal investigation.



Some professional associations clearly prohibit members from participating in such activity. For example, The Society of Graphic Designers of Canada states in their code of conduct (item 40):

“A Member shall not undertake any speculative project or schematic proposals for a project either alone or in competition with others for which compensation will only be received if a design is accepted or used.”⁶

Note that graphic design competitions fall afoul of this code of conduct requirement guaranteeing that only the least certified can compete as accredited GDC professional are prohibited from participating.

The Practical Challenges of Asking for Free Consulting

The irony of requesting free consulting is that it is usually accompanied by a statement within an **RFP** that restricts the contact with vendors during an **RFP** process. And without meaningful and appropriate access to buyers and their information, there is no way that any consultant can formulate a meaningful solution to a buyer problem.

This obviously means that any solutions developed by consultants as part of a typical **RFP** process will be substantially inaccurate or just plain wrong.

Communicating This Standard

This is simply a case of not requesting this information or level of detail as opposed to requesting it in a certain manner.

Acceptable Variations

None.

⁶ <https://www.gdc.net/gdc-code-of-ethics>

Common Issues

Detailed estimates.

Detailed estimates are a form of free consulting that should never be requested as part of a selection process as they can drive huge costs into the proposal writing process, which of course exacerbates the waste within a selection process by forcing many firms to duplicate the wasteful detailed estimating process.

Ironically, in many cases the detailed estimates provided by some professional services firms may have sub-trade pricing that is provided by one sub-trade to many or all of the proponents.

Remember – the buyer ALWAYS pays the bills so any inefficiency or additional costs that buyers institutionalize into an industry selection process will come right back to that same buyer built into every invoice they receive from any firm they hire in the future.

As well, without significant contact and information from the buyer a vendor is speculating on many details of an estimate meaning (i) it will not be very accurate and (ii) will likely have to be redone and (iii) will generate a lot of questions to the buyer during a selection period meaning more wasted time to include something that has almost no value (and possibly negative value) in the selection process.

But we provide honorariums for those providing early stage concepts and ideas.

Unless fair market value is being paid for the work it's still free consulting and as such unethical.



Eight. Disclosure of Distribution

Overview

Distribution of an RFQ is either (i) open and available to any potential vendor or (ii) closed meaning it is by invitation only.

The type of distribution is irrelevant but what is important is disclosure of distribution.

Communicating This Standard

1. Identify if the competition is open or closed.
2. If the competition is open - identify where it has been posted so that potential proponents can review the documents download list to see who else may be proposing and determine if and how they can be competitive when submitting a proposal.
3. If the competition is closed – identify to the invitee list who has been invited so that potential proponents can determine if and how they can be competitive when submitting a proposal.

Acceptable Variations

None.

Common Issues

Fear of disclosure.

Buyers often feel that they are giving away some advantage by identifying who has been invited to compete for the project.

I have yet to find anyone that can tell me what that advantage might be.

In reality by identifying which firms may be competing, the buyer has provided valuable information to the potential proponents that will allow them to more accurately demonstrate their absolute value to the buyer as well as their relative value in comparison to

other proponents. And that is an advantage to the buyer AND the vendor.

As well some vendors may choose not to participate based on their previous success against other firms. This means a more efficient process for buyers as well as fewer wasted proposal writing dollars for consultants. Again – an advantage to the buyer AND vendor.

By disclosing potential competitors regardless of an open or closed distribution, both the vendor and the buyer stand to gain increased transparency and efficiency as well as increased quality of proposals.

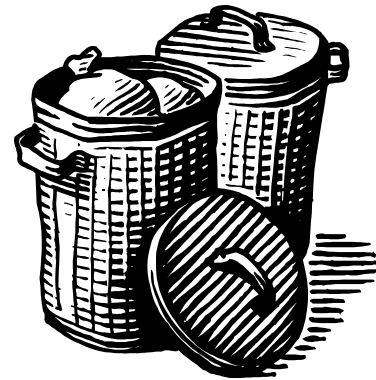
Nine. Proposal Format - Limiting Proposal Pages

Overview

Requesting too much detail and/or irrelevant detail in a proposal are the largest drivers of inflated industry response cost and a great source of RFP waste in North America.

Ask yourself this question – *Do we need this information from every proponent so we can make a decision about which is the most qualified, or do we only need this information from the most qualified once we begin to negotiate an engagement with them?*

Only information to support the former should be requested in a proposal.



Communicating This Standard

See below.

Acceptable Variations

None.

Common Issues

Too much information.

Asking for too much information up front like detailed budgets, process details, etc. By limiting proposals to X pages and using the format in Appendix A it will define an appropriate constraint and focus for the consultant and generate greater clarity than an unfocused, unconstrained documents.

How many pages should it be?

Note that there is no perfect number of pages. It could be 10 or maybe in some cases it's 50. The point is to constrain what you ask for in an effort to remove wasted time and costs from the system.

Ten. Interviews

Overview

The first question is: What is the purpose of an interview in the evaluation of a consultant?

The role of an interview is to further assess the claims of expertise that have been made by a consultant typically only if there is a close score(s) on the written proposal or a tie.

The purpose of an interview is not to see if you like them, or if they have two legs and two arms or an accent, if they are pretty, handsome, smell nice, or dress just like you.

The second question is: Do you need to conduct an interview?

If there is a tie or a very close result based on the written submissions, you may want to conduct an interview in order to further examine and cross examine the claims of expertise made by the consultant.

As well you can always use an interview to validate your evaluation of the proposal you have selected as most qualified.

In either case the interview is “stress-testing” a proponent’s claims of expertise.



So how should an interview be structured?

Note that it is important that in the RFQ document you identify that there is the possibility of an interview requirement for short-listed firms after written qualifications have been evaluated.

As well it should be indicated whether in-person or virtual presence is required.

The process for interviews is simple.

1. The project team will be invited to meet and answer questions related to their proposal with a pre-determined time limit (60-120 minutes). No presentation is required by the proponents.
2. The evaluation team will use the opportunity to ask questions and clarify details about the case studies, methodologies, and thought leadership presented in the proposal. Specifically, the evaluation team will attempt to create further separation between proponents by adjusting the proposal scores up or down based upon the responses of the project team.
3. The evaluation team should focus on areas of lowest scoring within a proponent’s proposal to see if proponent discussion clarifies the submission and increases the score, and/or areas where two or more proponents are very similar and further exploration to gain separation is required.
4. Similar to the process of consensus gaining on a group score used by the evaluation team for each written proposal, the short-listed proponents will be re-scored by the evaluation committee with the purpose of a more obvious winner identified.

Acceptable Variations

None.

Common Issues

Requesting details about how the process would be applied to your problem.

This is an indicator that you are really asking for free consulting so of course you should avoid doing so.

Trying to evaluate the quality of the process as opposed to the standardization of their process.

Unless there is an obvious flaw in their process, most processes will differ only in degree of customization for the category and budget and degree of integration within the client firm. Focus on these elements and don't worry about attempting to evaluate the quality of their process.

Once that is done, work with the winner to customize their process to avoid any consulting process issues you have experienced in the past.

For example, maybe their process uses personal interviews but you have a collective agreement with your employees that would mean increased overtime costs for interviews so you would prefer an online survey instead.

Don't eliminate the expert because you don't like their process - just customize it once you have selected them. If some accommodation can't be worked out, then move on and begin discussions with the next best proponent.

Trying to evaluate the disruption their process will have on your operations.

Again, evaluate the expertise and hire the best firm. Once that is done work with them to customize their process to have the least amount of disruption on your operations while working with them to maximize the best possible outcome.



Eleven. Post Award Feed-Back for Vendors

Overview

Good procurement processes will respect the vendor's right to decide if they will compete based on their own estimate of their ability to win a competition.

The reality is that every vendor is going to lose the competition – except for one.

Good procurement process does not blindly maximize responses (as that only increases the buyer's costs in the long run) but finds a balance of limited but meaningful competition.

So a good procurement process is one that is clear about what potential winners need to do to have a reasonable chance of success while also allowing the obvious losers to recognize their handicap as early in the selection process as possible – preferably before they begin gambling tens of thousands of dollars on writing a proposal.

To make better “go-no go” decisions about competitions, and also to facilitate complete transparency of the selection process, buyers should provide the final scoring to each proponent along with their ranking in each category and overall ranking, once an award has been made.

The individual scores of each individual “judge” need not be identified but the proponent should be able to tell how they did against other (anonymous) competitors in each category as well as overall.

Moving Forward

If there are a few things that you take away from this book I hope they include the following.

Evaluate Tangible Evidence of Expertise – Not Claims of Expertise

Focus on evaluating evidence of expertise in the form of (i) past similar projects (ii) integration of a standardized process or methodology, and (iii) creation of thought leadership. Everything else is a mandatory criterion.

Never Ask for A Price – Negotiate it After the Award

By including price as a weighted criterion (as is typical in an RFP for professional services) you will create service delivery problems after the award because you are forcing vendors to bid artificially low when you ask them to commit to a price during the evaluation phase. Never evaluate price when selecting a professional services provider. Instead identify a budget as part of your RFQ and then negotiate a final price and scope with the most qualified vendor once they have been selected. This is such an important element of QBS that it has been embedded in legislation by the US federal government in the form of the Brooks Act.

You can
change the
world by
replacing
one RFP at
a time.

Appendix A:

The Basic Structure of Your RFQ

1. Issuer Information and Contact Information
2. Legal
 - Indemnifications
 - Lobbying and Conflict of Interest Policy
 - Terms of Payment
 - Disqualification/Appeal Process
 - Debriefing Policy
 - Other
3. Overview of Project
 - What is the objective you need to achieve
 - Timelines
 - Unique or critical constraints or opportunities
 - Who is on the selection team vs. who will run this project
 - Other
4. Budget
5. Mandatory Decision Criteria (Such as...)
 - Availability
 - Language
 - Certifications
 - Licenses
 - Capacity
 - Insurance coverage
 - Proposal page limit/Submission format
 - Other
6. Evaluated Decision Criteria
 - Functional expertise
 - Category expertise
 - Geographic expertise (Optional)
7. Proposal Submission Requirements
 - Contact person and firm overview
 - Project Team (Not scored but must be declared)
 - Response to Mandatory Decision Criteria
 - Response to Evaluated Decision Criteria
 - Prior Projects (60%) – 3 case studies
 - Methodology (30%) – 3 case studies (can be the same 3 cases as above)
 - Thought Leadership (10%) – 5 items demonstrating thought leadership
 - Weighting
 - Electronic vs. paper
 - Submission label (if applicable)
 - Interview process
 - Other
8. Post Award Feedback
 - Define what the process will be
 - Define what feedback will be provided

Appendix B:

QBS Scoring Template

1. Scoring Expertise

Scoring Functional Expertise:

Functional Expertise is what the consultant is being asked to do – be as specific as possible.

For example – *organizational change related to the users of a new ERP system* vs. just *organizational change*.

10.0 In this case study the firm clearly demonstrated it has successfully completed a project in organizational change related to the users of a new ERP system.

5.0 In this case study the firm demonstrated it has successfully completed a project somewhat related to organizational change related to the users of a new ERP system.

0.0 In this case study the firm demonstrated it has successfully completed a project unrelated to organizational change related to the users of a new ERP system.

Scoring Category Expertise:

Category Expertise is the sector you (the client) are in – be as specific as possible.

For example – *bilingual federal government agencies and unionized environments* vs. just *government*.

10.0 In this case study the firm clearly demonstrated it has successfully completed a project in a bilingual federal government agency and unionized environment.

5.0 In this case study the firm demonstrated it has successfully completed a project somewhat related to a bilingual federal government agency and unionized environment.

0.0 In this case study the firm demonstrated it has successfully completed a project unrelated to a bilingual federal government agency and unionized environment.

Scoring Geographic Expertise (Optional):

Geographic Expertise is where the consulting is required – be as specific as possible.

For example – *Quebec* vs. just *Canada*.

10.0 In this case study the firm clearly demonstrated it has successfully completed a project in Quebec.

5.0 In this case study the firm demonstrated it has successfully completed a project somewhat related to *Quebec*.

0.0 In this case study the firm demonstrated it has successfully completed a project unrelated to *Quebec*.

Expertise Scoring Summary Chart

	Functional Expertise	Category Expertise	Geographic Expertise (Optional)	Total
Case 1	/10	/10	/10	
Case 2	/10	/10	/10	
Case 3	/10	/10	/10	
	/30	/30	/30	/90*

2. Scoring Their Methodology

Scoring The Degree to Which the Case Study Demonstrates the Use of Their Methodology:

- 10.0 In this case study the firm clearly demonstrated it has successfully completed the project using the methodology it has described.
- 5.0 In this case study the firm clearly demonstrated it has completed a project using some elements of the methodology it has described.
- 0.0 In this case study the firm has not demonstrated it has completed a project using some elements of the methodology it has described.

Methodology Scoring Summary Chart

Case 1	/10
Case 2	/10
Case 3	/10
Total	/30

3. Scoring Thought Leadership

Scoring the Degree to Which the Thought Leadership Sample Reflects BOTH Functional and Category Expertise of the Firm

- 2.0 Sample provided demonstrates evidence of BOTH functional and category expertise and was completed entirely by one or more proposed project team members while at the proponent firm.
- 1.0 Sample provided demonstrates some evidence of functional and/or category expertise and was completed in whole or in part by a member of the proposed project team while, or while not, at the proponent firm.
- 0.0 Cannot meet the requirement

A score is then assigned for each of five pieces of thought leadership and totalled out of possible maximum score of 10.

Thought Leadership Scoring Summary Chart

Thought Leadership Sample 1	/2
Thought Leadership Sample 2	/2
Thought Leadership Sample 3	/2
Thought Leadership Sample 4	/2
Thought Leadership Sample 5	/2
Total	/10

Proposal Scoring Summary Chart

	Proponent One	Proponent Two	Proponent Three
Prior Projects			
Method.			
Thought Leadership			
Total	/100	/100	/100

Appendix C:

The Structure of Your RFQ Team

The Evaluation Committee

The evaluation committee's role is to assess all proposals against the decision criteria identified in the RFQ document.

The evaluation committee should include representatives from the following stakeholders. Obviously this means a minimum of two members (if the client plays a dual role) and although there is no maximum (with all other things being equal) there is a decision making advantage to having at least three members rather than just two. Obviously you will find the right balance for your organization.

- The Client
- The Procurement Specialist/Buyer
- The Industry Advisor

The Client

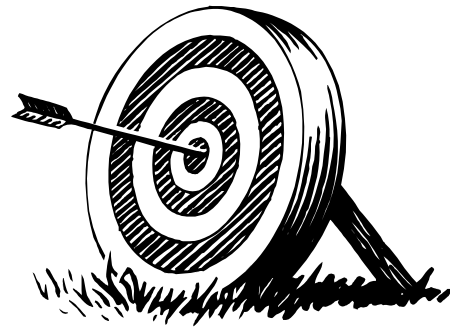
This is the organization or department funding the project for which a consulting firm is being sought.

The Procurement Specialist/Buyer

This is the individual responsible for managing the procurement process including creation of the RFQ document, facilitating legal compliance of the RFQ document and process, recommending the participants on the evaluation committee and communication with the vendor firms.

The Industry Advisor

This is a member or volunteer of the evaluation committee that assists in interpreting, translating and advising on industry specific language, norms and information relevant to the RFQ. Often this is the client as well playing a dual role.



About the Author

Cal Harrison is the President of Beyond Referrals one of North America's thought leaders in the area of buying and selling professional services - specifically in the consulting professions such as architecture, engineering, management consulting and law.

Cal speaks and writes extensively on (i) how large institutional clients can better select professional services firms, and (ii) how professional services firms can improve their sales and marketing.



Harrison's first book *The Consultant with Pink Hair* is available on Amazon and in select bookstores and libraries across North America.

For over a decade Cal's articles have been read by subscribers around the globe and in publications such as The Globe and Mail, CA Magazine (where his article *A Decent Proposal* won a Canadian Business Press Kenneth R. Wilson Memorial Award), Strategy Peak, Management Consulting News, and the Journal of the World Congress on Total Quality Management.

He has been a speaker for the Harvard Business School Alumni, Government Finance Officers Association, Deusto University in Spain, The University of Chicago Graduate School of

Business, the Institute of Management Consultants USA, Canadian Association of Management Consultants, Purchasing Management Association of Canada (now SCMA), the American Public Works Association and dozens of organizations around the globe.



Cal is a Certified Management Consultant (CMC), and a graduate of The University of Manitoba (MBA, BA), The University of Nevada at Reno (Executive Development Program), and Red River College (Diploma Advertising Art) and a long-time instructor at The University of Manitoba, The University of Winnipeg, and occasionally at Royal Roads University in Victoria British Columbia.

Cal has served on the Council of the Institute of Certified Management Consultants of Manitoba and continues to serve on several other not-for-profit boards.

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A Partial List of Previous Audiences

Government Finance Officers Association

Deusto University – San Sebastián, Spain

AMC Institute – St. Pete Beach, Florida

Harvard Business School Alumni – Chicago, Illinois

Caribbean Institute of Certified Management Consultants – Barbados, West Indies

IMC Chicagoland Chapter – Chicago, Illinois

American Public Works Association National Conference – Columbus, Ohio

The Banff Centre – Banff, Alberta

Financial Executives International – Winnipeg, Manitoba

Canadian Association of Prosthetists and Orthotists

Canadian Association of University Business Officers – Ottawa, Ontario

Society of Telecommunications Consultants – St. Louis, Missouri

Audio Educators – Durham, North Carolina

Chicago Graduate School of Business Consulting Round Table – Chicago, Ill

IMC CONFAB – Reno, Nevada

IMC Tampa Bay – Tampa, Florida

IMC Portland – Portland, Oregon

IMC Pacific Northwest Chapter – Seattle, Washington

Women in Consulting – San Francisco, California

World Congress on Total Quality Management – Winnipeg, Manitoba

Royal Roads University – Victoria, British Columbia (Multiple events)

CAMC Victoria – Victoria, British Columbia

CAMC Toronto – Toronto Ontario (Multiple events)

CAMC Saskatoon – Saskatoon, Saskatchewan

CAMC Edmonton – Edmonton, Alberta

CAMC Vancouver – Vancouver, British Columbia

CAMC Calgary – Calgary, Alberta

CAMC Ottawa – Ottawa, Ontario

University of New Mexico – Albuquerque, New Mexico

Market Research Intelligence Association – Winnipeg, Canada

University of Manitoba – Winnipeg, Canada

Young Associates/CAMC – Winnipeg, Canada

Purchasing Management Association of Canada – St. John's NFLD

Purchasing Management Association of Canada – Winnipeg, Canada

Purchasing Management Association of Canada – Ontario Institute

Canadian Marketing Association – Winnipeg, Canada

Certified Management Accountants – Winnipeg, Canada



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