



Canadian Association of Management Consultants Association canadienne des conseillers en management

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RESPONSE TO THE ONTARIO GOVERNMENT

We appreciate the opportunity to respond to the "Draft RFP for General Management Consulting Services" (the "Draft RFP") issued by the Ministry in October 2006 for comment.

We draw your attention to our letter to Mr. Neil Sentence dated December 21, 2004. We are pleased that the Draft RFP reflects or has incorporated some of the suggestions and comments we made in that letter. Nevertheless, a number of concerns persist for the Canadian Association of Management Consultants (CAMC) and the Institute of Certified Management Consultants of Ontario (ICMCO) herein after referred to as "CAMC".

For ease of reference, we have segregated our comments into those that are "General" and those that are "Specific". Please be assured that our comments are motivated by a desire to ensure that as many management consultants and management consultancy firms participate in the VOR RFP process as possible, in order to generate the best outcomes for the Government of Ontario and for our sector.

General

CAMC is encouraged to see that MGS is considering a vendor of record for management consulting. However we are very concerned that the model that has been adopted in the draft RFP is not suitable for management consulting – rather it has been framed in terms of contracting for resources. CAMC believes that will unnecessarily limit, to the disadvantage of the OPS, the creativity and innovation that the market has to offer in management consulting. The response that follows further explains this concern and contains other comments as well.

(a) We note that the "Desirable Skills" sections (Appendix F) frequently refers to professional certifications (e.g. PMP), professional designations (e.g. CGA, CA/CMA) and academic degrees (e.g. MBA, MPA). We agree, but are quite frankly shocked that there isn't a single reference to CMC/Certified Management Consultant in the entire RFP dedicated to general management consulting services. This CMC designation has been recognized in Ontario (and other provinces) legislation. In our view, this is an unacceptable oversight.

(b) Several of the "Desirable Skills" sections (e.g. Fairness Adviser, Organizational Effectiveness Specialist, Procurement Specialist, and Project Management Adviser) specify knowledge of OPS systems and procedures, or previous work in or with the OPS. We respectfully suggest that this is excessively limiting. It will give a substantial competitive advantage to former members of the OPS (which also raises real, potential or perceived

conflicts of interest) and potentially deprives the government of the latest in innovations taking place outside the OPS.

(c) The terminology used in the RFP reflects Ontario government parlance, which is understandable. Nevertheless, this will tend to give an advantage to those management consultants or management consultancy firms that have previously done work with the Ontario government and to former members of the OPS, thereby unnecessarily limiting the pool of management consultancy resources available to the Government.

(d) The Draft RFP appears to be aligned with meeting the internal requirements of the Government of Ontario, but is not aligned with the way in which management consultants and management consulting firms actually provide their services in the current environment. For example, the Service Categories are not aligned with generally accepted consulting practice areas (see Part IV of our December 21, 2004 letter). This disconnect will tend to limit the number of consultants and firms that submit an RFP and will also unreasonably limit the number of successful bidders.

(e) The Draft RFP reflects an analysis by "roles", that are explained in Appendix F. In our view, this approach is too limiting and we reiterate, as a better and more universally understood alternative, the "competencies" approach set out in our above-mentioned letter (page 5).

Additionally, management consulting is issue or goal-oriented, not role-oriented. It is not an exercise in hiring resources. Clients typically express their requirements in problems to be solved – e.g., an organizational review, a market study, a strategic plan. They expect the vendor to propose the appropriate mix of skills sets and experience, and this could vary considerably from vendor to vendor – there is rarely just one way of doing the work. A client might specify certain skill and experience requirements, or it might specify consultant responsibilities, which could include project management - but it would be unusual to frame requirements solely in terms of roles, unless contract resources were being sought to fill specific positions.

Under the approach set out in the draft RFP, OPS clients will be required to frame their consulting requirements in terms of particular roles. To an extent, this is requiring the client to predefine the solution and the method for achieving it in advance. Moreover a client might not even know what types of resource are most suited to an assignment. CAMC suggests that this is an unnecessary and undesirable restriction on clients and will limit the innovation and creativity they can obtain from the management consulting marketplace.

Other content and terminology also suggest that the draft RFP is taking a contracting, rather than consulting approach. In particular:

- Many of the roles speak of "responsibilities", which is again suggestive of contracted positions rather than consultants;
- Proponents are required to describe how they will deal with such issues as staff turnover, retention and the management of onsite resources, all issues more relevant to longer term placement of contract staff; and,

- The evaluation of rates is highly discriminatory – in particular, punishing or eliminating proponents who might have highly skilled resources that are charged at high rates but only work for short periods of time. Given that pricing is a major factor in stage II selections, CAMC questions why proponents who provide management consulting services through a variety of business models and pricing structures need to be eliminated at the VOR selection stage. Please note the CAMC has no objection to requiring rates for various categories of personnel to be established for the duration of the agreement.

CAMC believes that the use of roles is neither necessary nor desirable for a vendor of record for management consulting services. Service categories should be designed to cover a broad range of client needs, and the project profiles supplied by proponents should support their credentials to deliver services in those service categories, rather than fulfill specific roles. The requirements for the assignment in a particular service category should be specified at stage II selection, at which time price would also be a criterion.

(f) Overall the coverage represented by the proposed service categories seems reasonable, but services such as advice on strategy and human resource management should also be included.

There is some inconsistency and overlap in the individual categories. Some are relatively “narrow” and could be included elsewhere (e.g., “Business Metrics” seems very specific, compared to a much broader category such as “Business Process Assessment”). Some have overlap - (e.g., between “Business Process Assessment” and “Organizational Effectiveness” – both could involve assessments of organizational structure) – which raises the question of under which category an RFS should be released.

CAMC does not agree with the concept of roles and is advising that they be eliminated. If they are not eliminated, they should be made consistent, and as much as possible, normalized in scope. At present, some are advisory in nature (e.g., Organizational Effectiveness Specialist, Fairness Advisor) while some are contract positions (Financial Analyst, Project Lead, Project Management Specialist). Some are relatively narrow and could be collapsed into broader ones (e.g., Fairness Advisor into Procurement Specialist, Project Management Advisor). CAMC suggests that if the current 10 service categories were collapsed into 6, as follows, the result would be a simpler and more logical VOR:

- Program and Project Management, including Business Risk Management
- Business Strategy and Operations - combines Business Process Assessment and Business Metrics and adds advice on strategy
- Organization Effectiveness and Human Resources Management
- Customer and Stakeholder Management
- Financial Advisory
- Procurement

(g) That Draft RFP's approach to pricing is very problematic from a number of perspectives:

- The approach does not allow for the quality, or cost-effectiveness, of services rendered to be reflected in cost. For example, a firm whose per diem rates are 25% or more than the average rate is automatically disqualified, even if the value of that firm's services stands head and shoulders above other firms whose pricing falls within the acceptable band. This is particularly problematic given that firms will be bidding in the abstract,

rather than for specific projects, at this stage.

- We strongly recommend that bidders be able to build inflation protection into their per diems (i.e. fixed per diem).
- The inability to allow per diem rates to reflect different geographic locations within the Province is unreasonable. It will not allow firms to reflect bona fide differences in local markets, or differentials in the cost of doing business from city to city across Ontario and will force firms to quote the highest per diems that currently apply in the Province.
- The rigid approach to per diems doesn't allow proponents sufficient flexibility to mix and match consultants with different per diems to reflect the circumstances and requirements of individual projects for which they may subsequently bid.
- The per diem formulation in the RFP would prohibit the substitution of lower or higher cost consultants during the term of a Master Agreement and, therefore, could deprive the proponent and the Client of access to the best resources available at the time.

Specific

Definitions: There should be only one definitions section for the entire RFP, including appendices.

Section 1.1 (a) & (b): These sub clauses appear to be inconsistent with the definition of "Proponent" on page 7. For example, paragraph (b), as written, does not appear to include general partnerships (where each partner is jointly and severally liable for the actions of all other partners); yet general partnerships are specifically referred to in the definition. We support the inclusion of general partners as eligible proponents.

Section 1.3: The wording "MGS may contract with others for the same or similar Services to those described in this RFP" (our emphasis added) This appears to contradict the previous wording in the same paragraph. It must be clear that contractors may be selected only through the VOR process.

Section 1.4: An explanation as to how the Client may select Vendors from the VOR list would be helpful. Is it completely up to the Client's discretion? Is there a minimum number of Vendors that must be selected from the VOR list? Will Vendors who have not been selected to bid be given an opportunity to find out why? This issue arises again in section 2.2 (paragraph 8).

Section 2.3: The definition of "Low Risk Projects" requires amplification.

CAMC understands why MGS has introduced the concept of two levels of insurance and risk. However we note that our members are able to obtain the \$2 Million (M) coverage in required general liability insurance at affordable rates. This raises the question of whether the gain in affordability from lowering the requirement to \$1M for certain types of projects offsets the complexity introduced by the two risk levels.

As these have been introduced to enable different levels of insurance, CAMC believes they will have little meaning to OPS clients and in fact may be the cause of considerable confusion. What seems most likely is that given the definitions, clients will err on the side of caution and routinely classify assignment in the higher risk category, in case later questions arise about the

level of resources that were contracted. This will in effect nullify the “two tier” approach to risk management and frustrate firms that only have the lower level of insurance.

The risk level approach might make more sense if the insurance requirements were more differentiated (e.g., project requiring \$2M and projects requiring \$5M).

Section 2.5.1: We presume that the specification with respect to lower per diem rates is to guard against "dumping" and other anti-competitive practices by bidders. Such a formulation, however, will deprive Clients from receiving the most competitive bids in all cases.

"Potential conflicts of interest": This wording appears at a number of points throughout the Draft RFP. We completely agree that "actual" conflicts of interest have to be identified. We believe it is unrealistic, however, to ask bidders to identify "potential" conflicts of interest during the VOR selection stage. It is impractical for bidders to imagine what "potential" conflicts of interest individual projects might bring at some point in the future. We recommend, therefore, deletion of the term "potential" in this context.

Section 4.1.1: As we have indicated many times, a major and persistent irritant for our members is that the RFP timelines are frequently changed, often at the last minute. Too frequently, changes in timelines benefit, or appear to benefit, one or more bidders. We believe that the integrity and transparency of the bidding process is best preserved when bid deadlines cannot be changed, or can be changed only in very exceptional circumstances that are demonstrably beyond the control of the Ministry. Whenever the Ministry changes bid timelines, the reasons for doing so must be published.

Section 4.1.3: We do not understand why MERX is granted exclusivity in terms of sourcing the RFP.

Section 4.2.1: The onus (" shall") should not be placed on proponents to "report any errors, or omissions or ambiguities" in an RFP. What happens if they don't report?

Section 4.3.9: The inability to incorporate the content of web sites or other external documents by reference in a proposal places an undue hardship on proponents. If the Ministry insists on this prohibition, it should apply only to information supplied in response to the mandatory requirements within the RFP.

Section 4.4.4: There MUST be a clear obligation on MGS to provide a debriefing to any proponent who requests one. That obligation is absent from the current wording.

Section 4.5.1: It is not at all clear what a "Conflict of Interest communication" is.

Section 4.6.1 (d), (m) & (n): These sub clauses provide MGS with too much untrammelled discretion to accept noncompliant bids, or to adjust unilaterally the terms that apply. They should be deleted.

Section 4.6.1 (e): This sub clause should be amended by the addition of "material" before "misrepresentations" and with the addition of "materially" before "inaccurate."

Conclusion

CAMC is very concerned that MGS has simply taken the form from previous VORs for contracted resources and applied it to management consulting. This will make it difficult for OPS clients to obtain the best value and results from firms offering true management consulting services. To address this, CAMC recommends that:

- The concept of roles be eliminated;
- Vendors be required to qualify in a limited number of well-defined service categories; and
- The pricing evaluation scheme not unfairly eliminate firms by discriminating against their service and pricing models

We reiterate our offer to work with MGS on the development of an RFP for general management consulting services that best reflects current market conditions and practices in our profession.

Yours sincerely,

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