

Selecting Professional Service Providers – Part 1

Oklahoma Tribal Finance Consortium, Tulsa OK, January 23-24, 2020

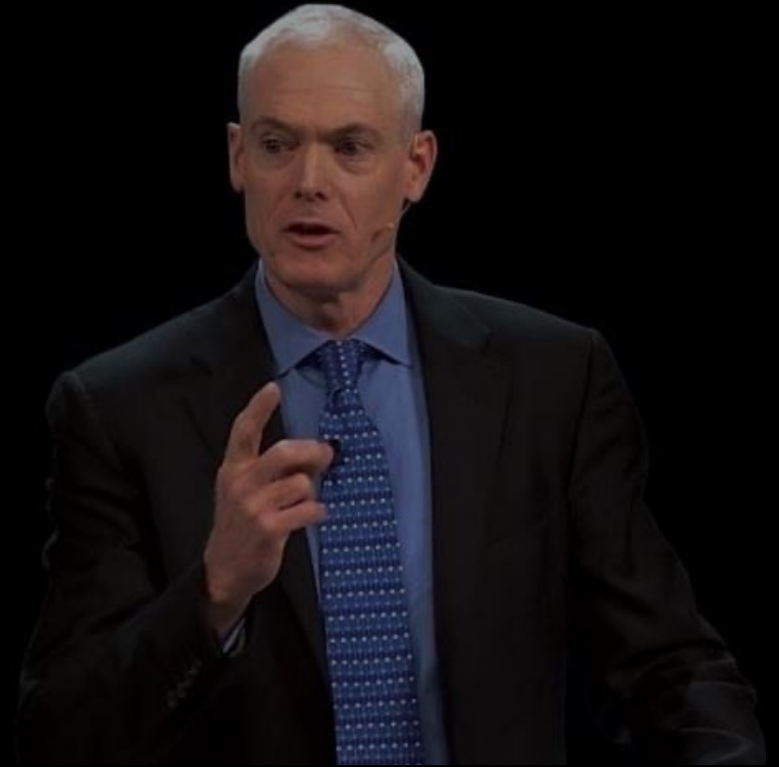


Richard C. Dunne
CEO - PROVALENZ



"Great vision without
great people is
irrelevant."

Jim Collins



AGENDA

01. Defining and Achieving Success

02. Selection Process

03. Scoring Method

04. Implementation

(1:00pm Sequoyah 6)



Finding the best service provider
to deliver your desired results
at the right cost.



WHAT ARE THE BIGGEST RISKS?

BUYER'S

Hiring
an unqualified
service provider or
overpaying for the
services they receive.

SELLER'S

Wasting effort on
an unqualified
opportunity or
being underpaid for the
services they provide.

YOU NEED TO MAKE SURE NEITHER HAPPENS



HOW TO ENSURE A SUCCESSFUL RFP?

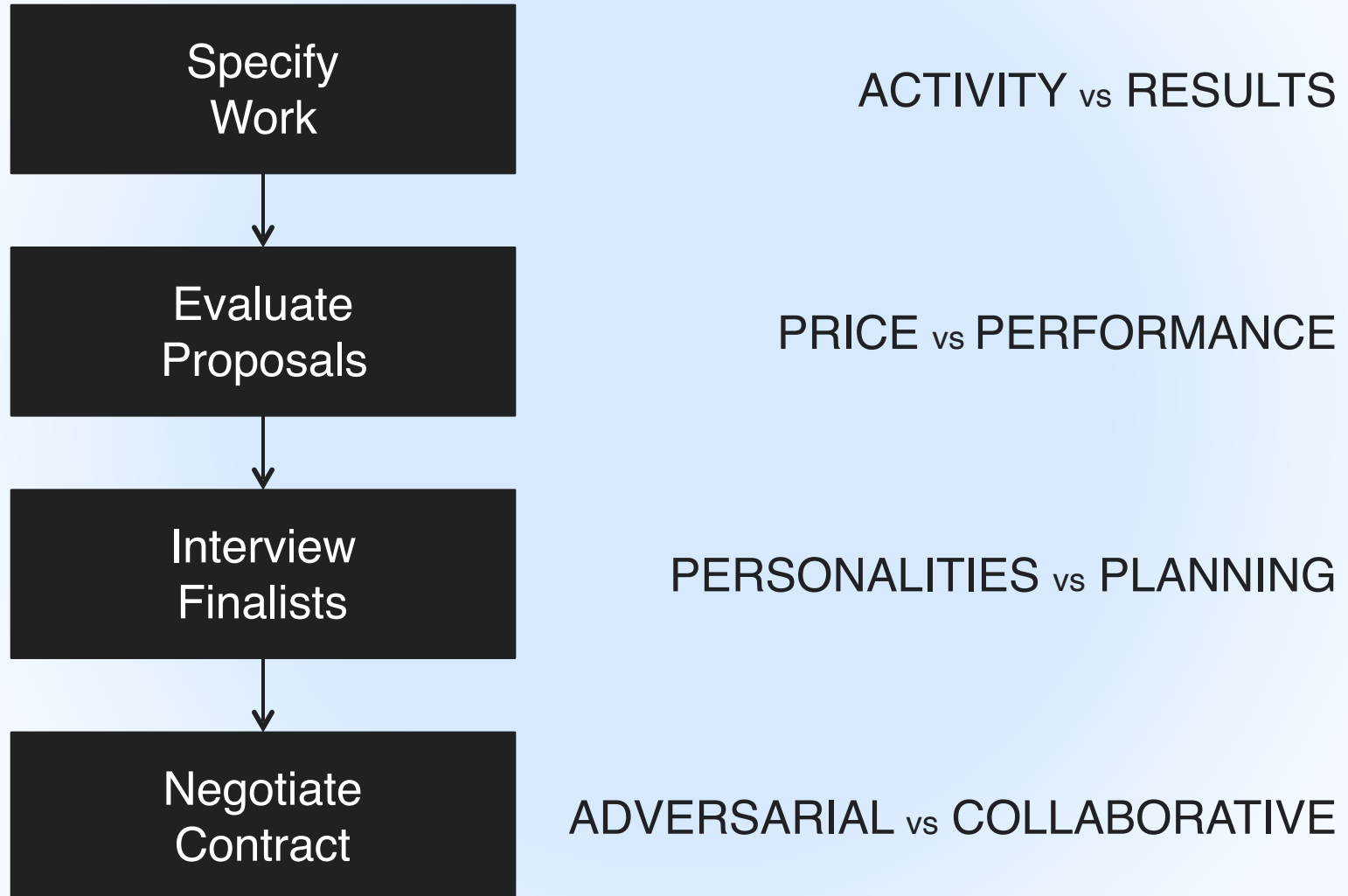
Good software enables you to implement your process faster, more consistently, at scale.

Every flaw and weakness in your process is also implemented faster, more consistently, at scale.

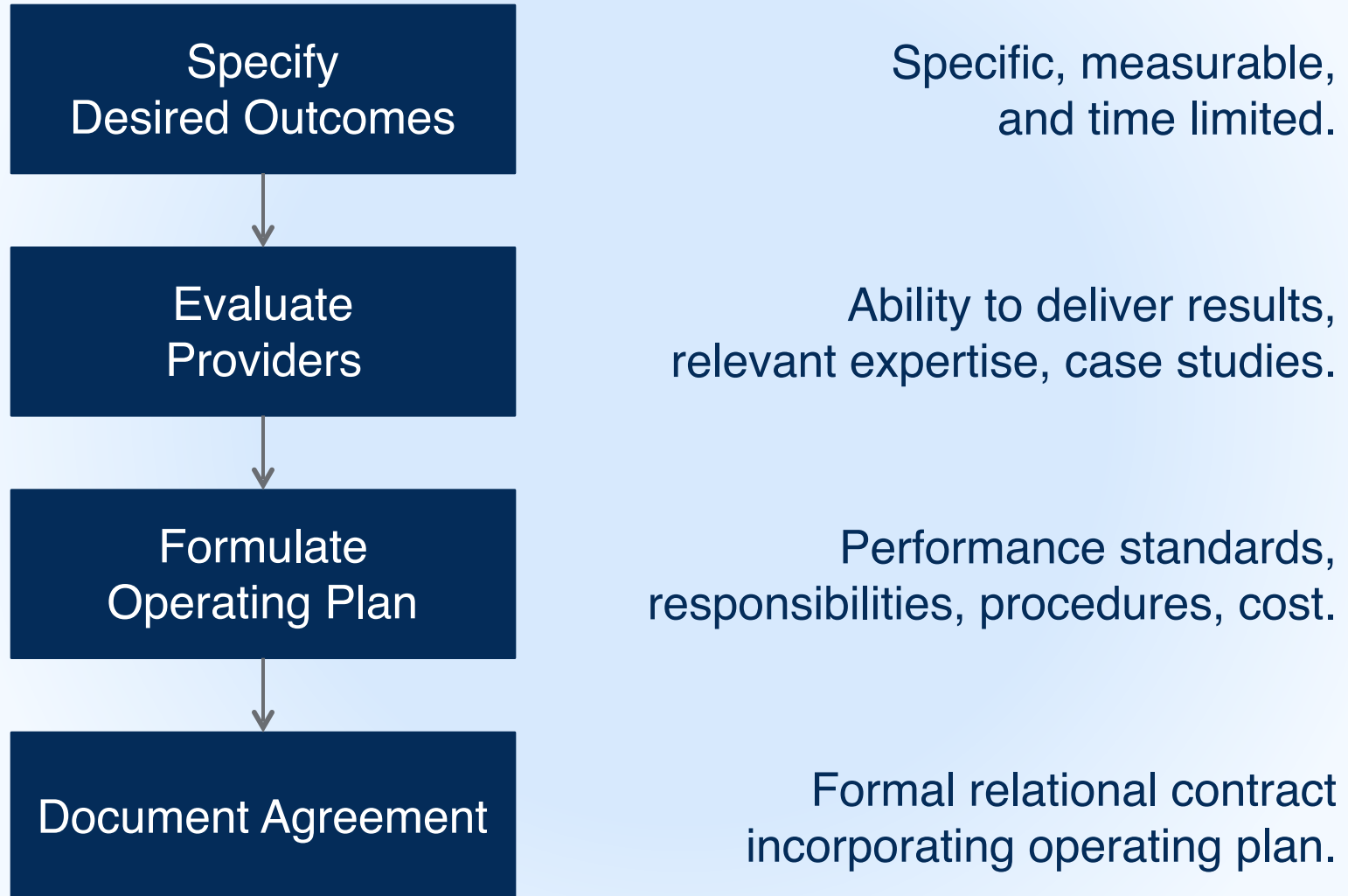
FIRST GET THE PROCESS RIGHT



TRADITIONAL RFP PROCESS



QUALIFICATIONS-BASED SELECTION (QBS)



CHARACTERISTICS OF A GOOD SCORING METHOD

Inclusive

Facilitates participation by all interested stakeholders and service providers.

Irrefutable

Cannot be proven wrong by argument or evidence.

Insightful

Delivers actionable feedback to the buyer and service providers.



Do you limit the number of stakeholders, or candidates who can participate in an RFP?



Can you evaluate all relevant
information expertly,
objectively and consistently?



"What could we have done to make up those extra 3 points that we needed to win?"



STRUCTURED QUESTIONS

OPEN-ENDED QUESTION

Describe your procedures and safeguards used to guarantee security for your hardware and facility, authorized access to data, confidentiality of data, and security for hard copies of plan-related data or documents.

STRUCTURED QUESTIONS

1. Does your firm implement written policies and procedures to protect the confidentiality of client data? If you answered "yes", provide a copy.
2. Select one of the following that best describes your firm's use of Multi-Factor Authentication to control access to confidential client information - (a) mandatory, (b) optional (c) not available.
3. When was the last time that a data breach occurred in which client data was accessed by or disclosed to an unauthorized party – (a) within the past year, (b) 1-3 years ago, (c) more than 3 years ago, (d) never, or (e) don't know.
4. When was the last time that the effectiveness of your firm's security infrastructure, protocols and controls that protect client data have undergone an independent, professional, third-party review? Provide details of any issues identified as requiring attention that remain unresolved.



Knowing what questions the
service provider does not want
you to ask.



ASSIGNING CRITERIA WEIGHTS

MAXIMUM DIFFERENCE SCALING

Among the following 4 criteria only, which do you consider the most important and the least important when selecting an external auditor?

MOST IMPORTANT	EVALUATION CRITERIA	LEAST IMPORTANT
<input type="radio"/>	Risk Management	<input type="radio"/>
<input checked="" type="radio"/>	Independence & Integrity	<input type="radio"/>
<input type="radio"/>	Preferred Service Provider	<input type="radio"/>
<input type="radio"/>	Audit Team Composition	<input checked="" type="radio"/>



ATTRIBUTION ANALYSIS

CRITERIA	WEIGHT (%)	CRITERION RATING		MARGINAL CONTRIBUTION		RATING DIFFERENCE (PROVIDER F MINUS PROVIDER D)
		PROVIDER F	PROVIDER D	PROVIDER F	PROVIDER D	
Overall Rank				1	2	
Overall Rating				76.5%	75.3%	1.2%
AUDIT TEAM EXPERIENCE	11.1%	75%	55%	8.3%	6.0%	2.2%
INDUSTRY INVOLVEMENT	4.9%	80%	50%	3.9%	2.5%	1.5%
RISK MANAGEMENT	7.4%	82%	71%	6.1%	5.2%	0.9%
COST MANAGEMENT	7.4%	69%	67%	5.1%	5.0%	0.1%
PREFERRED SERVICE PROVIDER	2.2%	33%	33%	0.7%	0.7%	
POLICIES & PROCEDURES	4.9%	100%	100%	4.9%	4.9%	
RANGE OF SERVICES	7.8%	100%	100%	7.8%	7.8%	
ALIGNMENT OF INTERESTS	11.2%	80%	80%	9.0%	9.0%	
GOVERNANCE & QUALITY ASSURANCE	7.5%	86%	93%	6.5%	7.0%	-0.5%
REPORTING & COMMUNICATIONS	10.0%	89%	94%	8.9%	9.4%	-0.6%
AUDIT TEAM COMPOSITION	8.6%	80%	87%	6.9%	7.5%	-0.6%
INDEPENDENCE & INTEGRITY	8.8%	43%	50%	3.8%	4.4%	-0.6%
CORPORATE PROFILE	8.2%	57%	71%	4.7%	5.8%	-1.2%





The most reliable path to success
is through continuous improvement
powered by collaboration.

