



A HIGHER LEVEL of
management consulting

ONTARIO

Submission by:

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President

**Institute of Certified Management Consultants of Ontario
(CMC-Ontario)**

In Response to:

**An Invitation to Inform the Modernization of Ontario's
Consulting Services Vendor of Record Program**

Submitted to:

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Supply Chain Management Division

Ministry of Government Services

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CMC-Ontario, on behalf of over 1600 members in Ontario, welcomes this opportunity to contribute to the modernization of Ontario's consulting services Vendor of Record (VOR) Program.

CMC-Ontario is the professional institute that has the sole legal authority in Ontario to certify and regulate the practice of management consulting and to authorize the use of the designation "Certified Management Consultant" or CMC. This legal authority was granted by the Ontario Legislative Assembly through two Private Bills in 1983. The CMC designation, the profession's only national and international certification, represents a commitment to the highest standards of management consulting and adherence to the Uniform Code of Professional Conduct.

CMC-Ontario is part of CMC-Canada, the national association that administers the CMC designation across Canada.

Our members work in large, medium-sized and small consulting firms and as independent practitioners. A significant number provide consulting services to the Ontario government, its agencies and the broader public sector. Many of these firms are approved vendors on one or more of the six VOR arrangements that are the focus of the Ontario discussion paper.

This submission reflects input from our members over the past 18 months through internal consultation and in the past weeks directly in response to the MGS discussion paper. The submission has been approved by the CMC-Ontario Council, the governing body for CMC-Ontario.

Any follow up on this submission may be directed to Richard Lundeen, the Council member responsible for liaison with the Ontario government with respect to procurement policies and practices.

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Once again, we appreciate the opportunity that this consultation process has provided and look forward to future opportunities for dialogue with the Ontario government.

Yours sincerely,

Anne Bachinski
President, CMC-Ontario



CONTENTS

EXECUTIVE SUMMARY.....	4
RESPONSES TO DISCUSSION PAPER	8
Defining Engagement Types	8
General Comments.....	8
Distinguish Clearly Among Elements of VOR Structure and Process	10
Responses to Questions to Vendors on Defining Engagement Types:	13
Qualification Methodology and VOR Arrangement Refresh	17
General Comments.....	18
Responses to Questions on Qualification Methodology and VOR Arrangement Refresh:	19
Pricing Models	24
General Comments.....	24
Responses to Questions to Vendors on Pricing Models:.....	25
Vendor Measurement, Feedback and Evaluation	29
General Comments.....	29
Responses to Questions to Vendors on Vendor Measurement and Evaluation:.....	30



EXECUTIVE SUMMARY

CMC-Ontario thanks the Supply Chain Management Division for developing and issuing this thought-provoking and progressive discussion paper. We believe that new VOR arrangements following the principles set out in the discussion paper will significantly enhance the procurement and delivery of consulting services, both for the government of Ontario and for the vendor community.

This discussion paper puts forward many ideas and positions that CMC-Ontario strongly endorses. In particular:

- Consolidating VOR arrangements from the current six potentially to two;
- Making a clear distinction between the acquisition of resources (referred to in the discussion paper as ‘task based’) on the one hand and assignments/projects defined by deliverables on the other;
- Providing more frequent opportunities to qualify or add to existing qualifications;
- Raising the possibility of including industry-based standards as qualification criteria;
- Placing increased reliance on demonstrated experience as the basis for qualification;
- Making the second stage selection process more inclusive;
- Allowing vendors to carry over qualifications to successive VOR arrangements;
- Removing pricing as a consideration for first stage qualification for fixed price, deliverable-based consulting; and
- Introducing the notion of a mechanism whereby vendors could still participate in second stage procurements even though their proposed rates for roles in the first stage were outside the accepted range.

CMC-Ontario has a number of suggestions that we believe build on the concepts in the discussion paper and would further enhance VOR structure and processes. These are more in the nature of refinements to what has been suggested in the discussion paper, rather than entirely new models or alternatives.

Distinguish Clearly Among Elements of VOR Structure and Process

CMC-Ontario proposes that the new consulting services VOR arrangements (both I&IT and general management consulting) have four key elements, which could be “decoupled” and maintained separately. The government would be able to undertake a common VOR procurement process using these key elements, with differences only where clearly justified by the nature of the services and/or vendors.



The four key elements are summarized below:

1. A **single Vendor Registry** for vendors to meet virtually identical terms and conditions for consulting services VORs and qualify for specific categories and roles as applicable. Through this Registry, vendors would meet basic conditions such as signing a master agreement, maintaining a minimum level of insurance, being a corporation or partnership, and would satisfy qualifications in service categories. Many elements of the Vendor Registry would not need to be updated for a number of years, subject to appropriate verification. Vendors should be eligible for registration on a continuing basis and their registration would be carried forward to subsequent VOR arrangements.
2. Within each VOR arrangement (I&IT and management consulting) there would be three **Streams** (engagement types) for which vendors would be able to qualify:
 - a. **Resource-Based** Stream (referred to in the MGS discussion paper as Task-Based) for assignments where vendors provide specified resource(s) for an agreed number of days to execute tasks or provide short-term support;
 - b. **Deliverable/Project Based** services that would use a fixed price model as outlined in the MGS discussion paper. Pricing would not be considered in first stage procurement and would form part of second stage procurements only.
 - c. **Foundational/Integrative** Stream, a third stream to meet client needs that do not fit in either of the other two streams. This stream would provide, for example, for strategic leadership services (e.g., integrator / negotiator / advisor) with significant complexity and unpredictability. Such services generally would be carried out by consultants at a very senior level. If these client needs are not accommodated through the VOR arrangements it may be necessary to reconsider procurement rules.
3. One set of **Service Categories** relating to areas of consulting specialty for which vendors would qualify through credible project profiles and references. Service Categories should have minimal overlap and be broad enough to reflect the range of skills that projects typically require, giving clients a range of skill types to select among for any of the three Streams. The government would be able to add or revise Service Categories as needed. As part of the Vendor Registry, vendor qualification in a Service Category should be ongoing, subject to reasonable periodic confirmation.

We note that many I&IT projects require management consulting support (e.g. business process redesign, change management, organizational development). For this reason, CMC-Ontario recommends that clients have the option of accessing both I&IT and management consulting



VOR arrangements for their projects. This is a key reason why it is important to provide a single Vendor Registry and to minimize overlap among service categories.

For the Resource-Based Stream, each category will need two types of roles – one type for generalists and one type for specialists as required for each of the I&IT and management consulting VOR arrangements. Roles would not be used for the other two Streams.

4. **Pricing Models** appropriate for each of the Streams.

Pricing for the Resource-Based Stream would be for roles within service categories. Vendors would provide pricing annually for each service category and role combination they have qualified for. Vendors would submit resources and rates in response to a client’s request for resources.

Pricing for the Fixed-Price Deliverable Stream would not be established until the second stage procurement as part of qualified vendors’ responses to a specific RFS.

Pricing for the Foundational/Integrative Stream would be simplified to provide for maximum rates for each qualified vendor for each Service Category. In the first stage procurement process, vendors would submit maximum per diem rates for the Service Categories for which they apply. The second stage procurement would be invitational among qualified vendors in order to obtain best value for money. Pricing for second stage procurement would be based on per diem rates to a ceiling price. Additional resources required to support this type of assignment could be procured through the Resource-Based Stream.

A primary benefit of this structure, with both streams and categories within each VOR arrangement, is to give clients more flexibility to procure the specific set of services they need for each project. The VOR arrangements should enable clients to acquire assistance in the form they require and not force them into just one mode. An added benefit is that administration and refresh would be an ongoing process, rather than a periodic “crunch.”

Other Suggestions and Comments

Some additional suggestions and comments on the MGS discussion paper follow:

- The use of automated “smart consumption” tools as proposed in the MGS discussion paper (p. 15) should be limited to requests for resources, where qualification is based simply on resume/experience and price;
- We recommend against the “graduated scale concept” proposed in the MGS discussion paper (p. 14), advocating instead that larger more complex assignments be assessed by clients as part of



second stage procurement on the basis of the relevant experience documented in the vendor's submission. In our view, the graduated scale concept would be unnecessarily restrictive for management consulting services and not supportive of the government's Open Ontario plan;

- We strongly advocate greater transparency and consistency in the process by which services are acquired, from distribution of the request to debriefing of unsuccessful proponents (good examples from the municipal level and within the OPS are noted in our submission); and
- An effective vendor evaluation system requires consistency and openness in its application that can only be achieved by building on the mutual confidence that will be generated by implementing the preceding recommendation regarding transparency and consistency in the procurement phase. CMC-Ontario supports the concept of vendor evaluation on this basis and is prepared to work with MGS to help design and implement a vendor evaluation and measurement process that is of value to clients and that is consistent, transparent and equitable, with remedies for consultants who feel their work has not been evaluated correctly.

In the longer term, once the proposed structure has matured, it may be possible to move toward a single consulting services VOR arrangement that applies to both I&IT and general management consulting services.

Standardized contracting terms and conditions

CMC-Ontario is pleased with the government's initiative to reform IT contracts and to introduce standardized terms and conditions, and the recent issuance of a White Paper outlining the proposed changes. The ADM, Supply Chain Management Division of MGS recently explained the purpose of the proposed changes as to "make it more attractive for vendors to do business with Ontario, remove barriers to entry for vendors, streamline Ontario's procurement process and reduce costs" (*Supply Chain Management Division, Presentation to the Information Technology Association of Canada, May 27, 2010*).

We intend to respond to the White Paper and explore how the advances proposed could be applied to the proposed consulting services VOR arrangements.



RESPONSES TO DISCUSSION PAPER

Our submission is structured to correspond to the four major topics and associated questions in the MGS discussion paper. For each of the major topics, we first provide general comments that provide the framework for our specific responses to the MGS questions that follow.

Defining Engagement Types

General Comments

CMC-Ontario recommends that consulting services should be treated as a continuum that clients can select from depending on the needs of a specific project. In order to provide necessary flexibility for clients, we favour establishing a single VOR for management consulting services, with distinct streams and specified service categories within this VOR arrangement. We would also favour a single VOR for I&IT consulting services. In the longer term, once the proposed structure for consulting services VOR arrangements has matured, it may be possible to move toward a single consulting services VOR arrangement that applies to both I&IT and general management consulting services.

Streams

CMC-Ontario agrees with the premise in the MGS discussion paper that there should be a clear distinction between the acquisition of resources (referred to in the discussion paper as ‘task based’) and assignments defined by deliverables (whether fixed price or not). We would, however, see the necessity for a third stream that either needs to be accommodated by the VOR arrangements or other procurement rules. The three streams are:

1. **Resources**, based on number of days for a specific resource type for a defined duration (referred to in the discussion paper as ‘task based’). In this case, the overall project is defined and managed by the client. This Stream would have **roles** defined within categories and vendors would have to qualify for these and submit per diem rates for these roles in the first stage procurement. In second stage procurement, clients would issue Requests for Resources to qualified vendors and would make their selection on the basis of rates, qualifications and resource availability;
2. **Fixed price deliverables**, based on a clear statement of work where vendors provide solutions (along the lines set out in the discussion paper) or provide the requisite advice. In this case, the vendor defines the methodology or approach, manages the project and manages key aspects of project risk. In the first stage procurement process, vendors would submit



qualifications for three **levels** (senior, intermediate and general) in any Service Category for which they apply. As proposed in the MGS discussion paper, pricing would not be considered for fixed price deliverables in first stage procurement. In second stage procurements, pricing would be on a fixed price basis;

3. **Foundational/integrative** such as for senior integrator/negotiator/advisor services – This third stream falls somewhere between the other two. The need for such a stream has become particularly apparent with the inclusion of agencies and the inability to single-source. Qualified vendors apply their expertise in helping clients plan and undertake such major initiatives as program or organizational start-ups or in highly technical areas. Timeframes often are compressed and deliverables are not sequential. Project based per diem pricing to an agreed ceiling would be suitable for such assignments. Their complexity and unpredictability do not lend themselves to fixed price contracts. Examples of foundational/integrative services include:

- Agency start-ups where the senior consultant (e.g. executive lead) reports to an interim board and provides strategic leadership and integration of the work of other consultants as well as oversight of day-to-day affairs before the senior executive team is in place;
- Complex negotiations requiring senior level leadership where the total requirement cannot be predicted in advance;
- Assist in defining requirements for subsequent procurements where the original vendor may be an integrator but not a contender (unless so provided in the original procurement and subject to adequate transparency to enable a level playing field);
- Senior consultant work with boards on governance and accountability matters where part of the activity is assisting with the formation or remediation of relationships with key funders and stakeholders.

For any particular situation, there are likely to be only a small number of very senior individuals with the particular combination of skill sets to undertake the assignment and availability may be an issue. A characteristic is that until the work is well underway, if then, it is not possible to predict the total service requirement. Indeed efforts to do so would likely lead to higher costs since ways of rationalizing the project are not apparent at the outset and the consultants will price in a risk premium.



CMC-Ontario is prepared to assist MGS in defining this third stream in such a way to satisfy requirements of transparency and fairness.

Clients should have the option of acquiring services in the manner most suited to their needs – based on any of the three streams noted above. The VOR arrangement should enable client ministries and included agencies to acquire assistance in the form they require and not force them into one just one mode because of a structure of different VOR arrangements.

Distinguish Clearly Among Elements of VOR Structure and Process

CMC-Ontario proposes that the new consulting services VOR arrangements (both I&IT and general management consulting) have four key elements, which would be “decoupled” and maintained separately. The government would be able to undertake a common VOR procurement process, with differences only where clearly justified by the nature of the services and/or vendors.

These key elements are summarized below:

1. A **single Vendor Registry** for vendors to meet virtually identical terms and conditions for consulting services VORs. An example of non-identical conditions could be a less stringent liability clause for general management consulting services than for I&IT consulting.

Through this Registry, vendors would meet basic conditions (e.g., signing a master agreement, maintaining a minimum level of insurance, being a corporation or partnership) and satisfy qualifications in service categories and (for resource-based services) in roles. The Vendor Registry would serve for MGS as a data base to track all vendor information (through the common vendor ID number) across more than one VOR. It is important that the Vendor Registry is automated so vendors can provide and update information electronically.

Vendors should be eligible for registration on a continuing basis and their registration would be carried forward to subsequent VOR arrangements through a simple process. After their initial registration is accepted, vendors would refer to this existing information when applying to be qualified for other VORs or additional categories or roles. Many elements of the Vendor Registry would not need to be updated for a number of years (subject to periodic confirmation and to verification by the Province e.g. for tax compliance).

Clients could use the Vendor Registry to identify the Vendors that have been qualified to provide the type of service (Stream, Category, Role) they need. This will simplify the process for SCM clients, SCM and vendors.

2. Within each VOR arrangement (I&IT and management consulting) there would be three **Streams** (engagement types) for which vendors would be able to qualify as described above:



- a. **Resource-Based** Stream (referred to in the Discussion Paper as Task-Based) for assignments where vendors provide specified resource(s);
 - b. **Deliverable/Project Based** services that would use a fixed price model as outlined in the MGS discussion paper. Pricing would not be considered in first stage procurement and only would form part of second stage procurements.
 - c. **Foundational/Integrative** Stream for services with significant complexity and unpredictability;
3. One set of **Service Categories** for which vendors would qualify through credible project profiles and references and that would give clients a range of skill types to select among for any of the three Streams. The Service Categories relate to areas of consulting specialty as demonstrated by reference assignments. Service Categories should be broad enough to reflect the range of skills that projects typically require. There should be no duplication or overlap of Service Categories between the I&IT and general management consulting VOR arrangements. We note that many I&IT projects require management consulting support (e.g. business process redesign, change management, organizational development). For this reason, CMC-Ontario recommends that clients have the option of using both I&IT and management consulting VOR arrangements for their projects. The objective is to enable clients to be able to consider vendors with approved qualifications in whatever categories are needed for the clients' specific projects.

The government would be able to add or revise Service Categories as needed and open the VOR arrangement as needed for vendors to qualify for those Categories.

For the Resource-Based Stream, each category will need two types of roles, one for generalists and one for specialists as required for each of the I&IT and management consulting VOR arrangements. We suggest that generalist roles consistently have three levels – senior, intermediate and junior – for all categories in both VOR arrangements. Two levels may be sufficient for specialist roles.

Roles would not be used for the other two Streams.

Clients would be able to identify the vendors that have been qualified to provide the Service Category or Categories they need. As part of the Vendor Registry, vendor qualification in a Category should be ongoing, subject to reasonable periodic confirmation.

CMC-Ontario recommends integration of the Service Categories from the current General Management Consulting Services and Program Evaluation and Performance Measurement



Services VOR arrangements. For example, the following set of categories consolidates across the two VORs as well as introducing one potential new Service Category:

1. Business Metrics & Performance Management Services
2. Business Process Assessment & Integration Services
3. Financial Advisory Services (including business case development)
4. Organizational Effectiveness Services
5. Procurement Services
6. Program Management Services
7. Project Management Services
8. Program Evaluation Services
9. Strategic, Business and Operational Planning Services - NEW

4. **Pricing Models** that are appropriate for each of the Streams as outlined here and elaborated in the Pricing Models section of this submission. It is important to ensure that the OPS obtains the best pricing while getting appropriate quality of service and vendor accountability.

- a. **Per Diem to a Ceiling** – Resource or Task Based assignments would be based on per diem rates to a ceiling price as the VOR arrangements are structured now. Qualified vendors would provide pricing annually for each stream and role combination that the vendor has qualified for. The median price for each role by stream would be used to identify an acceptable range (lower and upper – e.g. 90th percentile) for that stream and role.
- b. **Fixed Price** - Advice Based and Project Based engagements would be fixed price. Pricing would not be evaluated until a specific RFS is competed for.
- c. **Foundational/Integrative** – The range of senior consultant skill sets required for this type of work typically is equivalent to senior partners in consulting firms, or Deputy Ministers and Assistant Deputy Ministers in government. Given this requirement, it is difficult to set up valid ranges without knocking out some individuals whose skills are critically needed (e.g., negotiators with legal backgrounds). It is suggested that this stream be structured as a roster with maximum rates as submitted to enable



invitational competitions with the clients then being in a position to obtain value for money in the second stage through awareness of the alternatives.

Responses to Questions to Vendors on Defining Engagement Types:

1. For the proposed I&IT consulting services VOR Arrangements

a. From your perspective what are the benefits and risks of distinguishing between Task-based versus Fixed Price Deliverable with regard to the services you provide and why?

CMC-Ontario agrees that this is an important and useful distinction. Refer to general comments above.

b. What implications do you think such a distinction would have for service provision?

If the foundational/integrative stream is not added to the mix, we expect there to be a large gap that will cause substantial difficulties to clients that need to engage consulting services to undertake projects of this type.

Fixed price deliverable projects would be an excellent addition to the toolbox available to clients and to vendors for projects and deliverables that can be clearly defined.

The VOR arrangement should provide clients with as much flexibility as possible to determine the mix of consulting services required for their projects. For instance, both task-based assignments and fixed price deliverable projects may be of varying lengths as opposed to the comment in the MGS discussion paper that task-based assignments typically are short and fixed price assignments are longer..

c. What implications do you think such a distinction would have for cost of services?

Task-based (resource based) services are as close as the consulting services industry comes to commodity pricing. We fully understand and accept the government's intent to cause the industry to provide the best possible rates for an agreed period. It is our view that market competition should establish the rates for these types of services.

It is important to consider a price range that provides for senior level services, intermediate level services and general level analyst type services. Clients also may need resources from other jurisdictions for some projects and appropriate pricing flexibility should be provided.



d. From your perspective what are the benefits and risks of the proposed restructured service categories?

One I&IT consulting VOR arrangement with the proposed range of service categories and three levels of experience will reduce cost and streamline procurement through specialized templates for each category. Should new service categories be required they could be added without changing the entire VOR arrangement.

e. Is there an alternative structure for I&IT consulting services that you would recommend and if so, why?

CMC-Ontario recommends that a single VOR arrangement should be established for the continuum of I&IT consulting services in order to provide the most flexibility for clients and reduce costs and workload for both clients and vendors. Clients should not be required to use different I&IT consulting VORs to access the required skills, and service categories should not be repeated across multiple VORs.

As noted earlier, MGS should enable clients to mix and match service categories and roles to meet the specific needs of each assignment, including the potential to access service categories in both I&IT and general management consulting services VOR arrangements. For example, a system implementation likely requires not only technology consulting skills but also business process redesign, change management, organizational design and training capabilities. Similarly, a major organizational change project may require I&IT consulting services as well as general management consulting services.

It is understood that there will be very large scale projects that would fall outside of this single VOR arrangement and be the subject of a separate process.

I&IT clients will also need the ability to proceed with best qualified resources to meet emergency requirements as part of business continuity planning etc.

2. For the proposed integrated general management consulting services VOR Arrangement

a. From your perspective what are the benefits and risks of establishing one integrated VOR Arrangement with a greater number of categories and why?

CMC-Ontario strongly supports the consolidation of general management consulting services into a single VOR arrangement. In our view there is a continuum of management consulting services. The overlap among VORs noted in the MGS discussion paper reflects the problems in subdividing this continuum.



There are considerable benefits in moving to an integrated VOR arrangement. For clients/buyers, this would avoid any confusion in determining which VOR arrangement to use for a specific project. For vendors, it would simplify the process of qualifying for one rather than two or more VOR arrangements.

It is CMC-Ontario's view that the number of categories should remain approximately the same as now exist in each of the VOR arrangements. Often client projects are broad in scope and more than one category may be needed. Increasing the number of categories would lead to difficulty for buyers to decide which to use and would add greatly to the workload for vendors that are qualified across many categories. In the General Comments above, we suggest consolidation of general management consulting services (including program evaluation and performance measurement) into 8 service categories plus one new category. Our recommendation is to have no more than these categories and, where appropriate, some of these categories might be further consolidated.

In addition, it would be of concern to CMC-Ontario if a greater number of roles are introduced as suggested on page 11 of the discussion paper. Roles are relevant for task-based (resource-based) consulting services but the workload to document and qualify for numerous narrowly defined roles would be onerous for vendors that have capabilities across a broader range of consulting services.

Roles should not be employed for fixed price deliverable or foundational/integrative consulting work where the focus is on comprehensive vendor approaches. Role definitions through the VOR arrangement would be unduly restrictive and inconsistent with such projects.

Benefits: From the management consulting industry perspective, an integrated VOR arrangement for general management consulting services, with standard and modified terms and conditions, would reflect the continuum of services provided by the industry. From the buyer perspective having an integrated VOR arrangement with appropriate RFS documents related to streams and service categories would result in considerably less confusion. Presently government clients are often confused by which VOR is appropriate and which one is the easiest to use to obtain the resources or services needed quickly. All the categories of management consulting services and types of engagement are manageable within such a VOR arrangement.

Risks: From the consulting industry perspective there is limited risk to this type of approach. There may be some exposure for government buyers in that what starts off as a task-based resourcing assignment could evolve to what would be better described as a deliverable-based type of assignment.



b. From your perspective what are the benefits and risks under an integrated general management consulting services VOR Arrangement, of having a separate stream for task-based work, in addition to a stream for fixed price deliverables work? Similarly, what would you regard as the benefits and risks of having separate general management VOR Arrangements altogether for task-based and fixed price deliverables work?

CMC-Ontario strongly supports the distinction between resource based (task based) work and fixed price deliverables work. In addition, we propose that a third stream should be provided for foundational/integrative work. If this third stream is not added to the mix, we expect there to be a large gap that will cause substantial difficulties to clients that need to engage consulting services to undertake this type of project.

Fixed price deliverable projects would be an excellent addition to the toolbox available to clients and to vendors for projects and deliverables that can be clearly defined.

A task-based stream will be of considerable benefit to clients and to vendors that are in the business of providing contract resources (i.e. temporary augmentation).

We strongly support including these three streams in a single VOR arrangement so that clients/buyers have the flexibility to structure their consulting procurements from among the three streams as required for each project. This structure also would be to the benefit of consulting vendors. CMC-Ontario does not support having separate VOR arrangements for each stream.

c. What do you regard as the benefits and risks of the proposed restructuring of streams, service categories, and roles?

Refer to our General Comments and the responses to earlier questions.

d. Are there new roles that you would recommend Ontario include in a future general management consulting services VOR Arrangement?

Roles should be employed only for task-based (resource-based) consulting services.

We do not propose additional roles beyond those now used in the existing VOR arrangements.



e. Is there an alternative structure for general management consulting services that you would recommend, and if so, why?

Refer to the General Comments at the start of this section of our submission. Also, it is important to provide straightforward and uncomplicated access to information for vendors and clients, for instance:

- update the materials on the government contracting site to reflect the current requirements for procurement of consulting services;
- notify vendors of upcoming changes as soon as possible; and
- automatically distribute to all respondents information that is not commercially confidential to the successful respondent's bid.

3. Ontario currently uses both two and three experience levels in its consulting services VOR program. What do you consider to be the optimal number of experience levels and why? How many levels would you recommend for task-based and fixed price deliverables-based I&IT consulting services VOR arrangements? Similarly, how many levels would you recommend for task based and fixed price deliverables-based general management consulting services VOR Arrangements?

CMC-Ontario suggests that the government standardize on the approach used in Task-based I&IT Consulting Services, which specifies three experience levels: advanced (or senior), intermediate and general. We believe that three experience levels are sufficient to allow vendors to differentiate consultants by years of relevant experience and the nature of that experience, and to leverage their consulting resources more effectively.

CMC-Ontario recommends this approach for task-based work for both I&IT and general management consulting services.

For the fixed price deliverables stream, in the first stage procurement process vendors would submit qualifications for three levels (senior, intermediate and junior) in any Service Category for which they apply.



Qualification Methodology and VOR Arrangement Refresh

General Comments

CMC-Ontario's recommended VOR structure is described and explained in the General Comments of the previous section of our submission.

We strongly endorse the objective set out in the MGS discussion paper, "to improve accessibility to VOR Arrangements on a continuous basis." Vendors should be eligible for registration and qualification on a continuing basis rather than just once annually.

The use of automated "smart consumption" tools as proposed in the MGS discussion paper (p. 15) should be limited to requests for resources, where qualification is based simply on resume/experience and price. We are very supportive of automating as much as possible of the procurement process including the first stage procurement, the Vendor Registry, second stage procurements (RFSs and submissions) and internal approvals. Well-structured electronic processes will be efficient, timely, fair to vendors across the Province, and "green."

It would not be appropriate, though, to introduce a system that makes pre-selections for clients from the qualified vendors list for fixed price deliverables or foundational/integrative assignments.

CMC-Ontario supports the proposal that all qualified vendors would have the opportunity to compete in second stage procurements when the assignment's value is above a yet to be defined amount. For assignments valued below that threshold, we propose that the list of qualified vendors to receive a RFS be a combination of selection by the client and a rotational method to add other vendors that might not otherwise have the opportunity to be considered.

We strongly advocate greater transparency and consistency in the process by which services are acquired, from distribution of the request to debriefing of unsuccessful proponents (good examples from the municipal level and within the OPS are noted in our submission).

Other specific comments are provided in response to the questions in the MGS discussion paper.



Responses to Questions on Qualification Methodology and VOR Arrangement Refresh:

1. Ontario proposes to qualify consulting services vendors on an annual basis. Is this too frequent or not frequent enough? In your response, please refer to any experience in other jurisdictions where you do business.

CMC-Ontario proposes that the opportunity to qualify for consulting services VOR arrangements should be continuous rather than annually, as new entrants are able to demonstrate their qualifications. Such continuous opportunity should be available both to new vendors and to approved vendors that want to add to the streams, service categories and/or roles they qualify for.

An annual opportunity would be appropriate for vendors to submit revised rates. An annual solicitation also would be appropriate for MGS to invite vendors to qualify for newly-created service categories or (for task-based / resource-based services) new roles.

2. Should Ontario consider industry-based standards as qualification standards (i.e., association membership, code of ethics, oaths)?

CMC-Ontario proposes that the internationally-recognized CMC designation be acknowledged as a desirable criterion and as one of the qualification standards for management consulting assignments (as is the case for the current General Management Consulting Services VOR arrangement). This recognition would apply specifically for “management consulting” assignments in any of the three streams but of course consultants with the CMC designation may also be proposed for other types of assignments. Management consulting assignments typically involve review, assessment and recommendations.

All CMC-Ontario (and CMC-Canada) members – including those who have not yet achieved the CMC designation - must adhere to our Uniform Code of Professional Conduct. Our complaint, investigation and disciplinary processes provide assurance to the government, clients and the public that these standards and ethical expectations are upheld.

3. Ontario relies largely on references to assess vendors’ past performance. Are there other criteria you would recommend to assess performance?

Vendor qualification in a service category should be based on the vendor’s demonstrated ability to provide service in the category. Project profiles for reference assignments should provide the foundation for this, and would include such information as type of project, project complexity and nature/size of client.



While obtaining client endorsement of project profiles may be somewhat onerous both for previous clients and for qualifying vendors, it is a good due diligence practice and gives credibility to the qualification. CMC-Ontario recommends that project profiles (and associated references) would be applicable for all categories (and roles for task-based work) that are justified by the project profile. This would reduce the impact on previous clients.

We also recommend that relevant experience up to five years previously should be accepted in first stage procurement rather than only two or three years. For management consulting services at least, experience within the past five years remains relevant. Clients have the option of requesting more recent experience in second stage procurements.

Vendor evaluation could also be a factor in assessing vendors' past performance, provided that a reasonable and defensible vendor evaluation scheme can be established (refer to our comments in the later section on this subject).

4. Do you consider the proposed graduated scale concept for fixed price deliverables to be a reasonable process?

CMC-Ontario recommends against the "graduated scale concept" as described on p. 14 of the MGS discussion paper

We suggest instead that in second stage procurements, requests for service for larger more complex assignments would require evidence of relevant experience and vendor submissions would be assessed by clients on the basis of the documented relevant experience.

a. If so, please share any benefits and risks you think are associated with this model.

The primary risk of the graduated scale concept is that it introduces added complexity and barriers to entry into already complex VOR arrangements. In our view, the graduated scale concept would be unnecessarily restrictive for management consulting services and not supportive of the government's Open Ontario plan.

b. If not, can you propose an alternative model that acknowledges vendor performance in awarding contracts?

Vendor capacity and performance are indicated through project profiles that qualify the vendors for specified categories and types of engagements and that can be rated as part of applicable second stage procurements.



c. In the event Ontario adopts the graduated scale model, are there other criteria Ontario should consider in graduating a vendor to the next level?

See above.

5. Do you think that the proposed qualification (and re-qualification) model will streamline the process to qualify for an Ontario consulting services VOR Arrangement?

CMC-Ontario strongly supports the proposed qualification model as outlined in the MGS discussion paper (pp. 14-15), with the added recommendation that the qualification process should be continuous. If MGS introduces new service categories or roles, we agree that an annual solicitation would be appropriate for vendors to qualify for such additional services and roles.

With respect to re-qualification, we endorse the MGS proposal that “vendors with VOR status may only be required to attest their status remains in-line with the mandatory requirements of the solicitation.” We understand and accept that the government would undertake due diligence to verify vendors’ attestation where appropriate.

a. If so, are there other improvements to the qualification process that Ontario should consider?

As noted earlier, CMC-Ontario recommends that the vendor qualification process within an established VOR arrangement should be continuous rather than annual. This would provide easier and faster entry for new vendors and expansion of qualifications for approved vendors. It also would result in a lower-level ongoing review process in MGS rather than an annual peak workload.

b. If not, do you have an alternative approach Ontario should consider?

No.

6. Do you have any other concerns, issues or recommendations regarding VOR Arrangement replacement and qualification methodology?

The MGS discussion paper includes a short description of the Second Stage Selection Process (p. 15), including the proposal to introduce ‘smart consumption’ tools to assist buyers in the second stage selection process. CMC-Ontario agrees that such tools could be helpful to clients and fair to vendors for task-based resources where efficient and straight-forward processes are essential. It would be desirable to have an on-line process for task-based assignments, with proposals limited to work plans



and price, with resumes of the proposed resources to substantiate their qualifications. This enables clients to initiate work much more quickly than through the current Ontario VOR process. Consistent use of categories and roles is vital in order to provide clarity to clients in what they are buying and an open, fair and competitive environment for vendors.

However, we are concerned about the validity of smart consumption tools for consulting project work where more complex resourcing is required. CMC-Ontario recommends that smart consumption tools for such projects be deferred at this time. We strongly endorse the automation of other aspects of second stage procurement including:

- Issuing requests for services and addenda electronically;
- Providing an electronic process for vendor submissions;
- Posting a list of vendors that received an RFS and of vendors that make a submission;
- Posting notification on the outcome;
- Obtaining internal approvals for contract award;
- Security clearances; and
- Providing an electronic means for unsuccessful vendors to request a vendor debriefing.

CMC-Ontario strongly advocates greater transparency and consistency in the process by which services are acquired, from distribution of the request to debriefing of unsuccessful proponents. According to a recent study by a CMC member, many large municipalities in Ontario provide significant procurement process transparency including:

- Posting requests electronically on their own website as well as other procurement sites;
- Posting names of bidders;
- Posting the dollar value of bids (primarily in construction);
- Posting the winning vendor and bid.

Within the Ontario government, the Ministry of Transportation provides significant transparency on its RAQS website for engineering/planning and construction vendors, including the list of approved vendors by category/specialty, posted Expression of Interest Opportunities and posted Request of Quotation Opportunities and an ongoing listing of construction contracts awarded, including vendors that took the bid documents, vendors that submitted bids (and the amount of their bids) and the winning bidder.



It is also critical for effective second stage procurement that buyers in ministries and agencies have the knowledge, skills and abilities to administer and manage the procurement process and contract management.



Pricing Models

General Comments

We appreciate the Ontario government's needs to demonstrate value for money and we support this objective as long as it is balanced against fairness to vendors.

As discussed earlier CMC-Ontario is concerned that the two engagement models presented in the MGS discussion paper do not appropriately reflect the full range of management consulting requirements we have experienced from our clients. Task-based (resource-based) models are appropriately used essentially to augment or create staff-like resources when the standard type of work can be readily specified. Fixed-price deliverables are appropriately used when there are limited risks to achieving the deliverables since the situation should be largely understood and therefore the costing of the deliverables should be possible to specify. However, there is an intermediate category that often occurs in such situations as negotiations of agreements or start-ups of new programs where an enhancement of strategic and other senior level skills is required to design the project in progress. In these situations, it is not appropriate to qualify using pricing akin to task-based per diems since the work is not standardized, nor is it sensible to require fixed price deliverables since there are too many unknowns.

Traditionally, most such projects have been undertaken outside of VOR arrangements on an invitational or limited competition basis. Specific skills sets would be sought and ceiling pricing established for a phase. The work done would often be high level plans and steering of activity under tight time limits with ongoing work appropriately contracted. Given the new rules, it is suggested that the new VOR arrangements either incorporate provision for such arrangements as a separate foundational/integrative stream (CMC-Ontario's recommendation) or, alternatively, that provision be made in the consulting rules to allow these arrangements to take place outside VOR arrangements.

Pricing for the Resource-Based Stream would be for roles within Service Categories. Vendors would provide pricing annually for each Service Category and Role combination they have qualified for. The median rate for each role by Service Category would be used to identify an acceptable range (e.g. 90th percentile). Vendors would submit resources and rates in response to a client's request for resources.

Pricing for the Fixed-Price Deliverable Stream would not be established until the Second Stage Procurement as part of qualified Vendors' responses to a specific RFS.

Pricing for the Foundational/Integrative Stream would be simplified to provide for maximum rates for each qualified vendor for each Service Category. Roles would not be used in this Stream.



Responses to Questions to Vendors on Pricing Models:

1. For the proposed task-based pricing models:

a. From your perspective what are the benefits and risks of the pricing options presented?

CMC-Ontario's position on task-based pricing must take into account whether there is the right range of consulting models, the appropriate number of levels and the fairness and utility of the approach to first stage evaluation. In general terms, we support the starting point of per diems for different types of roles, provided the role can really be defined in terms of standard activities. Otherwise, the pricing inherent in either model may not be fair compensation for the true skill set requirements and may discourage consulting firms from supplying individuals with the skills really required for the tasks. With a lower than optimal skill set, there is an obvious risk that the work may be done more slowly or not successfully. In our experience, the more the role requires strategic and high level leadership skills, the more it is difficult to achieve banded standardized per diems and for that reason we are proposing a third model.

Of the two options in the MGS discussion paper, the second option would appear preferable if these issues can be resolved. Having gone through all of the work to respond to the first stage, there would not seem to be a point to have the proponent guess as to a revised pricing approach if what is required has already been clearly established and it would not be in the client's interest to have a qualified proponent disqualified due to this information gap.

b. What implications do you think these pricing options would have for service provision (e.g. quality of service, experience level of consultants)?

If the role is clearly defined, the criteria developed well and the evaluation of qualifications carried out properly, it should be possible to obtain consultants with the appropriate qualifications. To the extent that there are deficiencies with any of these the bar for the role could be set too low and therefore, less than appropriately qualified consultants are supplied. Further, if the band is too narrow, over time for tasks in high demand, firms may switch their resources to other clients who are prepared to pay more.

c. What implications do you think these pricing options would have for the cost of services?

Again, it depends on how well the roles can be defined and assessed. To the extent this can be done well, competition will hold down the costs of services. However, where roles cannot be



well defined and assessed, the risk is underqualified consultants will be supplied requiring more time and effort, and therefore higher costs to complete the task.

d. Is there an alternative pricing model for task-based consulting services that you would recommend and if so, why?

Our suggestions were outlined earlier in the submission.

2. For the proposed fixed price deliverables pricing models

a. From your perspective what are the benefits and risks of the pricing model presented?

In general, CMC-Ontario would support this pricing model with some important caveats. We would consider the proposed first stage approach focusing only on mandatory requirements and qualifications to be an important improvement over the current method, provided there is not the duplication that now often occurs with the second stage. However, we would hope that there would be consultation as to the service categories to be used and the criteria for assessing experience. We have found that clients often do not use the VOR arrangement that one might expect for service they are seeking. Further with respect to experience, would the assessment for rating purposes be based on the vendor's track record in Ontario, the experience of the principal or senior partners?

With respect to the second stage, the ability to have a good process depends on a number of factors:

- Is the client in a position to clearly state the deliverables? Not all clients are sufficiently experienced in procurement to do so and not all projects lend themselves to a clear definition. Responses require considerable time and effort from vendors and it is not uncommon to see RFSs cancelled after submissions have taken place when clients rethink the scope and deliverables.
- Has significant work already taken place that relates to the content of the Request for Service? If so, is the content transparent to the vendors who wish to bid? We have often found that the services being sought relate to earlier project phases and yet only the most cursory summary of such phases may be available, making it extremely difficult for proponents other than a firm who had been involved earlier to evaluate what is really required. It is understood that sometimes there are confidentiality requirements; however, perhaps a mandatory requirement in the first stage would be to agree to hold such information confidential or a specific confidentiality waiver could be submitted.



- Are the risks foreseeable and manageable? Realistically, they can never completely be so and therefore, to be fair to vendors – and to clients seeking to obtain quality work – a manageable change order process is essential. Vendors who find themselves having to eat their costs due to unforeseeable circumstances are likely to seek to build in higher risk premiums in subsequent assignments or to seek other markets. In recent circumstances, legitimate change orders require such high level sign-offs that clients are very reluctant to take them forward.
- Does the client have the capacity to appropriately assess all the submissions and provide appropriate debriefing? The risks are that the process becomes overly burdensome for the client and that vendors not selected cannot obtain an understanding of how their submission was deficient and therefore appreciate that the process was well conducted.

b. What implications do you think this pricing model would have for service provision?

We would expect it could encourage current vendors to re-qualify and additional vendors to qualify but it depends on how service categories and experience are defined.

c. What implications do you think this pricing model would have for the cost of services?

Where projects can be clearly defined, the services are readily available in the category and a change order process is available for unforeseeable circumstances, it should lead to competitive pricing. However, if vendors continue to experience significant issues, risk premiums will end up being incorporated by the better qualified vendors.

d. Is there an alternative structure pricing model for fixed price deliverables that you would recommend and if so, why?

As noted earlier, CMC-Ontario recommends that a third stream (engagement type) be added for foundational/integrative projects and that the pricing model should be similar to the current VORs (i.e. per diems X level of effort up to a price ceiling). Rather than diverse roles, this stream would employ maximum rates for each vendor for each category the vendor qualifies for.



3. During second stage selection, ministries invite vendors to bid on specific opportunities at their sole discretion. What would you recommend as a method of distribution of second stage opportunities to vendors (i.e. random selection, rotational, etc.)?

In CMC-Ontario's view, there needs to be a balance between providing firms that have done excellent related work for the client with additional opportunities while allowing other firms access. Firms experienced with the client have less of a start-up requirement while new firms in order to gain entry may be prepared to undertake some of this at their own cost.

Our first preference is to include all qualified vendors for the relevant engagement type and category (and roles for task-based assignments). Clients should specify selection criteria in the RFSs and vendors without relevant experience can choose not to bid. If it is necessary to restrict the number of vendors included in an RFS (i.e. below a threshold value as suggested in the MGS discussion paper), perhaps the balance might be best achieved by allowing the client to specify up to three approved vendors and then having the appropriate number of additional vendors assigned by rotation. That way, over time, all qualified vendors should have access to opportunities that may not occur by random selection.

Two important caveats:

- First, the client must be transparent, making materials available in the procurement process so as not to unfairly advantage a vendor that did prior work.
- Second, the second stage process must be seen to be fair, including proper debriefs to unsuccessful vendors.

4. Do you have any other concerns, issues or recommendations regarding pricing models for task-based or fixed price deliverables consulting services VOR arrangements?

CMC-Ontario supports a two-state competition process within the VOR structure. However, price should not be a disqualifier in Stage One. That is, vendors should not be disqualified in Stage One simply because the rate proposed for a role is higher than the government is prepared to accept. Consistent with the policy of openness in procurement, all vendors who are registered and qualified in a service category should have the opportunity to bid in second stage procurements at rates (or within rate ranges) that the government establishes for a role or level.



Vendor Measurement, Feedback and Evaluation

General Comments

The Discussion Paper outlines the government’s proposal to “develop a system to actively measure, evaluate and improve the performance of vendors on consulting services VOR arrangements.” Certified Management Consultants (CMCs) expect to be evaluated on, and held accountable for, the impact and results of their work. CMC-Ontario supports the concept of vendor evaluation in principle, provided that it can be designed in a way that is consistent, transparent, equitable and reasonable.

CMC-Ontario recognizes that effective performance measurement is a critical underpinning of continuous self-improvement. We also recognize that high quality and consistent data is a necessary foundation for data to be reliable and trustworthy, when used as a performance measurement tool. The goals of performance measurement also must be spelled out, in that they influence the design. Will this be used exclusively by Ministries to make local improvements in their techniques? Will this system be used Government-wide at time of selecting vendors to bid on RFSs? Will it be used to support action against vendors? Different answers lead to different design elements. For example, in some scenarios a dispute resolution mechanism may be essential, and its absence may undermine any use of the system.

We also recognize that outcomes of consulting contracts are highly dependent upon effective selection in an open and transparent marketplace. In the absence of transparent markets, the ability to procure well simply cannot be demonstrated, and measured consulting contract performance may not in fact correlate to any of the assumed reporting elements.

Accordingly, it is CMC-Ontario’s position that prior to implementing performance measurement, a number of principles must be better-entrenched in the core procurement activities to ensure transparency and consistency in the process by which services are acquired, from distribution of the request to debriefing of unsuccessful proponents. These include:

- Reasonable time periods to respond to RFSs;
- Indication at RFS time if any of the invited bidders has special knowledge of the situation being bid;
- Adherence to published timeframes for the procurement;
- Effective and open debriefings for all unsuccessful bidders who request one.

We are concerned that consulting service performance measurement is unlikely to be effective as a management tool unless such practices are in place and adhered to.



It is essential in a transparent and reasonable vendor evaluation process that vendors have access to evaluations provided by clients and have an opportunity to challenge evaluations that they regard as unreasonable.

We favour a periodic survey of client satisfaction with vendors rather than relying solely on post-assignment evaluations by clients.

Our members have substantial experience with measuring consulting engagement performance. We are prepared to work with MGS to help implement a vendor evaluation and measurement process that is of value to clients and that is transparent, reasonable and with remedies for consultants who feel their work has not been evaluated correctly.

Responses to Questions to Vendors on Vendor Measurement and Evaluation:

1. For the proposed performance measurement, feedback and evaluation system:

a. From your perspective what are the benefits and risks of a performance measurement, feedback and evaluation system?

The benefits include an opportunity through project closure or assignment closure to provide an assessment directly to the consulting team. Measuring performance needs to be both qualitative (effective communications) and quantitative (project completion on time within budget at standard required by client)

Refer to the introductory comments above for elaboration on risks in designing and implementing such a system. In addition, three risks seem prominent:

- that the system could become an onerous, bureaucratic process for buyers and that they not give it the necessary attention – rendering the data incomplete and unreliable;
- that vendors may be held accountable for measures which were not under their control, affected by such items as quality of data, information, timeline, access to key resources, and others;
- without an even application (i.e. used after every assignment), there is a risk that the system may become a “complaint” system, where-in only negative outcomes are filed, and may begin to unduly distort the benefits of measurement, feedback and evaluation.



b. What implications do you think a performance measurement, feedback and evaluation system would have for service provision?

Refer to the General Comments above.

c. Do you currently deal with customers that use vendor performance metrics?

Many of our firms deal with clients that have vendor evaluation systems and use performance metrics. In principle, a key learning is that these systems work best when they are simple to implement.

d. If so, what types of metrics are used and how are they communicated?

In general, the best performance metrics and the measurement approach tend to be built into the contracts. Typical types of metrics include:

- Risk, and issue management and escalation processes (e.g., number of issues escalated to program management or project sponsor);
- Talent management (e.g., availability of agreed resources);
- Contract terms, i.e., adherence to contract terms and conditions;
- Schedule, i.e., performance in meeting deadlines;
- Quality, i.e., performance against standards; and
- Cost (e.g., actual cost versus budget, cost of vendor caused change orders).

2. What type of dispute resolution processes have you found fair balanced and practical?

Informal resolution during the assignment is best done between client and principals of the vendor firm, initially at the team level, and if necessary, escalated to more senior levels of the client and vendor organization. This highlights our belief, outlined above, that issues must be identified and communicated during the assignment. If that is not satisfactory, then resolution of disputes would be through agreed-to mediation, followed by arbitration.

3. With regards to improving vendor performance:

a. What are your recommendations for dealing with poor performing vendors?

Poor performance should be dealt with in accordance with the terms of the applicable contract.



b. Have you encountered contracts with corrective measures (e.g. suspension or debarment)?

No. More typical remedies include replacement of resources, “make-good” clauses, or ultimately contract termination remedies.

c. If so, please describe the corrective measure process.

Effective selection and project management/administration along with the capacity to correct poor performance up to and including legal action need to be present in buying organizations.

4. Do you have any other concerns, issues or recommendations regarding vendor management, feedback and evaluation?

Performance evaluation must be done consistently in order to be effective.

Vendors should have visibility into performance metrics, and have an opportunity to address any perceived poor performance. Ideally, vendors should have input into the determination of performance metrics, and obtain mutual agreement to the terms and conditions prior to the start of an engagement.

Evaluation criteria should be properly weighted to align with the client’s operational strategies. Criteria should also be reviewed and refreshed periodically.

Performance management should be supported by technology in order to be effective and efficient. Manual processes are onerous, error prone, and can lead to inappropriate decisions

A final key factor that is not addressed in the MGS discussion paper is the need for robust ongoing corporate support for buyers across the OPS, agencies and eligible BPS entities. Without such support, the quality of Requests for Services, contract management and vendor evaluation cannot be expected to improve to consistently high levels.