How to Select a Professional Services Firm

Factors to Consider When Selecting and Evaluating a Service Provider
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INTRODUCTION

You’ve decided to partner with a human capital consulting firm to deliver professional services for your organization such as Executive or Leadership Coaching, Talent Development or Outplacement. Question is, how to select the best provider that’s a strong fit for your culture and needs? How do you identify, shortlist, and evaluate prospective firms? What factors should you consider in the evaluation process?

The decision can be challenging, given the broad range of options available - from solo entrepreneurs to the Big Four; from training organizations and boutique consulting firms to large staffing and outplacement providers; from specialists to generalists. There are many factors to consider, recognizing that the resulting partnership will demand a transference of trust involving your company’s most valuable asset… your people. Nothing less than a strategic partner who can demonstrate experience, competence and results is worthy of the risk.

**Step 1: Determine Your Selection Criteria**

Start by thinking about your needs and capture the most important factors that will influence your buying decision. Are you looking to solve a new problem or resolve existing challenges with a partnership? What criteria will drive your decision? If your buying experience for a service is limited and/or the scope of the project is large (i.e. involves a significant budget allocation), consider having initial discussions with two or three prospective firms to learn about the potential solutions. This will help to educate you and solidify your criteria.

From client feedback we have received, factors most important to our buyers when choosing a human capital consulting partner have included the following:

- Experience, expertise or track record
- Affordability, the cost versus your budget
- Understands us (our needs, culture, and/or industry)
- Credibility, competency, and quality

We’ve included a longer list of 17 criteria in our ‘human capital consulting’ checklist that we hope will stimulate your thinking. However, we recommend you start with a blank sheet and focus on your organization’s needs as a starting point.

**Step 2: Identify Potential Professional Services Providers**

If you haven’t already done so, identify the professional services firms that you think can best meet your needs. You may already have a good idea of the firms that you want to talk to, but it’s possible you need to research options.
A 2014 study of over 1,000 buyers of professional services by Hinge found that buyers still rely on traditional methods such as referrals and references to identify prospective partners. However, online methods factor heavily into the mix today. It’s not surprising given the ease and speed with which buyers can find information online, including quality and service reviews. Hinge found that today’s professional service buyers enlist the help of at least three methods shown in the chart below when evaluating firms.

![Chart showing the methods used for evaluating firms]

Source: Hinge (2014): Beyond Referrals

We recommend that you do the same due diligence. Seek referrals, do your online research to identify and assess the capability of prospective service providers, and draw up a shortlist.

**Step 3: Evaluate Providers**

Once you’ve identified your key selection criteria and shortlisted reputable service providers, consider using an evaluation checklist and scorecard to objectively evaluate each firm with whom you meet. If multiple people are involved in the selection process, each person may wish to independently come up with the evaluation criteria to ensure agreement is reached on the criteria before the evaluation process begins. The scorecard can also be completed separately and serve to guidepost meeting debriefs with service firms.

We’ve compiled our list of critical factors and selection criteria into an evaluation checklist and scorecard to assist you in this process. The successful use of strategic partners ensures a greater return on your investment and reduces the time spent on selection, vendor relationship management, initiative reporting and service delivery processes.
EVALUATION CRITERIA
CHECKLIST

Once you have identified your most important criteria and you’ve short-listed potential professional firms, use our checklist and scorecard to conduct the evaluation process.

To assist, we’ve organized seventeen recommended criteria into three categories (Strategic Fit, Delivery Performance and Thought Leadership) along with questions to ask under each.

You may wish to add to, or amend these, based on your specific needs, goals and objectives.

Instructions:

▪ **Rate each factor in terms of importance using a 5-point scale where 1 is very low; 2 is low, 3 is moderate, 4 is very important and 5 is extremely important. Use 0 for not applicable or unimportant and 0.5 where you’re undecided between two ratings.**

▪ **Enter your importance rating to the column in the table below, or directly to the scorecard spreadsheet that accompanies this checklist.**
## Strategic Fit

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Questions</th>
<th>Importance (1-5)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organizational Level</strong></td>
<td>• What level(s) within your organization will be served? How well does the provider match? Ask about the profile of populations already served by each provider.</td>
<td></td>
</tr>
<tr>
<td><strong>Geography Served</strong></td>
<td>• In what geographic locations will services be required? Are services required locally, nationally and/or globally? How does the provider’s reach match your location needs?</td>
<td></td>
</tr>
</tbody>
</table>
| **Business Acumen and Culture Fit**   | • How critical is in-depth working knowledge and experience of your culture and business?  
   • How effectively does the provider match cultural and business needs? Is there a culture match? How is each provider like you? In what ways is each one different? |                  |
<p>| <strong>Relevant Experience</strong>               | • How important is company, industry and functional business experience? What direct company experience, industry experience and functional departmental experience exists? |                  |
| <strong>Coach/Consultant Credentials</strong>      | • Am I getting the best? Will the credentials be credible among employees with whom the provider will be interacting? What accreditations, training, certifications, depth of experience do delivery consultants/coaches possess? |                  |
| <strong>Breadth &amp; Depth of Expertise</strong>      | • Will you need solutions in multiple areas? How broad is each provider’s service offerings and capabilities? How long has each one been providing these services? What are the areas of specialization? |                  |
| <strong>Overall Financial Value</strong>           | • What are the overall costs or fees? What are the cost benefits? How would you assess the overall value the provider can deliver? |                  |</p>
<table>
<thead>
<tr>
<th>Criteria</th>
<th>Questions</th>
<th>Importance (1-5)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Delivery Performance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engagement Process</td>
<td>• Is there a consistent, documented process based on best practices in the industry? What are the provider’s best practices? How effectively can the provider guide you to an optimal solution(s)?</td>
<td></td>
</tr>
<tr>
<td>Confidentiality</td>
<td>• What level of confidentiality is observed during and post service delivery - at the individual, team and organization level? What are the provider’s policies in this area?</td>
<td></td>
</tr>
<tr>
<td>Relationship Management</td>
<td>• Is there a single, easily accessible, efficient point of contact for follow up? What is the frequency, nature and quality of communications? What level of trust and commitment does each provider engender? How flexible, adaptable, reliable and responsive is each provider?</td>
<td></td>
</tr>
<tr>
<td>Status and Reporting</td>
<td>• Are there formal communication checkpoints engaging all key stakeholders including leaders, their managers, and potentially multiple levels within human resources?</td>
<td></td>
</tr>
<tr>
<td>Contingency Management</td>
<td>• Is there capacity and are there backups and contingencies in the event of changing/expanding requirements, escalation of events, or disaster? How scalable is the provider’s operation?</td>
<td></td>
</tr>
<tr>
<td>Success Criteria &amp; Delivery Metrics</td>
<td>• Are engagement and developmental objectives documented, tracked and progress measured? How effectively does the provider measure engagement success? Are there published metrics and metrics in place for return on investment?</td>
<td></td>
</tr>
<tr>
<td><strong>Thought Leadership</strong></td>
<td></td>
<td></td>
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<tr>
<td>Best Practices</td>
<td>• What mechanisms are in place to ensure that industry current best practices and leading trends are incorporated to the provider’s services?</td>
<td></td>
</tr>
<tr>
<td>Ongoing Development</td>
<td>• What commitment and requirements does the provider have for the continued development of its professionals?</td>
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### EVALUATION SCORECARD

To help you evaluate providers, use our scorecard to assess each provider (see page 10).

#### Professional Services Firms Evaluation Scorecard

As you can see from the example above, you’ll get a visual representation of how each provider measures up against your most important criteria. You can also average the scores for each firm to get an overall ‘best fit’ score.

In addition to entering your own importance and evaluation ratings, you can also amend any of the criteria.

**Contact AJO** if you would like us to email this excel spreadsheet to you.
ABOUT AJO

AJO is a Human Capital Consulting firm specializing in HR consulting, talent development and career transition services. Through experienced listening, a caring partnership and exceptional quality, we help organizations succeed by helping their people succeed.

As a professional services provider, AJO invests in developing sound practices and differentiating itself through high quality, flexibility and breadth of service offerings. Our tenured consultant team brings global industry experience, proven programs, accelerated development and exceptional results to support your needs.

Serving the NJ/NY tri-state, AJO partners with organizations of all sizes, ages and growth stages, delivering services nationally and internationally.

This checklist and scorecard have been developed based on our considerable experience in the selection and delivery process since 1983.
EXAMPLES: COMPLETED AND BLANK EVALUATION SCORECARD

Contact AJO if you would like us to email this excel spreadsheet to you.