

Consulting Procurement inconsistent and fragmented

Research from sourcing advisory firm Orbys has revealed that organizations' approach consulting procurement in an inconsistent and fragmented manner. Available data are not used to best effect, diverse practices and non-standard processes are implemented simultaneously, and value is not measured, leading to budget overruns and poor project scoping.

The new research is revealed in two recent Orbys reports, which recommend the following key considerations for organizations looking to develop best practice in consulting procurement:

- i) Selecting the optimum sourcing approach.
- ii) Defining the scope of the engagement to be delivered.
- iii) Enrolling and aligning your stakeholders.
- iv) Selecting the right candidate consultancies.
- v) Competitively tendering the engagement and executing the right contract.
- vi) Being clear about what you are buying and how you are paying for it.
- vii) Managing the consultant and realizing the value you wanted.

Orbys' survey of senior managers in 250 global organizations also reveals that the use of market intelligence information to help inform selection and buying decisions is mainly ad hoc in nature and utilized inconsistently amongst organizations (figure 1). Indeed over 60% of respondents do not plan their use of consultancies and how projects fit within their internal business planning cycle.

"Forward planning of spend on third-party consulting is in its infancy", says Samad Masood, Principal Analyst for Orbys, based in London. "Only a third of respondents plan all engagements fully, or on a regular basis, and while almost half 'try' to plan in advance, this is obviously not as good as actually achieving forward planning of consultancy spend". A fifth of respondents plan only on an ad hoc basis, or do no planning at all.

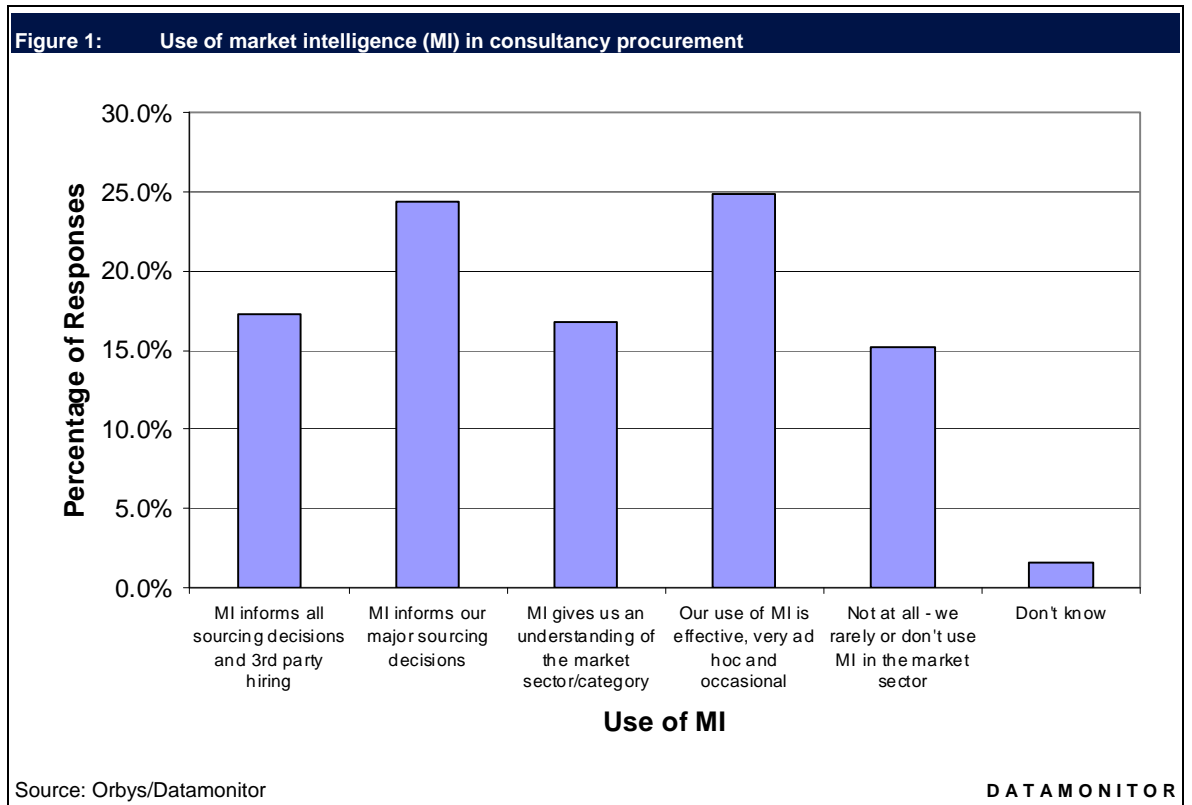


Figure 1: Use of market intelligence in consultancy procurement

The survey results also provide insights into the following areas:

- Annual spend on consultancy and number of consulting engagements
- Proportion of engagements which have undergone competitive tendering
- Proportion of consulting engagements that overrun and where value is measured
- The number of staff in consulting procurement and where consulting spend responsibility lies
- Use of standard processes and scoping in consultancy engagements

All results and analysis are published in two related reports: *Consulting Procurement: State of the Market* and *Consulting Procurement Best Practice*, published by Orbys' parent company, Datamonitor.

Note:

This report was co-authored by Michael Horder, who is an independent, plc-board level management consultant, with 25 year experience, specializing in change management & communications, coaching, facilitation, mediation and arbitration and professional services procurement & management.

To arrange an interview or for further details regarding this release please contact Tanisha Kaul in the Ovum press office on +613 9601 6723, or email tanisha.kaul@ovum.com

Methodology

Orbys' survey brings together responses from chief procurement officers and market sector/segment managers, as well as senior financial and project managers of consultancy engagements in 250 organizations across both the private and public sectors. Respondents were selected at random from the UK, the rest of Europe, the US, the rest of the Americas and the Asia Pacific region. The survey was telephone-based and carried out during January and February 2010. The questions for the survey were derived from the Five Level Maturity Assessment Model, which Orbys strategic sourcing consultants use to evaluate the effectiveness of an organization's procurement policies, processes and procedures in sourcing third-party management consultants.

ABOUT ORBYS

Orbys, the specialist sourcing advisor, has worked on more than 700 engagements with public and private sector organizations globally to develop more efficient processes for developing outsourced strategy and selecting and managing services and outsourcing suppliers. Orbys is part of the Datamonitor Group.