

**12th Annual ISM Services Conference
December 1, 2011**

Roundtable Notes

Consulting

Greatest Challenge

- After the fact
- Sold to the top tier of management in-house before procurement is involved.
- Inconsistent success with respect to rates transparency.
 - If not involved early, how validate that rates are competitive?
- Best practice – How you structure a project’s specifications will drive apples-to-apples comparisons of jobs/for projects.
- Negotiate “rate cards” for skill levels.
 - Risk – “right” level of association
 - Risk – over bid hours – temptation
 - Resolution – Look to business partner to validate level/skill sets and hours to accomplish work.
- Watch for “blinded rates.”
- Ask for transparency.
- When executive support, firm more likely to be forthcoming with information regarding their rates.
- Rate validations
 - Leverage internal HR wage information.
 - Partner vs. jr. associate, etc. to get marked up rate.
- Demand management/buying decisions
 - Use boutique/regional firm verses large firms.
 - Watching, billings at hours
 - Leverage internal audit function.
- Travel and entertainment costs in consultant
 - Good - Inline with buying company policy/rate
 - Bad - 15% of total compensation/fee
 - Travel time should not be charged
 - “Per diem” for expenses
- Well defined S.O.W. – fixed price
- Not so well defined – timeline
 - Watch for co-employment
- Engagement manager – nonbillable cost – to watch over engagement
- Markup ranges
 - Partners - \$300 - \$500/hour (not all billable)

IT and Strategy (Management) Consulting

- IT – more willing to be transparent
- Management consulting - more difficult to get transparency – mostly want blended rate regardless of skill level on engagement.
- Monthly reporting top 50 firms
 - Active project (future state, supplier performance)
 - Rates, roles – billed hours, total spends
- Consulting team – 6 procurement people
- How to change top level engagement?
 - Idea
 - Focus has been too much on “internal” relationship.
 - Alternative...build same relationship with supplier that you do with internal senior leader.
 - How to avoid “push back” – from supplier use the power of procurement’s visibility to the entire organization (influence).
 - Convince supplier that procurement is an “ally” to ensure contract is processed, payments are made timely.
 - “Sticks and Carrots”
 - Can terminate
 - Relationship
 - Based on
 - Violation of
 - Procurement
 - Policy