

Delivering value from consultancy

A guide for public sector clients and suppliers



The aim of this guidance is to support both clients and suppliers in ensuring delivery of value from public sector consultancy assignments. Provision of high quality consultancy services is a key element in achieving the ambitious public sector agenda, as well as preparing for future improvements and innovation. However, the nature of consultancy services creates specific challenges for procurement, engagement and measuring delivery.

This guidance has been jointly developed by the public and private sectors working together through the Professional Services Forum to address such challenges through better behaviours, practices, and understanding.

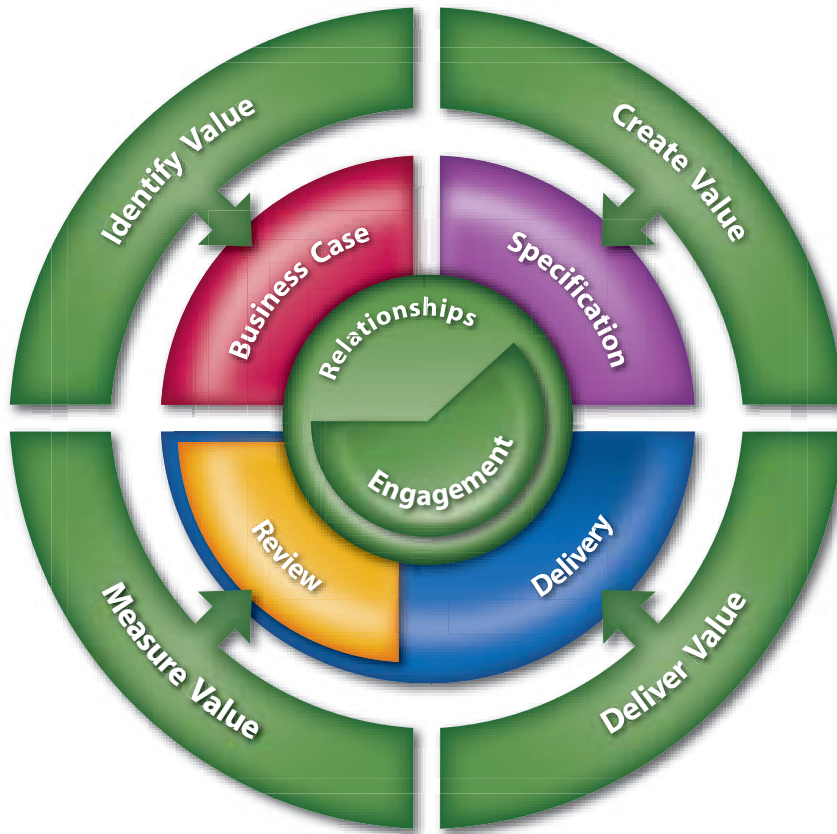
This approach recognises that a successful outcome requires effective clients as well as effective suppliers, and the need for a sense of shared responsibility for delivering value. It is intended that this document should be adopted as a key reference point for both parties when embarking on an assignment, and that a clear commitment is made to abide by its principles. We intend that consistent and effective use of these principles should have a positive impact on every stage of the consultancy assignment from business case to review and delivery.



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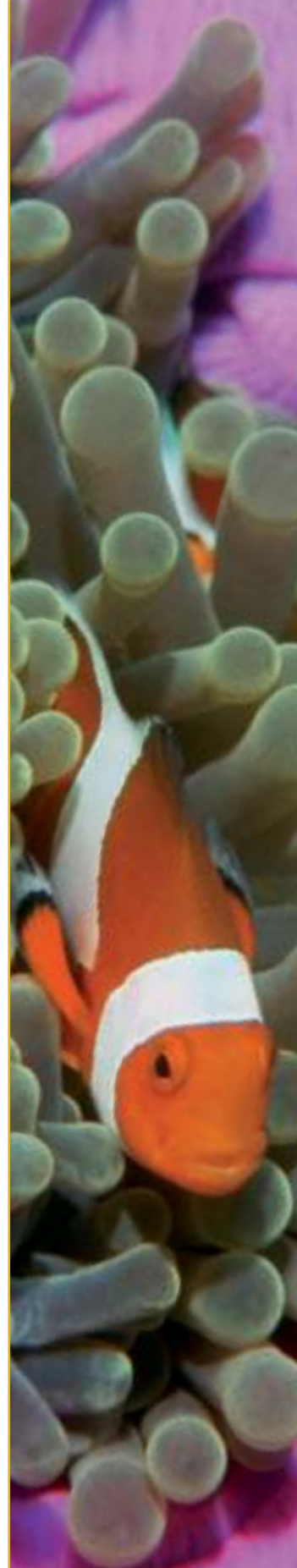
The public sector and consultancy industry commit to the application and development of best practice principles in their approach to engaging with each other in the procurement and management of consultancy requirements and relationships.

Purpose

The purpose of this guide is to provide a summary of best practice principles relating to engagement between clients and suppliers of consultancy, and to act as a framework under which further and future recommendations can be collated. The need for this guidance was identified by the Professional Services Forum, to update a previous document and to reflect the

output from the forum itself. Both clients and suppliers were involved in the development, to ensure that both perspectives were represented and reflected in the result.

The guidance is intended to be practical, and both clients and suppliers are expected to consider how they can demonstrate adoption of the principles within it. This may involve inclusion of the principles in tender and proposal documents as the basis of engagement, a statement of commitment in publications or literature, an ongoing and active participation in disseminating within your own organisations, and provision of recommendations and feedback to the Office of Government Commerce (OGC) and Management Consultancies Association (MCA) for further improvement.



It is recognised that much guidance already exists to support procurement, engagement and project management. This document will not replace but complement existing good practice. It has also attempted to look at the specific nature and challenges of consultancy assignments and draw out recommendations accordingly. Where guidance already exists on a subject, this has not been repeated here. Instead, references have been made and links provided to the relevant information. This is intended to remain as a high level framework under which new ideas and opportunities for better engagement and value realisation can be added, as and when available.

How to use this guide

This guidance is not intended to be an end-to-end manual for the procurement and delivery of a consultancy assignment. Rather, it is an overview of the key elements of an assignment, and the aspects to consider for each. Many issues recur throughout the procurement and engagement stages, so this document has not been arranged to a strict lifecycle process – each section can and should be used at any time. The business case and specification sections should be considered as early as possible in an assignment, but there is also value in revisiting these areas once progress has been made. Similarly, early consideration of the relationship and engagement aspects of an assignment will also ensure that the right foundations are in place for effective working and collaboration.

Why use this guidance?

This guidance has been designed to help identify good practices and behaviour that will support value delivery in consultancy assignments by ensuring the following key success factors are in place:

- a common set of principles for both parties to act as a point of reference throughout the assignment

- clear communication and understanding of expectations and capabilities
- positive and productive relationships
- consistency in approach
- recognition of the importance of knowledge transfer and post assignment review
- a baseline for ongoing review and improvement.

Definition of professional services

One initial objective of the Professional Services Forum was to agree a public sector definition of professional services to help drive consistency in reporting and understanding across departments.

The following model was developed by a group of public and private sector members to illustrate the scope of consultancy within the wider professional services sector and its distinction from managed or interim service provision.

For the purposes of this model, professional services includes general business and management, human resources, information technology, legal, property and financial services.

Consultancy	Managed services
Advice	Steady state (interim/staff substitution)
Design and Development	
Implementation	Outsourcing

Consultancy assignments are time limited or ad hoc, and do not form part of ‘business as usual’ operations.

Managed services involve the delivery of ongoing requirements, generally where a public servant would perform the role, if available.

When considering any assignment, it is essential that a **business case** for the engagement of consultancy resource be developed to ensure that sound decisions are made, and to establish a solid base on which the specification, engagement, process and delivery can be delivered and assessed.

Rationale

This business case should clearly set out the rationale for the decision to use external sources, including the alternatives considered and the reason for their rejection. This rationale should also provide an overview of the wider context of this engagement, and demonstrate how it supports overall delivery of departmental objectives.

Point of reference

A good business case will act as an ongoing point of reference for both suppliers and clients throughout the implementation of the procurement and subsequent engagement. Any changes to scope, expectation or delivery should be validated and recorded against the original case.

Expectations, deliverables and benefits

The business case should identify in what capacity external resources are being engaged, and clearly state the outcome in terms of expectations, deliverables and benefits of the engagement. It is essential for both suppliers and clients to understand how supplier input relates to overall delivery, to ensure that the approach is capable of delivering the outcome. Where appropriate, the expectation for *knowledge transfer* should

be included in the business case and suppliers should recognise the need to address this in their proposals.

Measurement

Effective ongoing measurement is key to successful delivery and benefits realisation. The business case will establish what that success will look like, the supplier's responsibility for delivering the outcome, and a timeframe for that delivery. An understanding of what is to be achieved (and when), will provide a framework for both ongoing and post project performance review.

Balance of responsibilities

The business case should consider the balance of responsibilities between client and supplier, and how effective engagement between the two parties will be ensured. Emphasis should be made regarding the need to *build a single team* of client and supplier representatives, with shared accountability and interest in a successful outcome.

Early consideration of risk

Early consideration of risk should form part of the business case and should take into account the potential impact of the proposal on delivery at both the individual project and wider programme level. Risk assessment should also inform initial decision-making as to approach, process and realistic benefit delivery.

Review and approval

All business cases must be subject to review and approval prior to implementation. Effective review at an appropriate authority level will ensure the correct decisions are made, and will establish the necessary commitment and governance for ongoing implementation.





In drawing up a **specification** for a service, the client should think in terms of whole life requirement and, in particular, how quality and performance can be measured over the life of the service, to ensure successful delivery and continuous improvement.

Type of specification

The type of specification may depend on the nature of what is to be provided by the supplier and the lifecycle stage at which the professional service is required. Specifications should generally be output based and clearly demonstrate how they support delivery of the business case outcomes. This does not preclude prescriptive input specifications, as long as the client is confident that this will generate the required output or outcome.

Developing the specification

Developing an appropriate and effective specification is key to ensuring successful delivery and value.

Where the specification has been developed by the client, the supplier should offer, and the client should welcome, constructive challenge and innovation, whenever this offers the best prospect of an improved solution.

When to challenge

Constructively challenge if:

- the specification is unrealistic, has gaps or inconsistencies
- client expectations are unreasonable
- there is a better way of meeting the requirement
- a change would reduce cost, risk or timescale
- the management arrangements could be improved.

Where the specification cannot be adequately or easily defined, or where there are opportunities for added value from wider consultation, clients should consider alternative approaches to developing the requirement. These may include early supplier engagement, information sharing with other departments, or broader industry engagement. If invited to be involved in specification development, suppliers are expected to be open in the level of support they can provide and sensitive to the boundaries of direct client engagement in this context.

Evaluating performance and delivery

A process for evaluating performance and delivery needs to be considered as part of the specification development. Measures must be clear and should demonstrate their relevance to delivering outcomes. Where appropriate, the requirement for knowledge transfer should be explicit and suppliers should include the means to deliver this in their proposals.

Flexibility

Clients should keep in mind that a specification will eventually become part of a contract, and at that time cannot be readily changed without cost, time or quality penalty. Clients should build in controlled flexibility to the specification and/or contract to allow for expected changes in the future. This should be addressed through the use of a formal change control mechanism.

Both parties should foster a culture of understanding, collaboration and flexibility in **working together**.

Professional standards

Both parties should be mindful of the need to observe the highest professional standards by observing all relevant UK domestic policies and regulations, and EU and wider international obligations.

Cost of engagement

Costs of engagement should be minimised by selecting only an appropriate number of well-qualified candidates, ensuring that all relevant information is supplied in a timely manner and an appropriate degree of detail, and respecting each party's intellectual property.

Chance of success

The likelihood of a successful assignment can be maximised by ensuring that proposals and responses are complete and in the format requested. Where there are gaps, uncertainties or risks in either invitation or response, these should be highlighted in an open and honest manner. Clear evaluation criteria should be used that demonstrate how supplier capability and value for money is being assessed.

Decision making

When conducting an assignment, both parties will maximise the chances of success by ensuring that the decision makers roles and allocation of responsibilities are clear.

Qualified and experienced staff

Both parties should ensure that appropriately qualified and experienced staff are brought to bear on the assignment. Clients should be aware that more skilled, experienced and senior staff will carry higher opportunity and cash costs,

and this needs to be considered in defining and agreeing team composition.

Monitoring, reporting and reviewing progress

Monitoring, reporting and reviewing progress, deliverables and benefits at frequent intervals is essential to ensure that lessons are learned and acted upon as early as possible, in the course of an assignment. Where corrective action is needed, this should be undertaken as a joint responsibility.

Managing risk and change

Risk management and change management processes need to be jointly agreed and should link to the client's contract variation procedures.

Skills and knowledge transfer

Both parties should focus on maximising skills and knowledge transfer in both directions as appropriate, and widening the scope of such transfer beyond the limits of the particular assignment. Performance measures and the assessment of delivery should cover the transfer of skills and knowledge, where appropriate.





Proactive **relationship** development and management will enable a better understanding of supplier and client needs and capabilities, which underpin the delivery of value.

Purpose of the relationship

The need to establish a relationship should be considered not only at the assignment stage, but also, where appropriate, as an ongoing part of a wider market engagement strategy. Effective relationships can improve understanding on both sides of the different cultures, needs, trends and innovations of the consulting marketplace. This should be used to inform the approach to both requirement generation and tender proposal, to ensure successful alignment. Customers need to consider how and with whom these relationships should be developed, based on their requirement and resource profile, and suppliers need to recognise and respect the parameters within which they can operate.

Type of relationship

The type of relationship will reflect the risks, resources to be invested, and benefits for both parties. The objectives of the relationship should be clearly understood, and the level of engagement between supplier and client should reflect the most appropriate means, authority and responsibility to deliver those aims. Both parties need to understand the value of establishing an appropriate relationship.

Communication

Clients and suppliers should use open and honest communication throughout the relationship. Better sharing of information from both parties will enable them to understand capabilities and meet requirements. The relationship channel should be the prime means of engagement to identify opportunities and resolve problems. Where there

are real obstacles and limitations to opening communication, procedures should be jointly established to overcome them.

Relationship management

Individual roles and responsibilities regarding the management of the relationship must be clear and reviewed as appropriate. Both parties need to understand the levels of authority and governance that exist within the relationship, and how this will affect decision making and issue resolution, as well as day-to-day engagement. Issues should be raised as soon as possible, at the level needed for resolution. Where escalation is required, this should be conducted in an open manner.

Relationship review

Regular joint review of the relationship will keep it relevant and appropriate to the objectives. Evaluation arrangements should be agreed, and be open and constructive, particularly focused towards effective transfer of knowledge and opportunities to increase delivery of value in the future.



Successful delivery of consultancy assignments depends on both supplier and client performance, on the consistent application of good practice principles, and on a 'one team' approach to responsibility for achieving the desired outcome. By applying the good practices in this guidance, the following elements should have been considered.

Common understanding

Both parties should share a common understanding of the rationale for external assistance, the expectations from the assignment and the timing of delivery. This should be clearly defined in the initial business case and any changes should be validated and documented accordingly.

Resources

Clients and suppliers should agree on the deployment of professional staff with skills and experience appropriate to their role in the assignment. Where possible, attributes relating to professional competence and skills will be specified by reference to a recognised independent framework.

Roles and responsibilities

Roles and responsibilities should be confirmed at the outset and should be clear, appropriate and meaningful. A robust and effective governance structure should be established at the start to ensure that within both supplier and client organisations the process for issue resolution, change management and decision-making is transparent, efficient and aligned to achieving the desired outcome.

Risk management

Risk management should be considered both at the start and throughout the engagement.

Numerous risk planning tools and approaches exist; suppliers and clients need to agree how these risks will be identified and managed, and ensure that the approach remains appropriate.

Knowledge and skills transfer

Both parties must recognise the need for knowledge and skills transfer during an assignment and should ensure that a process for the realisation and review of this transfer is agreed. The benefit for both clients and suppliers of an increase in expertise and reduced need for repetitive assignments is that future engagements can focus on the delivery of more innovative and high value outcomes.

Performance measurement and management

Performance measurement and management should be mutual and conducted throughout the relationship. The objective should be to identify and realise opportunities for improvement, and not to assign responsibility for failure of performance or delivery. Key stages in delivery should be identified as appropriate points for performance to be monitored and reviewed.

Post assignment reviews must be carried out at the end of each consultancy assignment to ensure that the value and benefit expected from the project itself and the engagement of external resources have been achieved.

Success of delivery should be measured against the requirements as documented in the business case and specification and include confirmation, or otherwise, of whether the decision to use external assistance was borne out. Where gaps in delivery are identified, reasons should be documented and action taken to prevent them recurring. It is imperative that both suppliers and clients participate in post assignment reviews to recognise the shared responsibility for delivery of value and implementation of lessons learned.



Business case

- General guidance on developing a business case is available via the OGC Successful Delivery Toolkit
- Specific guidance on understanding the value that consultants bring has been developed by the PSF.

Specification

- General guidance on developing a specification is available via the OGC Successful Delivery Toolkit.

Engagement

- Comprehensive risk management guidance is available via the OGC Successful Delivery Toolkit
- OGC's *Early market engagement* and *Making sense of market choices* documents provide guidance on the value and approach for engaging with suppliers.

Relationships

- OGC Government Procurement Code of Good Practice
- IT Supplier Code of Good Practice.

Successful delivery

- General guidance on performance management and post implementation review (PIR) is available via the OGC Successful Delivery Toolkit

The OGC Successful Delivery Toolkit, Professional Services Forum webpage, and all other guidance is available through the OGC website – www.ogc.gov.uk

About the Professional Services Forum

The Professional Services Forum (PSF) was established in May 2004, in collaboration with the Management Consultancies Association (MCA) and the Institute of Management Consultancy (IMC). It recognises the need to improve the procurement and delivery of professional services to the public sector, and for industry and the public sector to work together to improve the client/supplier relationship.

The Forum is chaired jointly by John Oughton (CEO, OGC) and Peter Hill (CEO, MCA), and attended by representatives from industry and the public sector. Several sub-groups have also been established to review specific areas of the client/supplier relationship, and to identify opportunities for improvement.

Forum meetings are held twice a year to share information, discuss emerging issues, and review output from the sub-groups.

Updates and additions to guidance information will be available on the OGC website via the PSF area.

Departments should also be aware of any internal guidance on the procurement and engagement of professional services.

IMC: www.imc.co.uk (Institute of Management Consultants - professional body)

MCA: www.mca.org.uk (Management Consultancies Association – industry body)

Acknowledgements

The following public sector departments and professional services suppliers have participated in the development of this guidance, and in the wider Professional Services Forum activity, and their contributions are gratefully acknowledged.

- Department for Constitutional Affairs
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- Department for International Development
- Department for Transport
- Department of Trade and Industry
- Department for Work and Pensions
- HM Revenue and Customs
- Home Office
- IDeA
- Ministry of Defence
- National Audit Office
- NHS PASA
- Office of the Deputy Prime Minister – now Department for Communities and Local Government
- Office of Government Commerce
- OGCbuying.solutions
- Capgemini
- Deloitte
- Ernst & Young
- Hay Group
- Hedra
- IBM
- Institute of Management Consultancy (IMC)
- KPMG
- LCP Consulting
- Management Consultancies Association (MCA)
- Mouchel Parkman
- PA Consulting
- Peter Hyde Consulting
- PricewaterhouseCoopers
- Robson Rhodes
- Tribal Group
- University of Warwick

MCA - Management Consultancies Association

The MCA was formed in 1956 to represent the consultancy industry to its clients, the media and government. Management consultancy is an increasingly important industry for the UK economy with revenues for 2005 estimated at just over £11.9bn.

The MCA's principal objective is to maintain high standards within the UK management consultancy sector by ensuring that member firms meet stringent entry criteria and adhere to a Code of Professional Conduct. To ensure these high standards are maintained, all member firms are audited periodically. As well as setting and maintaining standards in the industry, the MCA supports its member firms with a range of services including events, publications, interest groups and public relations. The Association also works with its members to attract the top talent into the industry. The MCA provides advice on the selection and use of management consultants and is the main source of data on the UK market.

IMC - Institute of Management Consultancy

IMC is the professional body for management consultancy and as such it sets maintains and raises the standards of professionalism and competence in consultancy. IMC provides a range of opportunities for members to interact including events and networking opportunities. It has a regional structure so that members can share experiences and support one another and it is the authority on thought leadership within consultancy. IMC is actively working with the purchasing community to encourage better ways of appointing and working with consultants and provides opportunities for its members to interact with those who purchase consultancy. They are at the forefront of international developments in consultancy through their involvement with the International Council of Management Consultancy Institutes and their award for competence, the Certified Management Consultant Award is recognised across almost 50 countries as the standard to which consultants should work. IMC are actively developing their approach to knowledge management and their range of qualifications to widen the services they offer to members both individuals and consultancy practices to help them better compete in a demanding market.





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