



2008 Survey on Procurement of Management Consultancy Services by Government Departments

Sept 2008

Major Findings

- All 82 departments that were invited to contribute responded. Twenty-eight departments had procured general management consultancy contracts from 1 January 2007 to 30 April 2008. The total contract value was \$84 million with \$32 million spent on 45 contracts costing under \$1.3 million and \$52 million on eight contracts costing over \$1.3 million.
- The most common topic of consultancy projects was policy and strategy development, followed by opinion surveys and human resources management.
- Most departments (80%) assessed their consultants performance overall as very good or good and 85% considered the consultant suitable for other similar work in future. Concern was expressed that some consultants have insufficient local knowledge and experience, and do not pass on sufficient knowledge to the client department.
- Departments do face challenges in procuring general management consultancy services. For consultancy projects costing more \$1.3 million the clearance and approval of procurement documents by selection boards and external departments are the most challenging and time consuming tasks. For projects costing under \$1.3 million the most challenging tasks are completing the study within the timeframe and cost estimation. The most time consuming tasks are drafting the procurement document and seeking policy/funding approval.

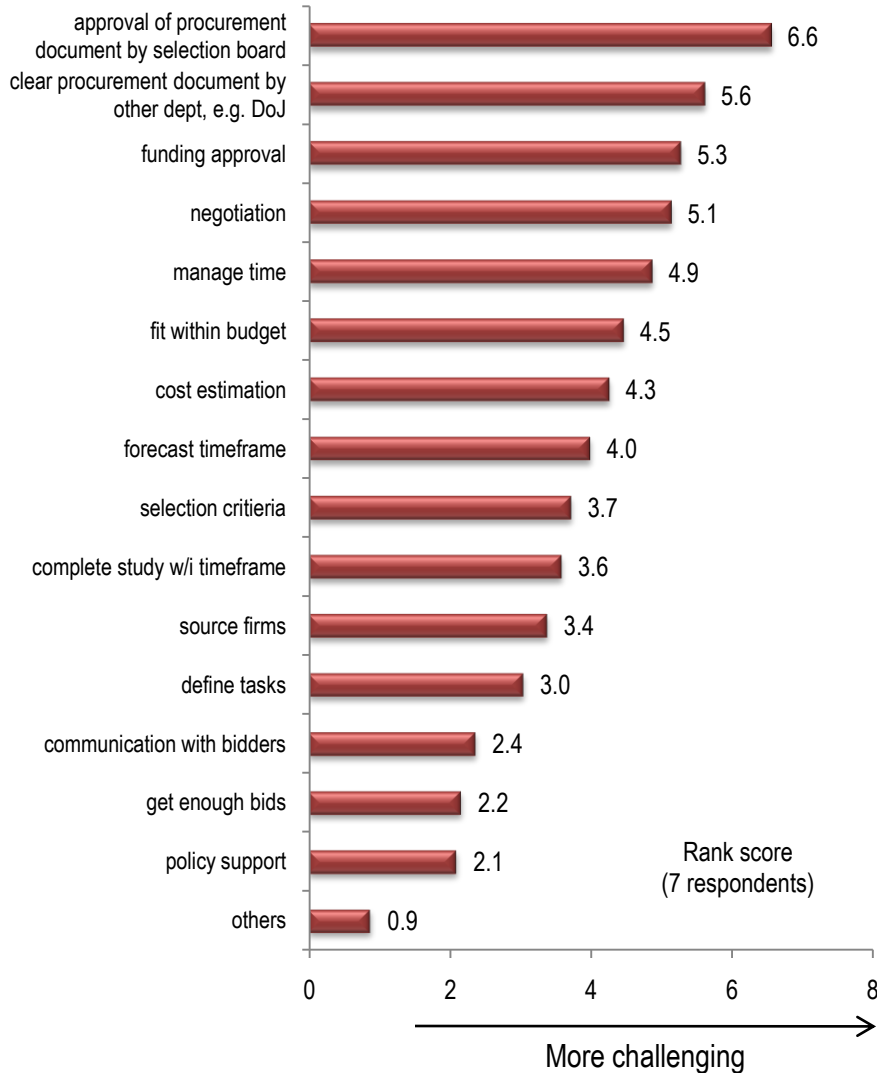
Major Findings

- The major challenges departments have in managing consultants are consultants lack of familiarity with government procedures, and different interpretation of project scope, tasks and deliverables.
- There is a clear bunching of consultancy projects valued just below \$1.3 million. On average project costing over \$1.3 million took 7.4 months to procure, whilst those costing less than \$1.3 million took on average two months.

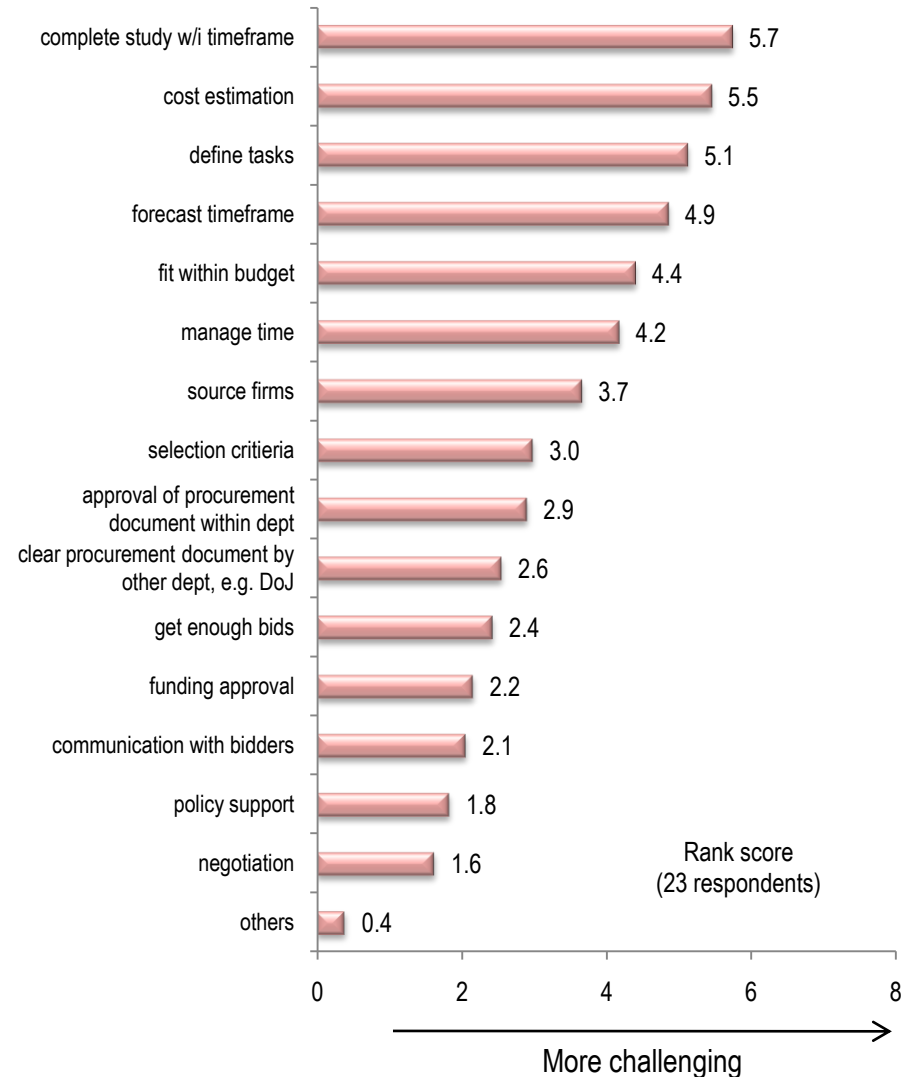
Questionnaire Results – Procurement Issues

What are the major challenges in procuring management consultancy services?

(a) contracts >\$1.3M



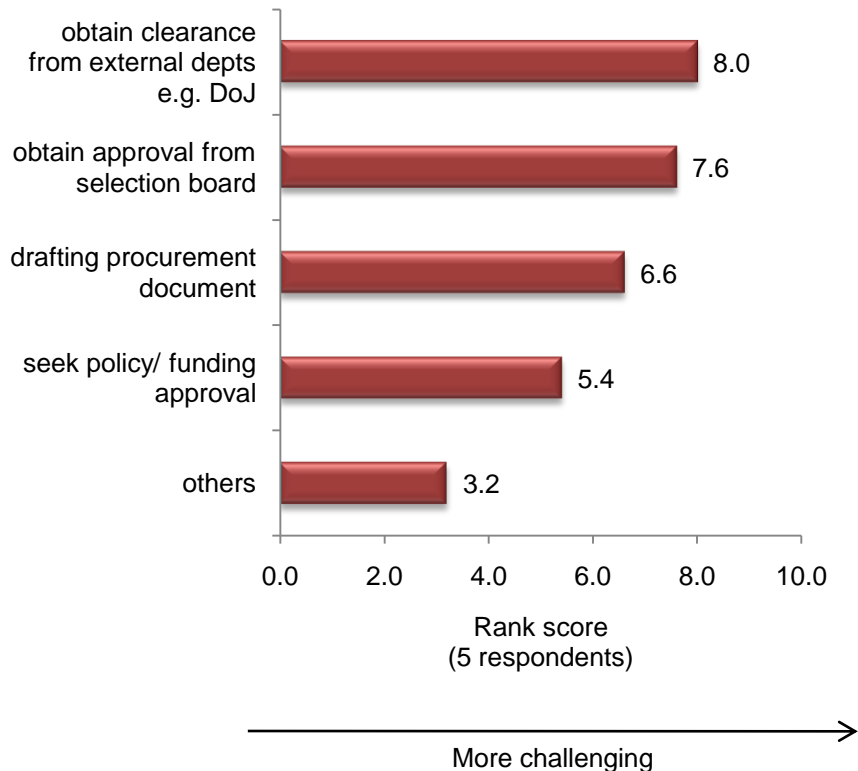
(b) contracts ≤\$1.3M



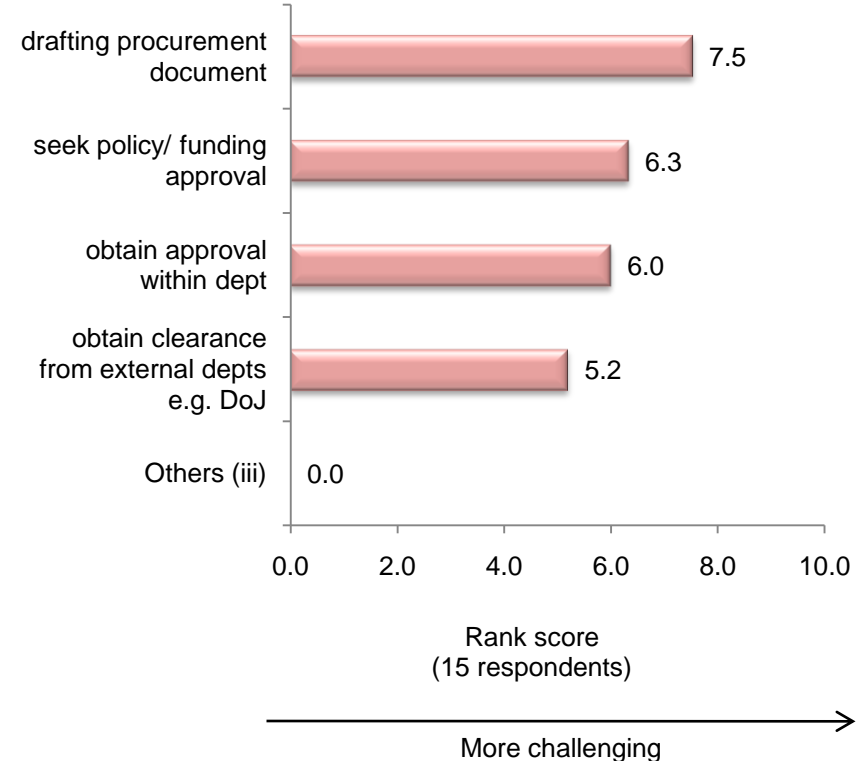
Questionnaire Results – Procurement Issues

If managing the time taken for procurement is one of the major challenges, please rank the time-consuming tasks

(a) contracts > \$1.3M

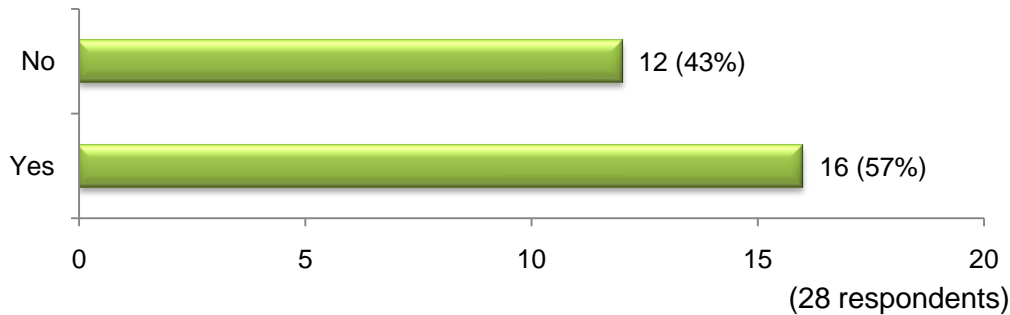


(b) contracts ≤ \$1.3M

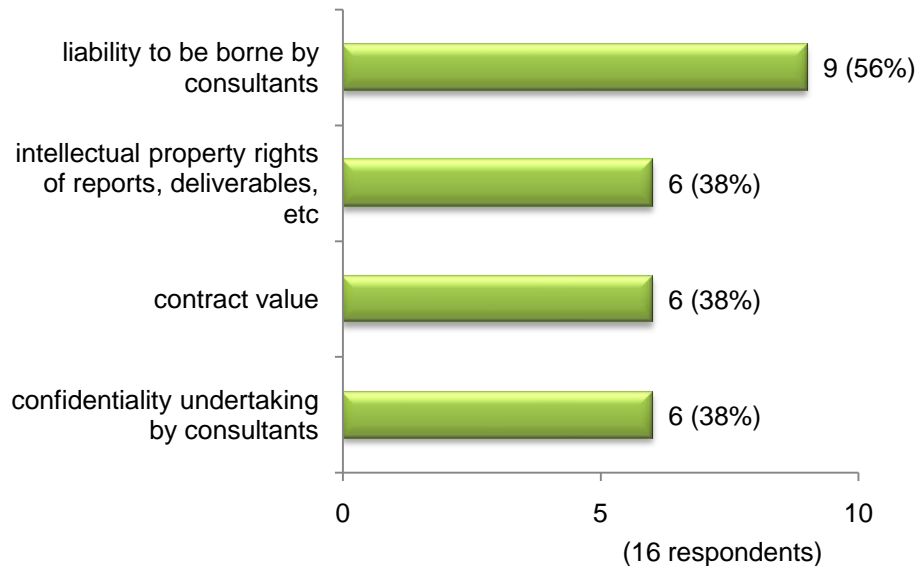


Questionnaire Results – Pre-contract Negotiation

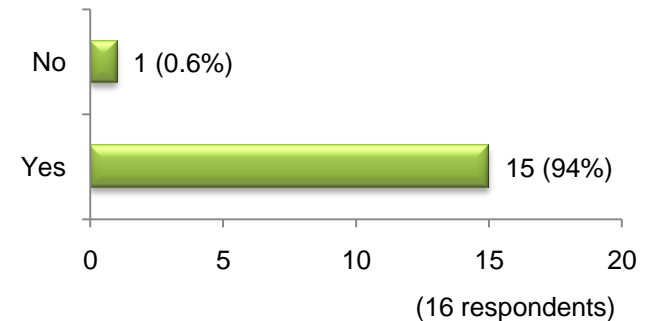
Was your bureau/department required to conduct pre-contract negotiations?



What were the main areas of pre-contract negotiation (can select more than one)?

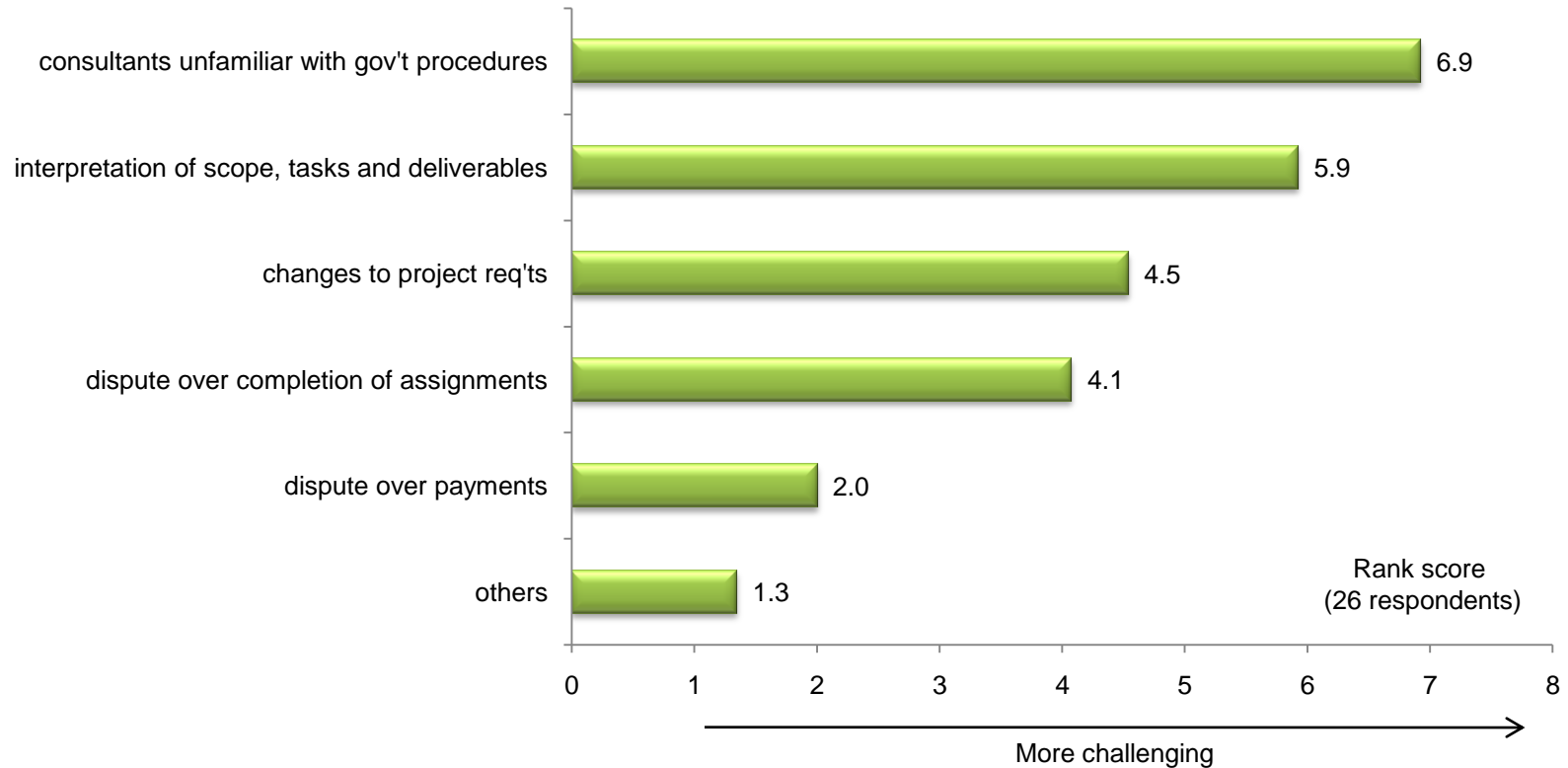


Were the negotiations concluded with agreement?



Questionnaire Results – Contract Management

What are the major challenges in managing consultants?



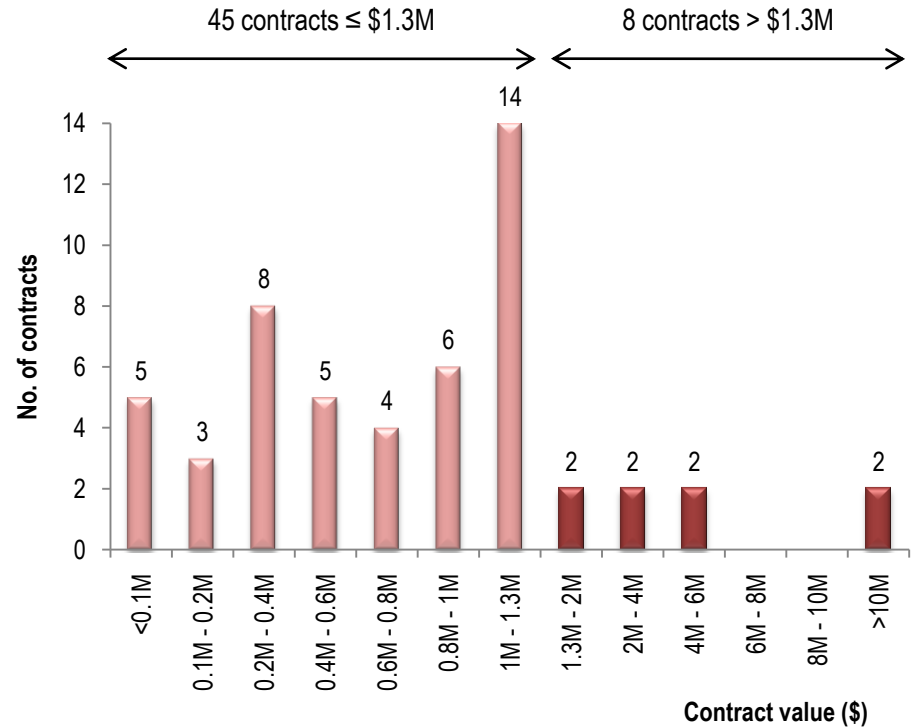
Questionnaire Results – Contract Number and Value

Distribution of Contracts by Value

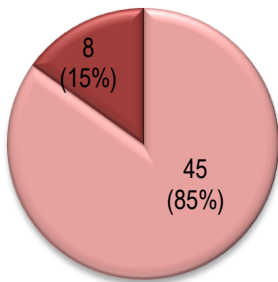
Contract value	≤ \$1.3M	> \$1.3M
Number of procuring departments #	23	7
Number of contracts	45 (85%)	8 (15%)*
Contract value	\$32.1M (38%) (\$0.04M - \$1.3M) (average \$0.7M)	\$51.8M (62%) (\$1.6M - \$19.3M) (average \$6.5M)

2 bureau/department procured contracts valued both ≤ \$1.3M and > \$1.3M

* including 1 contract terminated after award

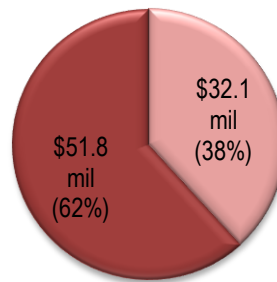


Number of contracts



■ ≤ \$1.3M ■ > \$1.3M

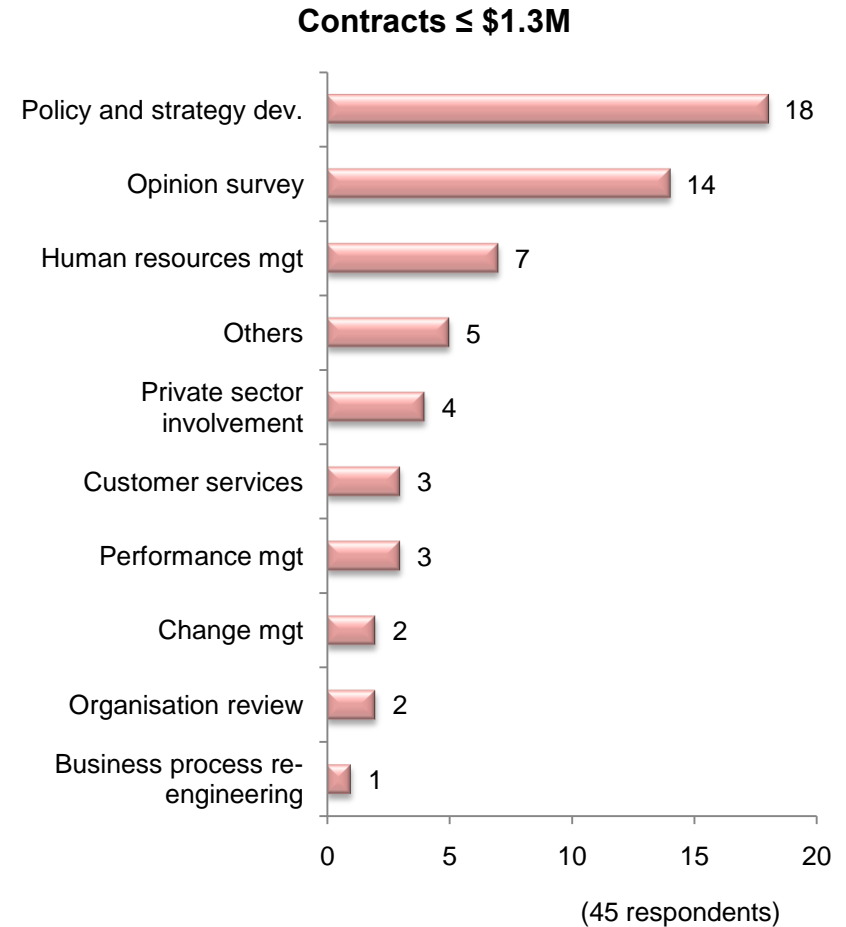
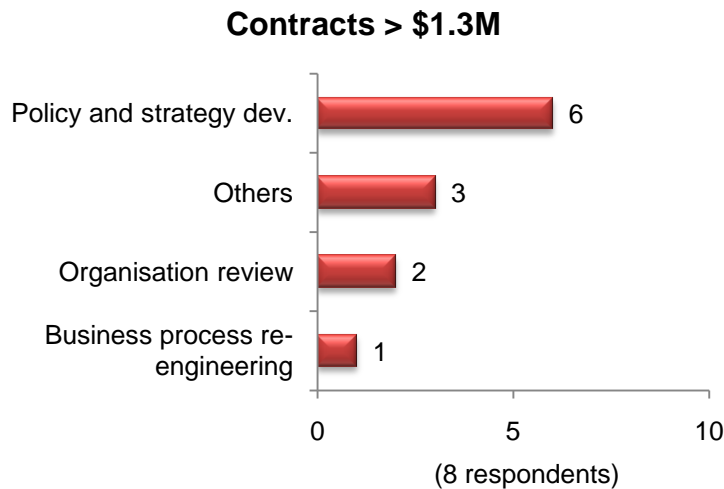
Total contract value



■ ≤ \$1.3M ■ > \$1.3M

Questionnaire Results – Nature of Consultancy

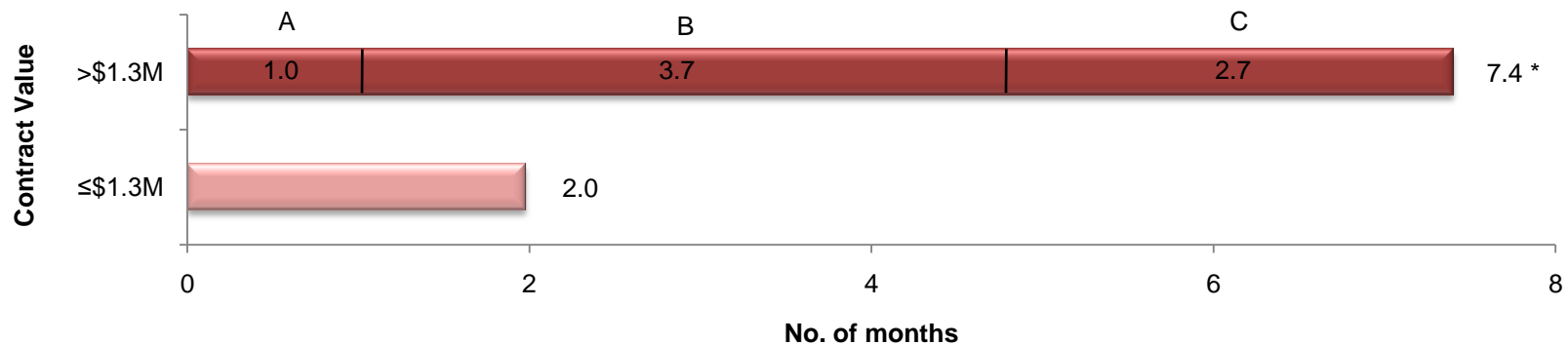
Nature of consultancy (note: some contracts covered more than one study areas)



Questionnaire Results – Time Taken for Procurement

Average time taken for procurement

(from invitation for EoI/proposals to contract award)



* excluding one contract >\$1.3 million that has been terminated after award

A: From Invitation of EoI to Stage 1 submission to CCSB

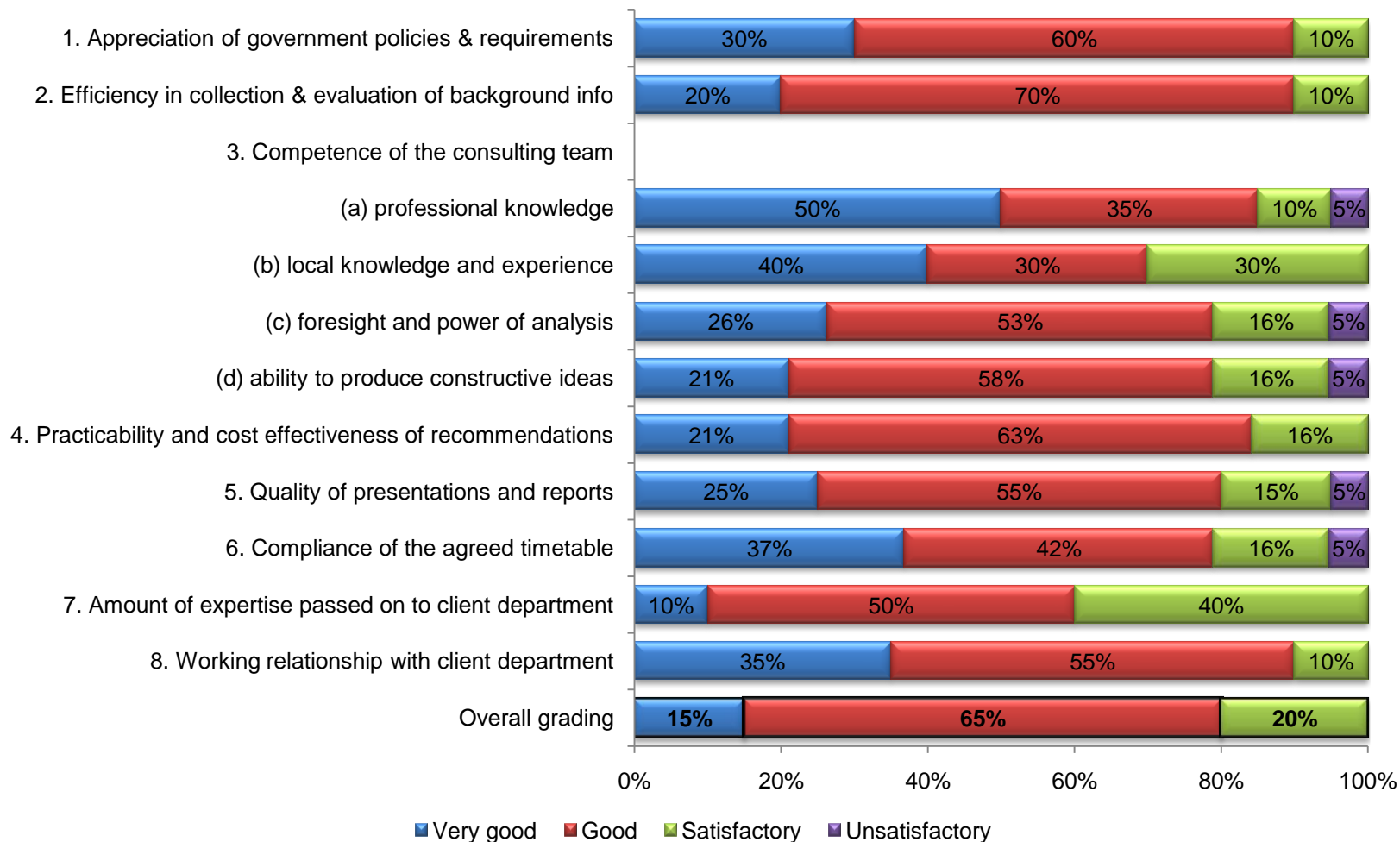
B: From Stage 1 submission to CCSB to Approval from CCSB for contract award

C: From Approval from CCSB for contract award to Contract Award

Questionnaire Results – Performance Assessment

Performance appraisal (for contracts ≤ \$1.3M only)

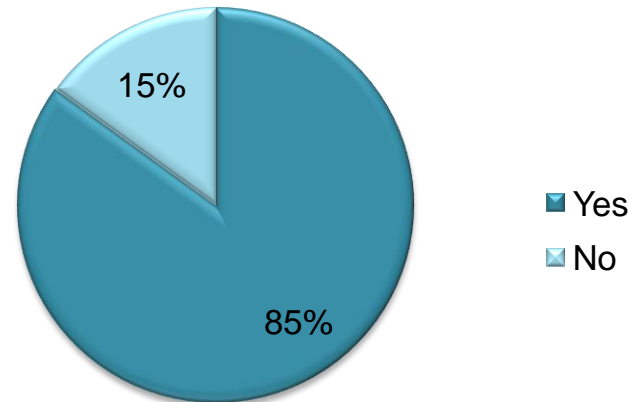
Assessment of consultant's performance



Questionnaire Results – Performance Assessment

Performance appraisal (cont'd)

Suitability of the consultant for projects in the related field



Annex – Explanatory Notes

Explanatory Notes

The procurement of general management consultancy services is governed by the Stores and Procurement Regulations. For contracts under \$1.3 million, departments follow the same standard procedure for procuring general services. For contracts over \$1.3 million, departments have to obtain approval from the Central Consultants Selection Board (CCSB) appointed by the Secretary for Financial Services and the Treasury.

The CCSB adopts a two-stage approval process as follows –

- *Stage 1 approval* – departments need to submit a short-list of consulting firms/organisations which will be invited to submit proposals, as well as the consultancy brief and method of assessing consultants' proposals; and
- *Stage 2 approval* – appointment of the recommended consulting firm/organisation, subject to the terms and fees set out in the negotiating brief being acceptable to the contracting parties.

Explanatory Notes

The purpose of the survey is to understand the challenges departments faced in procuring general management consultancy services with a view to identifying improvement opportunities. It covers general management consultancy contracts of all values.

For the purpose of this survey, management consultancy refers to the general management consultancy defined in Appendix IV(B) of the Stores and Procurement Regulations. It includes advisory, development and operational support services concerning –

- (a) Business policy and strategy and the overall planning, organisation, management and control of an organisation including management information systems, management audits, etc.;
- (b) Human resources management; and
- (c) Methods for improving productivity, reducing production costs and improving the quality of production.