

A Guide on How to Select a PROJECT MANAGEMENT CONSULTANCY

A project management consultancy is a professional consulting firm with knowledge and experience in the specialized area of assisting organizations to improve their practice of project, program and/or portfolio management. The areas these firms focus on also include the supporting environment and necessary leadership that enables projects and programs to accelerate the implementation of an organizations' strategy and the achievement of business results. Throughout this document, we will use the term project management to represent all the disciplines of project, program and portfolio management as well as the supporting environment.

This guide was developed to assist organizations in the selection of an appropriate project management consulting firm for their specific needs or business objectives.

WHEN SHOULD YOU USE AN ORGANIZATIONAL PROJECT MANAGEMENT CONSULTANCY?

Organizations continue to grow in scale and scope—taking on ever more complicated projects—but they have not necessarily made the same advancement in their organization's project management practices, processes or methodologies. For example, many continue to focus on single projects to the detriment of a program or the project portfolio as a whole. Assessing your organization's current practices against industry-recognized best practices will help you identify gaps in your practice of project management where a subject matter expert or consultant could help you focus on opportunities that will drive improvements in your business performance and results.

Using a project management consultancy allows you to draw on its invaluable experience. Since consultancies work with a broad array of many organizations, they encourage organizations to explore options unknown to the organization itself and then help select the most promising option to implement.

Don't depend on consultancies to:

- **Make decisions for you** – evaluate their recommendations for what will work best for you
- **Purchase specific products** – again, evaluate their recommendations for what will work best for you
- **Provide standard services** – generally consultancies provide unique and customized solutions

THREE STEPS TO TAKE WHEN PREPARING TO USE AN ORGANIZATIONAL PROJECT MANAGEMENT CONSULTANCY

Step 1: Define what you want to do and plan for it

Step 2: Select the firm

Step 3: Negotiate terms and contract with the consultancy

Below we define each step in more detail.

Step 1

IDENTIFY YOUR GOALS AND NEEDS AND PLAN FOR MEETING THOSE NEEDS THROUGH A CONSULTANCY

Defining Goals and Needs

Before you request proposals or qualifications, or actively seek consultancies, determine your specific needs and goals.

To do so, you need to identify the short- and long-term goals of the organization and how project, program or portfolio management consultancies might assist you in attaining those corporate goals. You want to provide potential firms with as much detail as possible about your organization and its strategies and objectives so they can develop an accurate proposal.

If appropriate, you might want to consider conducting an internal assessment of your organization's capabilities and resources in relation to your current project, program and/or portfolio management processes. An assessment will enable you to understand why you need to take on the external support offered by a consultancy. You can conduct an internal assessment yourself or the consulting firm could conduct the assessment as part of their engagement.

To clarify your organization's goals, consider these steps:

- Determine the broad, long-term goals. Describe what you want to achieve
- Be open about any factors or constraints that may affect the outcome and any issues of concern
- Define regulations or special circumstances that apply to your organization
- Outline how your organization will benefit

For an internal assessment, consider these steps:

- Make a list of your current skills
- Identify the gaps in expertise
- Determine what internal resources are available
- Determine the amount of work you can accomplish internally and then the work a consulting firm would accomplish
- Clarify roles and responsibilities

Identifying Improvement Areas

Depending on your needs you have identified, the changes you seek will relate to a specific practice area of project management as defined below. Different consultancies may have various levels of expertise in each area. That is something you should be aware of and discuss with them as you go through the selection process. Those areas of project management include, but are not limited to:

- **Project Management** is the application of knowledge, skills, tools, and techniques to project activities to meet the project requirements.
- **Program Management** is the centralized coordinated management of a program to achieve the program's strategic objectives and benefits. It involves aligning multiple projects to achieve the program goals and allows for optimized or integrated cost, schedule and effort.
- **Portfolio Management** is the coordinated management of portfolio components to achieve specific organizational objectives.

Assess Your Need for Change Management

Another area where there will be issues which you will need to address in meeting the goals and needs you have identified is change management. In determining the importance of this area to you, as you define your needs and determine the goals and details of the consultant project, you should also consider your organization's commitment to changing your internal processes. This starts with your organization's senior leadership and their commitment to support the change initiative. Determine how ready the organization is to accept and adopt the changes recommended by the consultancy. Consider whether there are areas of processes or operations that are not open to changes that might be proposed. Be mindful that some outcomes will require your staff to change the way they do their jobs or will require additional training to properly implement changes. Most importantly, build stakeholder consensus on the need to hire a consultancy.

Step 2

SELECT THE FIRM

Once your organization has defined its needs, you need to follow a good selection process. Consider these procedures:

- Identify a selection team or subcommittee
- Identify who will make the final decision
- Establish a decision-making process
 - Don't forget to include a schedule for the selection process
- Determine your desired outcome or deliverables
- Identify and select the criteria for evaluating the proposals
- Identify potential consulting firms
 - Compile a list of interested and potential firms
(Use the PMI Registered Consultant Program directory at www.PMI.org/rcp.aspx)
 - Or use firms that your organization knows or has worked with if they fit the criteria
- Prepare a Request for Information (RFI) to gain information before writing a Request for Proposal (RFP)
 - Develop a detailed scope of work and guidelines for submission with the RFP
- Distribute the RFI to selected consulting firms with a clear due date
 - Using the selection criteria evaluate the RFI responses
- Distribute the RFP to the final 3-5 selected consulting firms with a clear due date
 - Once again using the selection committee and selection criteria, evaluate the proposals

Purpose of the Request for Information (RFI):

An RFI allows you to gain knowledge of how consultancies that have tackled similar project, program and portfolio management process evaluations will handle your request. This background information should help you understand the consultancy's depth of expertise in planning and executing similar projects, and tell you how their approaches would be new or different from the way that our limited experience might suggest.

The RFI specifically asks for information on a potential firm's business, its team members, experience and other qualifications that would help you determine if they are right for the task. The RFI is used to narrow the potential list of firms to the 3-5 who may move forward in the process, as well as provide valuable information for writing an RFP. An organization may select a consultancy now or choose to move forward by the use of a formal Request for Proposal (RFP) process.

Purpose of the Request for Proposal (RFP):

An RFP helps you select the most appropriate consultancy for your project. An RFP should provide a rational and fair process for reviewing all proposals. For potential firms, an RFP allows candidates to provide a detailed approach for the project, including scope of work, estimated budget and fees, possible schedule of milestones, and terms and conditions. In many cases an RFP is presented to the organization as well as a written proposal in a face-to-face meeting. Many RFPs include contract terms and conditions.

Here are some suggestions of things you can do during this planning phase:

Identifying the selection team:

- Chose individuals who will work with the firm's consultants or be affected most by the project outcome
- Ensure the team represents a variety of perspectives or business units within your organization

Consider having appropriate reviewers on the selection team who might separately evaluate the technical and financial portions of the proposals.

Creating selection criteria:

When you predetermine selection criteria for your consultancy, it allows you to apply a fair and consistent method for measuring proposals. Many organizations use selection criteria to help them screen candidates. Your selection criteria ensure that you use the same, unbiased standards to each candidate and lead you to a more objective decision.

It's a good idea to use your selection criteria and create a scoring matrix—and then score all the responses against the matrix. You should include multiple committee members to reach an objective tallying of the scores. You might wish to separate the technical evaluation from the cost or price evaluation and determine how much the technical will count and how much the cost/price will count toward the overall total.

Considerations for selection criteria include:

- Number of responses—pre-determine an acceptable response level for the project so that if you do not get an adequate number of responses, you can evaluate whether to continue or redefine your need to get more proposals.
- Type of consultancy—look for those with experience that closely matches your needs.
Size, geographic reach, typical engagement length
- Professional qualifications—including:
 - Breadth and depth of experience
 - Familiarity with your industry or type of project
 - Technical competence
 - Ability to develop practical recommendations
 - Ability to build trust and work effectively with management and staff
 - Ability to manage an assignment and stay on schedule and within budget
 - PMI credentials and qualifications for personnel leading the engagement
- Past experience—did previous consulting engagements meet the clients' goals? Were they completed in an efficient manner?
- Proposed work plan—their approach to meeting your goals
- Their ability to bring innovation to your particular goals and needs
- Cost—frame cost in terms of gains; the lowest bid may not always be the best. You are paying for advanced-level thinking and that should not come cheaply.

Identifying potential firms:

- Utilize the PMI Registered Consultant Program directory www.rcpdirectory.pmi.org
- Check with organizations similar to yours for recommendations or referrals
- Scan member directories and websites for professional project management organizations
- Place public notices in trade publications or on trade websites, message boards and social media sites
- Search for subject matter experts in trade publications who have served as article sources or columnists
- Network at industry conferences and conventions; consider the qualifications of presenters and panelists

What to look for in bids and proposals:

- An understanding of your problem
- An analysis of how the firm will address your problem
- An estimate of the specific work they will perform on your project
- Their approach for solving your problem or meeting your goals
- Details on exactly what services they will provide
- A timetable that covers the firm's time as well as time required of your staff
- Clear details on all fees, expenses and financial agreements
The names, experiences and CVs of anyone who will work on their team for the assignment
- References relevant to your project

Be open to the consultants' questions and probing, they may help to improve the definition of your problem and clarify your objectives to the project. However, if the questions are in relation to an RFI or and RFP, make sure that you provide the answers to all consultancies participating in the RFI or RFP to minimize the chance of a complaint about your process and to ensure you get the best possible responses.

Narrowing the field:

Once you receive an acceptable number of proposals and have evaluated the bids against your selection criteria with your selection team, narrow down your list of potential consultancies and plan to meet with and interview them.

Consider conducting interviews with two to four candidate firms. A good rule of thumb is to interview three potential consultancies as interviewing four can be counterproductive and interviewing only two can be limiting. If or when you do interviews, make sure you ask all candidate firms the same questions to make sure you are being fair and consistent. It is best not to assume you know what any firm will answer based on its proposal.

Provide the candidates with appropriate organizational information so they can provide samples of their work that closely relate to your organization and its needs. Allow at least one hour for each interview and list key questions to be used consistently for each interview. It is typically best not to allow the candidates to know who else is being interviewed or to see the other candidates while they are arriving or departing.

Considerations during the interview:

Perspective—Discuss your needs. Can the firm relate to your tasks and objective? Don't ask for specific solutions. Let the consultancy figure out how best to meet your goals.

Industry knowledge—The consultancy should have familiarity with terminology and jargon of your specific industry or sector. This is a good indication of having done their homework or of previous experience.

Two-way discussion—The firm should summarize its abilities and you should present your needs.

Communication—Discuss the firm's experience or accomplishments. Are these explained in a meaningful way? The firm should also be able to explain a solution one step at a time, in a clear, easy to understand language.

Disclosure—The firm may ask about other candidates you are interviewing and its okay to provide this information. Sharing this information could benefit you, as it allows the firm to better meet your needs or provide a more focused response. Of course, you are not obliged to share this information.

Compatibility—Make sure the firm's philosophy, mission, and scale are compatible with yours.

Professional references or portfolio—The firm should be able to present to you a portfolio of similar accomplishments as well as leave you with a list of relevant references. Often references can provide excellent insight about the consultancy's competence. Ask references to describe:

- The work done for them by the firm
- Whether it was completed on time and at the agreed-upon cost (and if not, why)
- If they were satisfied with the firm's performance, and
- If unforeseen issues arose, and how they were handled.

Final selection steps:

- Update the rankings based on interview results.
- Select the firm. Do not inform short-list firms of selection results until negotiations are complete with the winning firm

Step 3

NEGOTIATE TERMS AND CONTRACT WITH THE CONSULTANCY

You've selected your firm. The final step before the work of improving your organization's project, program and portfolio management processes begins is to put everything into a written contract. As with the selection step, the procedure is similar to negotiating and signing a contract with other types of vendors. Legal representation from both parties should be involved, as if the legal departments are not parties to the negotiations, their comments or recommendations after the fact might lead to a reopening of the negotiations.

Discuss approach, schedule and resources with the selected firm:

A successful relationship is based on these fundamentals:

- Best match of capabilities to needs
- Total agreement on objectives
- Constant accessibility
- Full information sharing
- Continuous interaction
- Regular program and progress reports
- Clear understanding of contract responsibilities
- Mutual trust and respect

Negotiate the fee, terms and conditions:

A detailed contract will specify:

- Scope of services
- Services
- Schedule, including important milestones
- Personnel, roles and responsibilities of the consultancy
- Payment terms
- Fees and reimbursement expenses
- Over-budget contingencies
- Termination clauses (cancellation conditions and confidentiality)

Be sure to consider:

- The method of invoicing
- Ability to meet your schedule
- Definition of work products
- Commitment of your personnel

Final steps:

- Submit the contract to your legal and/or compliance departments for their review
- Make the necessary adjustments per the comments of the reviewer
- Sign the contract

You will now be ready to begin working with the consultancy to improve your organization's project, program and portfolio management processes and work toward greater business success. Be sure to focus on keeping the effort on course and on budget and ask for regular written reports and documentation.

By following the steps outlined here in selecting the right consultancy firm for your organization, not only will you achieve your desired outcomes, but you can build a strong, rewarding and lasting business relationship.

DISCLAIMER

Project Management Institute has initiated the Registered Consultant Program to guide organization in finding capable consultants to assist in advancing their project, program, portfolio and related practices. PMI has established criteria for consultants to join the RCP that relate to the time and general experience of the consultant. However, those criteria are not intended to warrant or ensure that any RCP member can perform to the specific requirements of any specific project that a user may have.

In evaluating the consultant for membership in the RCP, PMI has relied on the information provided by the applicant and has not done any audit to determine the truthfulness and accuracy of the information that the applicant has provided to PMI.

This Guide should not be taken to constitute professional advice or a formal recommendation, and we exclude all representations and warranties relating to the content and use of this document. The user understands that it should use its own due diligence in evaluating the RCP member and making its own independent determination as to whether the RCP member meets the qualifications necessary to perform the user's expectation.

In using the RCP, the user agrees that PMI will not be liable for any incidental, indirect, consequential or special damages of any kind, or any damages whatsoever, including, without limitation, those resulting from loss of profit, loss of contracts, goodwill, data, information, income, anticipated savings or business relationships, whether or not advised of the possibility of such damage, arising out of or in connection with the use of this Guide or other aspects of the Registered Consultant Program.

ABOUT THE PMI REGISTERED CONSULTANT PROGRAM

In support of PMI's envisioned goal:

Worldwide, organizations will embrace, value, and utilize project management and attribute their success to it.

PMI established this program to provide a list of eligible consulting firms prepared to advance their client's practice of project, program and portfolio management. The online Registered Consultant Program directory is intended to assist organizations in narrowing their choice of firms to a short list to contact for information. This Guide is meant to provide information that may be helpful to organizations in making their final selection of a consulting firm,

PMI has not evaluated the consulting firms listed in the directory; however, these firms have met the following eligibility requirements, paid PMI a membership fee and agreed to uphold the Code of Conduct.

Membership Requirements

- The firm must be legally constituted and recognized in the jurisdiction in which it is doing business, as evidenced by appropriate business license or similar documentation.
- The firm must agree and adhere to PMI's RCP Code of Conduct.
- The firm must have a minimum of five years' experience in project management consulting.
- The firm must provide a one page "case story" for each selected practice area. This is a case study describing an engagement and outcomes. Disclosure of the client in the case study is encouraged but remains optional.
- An officer must sign the application and attest to the accuracy of the information.

CODE OF CONDUCT : PROJECT MANAGEMENT INSTITUTE'S REGISTERED CONSULTANT PROGRAM

Participants in the Project Management Institute's Registered Consultant Program agree to uphold the highest levels of honesty, ethical behavior and professionalism in conducting their affairs. No Code of Conduct can anticipate every situation that may arise. However, the Code contains ethical principles that should guide members of the RCP in how they carry out their professional responsibilities as member of the RCP.

RCP members will:

1. Provide accurate and truthful representations concerning all information directly or indirectly related to all aspects of the Registered Consultant Program.
2. Obey the law, both in letter and in spirit. This is the foundation on which this consultant's ethical standards are built.
3. Maintain the highest standards of honesty, integrity and confidentiality in all relationships with clients, keeping as the utmost concern the client's best interest;
4. Refrain from engaging in any activity that may be construed as anti-competitive behavior or may create an unfair or exclusionary market.
5. Provide accurate, truthful advertising and representations concerning qualifications, experience and performance of services and in representing to the public the RCP member's relationship to PMI and the RCP.
6. Adhere to the requirements of the RCP and the member's RCP Agreement.
7. Respect the intellectual property developed or owned by others and to otherwise act in an accurate, truthful and complete manner, including all activities related to professional work and research.
8. Ensure that a conflict of interest does not compromise legitimate interests of a client or customer, or influence/interfere with professional judgments.
9. Refrain from offering or accepting inappropriate payments, gifts or other forms of compensation for personal gain.
10. Understand that PMI maintains the right to suspend or terminate the member's membership if the member is enjoined from practice or convicted of a felony, or for any other reason which PMI, in its sole discretion, determines to be a violation of this Code of Conduct.