

Value-driven Procurement of Management Consultancy

Measuring and Evaluating the Outcome of Management Consulting
Projects to Maximize the Value of Future Consulting Purchases –
a Novartis Analysis

Master Thesis

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Attestation of Authorship

I hereby declare that this submission

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is my own effort. I certify that all the material in this thesis, which is not my own work, has been identified and acknowledged. No materials are included for which a degree has been previously conferred upon me.

Basel, 02 June 2017

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Executive Summary

Nowadays most global organizations aim to constantly minimize their costs in order to be able to stay competitive and profitable. High amounts of such organizational costs are related to third party expenditures with external suppliers. One of the increasing third party cost factors is the purchase of management consulting services, where businesses seek for external advice to successfully manage changing and competitive environments. In charge of managing these third party expenditures are internal procurement functions, whose performances are measured along the key metric of cost savings.

Line functions consuming such consulting services are in contrast motivated by multiple factors when engaging with these providers, not just costs. They aim primarily to engage with suppliers being able to deliver the most value for their money. This creates a conflict of interest while selecting consultancy service providers. To maximize value for an organization, procurement functions need to adapt, have a more holistic view and take over the role of trusted advisors by matching the best available consulting supplier capabilities with internal business partners' requirements.

In light of the outlined context, this research project examines on a real-business example, a Novartis case study, how procurement functions can maximize the outcome of future consulting engagements by considering internal managers' requirements. Supplier performance measurement methods of assessing completed consulting projects are serving as the basis to develop such a value-driven procurement approach.

An extensive literature review was undertaken with the goal of outlining relevant understandings of procurement and supplier performance measurement concepts. The combination of those concepts results into the development of the conceptual framework, on which the empirical research is built upon. In a first part, semi-structured interviews with Novartis managers buying consulting services identify consulting relevant metrics against which supplier performances can be measured. The subsequent second empirical research part pursues to test the applicability of those metrics with the help of a survey. In this survey, Novartis managers which recently completed a consulting supplier engagement are also asked to express their preferences around performance measurements in order to reveal implications and recommendations for future practices.

As an overall result, a value-driven procurement process could be determined. Within this ongoing process, the results of supplier performance measurements along the identified consulting metrics affect the supplier choice for future consulting engagements. It ensures a customer-centric set-up of procurements processes which guide internal managers to the consulting suppliers with the best capabilities. All research findings are not only applicable to Novartis but can be transferred to global organizations buying management consulting services.

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1 Introduction and Problem Identification

With the main goal of maximizing the value of future management consulting purchases this research aims to measure and evaluate the outcomes of already purchased projects from a Novartis' perspective. This research will be introduced with a short company overview of Novartis and its procurement organization. It is important to note that within the scope of this research project Novartis will be representing global organizations which are purchasing management consulting services with the main aim to generalize the research findings.

After presenting Novartis, the practical as well as theoretical problem statement global organizations like Novartis are facing when procuring management consulting services will be addressed. These problem statements will then be narrowed down to a resulting research gap before describing the corresponding research objectives, research questions and research strategy.

1.1 Novartis Company Overview

1.1.1 Novartis Key Figures

Novartis, a global healthcare organization headquartered in Basel, Switzerland, addresses the growing needs of patients worldwide (Novartis, 2017a). Established in 1996 through the merger of Ciba-Geigy and Sandoz (Novartis, 2017b), Novartis achieved net sales of USD 48.5 billion in 2016 and counts 123'000 employees of 142 nationalities around the world. Novartis was able to reach nearly 1 billion patients worldwide in 2016 by selling products in more than 155 countries (Novartis, 2017c).

The organization is divided into three different business segments – Innovative Medicines, Alcon Sandoz and the supporting functions such as Novartis Operations, the Corporate Functions and Novartis' global research organization, the Novartis Institutes for BioMedical Research (NIBR) (Novartis, 2017d).

1.1.2 Novartis Procurement

In order to undertake its operations Novartis spends significant amounts of money on goods and services each year. Approximately 1'200 associates across all Novartis divisions are responsible to provide procurement services by managing more than 120'000 active suppliers (Novartis Procurement, 2017a). In 2015 USD 1.7 billion savings coming from procurement efforts were generated, which represents approximately 8% of Novartis' annual spending on goods and services within the scope of the procurement function (Novartis, 2016a, p.4).

Traditionally procurement has been viewed as a function that purchased goods and services at the best price. Nowadays procurement's role at Novartis has become increasingly strategic by providing

bottom line savings which create financial impact and drive commercial growth (Novartis Procurement, 2016a). At Novartis, procurement aims to be a valued and trusted partner to the internal business by providing guidance on what and how to purchase. This includes a range of activities like elaborating buying strategies, investigating market intelligence, identifying appropriate suppliers and ensuring compliance to contracts and processes while mitigating supplier risks (Novartis Procurement, 2017a).

Novartis procurement is organized along categories (see Appendix 1). Expenditures are therefore structured into two fundamental types: either direct spend, e.g. raw material or indirect spend, e.g. non-product related goods and services (Novartis Procurement, 2016a). Within these two fundamental types, procurement at Novartis is divided into different areas of spend. Each of these spend categories is managed by global and regional/country category managers who are responsible to ensure that 'best' possible deals are achieved, wherever organizational money is being spent in Novartis (Novartis Procurement, 2017a). Further details and a category overview can be found in the Appendix 1.

Within this category structure, procurement Switzerland represents the most significant region at Novartis and covers with its 7 billion USD (25% direct spend, 75% indirect spend) more than one third of Novartis' total annual third party purchasing volume (Novartis GroupDataWareHouse, 2017).

At the heart of this thesis is Switzerland's indirect procurement service function, which is amongst others responsible for professional services and its subcategory of management consulting services. Swiss category managers support the internal business along the whole process of purchasing management consulting services from the supplier selection to the award and contract negotiation. Essential to mention is that Novartis procurement is currently not measuring the performance of suppliers on completed management consulting projects.

1.2 Problem Analysis

1.2.1 Practical Problem Description

Nowadays' innovation-oriented and service-driven organizations are spending increasing amounts of their budgets toward a complex range of external suppliers in order to meet their core objectives (Hughes and Ertel, 2016; Eatough, 2014). In his Harvard Business Review article, Eatough (2014) states that suppliers should be seen as "[...] an extension of the company", as approximately 70% of organizational budgets are spent with those external providers. Ensuring that this considerable amount of money is spent well, is fundamental to an organization's success. As a result, there has been an increasing realization of procurements' contribution on organizations performances. Not only Novartis with its service-driven and internal customer-oriented procurement function, but many other organizations have shifted their view of a traditional tactical-oriented procurement function (Hughes and Ertel, 2016; Cousins, Lawson and Squire, 2006). The result is the creation of a

complex management service function aiming to support strategic goals of an organization (Hughes and Ertel, 2016; Cousins, Lawson and Squire, 2006).

In today's competitive environment a significant amount of this budget spending is related to the purchase of professional services or more specifically to the purchase of management consulting services such as strategic, operational, human resource, financial or technological advisory (Hartel, 2009, p.9; Smeltzer and Odgen, 2002). Management consultancy is a dynamic and rapidly changing sector within the category of professional services. As many organizations downsized their operations within the past years, external expertise is increasingly needed (Cecere, 2016). Consequently, consulting has become a present feature of corporate change and innovation (Auxesia, 2013). According to Statista (2016) the consulting industry has reached a global market size of USD 251 billion in 2016 with a constant grow of approximately 8% since 2013 (Cecere, 2016). Whilst bought properly, management consulting services can play a crucial role in helping organizations managing and improving their performance - bought with little market knowledge of appropriate supplier capabilities they can cost an organization much more than just the fees paid (Czerniawska and Smith, 2010, p.4). The fact that services like management consultancy come along with specific characteristics such as high intangibility and individualization of projects does not facilitate the situation (Czerniawska and Smith, 2010, p.6). Even if the general procurement process from the identification of a business need to the supplier selection and evaluation applies as well to the procurement of consultancy, van der Valk and Rozenmeijer (2009) claim that the difficulty lies especially in the definition of the scope and outcome to be delivered. This consequently turns the right supplier choice into a tough task. Furthermore, consulting services vary in their type (strategic, operational, etc.), their time needed to be carried out, and the level of resources required (different team compositions). All these aspects make it challenging for procurement to judge and evaluate the value a supplier brings to a consulting project (Czerniawska and Smith, 2010, p.6).

With these considerations in mind, Hughes and Ertel (2016) claim that many procurement departments are concentrating only on ad-hoc buying of consulting services with a pure emphasis on the cost parameter. The valid reason behind this is represented by the fact that procurement's productivity performance is mostly measured along generated cost savings – which does not fulfill the intention of a strategic and value-adding business function. Van Hoek (2013) even emphasizes that “[...] being a strategic business partner means so much more than negotiating a discount”. He also states that procurement associates spend less than 30% of their time understanding and customizing needs of internal customers and tracking their satisfaction level with suppliers. But where is here the shift from a tactical towards a strategic customer-oriented function? This is exactly where the conflict of interests arises.

Internal customers are not only measured against those cost parameters and are therefore interested in far more aspects supporting their achievement of objectives. With the high amounts of expenditures on consulting projects in mind, their aim is to engage with a management consulting provider that delivers the most value for their money. Internal customers require procurement to act as trusted advisors that better understand their requirements, objectives and strategies (Bossi and Schoenherr, 2015). According to Hughes and Ertel (2016) focusing on lowest

costs is rarely a good indicator to achieve the role of being a good advisor. It is essential to understand when it is worth to spend money on a supplier that is not the cheapest, but that is able to deliver the requested support internal business partners are requesting. How can procurement ensure that the internal business partner is being directed to the right vendor that delivers the requested outcomes with complete satisfaction? Wiehe (2015) sees this as a driving question of expanding procurements' mindset away from pure cost savings towards a value-driven service function. He believes that this approach starts not only by assisting in the definition and formulation but also by challenging the consulting need before reaching out to any supplier. Hence, there is a clear need for an ongoing systematic approach, which takes into consideration the capabilities of the existing supplier landscape in order to respond to any challenge the internal business might face.

In light of all outlined complexities, there is a clear need for an approach which matches on one hand the priorities of the internal business and on the other hand the available supplier capabilities. These capabilities can be identified by assessing delivered consulting engagements of those suppliers. An ongoing business stakeholder alignment with such supplier performance measurements practices is required to help the procurement function become more valuable for future consulting projects.

1.2.2 Theoretical Problem Description

With these practical considerations in mind, it is not surprising that the area of procurement is increasingly receiving attention from organizations but as well from researchers. Already in the 1990s researchers anticipated procurement to become a more strategic function (Ellram and Carr, 1994). Within the following years, these predictions turned to be correct as organizations focused on outsourcing of non-core competences (Carter and Narasimham, 1996) and hence, increasingly had to manage the relationship with external partners and internal customers. But even though this resulted into an increasing amount of academic articles and empirical research, some essential issues still remain undiscussed and unsolved. Many researchers recognize the area of procurement as a largely under-researched topic (Kaufmann and Carter, 2006).

As already outlined in the subchapter before, particularly the purchase of services has become an important element for organizations. However, the research in the area of procurement traditionally places its focus on the purchase of goods and ignores the high impact that procurement functions can create when buying services (Van der Valk and Rozenmeijer, 2009). This applies especially to the procurement of management consultancy. Due to their intangibility and knowledge-intensive nature, their characteristics are increasingly difficult to manage with the existing process models available in the procurement literature (Glas, Essig and Rottmann, 2015). Existing procurement process models are outlined in literature in many different ways (van Weele, 2010, p.9; Xideas and Moschuris, 1998). Van Weele (2010, pp.9-11), which is mostly referenced in literature, defines six major steps, from the specification definition to the supplier selection, contracting and ordering, to the expediting and evaluation. However, all those processes focus primarily on the procurement of a good. A defined handbook for buying management consultancy

services does not exist; literature only describes their general characteristics (Czerniawska and Smith, 2010, pp.13-17).

In addition to that, the practical problem clearly shows a need for knowing the existing supplier landscape with its capabilities in order to act upon any internal business partner requirements. Using a category management approach represents a first step to address this need by segmenting budgets spend with suppliers along various categories (O'Brien, 2015, pp.5-7). O'Brien (2015) uses here management consultancy, marketing or facility management services as an example. This way into a more value-adding procurement can be supported by measuring the outcomes of completed consulting projects. Within academic literature, measurement in procurement is primarily connected to the concepts of supplier relationship and performance management (Monczka, et al., 2009, p.270). However, here the problem arises that supplier performance measurement is highly attributed to improve the relationship between the buying organization and the supplier in general. Internally measuring the satisfaction on supplier performances to achieve better future project outcomes and department objectives is not being considered at all (Monczka, et al., 2009, p.269). Trent (2010) confirms and highlights that no standardized supplier performance measurement approach exists for any business area. For the procurement of management consultancy this particularly means, that specific supplier performance measurement metrics beyond the standard ones would need to be defined. The CEB Global (2016a), a best practice organization partnering with firms to deliver market insight and research, argues that each of these metrics will need to be individually defined in collaboration with the internal business lines. But here again, literature mostly defines supplier performance metrics for goods (Kannan, et al. 2002; Monczka, et al. 2005, p.271).

Overall, it is essential to understand that within this theoretical problem, all procurement concepts – procurement's task and process, category management and supplier performance management – are rarely connected within literature. What has not been addressed adequately is how those elements can be aligned in order to maximize procurements contribution for future consulting purchases.

1.2.3 Research Gap

Following the above outlined practical and theoretical problem statement, the main research gap that this project addresses is how procurement can measure the supplier performance of completed consulting projects in order to maximize the value of future consulting purchases. This should take into consideration not only cost savings driven metrics, but primarily metrics which are relevant for internal business partners.

The clear need for research and guidance is even justified in Aberdeen Group's empirical study (2002), where 70% of the participating organizations confirmed the critical importance of measuring supplier performances. However, only half of the study participants do have such practices in place and measure even less than a third of their supplier bases' performance (Aberdeen Group, 2002). With the limited amount of theory available this is not a surprising result.

Moreover, the research gap even further increases when looking at the procurement of management consultancy services. First, due to its growing market and organizational need this research area represents an especially interesting and fruitful case when it comes to the mentioned research gap. This makes the analysis of a customer-driven procurement of management consultancy so interesting. Second, literature claims the need of procurement acting as a trusted business partner for internal customers. The standard metrics for supplier performance measurements are on one hand heavily goods related (e.g. degree of damages) or, on the other hand unimportant for internal business partners which makes it relevant to gain insights and further develop this research area. Third, literature mainly separates the areas of procurement and supplier performance management and measurement. Even if combined, it only addresses a way how to improve the relationship between both parties. Essential is hence, to come up with an approach, which integrates all those aspects and at the same time ensures that the internal business is directed to the vendor delivering the best consulting services for future purchases.

1.2.4 Research Limitations

Consequently, some limitations should be considered. The project set-up of a Novartis case study limits the research findings to global organizations' procuring management consulting services. The results are only partly transferrable to smaller organizations. Within management consultancy, the project only focuses on the procurement of strategic and operational management consultancy, which makes generalization for other types of consultancy services (e.g. financial, IT consulting) difficult.

It is obvious that the achievement of a value-adding supplier performance in the area of management consulting requires a collaborative effort from the supplier but also the buying organization. If the buying organization – Novartis in this case study - does not provide sufficient transparent communication, information sharing and integration into the daily business, the engagement's success could be affected. However, such a comprehensive relationship management effort goes beyond the scope of this research and will thus not be considered.

One last point to highlight is that this research limits itself to the existing supplier pool of an organization. In this case study only existing Novartis management consulting suppliers are considered. Searching for and exploring capabilities of new suppliers which could meet internal requirements are not being taken into account.

1.3 Research Objectives and Research Questions

1.3.1 Research Objectives

Based on these problem descriptions and the resulting research gap, this project focuses on the following objectives:

1. *To define supplier performance metrics that are in line with internal business objectives to evaluate outcomes of management consulting projects*
2. *To derive how a procurement approach can maximize the value of future management consulting project purchases and outcomes*

A detailed description of the research objectives and its relationship to the research question follows in chapter 3.1.

1.3.2 Grand Tour Question

The outlined reasoning and the above pursued research objectives lead to the below defined grand tour question guiding this thesis:

How can procurement as a service function maximize the value of future management consulting project purchases by assessing completed consulting projects based on supplier performance metrics that are aligned with internal business' objectives?

1.3.3 Research Sub-Questions

In order to answer the main research question and to achieve the outlined results, three important sub-steps have to be achieved. The three research sub-questions are described below:

1. *Which supplier performance metrics should be measured when evaluating management consulting project outcomes according to the business lines buying consulting services at Novartis?*
2. *With these supplier performance metrics in mind, how could an approach of systematically measuring the outcomes of completed management consulting projects look like?*
3. *How can the procurement function with such an approach maximize the value of future management consulting project purchases and outcomes?*

1.4 Research Strategy

After the definition of the theoretical framework in chapter two, this research follows a **single case study** strategy based on a Novartis analysis. The aim of this Novartis single case study of an **exploratory** research nature is to explore supplier performance metrics for consultancy services from different managers' perspectives in a real life example. Within this case study a **mixed-method study** has been applied, dividing the empirical part into two parts with two different **non-probabilistic samples**.

The data of the first research part has been collected through twelve **semi-structured interviews** with Novartis associates buying consulting services. The Novartis associates were chosen based on time of buying, span of control, annual consulting spend and number of annual consulting engagement considerations. Here, relevant metrics to evaluate supplier performances have been identified. Literature review has built the baseline for the development of the interview questions. The gathered data has been analyzed with the help of a coding scheme.

The second research part, covering research sub questions two and three, incorporated the findings of the first part. With the help of nine **surveys**, the supplier performance of completed consulting engagement was assessed along the researched metrics. The performance was mandatory measured with a one to five rating (1=unacceptable; 5=excellent). In addition, open comment fields allowed the survey participants to further justify their rating. However, the main of this second research part was not only to test the identified metrics, but also to assess how relevant the whole process of supplier evaluation in such a survey set-up is. Therefore, this second research part enabled the generation of improvements and recommendations for future purchases within a real-business context.

More details on sampling, data collection and analysis are outlined in the methodology chapter itself.

To summarize, the combination of these two research parts aimed to provide not only for internal business lines relevant performance metrics, but also to identify an approach with the help of which, procurement may be able to maximize its value contribution for future consulting purchases.

1.5 Definition of Terms

1.5.1 Value in Terms of Procurement

In order to be able to maximize value it is essential to have a shared understanding of what the term in procurement practices within a business environment exactly means. According to the Chartered Institute of Purchasing and Supply (2016a) value can be seen as a term with both, financial and non-financial aspects. In terms of financial criteria, value relates to cash-releasing benefits like cost savings. Beside cost savings value is described as all other non-cash releasing

benefits meaning that if “[...] the procurement process is aligned with the strategic goals of the organization, it is reasonable to expect that the impact on the business will include more value-adds”(Chartered Institute of Purchasing and Supply, 2016a).

1.5.2 Definitions of Procurement Terms

Different authors apply different meanings to the terms procurement, purchasing, and supply chain management. All of them actually refer to different aspects of the same part of business (Kolenko, 2014). In order to avoid potential misunderstandings it is essential to define these various terms precisely. The next subchapters explain how these terms are defined for this research project.

1.5.2.1 Procurement and Purchasing

For this project, procurement and purchasing are used interchangeably. Broadly defined, procurement is the all-encompassing end to end function that is responsible for the acquisition of all goods and services within an organization (Pienaar and Vogt, 2012, p.13). This goes hand in hand with the definition of the Chartered Institute of Purchasing and Supply (2013a, p.2) which sees procurement not only as a single action or process but as a function covering several of events from the identification of a business need for a good or service through to its end receipt and approval of payment. In this sense, procurement and purchasing is “[...] the business management function that ensures identification, sourcing, access and management of the external resources that an organisation needs or may need to fulfil its strategic objectives.”

1.5.2.2 Supply Chain Management

Supply chain management is often being connected to procurement and purchasing. Though, the term relates to a broader concept than the procurement or purchasing function. Most theories and organizations include procurement or purchasing as a main supply chain activity (Wayne, 2013). For the purpose of this paper Christopher’s (2016, p.2) definition will be applied seeing supply chain as “the management of upstream and downstream relationships with suppliers and customers in order to deliver superior customer value at less cost to the supply chain as a whole.” Therefore, the supply chain management can be as the overarching area, while procurement represents only part of it.

1.5.3 Spend in Procurement

When talking about spend it is important to be precise. Procurement spend is any kind of organizational third party expenditure (White, 2014). White (2014) emphasizes that these expenditures represent all goods and services bought from the range of suppliers a procurement department is actively managing on a continuous basis.

1.5.4 Management Consulting Services

According to the European Federation of Management Consultancies Associations (2014) Management Consulting is the practice of offering third party advice, expertise and support. Such advisory services are contracted of and provided to organizations by specially qualified people. Support is provided to organizations by identifying and analyzing problems and opportunities, proposing appropriate solutions, and helping, if requested, with the implementation of these solutions (European Federation of Management Consultancies Associations, 2014). Modi (2013) states the difficulty of generalizing typical activities of a management consultant due to the uniqueness, tailored proceeding and individual skill set of each project. However, it is possible to categorize the most common management consulting types: strategic, operational, human resource, financial and technological management consulting (Hartel, 2009, p.9).

2 Theoretical Framework

In order to achieve the research objectives a theoretical framework must be developed, serving as a basis for answering the research questions. Therefore, the purpose of this chapter is to outline the relevant literature in context with the problem definition and to provide a basis for the empirical part that follows. The chapter starts with an overview of the procurement function before looking at category management, the procurement of management consultancy and finally supplier performance management. It ends with a conclusion in form of a conceptual framework.

2.1 Procurement in an Organization

2.1.1 The Evolution of the Procurement Function: Past and Present

Recent scientific literature clearly shows the growing importance and strategic influence a procurement function has on a firms' performance (Hughes and Ertel, 2016; Koubaa, 2016; Richart, 2015; Wiehe, 2015). However, the procurement area has not always been gaining such recognition and its organizational role still continues to evolve (Nolan, 2014). In order to understand the future of procurement and its value contribution to an organization it is useful to review the historical development of the function.

The procurement concept exists for thousands of years. People and organizations have always had to buy goods or services to complete any kind of project. Throughout a long time its role has been seen as a "[...] back office function focused on processing transactions" (Hughes and Ertel, 2016). Research published throughout the 1970's attributed procurement's internal performance with purely tactical and administrative tasks (Ammer, 1974). This is supported by the view of Reck and Long (1988) arguing that purchasing played a "passive" role in a business organization.

In 1983, Peter Kralijc (1983) introduced a set of strategic sourcing principles with the consequence of procurement firstly being transitioned into strategic sourcing. For Kralijc (1983) this strategic shift is explained by procurement carefully assessing the supply risk and the corresponding profit impact. In general, organizations began to establish strategic linkages to procurement by recognizing the impact of the service function on their sustainable competitive environment (Carter and Narasimham, 1996). This was the beginning of the transformation into a professional business function. Over time, organizations realized the capability of a procurement department in building and leveraging inter-organizational relationships in a way that a valuable contribution and therefore, a competitive advantage could be created (Cousins, 2005). Monczka, et al. (2009, p.45) consider this as a response to the challenge of tightened worldwide competition, shorter product

life cycles, rapidly changing technologies, growing price pressures and higher customer expectations.

Nowadays, procurement is responsible for a range of activities and initiatives from the identification of a business need to the engagement with and evaluation of qualified suppliers. Thomas Derry, CEO of the Institute of Supply Management, noted “[...] the growing interest and popularity of the value-from-procurement topic continues to shape the conversations [...]” (A.T. Kearney, 2015). Responsible for this evolvement of the procurement function are not only new supplier relationship management practices, but also new technologies like e-procurement solutions (Nolan, 2014). In addition to this, the outsourcing of activities to suppliers and the dependency on external capabilities is a present topic in today’s business environment.

Today, these broad-ranging procurement activities that are aligned with organizational goals, pursue defined tasks and objectives within an organization: decrease costs, improve and drive supply quality (Bräklings and Oidtmann, 2012, p.5). Grant, et al. (2006, p.97) further develop the tasks of the function by making procurement responsible for:

- the overall supply continuity
- managing the supply base effectively and efficiently
- mitigating the risk of an organization.

Hence, procurement today is not only managing increasing expenditures but also managing a wider supplier base contributing to the overall organizational value creation process (Kähkönen and Litukangas, 2012).

2.1.2 The Procurement Process in an Organization

In order to understand the value-add of a procurement function, the general process of acquiring goods or services needs to be outlined. This will be used as a knowledge base for the further process of this paper.

All steps that must be completed when an organization requires goods or services are clearly interdependent and take place one after another in a defined process. Literature itself outlines the procurement processes in many different ways (van Weele, 2010, p.9; Xideas and Moschuris, 1998). While all procurement practices covered in such a process are of same nature, only the classification of activities varies from researcher to researcher. As an example, Xideas and Moschuris’ (1998) process consists of four activities from the need identification to the supplier search, supplier selection and finally to the completion of a purchase. In contrast, van Weele’s (2010, pp.9-11) defines six major steps. His process is the most referenced within literature and consists of: define specification, select supplier, contract agreement, ordering, expediting and evaluation. Due to the interconnectivity of the six steps the output of each activity in the process affects the output in the subsequent step. However, for the purpose of this paper, van Weele’s process will not be taken into further consideration as it primarily describes the process of

procuring a good (e.g. define technical specifications, establish order routine, establish expediting and troubleshooting). Therefore, the procurement process relevant for this research project consists of all activities associated with identifying needs, developing a procurement strategy, locating and selecting appropriate suppliers, negotiating and following up on the relationship in order to ensure supplier performance (Monczka, et al., 2009, p.42). Figure 1 outlines this procurement process, which is generally defined and is therefore applicable to the buying of goods as well as services.

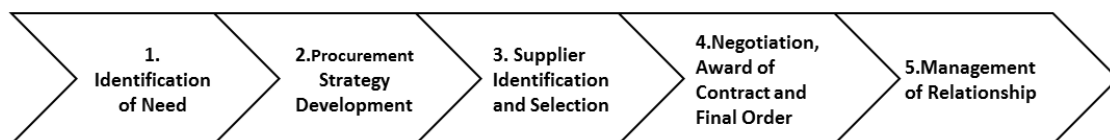


Figure 1: A General Process for Goods and Services (Own Illustration based on Monczka, et al., 2009, p.42)

1. Identification of Need

The first step is about identifying the business need and about information gathering. Procurement associates get informed from business lines at this stage about the desired purchase. According to Monczka, et al. (2009, p.45) this represents an important step in the process. It may take time to understand the internal need. But only if the need is understood, a supplier can fully respond with its good or service offer. A poor identification of needs may lead to incorrect purchases, resulting in additional time, effort and cost for organizations (Monczka, et al., 2009, p.45).

2. Procurement Strategy Development

Depending on the scale of the requirement there can be a very wide range of potential approaches and strategies the procurement function can take (Purchasing Insights, 2014). The main question arising when developing a procurement strategy is to elaborate how the value through procurement can be maximized for the internal customer. There are many ways of how such strategies can be defined. They are highly organization depend. Pursuing a cost leadership approach by focusing only on the cheapest suppliers represents one possibility. A second strategy limits the supplier pool to a small number of preferred suppliers (Boariu, 2015). Boariu (2015) splits in a next step such strategies into two general groups: competitive and noncompetitive procurement. Competitive in this context means conducting a bidding process to receive different bids and tenders. It is a commonly used strategy to request offers from suppliers (Monczka, et al., 2009, p.46). Noncompetitive procurement applies when the supplier choice is taken without approaching several vendors. The reason for going noncompetitive could also be a result of leveraging already available supplier business relationships Boariu (2015).

All in all, due to the high dependency on the requested good or service, it is challenging to define general components of such a procurement strategy (Purchasing Insights, 2014).

3. Supplier Identification and Selection

Once a competitive or noncompetitive decision has been taken based on an underlying strategy, procurement needs to evaluate all solutions available and make a selection from the range of suppliers (Van Weele, 2010, pp.9-11). The main goal is to evaluate all possible options and to get a clear picture of the supply base. At this stage, procurement associates should therefore also analyze the market structure, the level of competition within the market and the availability of alternatives (Purchasing Insights, 2014). For some goods or services organizations may have various suppliers which have demonstrated their performance capabilities through previous purchases. Procurement is then responsible to evaluate which of the preferred suppliers or new suppliers on the market are capable of fulfilling the need and to come to a final selection. According to Monczka, et al. (2009, p.46-47) this is a step which requires collaborative effort from procurement but also from the internal business due to its subject-matter expertise.

4. Negotiation, Award of Contract and Final Order

The negotiation and contracting part takes places in step four once the supplier has been selected. Of course, legal documents differ from organization to organization and may include product or service specific technicalities, organizational settings and legally binding terms and conditions (van Weele, 2010, pp.9-13). Before contracting at this stage, the price, quantity and customization possibilities are established. Once negotiations took place, an order in form of a so-called purchase order is placed (Monczka, et al., 2009, p.58).

5. Management of Relationship

Once the contract is signed, work starts. The deliverables are then being monitored against the agreed terms and conditions (Monczka, et al., 2009, pp.58-59). But the focus at this last stage lays as well heavily on the management of the supplier-buyer relationship. Being aligned with the supplier in terms of transparent communication and full involvement in processes is significant for an engagements' success or failure (Rizza, 2015). However, as defined in the research limitations (chapter 1.2.4) the improvement of the supplier relationship itself and the effort of the buying organization is not part of this research scope.

2.1.3 Strategic Paradigm: Future Procurement

Even tough procurement practices have a long history and were facing a quick and successful evolution within the past 30 years with clearly defined tasks and standardized processes, the valuable strategic role as part of a firm's structure is still relatively new (Nolan, 2014). Nolan (2014) applies this to both, the procurement of goods and the procurement of services.

But what does this term 'strategic procurement' actually mean within literature? Ohlmann (2015) identifies strategic procurement as practices that "[...] are proactive in nature and are focused on providing value over the long term." Therefore, it is a holistic approach that should focus beyond simple cost savings and should be aligned with the overarching organizational goals. Weigel and Rücker (2013) add the fact that strategic procurement includes all activities taking place before the

actual ordering process such as the search for potential supply markets and the supplier portfolio management. This should bring the main aim of constant optimization and innovation of processes. By applying the outlined procurement objectives and general procurement process, the procurement function was able to generate billions of savings within organizations over the last years. However, the value of cost savings are long-hanging fruits which have already been picked in goods and services procurement. Latest conceptual research from Bossi and Schoenherr (2015) confirms this argument and clearly shows the need of procurement capabilities to go beyond traditional bargaining power and pure savings, in order to maximize procurement's value-adding. Of course, those practices are essential and should not be ignored, but rather be expanded by further solutions and opportunities in procuring goods and services.

Hughes and Ertel (2016), two researchers working with leading procurement organizations, developed a new procurement paradigm (Figure 2) showing clear differences to traditional procurement approaches. At the heart of their conceptual work, procurement acts as a trusted advisor and a strong internal consultant while engaging with internal business lines. How to better support internal business partner's requirements and objectives is what procurement organizations primarily need to focus on. But the new procurement paradigm even goes beyond that. Hughes and Ertel (2016) believe that only with the exact knowledge of the supplier landscape and its capabilities, procurement can respond to any challenge the internal business might face.

Traditional procurement paradigm	New procurement paradigm
<ul style="list-style-type: none"> • Primary value is cost reduction and securing external supply of goods and services 	<ul style="list-style-type: none"> • Primary value is solving business problems and delivering competitive advantage
<ul style="list-style-type: none"> • Competitive pressure and leverage over suppliers is key to value 	<ul style="list-style-type: none"> • Collaboration with suppliers and balanced dependence is key to value
<ul style="list-style-type: none"> • Internal focus is on stakeholder compliance 	<ul style="list-style-type: none"> • Internal focus is on being a trusted advisor to the business
<ul style="list-style-type: none"> • Manage transactions 	<ul style="list-style-type: none"> • Manage relationships
<ul style="list-style-type: none"> • Analytical skills 	<ul style="list-style-type: none"> • Business acumen and soft skills
<ul style="list-style-type: none"> • Own and execute 	<ul style="list-style-type: none"> • Facilitate and enable

Figure 2: A new Procurement Paradigm (Hughes and Ertel, 2016)

Hence, communicating and liaising with internal business partners represents in this procurement paradigm the enabler for success. Nonetheless, Hughes and Ertel (2016) clearly indicate that any procurement organization seeking to maximize its value-add requires a more strategic approach to joint problem solving and business stakeholder alignment. Lesbros (2015) confirms this view and

identifies a concern in the area internal customer alignment. This concern deals with the fact that procurement associates often speak with their internal customers from a procurement angle in procurement jargon. This is why according to Lesbros (2015) the real value of procurement lies in the importance of communicating on business matters from the eyes and in the language of internal stakeholders.

Henshall (2015) also holds on to the trusted business advisor and joint problem solving approach. His procurement triangle places the internal customer in the center and describes the new orientation of procurement in terms of three goals (Figure 3):

1. Cost leadership
2. Growth through continuous support and collaboration with internal business lines
3. Constant innovation to create sustainable advantages



Figure 3: Strategic Procurement's Golden Triangle (Henshall, 2015)

The cost optimization part of the triangle enables organizations to decrease costs out of the supply chain while delivering additional growth. Collaboration as a second part represents the key to preserve competitive advantage. Constant innovation on the other side requires procurement to align across the whole organization in order to achieve benefits to internal business partners. Only by analyzing the supply chain from an internal business partner perspective and by determining capable suppliers, procurement can drive sustainable growth (Henshall, 2015).

All in all, this subchapter clearly shows how procurement developed from a passive towards a customer-oriented function which should be embedded in any organization. By applying general procurement processes and approaches – no matter if for goods or for services – procurement should always go beyond cost savings and negotiation strategies. With the help of a trusted business partner concept which considers the involvement of the customer voice, value-adding outcomes of supplier engagements can be achieved.

2.2 Category Management

2.2.1 Category Management in Procurement

Now that the aim of the value-adding procurement function has been outlined it is necessary to explore how this can be achieved in practice. With all the aspects from the previous chapter in mind, category management could be seen as a first step into this direction. The category management approach gets especially important for this project due to the procurement focus on a specific type of services - management consulting services.

It represents a way to organize the procurement function (Baily, et al., 2015, p.40). The concept firstly appeared in the 1980's in the area of sales and marketing, but has been also practiced by production and retail companies (Davis, Eppen and Mattson, 1974; O'Brien, 2015, p.8; Procurement Academy, 2016). Broadly speaking, category management in procurement segments organizational budgets into purchase categories or also called commodities (Procurement Academy, 2016). Goods or services, for instance management consulting, available from the same or a similar supplier base can be identified as a category (Baily, et al., 2015, p.41). According to Evans (2009) many firms have integrated structured category management approaches within the past years as a practice to deliver value. However, category management does not only define an approach to align procurement resources. GEP (2016), a leading research partner of the Chartered Institute of Purchasing and Supply, highlights the additional value-adding nature of category management and describes it as "the bridge to strategic procurement".

Therefore, category management approaches can be linked to the before outlined procurement process by supporting particularly the steps until the supplier identification and selection. Through its clearly defined categories it enforces as well the mentioned business partner concept by proactively collaborating with internal business lines (Procurement Academy, 2016).

2.2.2 Benefits of Category Management in Procurement

Deployed effectively, category management can deliver several benefits to an organization by maximizing procurement's value through a more extensive and proximate internal customer and supplier approach (Mitchell, 2012). Similar to Hughes and Ertel's (2016) procurement paradigm, Mitchell (2012) sees category management as a way to expanding procurement's value contribution beyond purchased cost reduction. O'Brien (2015, pp.15-20) confirms this view by stating that category management encourages cross-functional working and collaboration throughout whole organizations.

Therefore, one of the most potential benefit is that category management gets procurement and the business side to work together to achieve significant results (Baily, et al., 2015, p.45). By building a precise knowledge base, the Chartered Institute of Purchasing and Supply (2016b) accounts category management for successfully managing the market, improving supplier performance and mitigating supply risks.

2.3 Procurement of Management Consulting Services

Now that literature around procurement and category management within an organization has been outlined, the focus will be shifted towards management consulting services. In order to understand how procurement can increase its value-add in the purchasing of such services, it is necessary to firstly gain a general understanding of the management consulting sector and its growing need. Subsequently, the challenges of procuring management consulting according to literature will be revealed.

2.3.1 The Management Consulting Sector

Procurement is increasingly responsible for buying management consultancy services which are part of the professional services area (Czerniawska and Smith, 2010).

As defined in the introduction (chapter 1.5.4), management consulting is a practice of offering advice, expertise and support and can be grouped into the most common types: strategic management consulting, operational management consulting, human resource consulting, technological consulting, IT consulting as well as financial management consulting (Modi, 2013).

It is essential to point out that management consultancy is a rapidly changing sector (European Federation of Management Consultancies Associations, 2016). New players, disciplines and capabilities are constantly being introduced and being expanded (European Federation of Management Consultancies Associations, 2016). Consequently, finding market research data is challenging. The graph below (Statista, 2016) gives an indication about the global consulting market size from 2011 to 2016. The clearly visible growth of the consulting sector reflects the steadily increasing demand and therefore an increasing need for organizations to purchase such services.

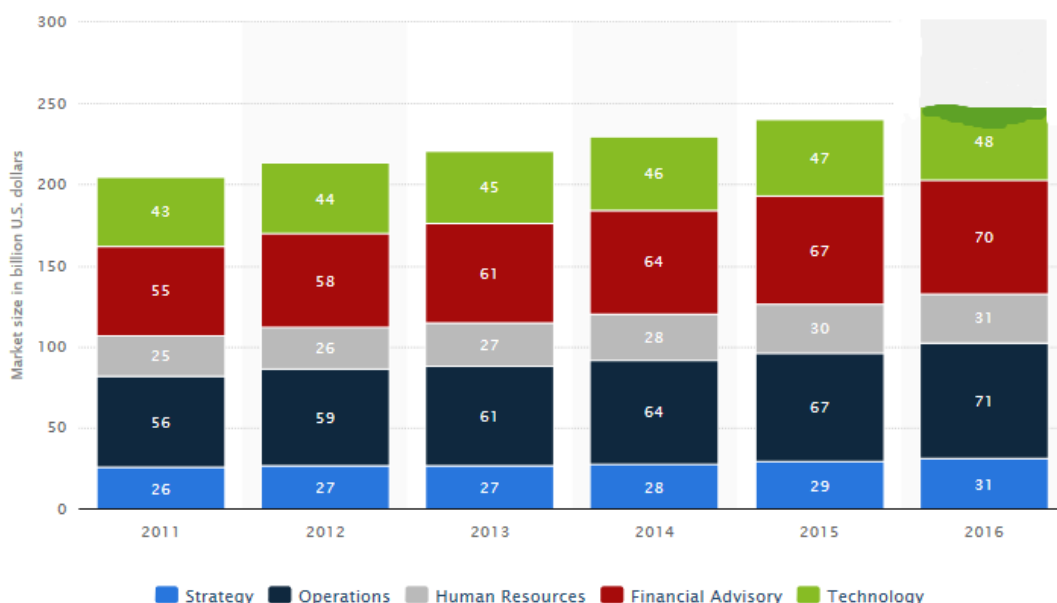


Figure 4: Size of Global Consulting Market from 2011 to 2016 by Segment in billion USD (Statista, 2016)

2.3.2 Organization's Increasing Need for Management Consulting

According to Cecere (2016) the ongoing processes of globalization and innovation of technologies represent one of the reasons for this long lasting growth trend and increasing need for consulting services. Moreover, the high amounts of mergers and acquisitions as well as organizational restructurings require a high degree of external knowledge. Change is the "raison d'être" of management consulting – this is how Kubr (2002, p.85) views the increasing necessity.

Czerniawska and Smith (2010, pp.18-20) define the reasons of the high demand even more specific. Firstly, a consultant brings the needed expertise that might not be available within the own organization. Most of the time, a high degree of industry knowledge or market expertise in a specific area is required. This expertise should even be backed up with operating experience and excellent skills. A further factor is represented by the demand of an external view. Organizations require advisors to bring in a different perspective with problem-solving and opportunity-identification capabilities (Czerniawska and Smith 2010, pp.18-20). Moreover, Czerniawska and Smith (2010, pp.18-20) mention that organizations are in need of experienced resources without making a long-term hire. Mendelsohn (2013) adds to this point that organizations profit from the flexibility when hiring consultants. No headcounts are required and consultants can be engaged within shortest time-frames.

2.3.2 Characteristics and Challenges of Management Consulting Procurement

As the need for consulting services is growing, the procurement function needs to find ways to intelligently purchase those services. Of course, the already outlined procurement process represents a general approach which applies as well to the purchase of management consulting services. From the identification of the business need to the supplier search, selection and evaluation all steps should be covered when procuring of management consulting (Roodhooft and Van den Abbeele, 2006; Czerniawska and Smith, 2010, p.4).

However, specific characteristics (e.g. intangibility) are responsible for complicating the purchase of those services (Smeltzer and Odgen, 2002). Van der Valk and Rozenmeijer (2009) explicitly claim that due to specific characteristics various steps of the procurement process become more challenging or vary in their level of importance.

Wittreich (1966) stated already in the 1960s that "[...] the tried and true rules for buying goods do not work when applying to the buying of professional services". According to Van der Valk and Rozenmeijers' (2009) empirical study of multiple case studies and surveys with Dutch procurement managers, three main problems in the area of purchasing services triggered this statement:

1. the difficulty in specifying the service need
2. the difficulty in determining scope and content of the service and
3. the evaluation of supplier performance

The first two aspects are strongly interconnected as the specification of the service need influences, in a later step, the scope definition of the services. Though, these first two aspects also affect the third problem, the supplier performance evaluation. A weak specification of the service scope makes it increasingly challenging to define metrics and to measure the degree of value-adding activities of a supplier. The empirical study results also show that procurement associates face much more difficulties when specifying the scope of services, as it is a complex and time-consuming task (Van der Valk and Rozenmeijer, 2009). Hence, Van der Valk and Rozenmeijer (2009) claim that the success of buying services relies in the effort procurement managers place during the first step of the buying process. The third point is also addressed by Czerniawska and Smith (2010, p.3). They state the challenge of evaluating supplier performance by highlighting that management consultancy services are highly knowledge-based and therefore difficult to measure.

The difficulty in defining the exact service scope is a result of the fact that consulting projects vary not only in their required time frame to be carried out (how many hours/days/weeks of expertise are required?) but also in their skills needed (junior resource, senior consultant, director, partner). Procurements role is here – in collaboration with the internal customer – to assess which skilled resources are exactly needed for what time frame (Czerniawska and Smith, 2010, p.15). In case of a need for in-depth expertise, a more senior consultant instead of a junior advisor should be procured. But another question arising here is if the same resources are required for the whole project duration or if different project phases need different team compositions (Schiele, 2000 cited in Bals and Hartmann, 2008, p.49).

The fact that buying consulting services most of the times implies a high degree of senior management involvement with projects of significant impact on the business should not be neglected as well. All of this suggests that substantial expertise is needed in order to buy management consultancy services well. Therefore, the value of most of these services lies in the extent to which they have been tailored to specific needs (Czerniawska and Smith, 2010, pp.13-17).

To summarize, conceptual and empirical literature places high emphasis on an exact understanding and a precise description of the consulting need. Due to the intangibility and individual tailoring of consulting projects procurement associates should take this as a serious task as it affects the performance a consulting supplier delivers. How to measure supplier performances is covered in the next chapter.

2.4 Performance Measurement in Procurement

This next sub-chapter brings general procurement practices and management consulting procurement together with supplier performance measurement. It outlines the theoretical foundation of measurement as a general concept before narrowing the focus down to supplier performance measurement and metrics.

2.4.1 Measurement in General

According to Parker (2000) measurement in general represents a way of decreasing uncertainty and is used to achieve a favored outcome. Adams, Neely and Kennerley (2002) describe performance measurement as “the process of quantifying the efficiency and effectiveness of an action.” Moreover, measuring can be defined as an activity to control the outcome of past events (Pavlov and Bourne, 2011). Evaluating and measuring outcomes makes it therefore feasible to estimate the value of various activities. Hence, the measurement of performances allows identifying if the value of an activity is higher than its attributed cost.

Beside the past focus, Pavlov and Bourne (2011) also state that measurement results can be used to influence future decision makings. They claim that it allows defining a starting point with a desired outcome and objective.

Lebas (1995) summarizes all those views by describing that measurement gives indications on past performances, which in turn assists the assessment of current situations and at the same time provides support in drafting an action plan to achieve future goals.

2.4.2 Supplier Performance Measurement in Procurement

Supplier performance measurement in procurement follows the same aspects as outlined above. Performance measurement of suppliers is described as an information collection process that measures, but also rates or ranks the performance of supplier on a regular basis (Monczka, et al., 2009, p.269). Hence, supplier performance measurement is an ongoing process requiring continuous effort to systematically evaluate based on standardized performance metrics (Aberdeen Group, 2002). Of course, the evaluation of supplier performance should not be treated equally for all goods and services. For goods it may be a much simpler process of confirmation (Chartered Institute of Purchasing and Supply, 2013b). The measurement of received services in contrast, consists of a more complex task with specific evaluation metrics for each service type (Chartered Institute of Purchasing and Supply, 2013b).

According to Monczka, et al. (2009, p.17) supplier performance measurement can be seen as one of the success enablers in procurement as it represents a fact-based approach to management and encourages the improvement of activities. In order to control costs and enhance performance an organization requires not only selecting suitable suppliers but also to evaluate and manage the performance of those external resources over time. With the help of ongoing measurements, organizations can identify performance gaps, react upon and develop approaches to improve the quality across the supplier landscape (Aberdeen Group, 2002).

An empirical study conducted by the research organization Aberdeen Group (2002) indicates that organizations which practice supplier performance measurements were able to improve their supplier performance in the areas of quality, costs, contract compliance and overall responsiveness remarkably. This same research study shows that organizations mainly conduct supplier performance measurements to improve performance but also to influence the selection of

suppliers in order to choose the most-value adding partner for their money (Aberdeen Group, 2002).

2.4.2 Elements of Supplier Performance Measurement and Management

The assessment of supplier performance can be grouped according to MetricStream (2016) into three different elements: Supplier contract management, supplier performance measurement itself and supplier performance scorecard (Figure 5). The supplier contract management builds the basis on which the supplier performance measurement and supplier performance scorecard is built upon.



Figure 5: Elements of Supplier Performance Management (Own Illustration based on MetricStream, 2016)

2.4.2.1 Supplier Contract Management

An existing contract that governs the relationship between an organizations and an external supplier builds the baseline of the supplier performance management. It can be set up in form of a frame agreement covering standard terms and conditions, or on an individual engagement level. Existing contractual documents may facilitate the process of assessing supplier performances as it has the purpose of ensuring that all involved parties comply with the agreed obligations. However, it does not represent a pre-requisite for internally measuring the performance of completed consulting engagements (Interagency Procurement Working Group, 2006).

2.4.2.2 Supplier Performance Measurement and Metrics

Once the contractual basis is given, the second element - the actual supplier performance measurement - needs to define performance measurement metrics (Chartered Institute of Purchasing and Supply, 2013b). With the help of such metrics, the performance of suppliers can be tracked against (Chartered Institute of Purchasing and Supply, 2013b). Of course, the selected performance criteria are highly dependent on the product or service type and need to be adapted according to specific requirements. Due to their uniqueness and high degree of intangibility especially procured services are affected. This comes along with the fact that literature mostly defines supplier performance metrics for goods (Kannan, et al. 2002; Monczka, et al. 2005, p.271). Metrics for goods which are difficult transferable to services are for example: reject rate of goods, degree of damages, and resolution of issues (Chartered Institute of Purchasing and Supply, 2013b).

For the procurement of services, the Aberdeen Group's empirical research study (2002) claims that the mostly measured areas are: quality and delivery performance, service capability, price competitiveness against other suppliers in the industry as well as contract compliance and responsiveness.

However, the CEB Global (2016a) argues that each type of service metrics will need to be individually defined in collaboration with the internal business lines. As the definition of specific metrics is a challenging task, examples of existing performance criteria can help to generate ideas. Metrics in the area of management consulting are difficult to find. However, a benchmark study from the CEB Global (2016b) defines six general metrics to measure supplier performance in the area of management consulting. CEB reveals that these six metrics can be taken as a basis to further develop and discuss with internal business partners. Those metrics with its corresponding sub-areas are depicted in the illustration below. A detailed description of each metric can be found in Appendix 2.

Cost	Delivery and Support	Flexibility and Ease of Doing Business	Partnership and Innovation	Quality	Risk and Compliance
Cost Management	Project Management Schedule	Invoice Timelines	Understanding of the Business	Deliverable Quality	Non Disclosure
Price Competitiveness	Project Staffing	Account Management	Knowledge Transfer	Business Impact	Compliance with Travel Policies
Value-Added Services	Project Management Communication	Ability to Change Scope	Relationship Partnering	Subject Matter Expertise	Adherence to Workplace Policies
Cost Transparency	Responsiveness		Market Intelligence	Interpersonal Skills	Corporate Information Security
	Internal Resource Time Commitment				

Figure 6: Supplier Performance Measurement Metrics for Management Consultancy (Own Illustration based on CEB Global, 2016b)

2.4.2.3 Supplier Performance Scorecard

Within the third element the defined metrics help the procurement function to create so called supplier scorecards. Many organizations define the term supplier scorecard as a report to illustrate performance information of suppliers (Trent, 2010). They show the overall performance of a supplier and help to uncover performance gaps in order to achieve better project results in the future (Trent, 2010). At the same time the development of supplier scorecards offers an opportunity for procurement to closely collaborate with its internal business partners. This enables an important way of constantly increasing the understanding of business' perspectives and priorities (CEB Global, 2016a). It is essential to highlight that no standardized supplier performance measurement approach exists in literature. The main challenge for organizations is to create measurement and scorecard practices which can be applied to a broad range of projects across the organization (Trent, 2010).

Though, within this scorecard approach, Monczka, et al. (2005, p.271) state that organizations mainly choose between two different techniques to assess and interpret the performance against the identified criteria: the categorical system and the weighted-point system.

The categorical system scores each metric into good, average or bad and represents therefore the most informal approach. Even if it has the advantage of being easy implementable, it does not provide detailed information (Trent, 2010; Monczka, et al., 2005, p.271). According to literature most organizations use the weighted approach, which weights the metrics depending on their defined importance (e.g. 20% cost, 40% quality) (Trent, 2010; Monczka, et al., 2005, p.272).

This fourth subchapter can be summarized by saying that supplier performance measurement in procurement is undertaken to get an overview of past performances in order to be able to influence future service provisions. Once defined, performance metrics are measured and the results displayed in individual supplier scorecards. For consulting services the most referenced metrics along several are not only cost, but also quality, service capability, innovation and responsiveness.

2.5 Conclusion and Conceptual Framework

The conclusion arising when bringing all elements from the theoretical framework together is that organizations strive to procure management consulting services from suppliers who are able to deliver the highest-value to achieve internal objectives. The criteria for success or failure in the achievement of internal objectives when engaging with such consulting supplier are highly project dependent. In addition, the provision of consulting is characterized by individual project tailoring triggering difficulties in defining the real service scope and consequently resulting into a challenge to evaluate the supplier performance. But, only the supplier performance assessment against project objectives from the internal business perspective can lead to improvements for future engagement outcomes. This is why it is worth to measure supplier performances systematically and on an ongoing basis. A value-adding procurement function should go beyond the general

procurement process by being able to respond with the right set of suppliers to any business challenge. It builds the basis for a performance-based supplier selection process.

Within such an approach all steps of the general procurement process (chapter 2.1.2) are covered. Adding category management practices to this general procurement process represents a first step into a more customer-centric approach. Through category management procurement associates are close to the internal business and can proactively support the purchase of consultancy services. Complementing the general procurement process and category management with supplier performance measurement can further increase procurement's value-add.

As a results of the theoretical framework, the author of this project combines exactly all those three elements outlined in this second chapter in Figure 7 below. It represents the conceptual framework of this research. The interconnection of the research and the literature review elements are illustrated in this conceptual framework with the final goal of answering of the grand tour question. Moreover, the conceptual framework functions as a fundament, map and guideline throughout the entire research process.

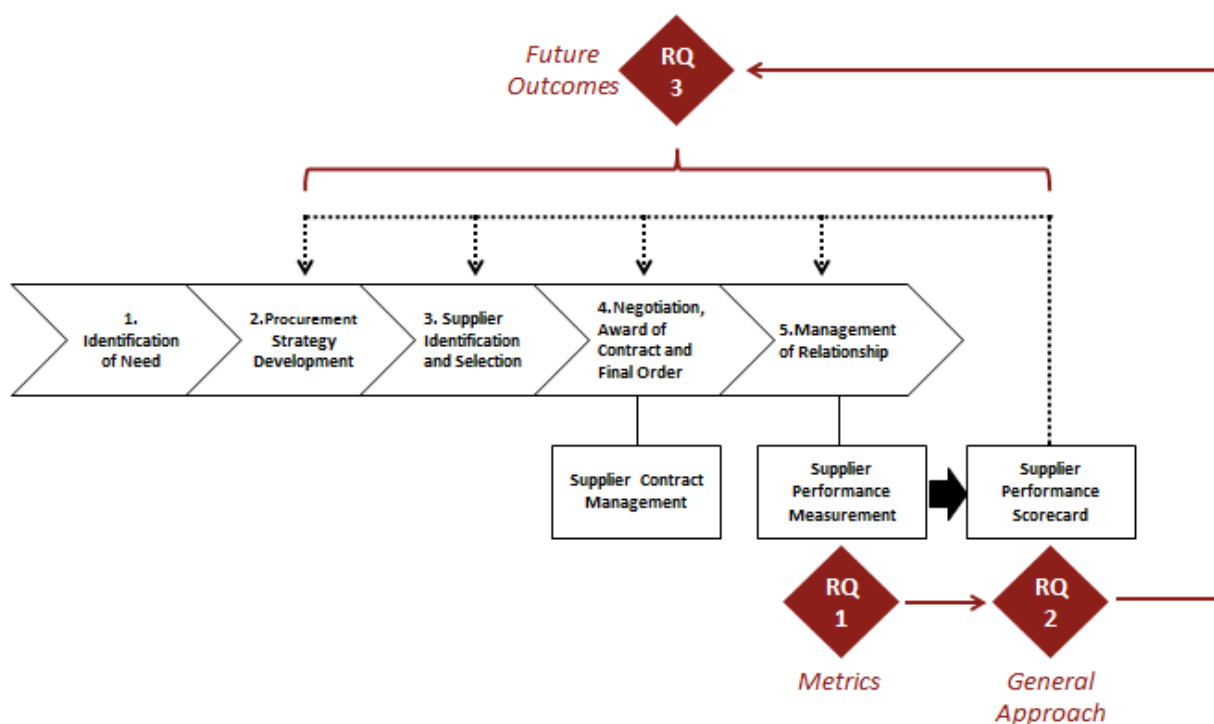


Figure 7: The Conceptual Framework (Own Illustration, 2017)

As suggested in the figure above, the supplier contract management can be combined with the procurement process at the fourth stage. Even if frame agreements might be in place, the specific scope and legal requirements are set at this point in time for the individual supplier engagements. At the end of the procurement process where a project is completed, supplier performance measurement against defined metrics becomes essential. The identification of consulting relevant

metrics contributes to the successful answering of the first research sub question. In a next step, the results of the performance evaluation can then be summarized in a supplier. To define a general approach represents there the purpose of the second research sub-question. However, as each completed consulting engagement contributes to the constant development of the supplier scorecard, the process should not be completed at this stage. The ongoing performance measurement and update of supplier scorecards influences future improvements of procurement approaches and supplier selections based on identified capabilities (third research sub-question).

Therefore, the combination of all three research sub-questions aims to answer the grand tour question of how procurement can drive its value for future consulting purchases by acting as a trusted business partner rather than focusing on pure cost leadership.

3 Research Strategy and Methodology

This chapter describes the methodological approach applied. Besides defining the empirical objectives and the research strategy, approaches towards sampling, data collection and data analysis are outlined. This chapter also takes into consideration the aspects of verification and generalizability and finally ends with the research limitations. The objective of the research methodology is to create a pre-defined research process which enables to come up with successful research findings and future implications.

3.1 Objective of the Empirical Part

The main objective of the empirical part is to respond to the grand tour question and its related sub-questions in order to answer the overall determined research objectives (defined in chapter 1.3). For the purpose of fulfilling the research objectives, this project applies mixed-method study techniques, which divide the research analysis into two parts. Each part is guided by different research sub-questions and objectives.

The **first qualitative part** pursues the first research objective:

To define supplier performance metrics that are in line with internal business objectives to evaluate outcomes of management consulting projects.

And is led by the first research sub-question:

1. *Which supplier performance metrics should be measured when evaluating consulting projects outcomes according to the business lines buying consulting services at Novartis?*

The subsequent **second qualitative and quantitative part** pursues the second research objective:

To derive how a procurement approach can maximize the value of future management consulting project purchases and outcomes.

And is led by the second and third research sub-question:

2. *With these supplier performance metrics in mind, how could an approach of systematically measuring the outcomes of completed management consulting projects look like?*
3. *How can the procurement function with such an approach maximize the value of future management consulting purchases and outcomes?*

Finally, the results of both research parts are combined to answer the grand tour question:

How can procurement as a service function maximize the value of future management consulting project purchases by assessing completed consulting projects based on supplier performance metrics that are aligned with internal business' objectives?

3.2 Methodology

3.2.1 Philosophical Orientation

Every research contains a certain range of beliefs and philosophical assumptions about the way in which the researcher sees the world and is therefore related to the nature of knowledge and its development (Creswell, 2012, p.6). Of course, those assumptions influence the understanding of investigation during the research process and consequently underpin the research strategy and methods used (Saunders, Lewis and Thornhill, 2009, p.108). According to Johnson and Clark (2006) it is essential to be able to consider upon philosophical choices in order to challenge different views and examine alternatives. Therefore, two orientations need to be outlined for this research: ontology and epistemology.

"Ontology is concerned with nature of reality" (Saunders, Lewis and Thornhill, 2009, p.110). With the aim to "understand the subjective reality" and the motives of the Novartis internal business lines the **approach of subjectivism** was chosen. Subjectivism means here also that not only the motives but also the actions of the involved. Due to different interpretations, social interactions may be affected and need to be understood correctly by the researchers (Saunders, Lewis and Thornhill, 2009, p.111).

The second research orientation, **epistemology**, "concerns what constitutes acceptable knowledge in a field of study" (Saunders, Lewis and Thornhill, 2009, p.112). In the context of this mixed-method research, an **interpretivist approach** has been taken. Saunders, Lewis and Thornhill (2009, p.116) state that an interpretivist approach requires the researcher to understand different point of views by taking up an empathetic stance. The dependency on a set of circumstances within complex business situations combined with individual views argues for the interpretivist research approach. Thus, the purpose of this study is to understand the particular realities constructed by the internal business partners – a set of uniqueness of individuals, interacting and having their own understandings. With this approach in mind, the researcher cannot adopt an isolated position making the research dependent on perceptions related to human interpretations (Snape and Spencer, 2003).

3.2.2 Research Design

3.2.2.1 Research Approach and Research Strategy

To answer the grand tour question, research can be carried out in numerous ways. Nevertheless, it can be classified into two basic types: deductive and inductive. Broadly speaking the relationship between theory and research differs for each of the two approaches. According to Creswell (2007) a deductive approach is concerned with testing a theory or a hypothesis whereas an inductive approach aims to generate a new theory emerging from data.

For this whole project an **inductive research approach** has been chosen, which according to Saunders, Lewis and Thornhill (2009, p.124) is in a matter of fact more connected to the interpretivist research orientation defined in the previous subchapter. In order to develop the internal business partners' relevant performance metrics for consulting in a first step, the inductive approach begins to collect the necessary data – in this specific case at Novartis. With the gathered data the inductive approach allows in a second step to develop a procurement approach to evaluate outcomes of management consulting projects.

Within this inductive research approach, an **explorative research method** has been selected as appropriate. Exploratory research includes exploring something unknown. The major emphasis is to discover ideas and insights in an unexplored field in order to be able to come to a general understanding (Churchill, 2010, p.58). As shown in the theoretical framework, no fully developed theory for measuring and evaluating the outcome of consulting projects to maximize the value of future purchases exists. Therefore, it is not possible to build and confirm hypothesis using statistical methods since the resulting correlations would not be backed up by a solid theory (Edmondson and McManus, 2007). The exploratory study hence has the aim to seek new understandings by conducting a literature search and interviewing subject-matter experts (Saunders, Lewis and Thornhill, 2009, p.139).

In a next step, the research strategy needs to be defined. As this study is based on a Novartis analysis, its research strategy can be described as a **single case study**. In general, a case study can be described as “a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context” (Robson, 2002). Conducting research on a real-life business context at Novartis represents exactly the goal of this project. Morris and Wood (1991) claim that a case study strategy is of increasing interest if the researcher wishes to gain insights into the context of the research. According to Morris and Wood (1991), a case study strategy approach is often used in exploratory research and represents a valuable way to clarify understandings and to assess situations from different perspectives.

Beside the single dimension of the applied research strategy, this project is carried out as an **embedded case study**. Saunders, Lewis and Thornhill (2009, p.147), characterize an embedded case study as a research strategy which refers not only to an organization as a whole, but also to a number of sub-units within this same organization. The reason for this embedded approach within the Novartis case study comes along with the fact that a range of internal departments are part of

the defined research scope. To be able to identify supplier performance metrics and to develop a consulting procurement approach, multiple internal business lines are considered.

It is essential to point out that all information about Novartis and its procurement practices which are required to understand the context of this research, have already been described in the introduction (chapter 1.1).

3.2.2.2 Research Methods

Research methods can be categorized into two different types: qualitative and quantitative. Qualitative research is defined, as research that generates or makes use of non-numerical data. Qualitative research requires the results to be expressed in words and requires therefore to be interpreted by the researcher (Churchill, 2010, p.142). Quantitative research in contrast can easily be analyzed numerical and can thereby be presented in tables or statistics (Kolb, 2008, p.30).

As already described in the beginning of this methodology chapter, the empirical research of this inductive, exploratory project consists of two different research parts. The **first part is purely qualitative**, whereas the **second part is a mix of both, qualitative and quantitative**. This approach is named as a so-called **mixed-method research approach**. According to Saunders, Lewis and Thornhill (2009, p.152), “mixed method research uses quantitative and qualitative data collection techniques and analysis procedures”. The figure below illustrates both research methods and its intention.

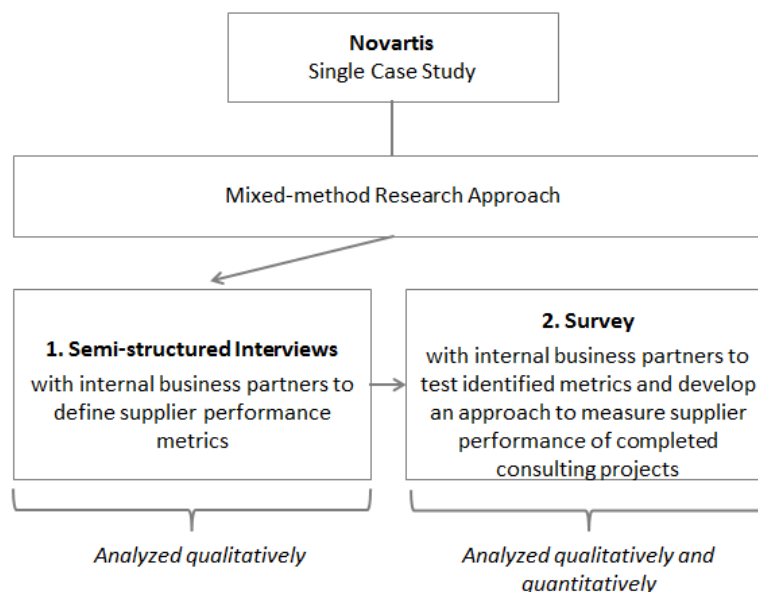


Figure 8: Research Design of this Project (Own Illustration, 2017)

As Figure 8 illustrates the first qualitative research part defines the supplier performance metrics. The choice for a qualitative approach in the **first research part** can be justified with the fact that supplier performance metrics can be more easily defined when understanding motives and

underlying backgrounds of internal business lines. This can only be done by interpreting the results. Defining metrics by measuring the results and expressing the outcomes in a purely numerical way would not be beneficial.

The second research part, tests the identified performance metrics on completed Novartis consulting projects in form of a survey. This research step should also reveal implications and recommendations for future research. The testing of these metrics could have been analyzed in a purely quantitative approach by including rates schemes. However, the main intention is to test if the developed metrics are valid and helpful in creating a value-driven procurement approach to influence future consulting purchases. Therefore, analyzing the opinion of internal business lines from a qualitative perspective as well may lead to more insights.

3.2.3 Sampling

Choosing a limited range of cases out of a larger group is named sampling (Walliman, 2011, p.93). Every research needs to consider whether to use sampling techniques or not. Especially for research questions where it would be unfeasible to collect data from the whole available study population – full range of cases from which a sample can be taken – a specific sample needs to be defined (Walliman, 2011, p.95).

Generally, sampling techniques can be grouped into probability and non-probability sampling (Saunders, Lewis and Thornhill, 2009, p.212). For both research parts a **non-probabilistic** research sample approach with a **purposive sampling technique** was chosen.

Non-probabilistic sampling is a method where all units within the defined research population are not given an equal opportunity of becoming part of the sample. Saunders, Lewis and Thornhill (2009, p.233) state that a non-probabilistic sampling method attaches no probability to a unit of the population and the researcher selects the sample based on a subjective judgement. Within the non-probabilistic sampling, purposive sampling allows the researcher to select the cases based on his own judgments. Purposive sampling is a common form of sampling in case study research as it brings the benefit of focusing on cases particularly valuable and informative to the research (Saunders, Lewis and Thornhill, 2009, p.237).

Despite using purposive sampling, both samples have been chosen carefully along several criteria. Those criteria are illustrated and explained below.

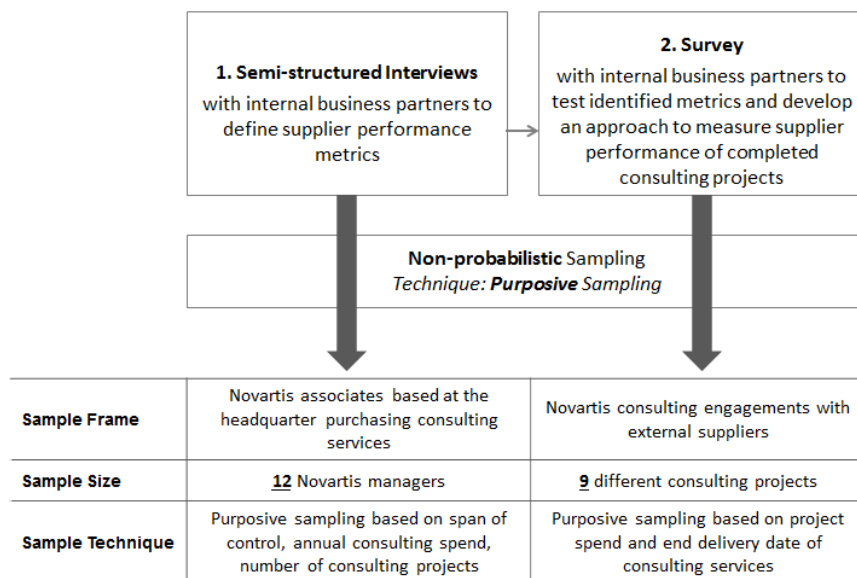


Figure 9: Planned Project Sample (Own Illustration, 2017)

Sample for first research part (semi-structure interviews): The possible study population for this first research step consists of every associate working at Novartis and buying management consulting services from an external supplier. However, as this research is restricted in time, effort and cost, the study population has been limited to all Novartis associates buying consulting services based in the headquarters in Basel, Switzerland. This choice should not restrict the research in any way, as the main buyers are based at the headquarters. Moreover, Novartis associates with different span of controls (local – regional – global) are included in the sample. This span of control information gives an idea of the seniority level of the interview participants.

In addition, associates across all service departments were considered which results into a broad range of project topics. However, the type of consulting service purchased has been limited to strategic and operational management consulting. Those two types are not only the most frequent purchased ones, but have also the highest impact on the organization.

Scope and time restrictions narrow the focus also down to a specific timeframe. Novartis associates buying consulting in the timeframe of January until December 2016 have been chosen as appropriate. This timeframe provides a sample of associates which has been most recently involved in and experienced the purchase of consulting services. Once these associates have been identified, their annual consulting spend and their number of annual consulting purchases was tracked. This information was of high importance to identify the most significant and frequent buyers. Novartis' internal purchasing system eShop SRM provided access to the required data.

Sample for second research part (survey): All consulting projects (strategic and operational) completed in the timeframe between October 2016 and March 2017 and bought across all Novartis headquarters departments build the second sample. With the selection of this timeframe the researcher intends to reach associates who lately completed an engagement with a consulting supplier and can therefore share their latest experiences. Older projects have not been taken into account with the reason of aiming for detailed and honest feedback. Associates who completed

their projects already within a more expanded timeframe might not be willing to share detailed information at such a late point in time. This second research sample again, includes the most significant project based on total project cost. Important to highlight as well is that even if a number of associates could have been involved in a consulting engagement, only the responsible project manager was approached.

Along all these criteria, both samples have been selected with the intention to provide the most possible insight and contribute to the knowledge creation of a value driven consulting procurement.

3.2.4 Data Collection and Data Analysis

The research issue defines what data should be collected (Walliman, 2011, p.65). The collection can be undertaken by using secondary or primary data. Secondary data is data that has been already gathered while primary data consist of data collected by the researcher for the purpose of a specific project (Churchill, 2010, p.142). The data collection of both research parts have been collected from **primary data** sources.

3.2.4.1 Data Collection of First Research Part

The data of the **first research part** was collected through the use of **semi-structured interviews** with Novartis associates buying consulting to identify the relevant performance metrics. Saunders, Lewis and Thornhill (2012, p.378) claim that semi-structured interviews should be conducted when the researcher is undertaking an exploratory study. It allows the researcher to “receive feedback and personal assurance about the way in which information will be used” (Saunders, Lewis and Thornhill 2009, p.324). However, the researcher has the flexibility to adapt the interview structure and to leave room for additional input (Saunders, Lewis and Thornhill, 2009, p.320).

The data collection process was initiated with one pilot interview to test the applicability of the seven elaborated semi-structured questions. All interview questions were set-up as so-called “experience questions” which allowed to link past experiences of the interviewee with the data needed (McIntyre, 2011). By asking for past experiences with consulting suppliers, the researcher was able to gain relevant data from the context. During the last interview question, the interviewees were asked to rate the importance of eight metrics and its sub metrics along a given list. This question has been included to ensure that relevant criteria do not get excluded or forgotten. These eight metrics have been identified by combining findings of several sources of the literature review (chapter 2.4.2.2) and by eliminating the overlapping of criteria. Moreover, interviewees had the possibility to add further metrics to the list (details Appendix 3).

Based on this interview set-up, Novartis associates were contacted by email. As a result, twelve semi-structured interviewees were conducted in March and April 2017 with an average duration of nineteen minutes. As the Novartis business language is English, all interviews were performed in English; no translations were required. However, to facilitate the transcription process field notes have been taken and the interviews have been recorded. The table below outlines all relevant information about the interview participants.

Interview Participant	Nationality	Working Department	Span of Control	Date of Interview	Duration of Interview	Location of Interview
Pilot Interviewee	Swiss	Procurement CH & Novartis International	Local	16.03.2017	18 minutes	Novartis Campus, Basel
Interviewee 1	Dutch	Internal Audit Europe	Regional	21.03.2017	20 minutes	Novartis Campus, Basel
Interviewee 2	British	Global Security	Global	22.03.2017	22 minutes	Novartis Campus, Basel
Interviewee 3	German	Group Pension Funds	Local	23.03.2017	20 minutes	Novartis Campus, Basel
Interviewee 4	Irish	Global Service Development	Global	23.03.2017	23 minutes	Skype Interview
Interviewee 5	American	Global Procurement Strategy	Global	24.03.2017	17 minutes	Novartis Campus, Basel
Interviewee 6	American	Corporate Strategy & External Affairs	Global	27.03.2017	15 minutes	Novartis Campus, Basel
Interviewee 7	German	Corporate Purchasing	Global	28.03.2017	16 minutes	Novartis Campus, Basel
Interviewee 8	Belgian	Global Finance Commercial & Marketing	Global	29.03.2017	20 minutes	Novartis Campus, Basel
Interviewee 9	Swiss	Group Legal	Global	30.03.2017	22 minutes	Novartis Campus, Basel
Interviewee 10	German	Corporate Compliance	Global	30.03.2017	18 minutes	Novartis Campus, Basel
Interviewee 11	American	Communication & Change Management CH	Regional	18.04.2017	14 minutes	Novartis Campus, Basel
Interviewee 12	Swiss	Real Estate & Facility Management CH	Global	25.04.2017	17 minutes	Novartis Campus, Basel

Figure 10: Interview Participants (Own Illustration, 2017)

Due to confidentiality reasons no further information on names or job titles can be provided. However, the table clearly indicates the high variety of departments covered as well as the broad span of control. Each of the interview participants has profound expertise in engaging with management consulting suppliers. In addition, cultural influences and the international context have been considered by interviewing managers from several nationalities.

3.2.4.2 Data Analysis of First Research Part

Analyzing qualitative data is according to Dresing and Pehl (2013, p.5) very complex and time-consuming. Amongst coding, framework analysis, content analysis and grounded analysis there are different approaches which can be used for analyzing gathered data. The coding approach groups

raw data into conceptual categories, themes or concepts (Neuman, 2003). For this first research part, an **open coding approach** has been applied.

The codes used for the data analysis are exactly the eight metrics and sub metrics which have been developed through literature and which were rated during the semi-structured interviews. The codes used in this research part are illustrated in the table below (details in Appendix 5).

Code	Sub-Code
Cost	Adherence to Budget
	Price Competitiveness
	Investments
Quality	Delivered Service Quality
Innovation	Culture, Idea Generation and Implementation
Delivery and Support	Project Management
	Responsiveness to Needs
Project Team	Quality of Resources
	Resources according to Expectations
Communication	Communication
Collaboration	Collaboration with Novartis Team
Regulatory	Compliance
Other	

Figure 11: Data Analysis Coding (Own Illustration, 2017)

With these codes, all interview data has been reviewed and the gathered data has been mapped to the corresponding code.

In addition, a color coding approach has also been used to group the findings along these codes into four different groups (see Appendix 6):

1. **Metrics important to internal customers identified through the “experience” questions**
2. **Metrics important and identified by showing the metrics list developed from literature**
3. **Metrics unimportant and identified by showing the metrics list developed from literature**
4. **New metrics resulting through the “experience” questions and metrics list**

3.2.4.3 Data Collection of Second Research Part

The results of the first research part (the identified metrics) have built the basis for the data collection of the second research part. Nine **surveys** have been conducted at the beginning of May 2017. The questionnaire was set-up in Microsoft excel and was sent via email to Novartis associates completing a consulting engagement (operational and strategic) in the timeframe between October 2016 and March 2017.

Saunders, Lewis and Thornhill (2009, p.360), describe a survey as a “technique of data collection in which each person is asked to respond to the same set of questions in a predetermined order”.

However, they claim that data collection with surveys should be done carefully to ensure that the right data is being gathered to achieve research goals (Saunders, Lewis and Thornhill, 2009, p.362). As the previously identified metrics will be evaluated in this research step, the survey set-up was straightforward. Saunders, Lewis and Thornhill (2009, p.363) also state that interviews are often combined with surveys in order to explore and understand the interview findings. This represents exactly the goal of this research part.

The survey participants ranked the performance of their consulting provider along a range of nine metrics on a rating scale from one to five (1=unacceptable; 2=poor; 3=average, 4=good, 5=excellent). The option of rating with a “not applicable to my project” was also given. A last question addressed the overall supplier performance by asking if the participant would be willing to work again with the supplier in general (yes or no as possible answers). Beside this rating approach, survey participants had the possibility to provide additional feedback in an open comment box.

Once these six questions were answered, five additional open questions asked the participant to answer the five aspects below. These follow-up questions aimed to evaluate the survey approach and to identify suggestions for future improvements. None of the open questions were mandatory; it was only mandatory to rate the metrics.

- 1. Comprehensibility and helpfulness of metrics**
- 2. Satisfaction of the survey set-up**
- 3. Introduction of a metrics weighting approach**
- 4. Preference of face-to-face meeting with procurement instead of survey**
- 5. General recommendations for support from procurement for future purchases**

The following table depicts the details of the projects on which supplier performances has been evaluated. Each consulting project engaged only one single supplier. Due to confidentiality reasons suppliers cannot be named. A total of four suppliers (A-D) have been evaluated, some of them providing consulting services to more than one project.

Three participants were already part of the semi-structured interview sample. The remaining participants did not have any background on this research and represented a highly valuable data source. The reason for this is that the author aimed to get feedback on a performance evaluation process which should be generalized and rolled out systematically.

Survey Participant	Nationality	Working Department	Supplier	Total project costs	Consulting Type	Part of Semi-structured Interviews (yes/no)
Survey Participant 1	Swiss	Corporate Responsibility Strategy & Reporting	Supplier A	150K CHF	Operational	no
Survey Participant 2	German	Strategy, Governance & Transformation, Development IT	Supplier B	300K CHF	Strategic	no
Survey Participant 3	Swiss	Procurement CH & Novartis International	Supplier C	500K CHF	Strategic	yes
Survey Participant 4	American	Global Finance & Reporting	Supplier D	200K CHF	Strategic	yes
Survey Participant 5	German	Business Process Analysis	Supplier C	800K CHF	Strategic	no
Survey Participant 6	Swiss	Global Drug Development	Supplier D	500K CHF	Strategic	no
Survey Participant 7	British	Global Commercial Procurement	Supplier C	600K CHF	Operational	no
Survey Participant 8	German	Finance and Business Analysis CH	Supplier D	1.4M CHF	Strategic	no
Survey Participant 9	American	Global Procurement Strategy	Supplier B	8.0M CHF	Strategic	yes

Figure 12: Survey Participants Rating Completed Consulting Projects (Own Illustration, 2017)

Again different Novartis departments were involved. Out of nine engagements, two are of operational nature. No more operational projects were falling under this research scope. However, the strategic engagements are the most costly ones and are having a higher impact on the organization.

3.2.4.4 Data Analysis of Second Research Part

The supplier ratings along the metrics have been analyzed by calculating an average rating for each of the four suppliers. For each of the metrics the main findings from the open comments were summarized as strengths or weaknesses by applying a content analysis.

For the data analysis of the five follow up questions an open coding scheme been used by summarizing the main findings. As the answers consisted of single sentences only, this approach has been seen as the most appropriate.

3.2.5 Verification and Generalization

The evaluation and verification of research quality covers the important concepts of validity and reliability (Creswell, 2012). Within these concepts it is essential to ensure that the research findings can be generalized for the whole population within Novartis, but also for other global organizations purchasing consulting.

In qualitative research, validity is linked to the question of accuracy or appropriateness of tools, processes and data. Creswell (2012) claims that validity in qualitative research refers to the degree to which the researcher is able to understand the gathered data in order to consistently connect it with its own interpretation. Reliability on the other side, defines the dimension to which the conducted research in terms of processes and results is consistent and replicable – more specifically, if different researchers would end up with similar results, coding and final observations (McDaniel and Gates, 2013, p.286). As both concepts are challenging to apply in qualitative research, this has to be treated with importance for this research (McDaniel and Gates, 2013, p.286). To achieve a high degree of validity, the interview participants were given the chance to talk about defined topics but also had the opportunity to speak with little guidance from the

interviewer. To further increase the level of validity and reliability the researcher provides full transparency on the research process by presenting the coding scheme and transcriptions to allow readers to develop their own judgment. The same applies to the second research part.

In particular qualitative research studies are meant to analyze a specific issue in a defined population, thus generalizability of qualitative research findings is generally not a common attribute (Leung, 2015). Due to the highly qualitative nature of this project, the small sample size and the interpretative element, generalization becomes challenging and cannot be treated with priority. However, as the research is not connected to a specific Novartis process but rather to a general issue, general knowledge which can be adapted by any global organization buying management consulting could be developed. The degree of generalizability could even be increased by considering consulting engagement required for broad range of departments. Therefore, this approach does not limit the research findings to Novartis but is also transferable to practices outside of the Novartis business context.

3.2.6 Researcher's Role and Ethical Issues

Due to the strong qualitative nature and the primary data sources of this project, it is essential to be aware of the researchers' personal background as well as any ethical issues that might occur and influence the research. As a Master student in International Management and an employee at Novartis Procurement Switzerland, the personal interest and motivation for this research field is extremely high. This research project gives the chance to investigate on a topic to which the researcher is connected. In addition, the researcher is confronted on a daily business-routine with the practical challenges at Novartis. Due to high consulting budgets and the non-availability of performance measurement practices at Novartis, the researcher sees high potential in further driving the value of procurement by measuring and evaluating the outcomes of consulting projects. Moreover, this project enables to link existing theoretical knowledge with practical business practices at a global organizational level and shall thus inspire practitioners and other researchers. The role of the researcher is mainly dominant throughout the research process and is controlled by personal interpretations and assessments. To avoid the fact that internal business partners' views are wrongly represented and misinterpreted, the researcher aimed to carefully analyze the data.

When conducting research, ethical issues must be taken into account particularly when external participants like Novartis interviewees and survey participants are part of the scope. Critical to consider is that there should be no harm to those interviewees and survey participants, there should be no lack of informed consent and all data should be treated truthful and kept confidential (Bryman and Bell, 2003, p.132). To ensure that these critical aspects are met, each participant was given sufficient background information allowing the informed decision of participating in the research or not. All participants were aware of the objectives and the purpose of the interview or survey. In addition, it was confirmed that all data will be treated as confidential without disclosing any personal information. Moreover, the researcher conducted all data collection and analysis

processes by placing highest priority on quality and contribution of knowledge by disclosing all data. Therefore, it is ensured that this research project complies with all relevant ethical guidelines.

3.3 Limitations

The nature of the research strategy, a single case study, limits the data collection to a single company. Even if the research is applicable to other global organizations it may be only to a limited degree transferrable to smaller ones. In addition, the intended research focuses on procurement of strategic and operational management consultancy, which makes generalization for other types of consultancy services difficult (e.g. financial, IT consulting).

A further point which is important to mention is that the heavy qualitative nature might not consider every aspect of the phenomenon and is heavily subject to personal interpretations. This goes hand in hand with the fact of a limited sample for both research parts. A broader sample with a longer timeframe could have potentially revealed further findings.

Important to highlight as well is that the research focuses only on the existing supplier pool at Novartis. New suppliers operating in the area of strategic and management consultancy are not being considered. Analyzing the market to identify suppliers beyond the existing ones in the area of strategic and operational management consulting would go beyond the scope of this project.

4 Empirical Findings and First Conclusions

In this chapter, the identified findings and results of both primary research parts, the semi-structured interviews and surveys, are outlined along the developed coding scheme. As the findings from the first research part build the base of the second research part (survey), their conclusions are already summarized in this chapter. The actual implications resulting out of these findings follow in chapter five.

4.1 Interview Findings: Consulting Supplier Performance Metrics

Before each of the findings of the first research part are outlined, the figure below shows a first overview. It highlights which metrics were perceived as important and unimportant from the interview participants both, during the open questions and while showing the metrics list. As explained in chapter 3.2.4.1 the interviews started with semi-structured questions before showing a list of metrics to rate by importance/unimportance. Hence, the figure depicts the importance and unimportance of each of the codes (chapter 3.2.4.2). Important to mention again is that the data gathered from the pilot interview is also included in the findings due to only very limited changes of the interview set-up.

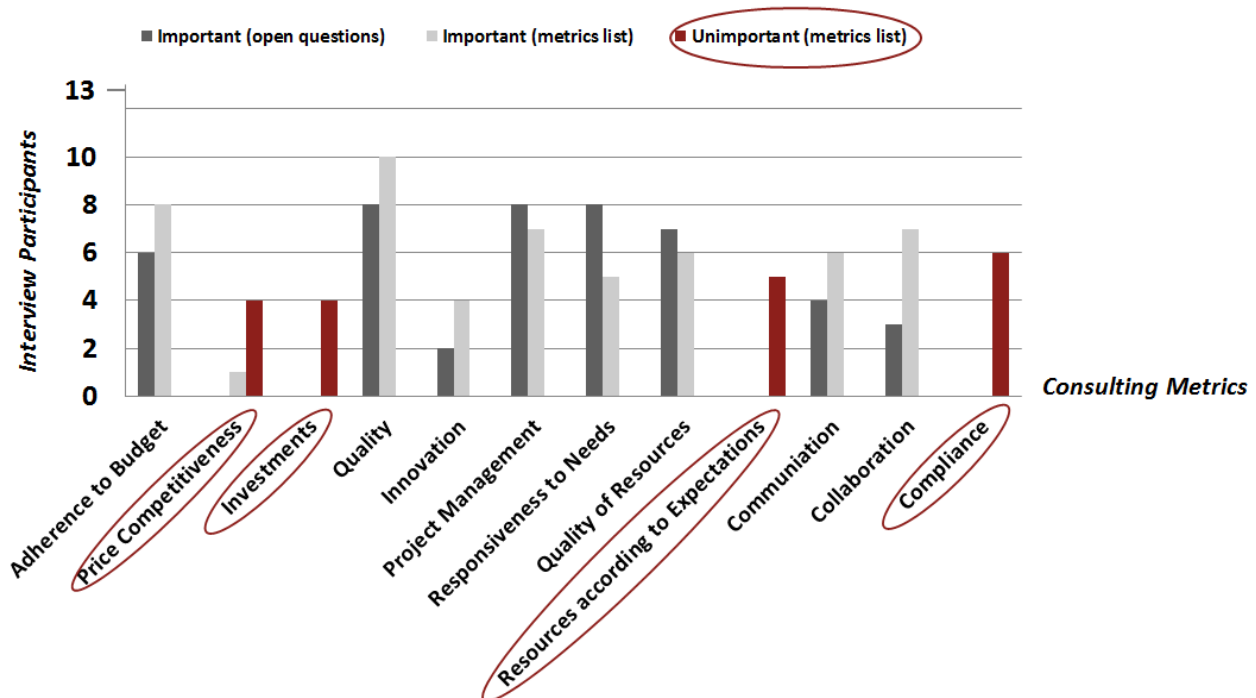


Figure 13: Importance and Unimportance of Metrics to Interview Participants (Own Illustration, 2017)

Clearly outstanding for the thirteen interviewees when engaging with a consulting supplier are the adherence to budget but also quality of service, project management, quality of resources and responsiveness to needs. Communication and collaboration were also frequently mentioned.

In contrast, four metrics – price competitiveness, investments (free of charge services), resources according to expectations and compliance – were explicitly named as unimportant and irrelevant when looking at the consulting supplier performance.

What these results mean in detail is explained below along the different codes.

1. Cost Metric

“The price for an engagement with a consulting supplier is important of course, but it cannot be only the price that matters” (Appendix Interview 3, 2017). This statement represents almost all interviewee’s opinions on the cost metric. Due to ongoing and increasing price pressures within organizations it cannot be neglected. However, the findings show that costs are generally seen as a secondary factor (especially in bigger projects), and are heavily linked to the supplier performance and the quality of delivered services. Hence, the majority of interviewee’s stated that the offered price is acceptable as long as it represents the “value for money” and, as long as it is laid out in a transparent way.

By looking at the three sub metrics from literature covering the cost aspect, research results are clear. Novartis managers buying consulting would like to rate the supplier performance only by the adherence to budget. Price competitiveness as well as offered investments are not essential and are being evaluated during the supplier selection process already. Therefore, both metrics are set factors, should not be considered at this later stage and can be removed from a consulting metrics list. Figure 13 confirms this, by showing that several interview participants clearly expressed their insignificance towards both sub metrics.

In contrast, a metric covering the payment in relation to performance should be taken into account.

2. Quality Metric

Based on research findings, quality of delivered services can be defined as the most important component when being satisfied with a consulting supplier. *“I want quality, quality, quality”* (Appendix Pilot Interview, 2017) - this is how an interviewee describes his opinion. The interviewee even adds *“of course I know that procurement wants to sell me a cheap solution. But cheap is not always cost efficient at the end”*. Therefore, the quality metric surpasses the cost factor and shows that the traditional procurement cost leadership approach cannot solely satisfy internal customers’ needs.

A good supplier rating implies here not only a good work structure and methodology, but also an existing cutting edge thinking capability. Internal customers see a value add when consulting suppliers are able to bring in their own thinking by formulating simple and understandable deliverables.

Should this quality factor not be satisfactory, Novartis managers are not daunted to take any consequences. This point is summarized in the following statement: *“we have very limited tolerance for poor work at Novartis”* (Appendix Interview 4, 2017).

3. Innovation Metric

Having the ability of providing innovative services in terms of culture, idea generation and implementation as a consulting supplier represents the next metric. Even if the empirical findings show that this is not an unimportant metric, interview participants came up with different views. For some, being innovative by providing out-of-the-box thinking, fresh views or external best practices is relevant. Other interviewees defined innovation as an irrelevant metric which is difficult to define and evaluate. Nevertheless, the majority of the participants are aligned by stating that this metric is highly project related and should only be evaluated for specific projects. A project which required only “extra hands” should not be rated against this metric.

Consequently, the innovation metric should be treated with an optional rating possibility.

4. Delivery and Support Metric

By covering the sub metrics of project management and responsiveness to needs, this factor is on the upper scale in terms of importance when evaluating consulting supplier performances. Especially the on-time delivery of services with clear task distributions and defined roles and responsibilities make it so relevant. Novartis managers buying consulting ask for flexible and proactive suppliers who are able to respond immediately to Novartis needs. This should include as well the phase out capability if services are no longer needed.

Two thirds of the participants link both sub metrics explicitly to the on-time delivery. Hence, this important point should be considered as most critical and incorporated in the list of metrics.

5. Project Team Metric

“We work with the cream of the cream of consultants. They should be experts in their field” (Appendix Interview 10, 2017). Research findings place high importance on the quality of resources a consulting supplier offers. Several interviewees see the reason for the supplier selection in the team a supplier can provide. However, high-skilled resources represent to a certain degree a prerequisite for Novartis managers; the quote above also expresses this.

If resources are according to expectations does not carry any relevance based on the research findings and can therefore be ignored. As already stated, Novartis managers see high-quality resources as a prerequisite which is set before the project engagement starts.

Trust represents a point that was missing on the metrics list and named by several interviewees. A trustworthy relationship with a full Novartis dedication is critical. However, interviewees suggest combining this aspect with the collaboration metric.

6. Communication Metric

An ongoing and transparent communication from the consulting supplier is highly valued. Almost half of the interviewees explicitly expressed the importance of an open communication environment with regular updates. This metric should be part of a consulting supplier performance evaluation.

7. Collaboration Metric

As already touched above in the project management metric, collaboration was a frequently mentioned factor. An inclusive collaboration with a certain degree of trust, but also shared values and behaviors combined with a speak-up culture has high effects on the satisfaction level of the internal business partner when engaging a consultant. *“You have to understand that you work day and night with these people and you need to have a certain chemistry going on – so in my eyes trust is very important”* (Appendix Pilot Interview, 2017). Thus, collaboration represents a metric which cannot be neglected but should be grouped together with the evaluation of the project team.

8. Regulatory Metric

Compliance *“is a standard which cannot be negotiated at all”* (Appendix Interview 7, 2017). This statement summarized the main findings for the regulatory metric. Interviewees treat regulatory and compliance as a pre-requisite, as a standard, as a given. Contractual documents ensure the sufficient coverage of organizational policies and guidelines. Of course, within other business areas like medical access, regulatory represents a critical point. However, within the business context of the interviewees no regulatory issues were experienced so far which makes it unnecessary on a metrics list. Therefore, this is a metrics which should be removed.

9. New Metrics

Besides combining some metrics like payment with performance, including a trustworthy relationship and seeing several metrics as irrelevant, one new point was part of every interview discussion – the proximity and insights to the Novartis business.

“They have to take the time to understand what our problem is” (Appendix Interview 5, 2017). Consulting suppliers should be able to translate deliverables into Novartis specific context. However, this proximity should not only be reflected in the deliverables, but is also important when looking at the general aspects of the engagement. To give a high supplier rating with full satisfaction, consultants should have already access to important project stakeholders within Novartis as well as to Novartis systems. Interviewees expect from the supplier to have sufficient Novartis know-how and understanding of the organizational set-up and culture.

“Don’t pass us through the one size fits all and make us believe that this is the one and only outcome and then suddenly you see that all the pharmaceutical companies have all the same outcomes” (Appendix Interview 10, 2017). No Novartis commitment and dedication have critical effect on the supplier performance rating as well on the satisfaction of the internal customer. Several findings show that for Novartis managers such an attitude triggers the feeling of a supplier only wanting to be part of Novartis’ supplier base - *“they only seem to be interested into the traffic they create with Novartis”* (Appendix Interview 1, 2017).

Further Business Relevant Findings

Important to highlight as well is a finding around the questionnaire set-up in general. Frequently expressed was the wish of replacing (especially for significant and large projects) a survey with a face-to face-discussion. Reflecting on and analyzing the performance of a consulting supplier during a joint meeting with procurement and the internal business customer could facilitate the process

and lead to better and more honest response rates. However, such a decision – if survey or face-to-face – should be up to the internal customer to decide.

One last finding which cannot be neglected covers the scope setting in the beginning of an engagement. Even if this point was excluded in the research limitations (chapter 1.2.4) as the required collaborative Novartis effort for a consulting engagement, several participants highlighted it. *“What for me typically goes wrong is that people hire a consultant without a clear expectation of what they expect and of what is the desired outcome”* (Appendix Interview 7, 2017). Therefore, it is important to keep in mind that Novartis associates are aware that project outcomes depend as well on the effort invested to formulate a comprehensive and clear description of the scope. *“This is all going down to, do you know what we are asking, do they know what we are asking and how are they delivering it?”* (Appendix Interview 2, 2017).

4.2 Conclusion of Interview Findings

All above outlined findings give clear indications on the important factors for Novartis managers when engaging with consultants and measuring their performance. The figure below shows the combined research results in one single metrics list in form of a questionnaire. It connects not only the cost with the performance parameter but focuses as well on the on-time delivery of services, a trustworthy relationship and of course, the Novartis proximity in terms of deliverables and understanding of organizational culture.

As proposed from the interviewees, the innovation metric has been included as an optional criterion which can be rated if applicable to the individual consulting engagement.

Irrelevant factors which have been perceived as prerequisite like the price competitiveness, investments, and compliance and regulatory have been excluded from the new questionnaire.

The resulting questionnaire includes a mandatory rating box as well as an open comment field. The reason for this decision was based on several research findings. Interviewees were clear that the highest benefit would be achieved by including mandatory rating fields with optional comment boxes. Including an additional weighting approach is not seen as valuable due to individual preferences on importance. Therefore, getting an overview of all metrics results without assigning a weighting is seen as most helpful.

No.		Score	Comment
1	Performance and Delivery		
1.1	Quality of Consulting Service	Quality of supplier performance and deliverables	
1.2	On-time Delivery	On-time delivery of services	
1.3	Novartis Proximity	Understanding Novartis context, values and behaviors, provision of customized output	
2	Cost		
2.1	Adherence to Budget	Deliverables within budget	
2.2	Payment and Performance	Cost in relation to performance, value for money	
3	Resources		
3.1	Quality of Consultants	Adequate level of skills, knowledge and experience	
3.2	Relationship Partnering	Collaboration with Novartis team, trustworthy environment, philosophy and culture sharing	
4	Communication		
4.1	Communication	Ongoing and transparent communication, status updates and reporting	
5	Innovation - only if applicable to your project		
5.1	Idea Generation and Best Practice	Proactive idea generation, high creativity level and best practice sharing	
6	Recommendation for Future Engagements		
6.1	Would you be willing to work again with this consulting provider?		

Figure 14: Final Developed Metrics Questionnaire (Own Illustration, 2017)

To summarize, this newly developed questionnaire aims to transform the performance measurement of consulting suppliers to a straightforward approach. With this short and precise list of metrics, bureaucratic efforts can be reduced to a minimum level. By incorporating all the research results this will lead to a value-driven approach according to Novartis managers. In a next step, exactly this questionnaire has been tested with Novartis managers in form of a survey on completed consulting engagements.

4.3 Survey Findings: Performance Measurement Approach

As already outlined in the methodology, the above findings of the first research part resulted into a newly developed metrics list which was submitted to Novartis manager buying consulting services in form of an internal survey. Therefore, this subchapter describes the results of the survey and its applicability in a daily business environment. As the survey was divided into two parts (supplier performance rating along metrics (Figure 14) and follow up questions), the findings are also presented along this structure. However, as the goal of this project lies on developing a value-driven consulting supplier performance measurement approach, the emphasis lies on the second part of the findings relating to its applicability. The ratings of the four suppliers (Supplier A-D) are heavily Novartis specific and its details can therefore be found in Appendix 7 and 8.

4.3.1 Supplier Performance Rating along Metrics

For each of the four suppliers an average rating along the metrics has been calculated in Figure 15 below. In addition, an overall average rating is also included which gives a first indication on the satisfaction level of Novartis managers. Poor ratings are highlighted in red and indicate a clear dissatisfaction.

1= UNACCEPTABLE; 2=POOR; 3=AVERAGE; 4=GOOD; 5=EXCELLENT

No.		Average Supplier A (1 Project)	Average Supplier B (2 Projects)	Average Supplier C (3 Projects)	Average Supplier D (3 Projects)
1	Performance and Delivery				
1.1	Quality of Consulting Service	2	4	3.7	3.7
1.2	On-time Delivery	3	4	3.3	4.7
1.3	Novartis Proximity	2	4	3.7	4.7
2	Cost				
2.1	Adherence to Budget	2	3	3.7	4
2.2	Payment and Performance	2	3.5	3	3.3
3	Resources				
3.1	Quality of Consultants	2	3.5	3.7	3.6
3.2	Relationship Partnering	3	4.5	3.7	4.7
4	Communication				
4.1	Communication	2	4.5	3.3	4.3
5	Innovation - only if applicable to your project				
5.1	Idea Generation and Best Practice	2	4	3	3.3
6	Recommendation for Future Engagements				
6.1	Would you be willing to work again with this consulting provider?	100% NO	100% YES	66% YES; 33% NO	66% YES; 33% NO
Average Rating		2.2	3.8	3.5	4.0

Figure 15: Average Rating of Supplier Performances (Own Illustration, 2017)

What stands out is that additional feedback in the open comment fields was only given in four out of nine surveys. The remaining five surveys were completed with no additional feedback and were rated with an average satisfaction. In contrast, the additional feedback in the other four surveys expressed either a very good or an extremely bad experience with the specific consulting supplier. Therefore, when reflecting on the delivered consulting service, there is a tendency that Novartis managers only use the optionally comment field by providing more detailed feedback in case of high satisfaction or no satisfaction at all.

Important to highlight is also the necessity of considering all supplier ratings individually. As an example, Supplier D with the highest satisfaction was rated by one of the Novartis managers with a very poor quality of resources. Therefore, due to out-layers the average rating must be treated carefully in order to be able to maximize supplier performance constantly and to increase the value-add for Novartis over the long-term.

The summarized details of the supplier ratings in terms of strengths and weaknesses can be found in Appendix 7 and 8.

4.3.2 Follow Up Questions

Once the supplier performance has been rated, five follow up questions were asked to identify the applicability of the survey and improvement possibilities.

1. Comprehensibility and Helpfulness of Metrics

All survey participants share the same opinion by stating that the metrics are comprehensive, balanced and follow a logical structure. Even if the metrics imply some interdependencies (e.g. quality – cost), they are perceived as helpful by covering key components of a consulting supplier performance.

Of course, the number of metrics could be further increased in order to cover all aspects of a supplier engagement (e.g. hand over to sponsor post-delivery, ramp up time). However, all survey participants agree that this limited number of metrics allows for a standardized approach.

2. Satisfaction of Survey Set Up and Improvement Possibilities

“Short and sweet” (Appendix Survey 4, 2017) and *“easy and quick to use”* (Appendix Survey 2, 2017) is how the survey set up is described. This confirms the good applicability in a business environment where time is a limited factor. Nevertheless, Novartis managers would like to add an additional open question to the survey: Where did you see the highest value contribution from the consulting supplier? This question allows to further reflect on the performance of the engagement and to come up with the most critical points.

Besides that, several survey participants expressed their wish in separating the result of the survey by consulting type (operational or strategic). Creating a supplier rating based on project types, allows increasing improvement possibilities due to a more specific focus on individual strengths and weaknesses.

3. Weighting Approach Preferences

Weighting approaches are mainly not preferred as it *“would not add any value”* (Appendix Survey 3, 2017). As the survey covers the most important criteria, it allows gaining an overview of the general performance which is sufficient for most of the survey participants. Again here for Novartis managers the approach of *“the simpler, the better”* (Appendix Survey 7, 2017) applies.

4. Face-to-face Meeting Preference with Procurement instead of Survey

Five out of nine participants confirmed their preference of a short face-to-face meeting with the responsible Procurement associate to discuss positive and negative points of the supplier performance and to jointly fill out the survey. Essential is that especially for the larger and more expensive projects, face-to-face meetings seem to be more adequate when internally evaluating supplier performances.

5. General Recommendations for Support from Procurement for Future Engagements

Survey participants see three areas where procurement could further drive value when engaging with consulting suppliers. Firstly and mostly stated is the request for **help during the engagement scoping** before suppliers are approached. This finding was already mentioned during the first research part, the interviews. A clear definition of the engagement scope including understandable deliverables should provide a good base for a supplier to deliver desired performances. Novartis managers seek for help and would like to profit from procurement's experience in writing so-called requests for proposals. Also, it would be beneficial if procurement associates would challenge consulting needs in general at that stage.

The second area for improvement is linked to the survey results itself. Novartis managers would see a value add if **insights from former engagements could be shared** on an ongoing basis. This would give indications of the existing consulting supply market.

Third, the rating on supplier performance should not only be collected for internal purposes. Novartis managers would like to **feedback it directly to the supplier**. This would give consulting suppliers the possibility to become aware of performance dissatisfactions and react upon. However, the results of the survey should also be used to adjust the current supplier pool and eliminate poor performing consulting suppliers if needed.

4.4 Conclusion of Survey Findings

To conclude, the above survey findings show that the short list of metrics has been perceived as comprehensive and applicable when evaluating consulting supplier performances. The aim of a non-bureaucratic and simple approach could be fulfilled. However, to bring the performance evaluation of consulting suppliers to a higher level, a separation of different consulting project types (operational vs. strategic) should be considered. Nevertheless, the newly developed metrics can be applied to both consulting types as they were part of the research scope.

Procurements' help in scoping and defining the real need is seen as crucial. Novartis managers understand that only if the ability to express the need in an understandable way, a consulting supplier will be able to respond with a satisfying performance. If procurement associates are heavily involved in the scoping process and are aware of the exact needs, the supplier selection could also be facilitated.

Finally, a face-to-face meeting possibility after project completion should be provided as a replacement option of the survey. Especially for larger projects this should be a mandatory exercise. Face-to-face meetings give the opportunity to question the supplier performance and allow Novartis associates to justify their ratings in detail. In addition, due to its personal nature it fosters the commitment to participate. Once this feedback is collected, Novartis managers aim to feedback it to the respective consulting supplier.

5 Overall Conclusion and Implications

In this last chapter a final conclusion and its implications is outlined. It includes as well a reflection on the research questions provided in chapter 1.3. Furthermore, general implications for business practices as well as implications for future research are given.

5.1 Conclusion and Reflection on Research Questions

The executed research had the objective of answering the **first research sub-question**: *which supplier performance metrics should be measured when evaluating management consulting project outcomes according to the business lines buying consulting services at Novartis?*

After analyzing the thirteen conducted semi-structured interviews, several critical metrics for the performance measurement of consulting suppliers could be identified. All in all, they are in agreement with the metrics presented within literature. However, there was a clear need for combining some of the metrics (cost with performance), prioritizing metrics (relationship partnering), making metrics more concise and focused (cost), eliminating metrics (regulatory and compliance) and adding new metrics (Novartis proximity). With this in mind, **performance and delivery, cost, resources, communication and innovation** represent the five main areas which were identified as critical for Novartis managers. Even if these five metrics are grouped into few sub metrics, their total amount is still short and precise. The clear wish from Novartis managers of a short, precise and straightforward approach was confirmed not only during the interviews but also within the survey results. This represents a major difference to literature, where supplier performance metrics were not only restricted to key components.

In addition, two open questions appear to be helpful to ask at the end of the survey. These two questions address firstly general recommendations for future engagements by giving an indication on the overall satisfaction level. Secondly, asking for the highest value contribution and the main areas for improvement seems to help reflecting on the supplier engagement and highlighting the key areas in manager words.

As well not covered within literature was the aspect of applicability of metrics to different projects types. Research findings came to the conclusion that there are metrics which are not applicable to every project due to different natures of engagements (e.g. innovation). Therefore, the option of rating certain metrics only if they are applicable to a project should be given. This should allow for honest and fair feedback on supplier performances. Of course, this does not apply to standard metrics like quality of delivered services or on time-delivery.

All these research findings contributed to the development of a business relevant set of metrics and questions which should be asked when evaluating a consulting supplier performance (Figure 16 below). They should not only be applicable to Novartis but also to other global organizations purchasing consulting and looking for a standardized way of performance measurement.

No.		
1	Performance and Delivery	
1.1	Quality of Consulting Service	Quality of supplier performance and deliverables
1.2	On-time Delivery	On-time delivery of services
1.3	Organizational Proximity	Understanding organizational context, values and behaviors, provision of customized output
2	Cost	
2.1	Adherence to Budget	Deliverables within budget
2.2	Payment and Performance	Cost in relation to performance, value for money
3	Resources	
3.1	Quality of Consultants	Adequate level of skills, knowledge and experience
3.2	Relationship Partnering	Collaboration with internal project team, trustworthy environment, philosophy and culture sharing
4	Communication	
4.1	Communication	Ongoing and transparent communication, status updates and reporting
5	Innovation - only if applicable to your project	
5.1	Idea Generation and Best Practice	Proactive idea generation, high creativity level and best practice sharing
6	Recommendation for Future Engagements	
6.1	Would you be willing to work again with this consulting provider?	
7	Main Value Contribution / Main Areas for Improvement	
7.1	Where do you see the main value contribution of the consulting provider?	
7.2	Where do you see main areas of performance improvement?	

Figure 16: Final Metrics for the Supplier Performance Measurement of Consulting Services (Own Illustration, 2017)

With this developed set of metrics the focus can be shifted towards answering the **second research sub-question**: *with these supplier performance metrics in mind, how could an approach of systematically measuring the outcomes of completed management consulting projects look like?*

As a result of the research, three major steps could be identified. The first step towards a systematic approach of measuring consulting supplier performance starts by **distinguishing between operational and strategic project types**. As both types place different emphasis on the metrics, combining the results could lead to a misleading picture on performance. As an example, the innovation aspect might be rated with much more importance in a strategic project than in an operational one. However, even if not always explicitly required, operational projects would also value a consulting provider which is able to proactively share new ideas as best practices. Therefore, this separation builds the starting point in the performance evaluation process and affects the second identified step: **survey or face-to face discussion**. Essential to highlight is that these two research findings were not being considered within literature.

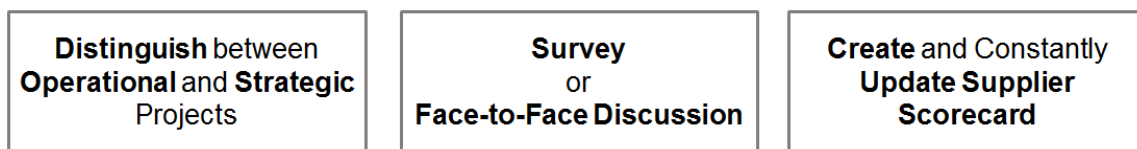


Figure 17: Three Steps of Consulting Supplier Performance Measurements (Own Illustration, 2017)

Both options, survey or face-to-face discussion with the responsible procurement associate, should be given to internal business lines once a consulting project is completed. A survey can be sent out by email with the request to score the mandatory metrics and fill out optional open feedback boxes. During a face-to-face meeting in contrast, the main value contributions and improvement areas of the consultant provider would be discussed by jointly evaluating the performance along the same metrics.

As the research results showed, Novartis managers requested especially for projects with a significant amount of cost or with a longer duration the face-to-face meeting option. Therefore, the researcher suggests a mandatory meeting with the internal business set-up by the procurement associate for every project beyond a certain threshold. Specific thresholds can be individually set and adjusted (e.g. to cover 80% of total consulting spend or number of annual consulting projects). This follow-up with the internal business is suggested to be performed for strategic as well as for operational projects.

The gathered data of both approaches can then be evaluated, summarized and constantly be updated in a **supplier scorecard**. In order to have a comparable baseline of survey and face-to-face meeting data in the scorecard, both approaches should consider an equal rating scheme. Even if literature sees the weighted scorecard approach as more appropriate, research findings are not in agreement with this statement. Literature describes a non-weighted approach as “most informal” and “undetailed”, but Novartis managers are seeking for a general indication on performance with individual interests in the importance of metrics. As a result, a weighted approach will not be pursued whereas the rating should be conducted along a defined score with the option to include additional feedback. With this, the supplier scorecard can then represent an overview of the supplier rating and include the most critical open comments.

How such a scorecard could be composed of is illustrated in the next figure by taking Supplier C as an example.

Supplier C Scorecard: Feedback on Consulting Performance

1= UNACCEPTABLE; 2=POOR; 3=AVERAGE; 4=GOOD; 5=EXCELLENT

No.		Strategic Project 1	Strategic Project 2	Average Strategic Supplier C (2 Projects)	Operational Project 1	Average Operational Supplier C (1 Project)
1	Performance and Delivery					
1.1	Quality of Consulting Service	4	3	3.5	4	4
1.2	On-time Delivery	4	3	3.5	4	4
1.3	Novartis Proximity	3	4	3.5	4	4
2	Cost					
2.1	Adherence to Budget	4	3	3.5	4	4
2.2	Payment and Performance	3	2	2.5	4	4
3	Resources					
3.1	Quality of Consultants	4	3	3.5	4	4
3.2	Relationship Partnering	3	3	3	5	5
4	Communication					
4.1	Communication	4	3	3.5	3	3
5	Innovation - only if applicable to your project					
5.1	Idea Generation and Best Practice	3	3	3	3	3
6	Recommendation for Future Engagements					
6.1	Would you be willing to work again with this consulting provider?	YES	NO	50% YES; 50% NO	YES	100% YES
Average Rating		3.6	3.0	3.3	3.9	3.9

Strategic Consulting:

- Project 1: no additional feedback
- Project 2: no additional feedback

Operational Consulting:

- Project 1: no additional feedback

Figure 18: Scorecard of Supplier C (Own Illustration, 2017)

Supplier C has been chosen as an example due to an available rating of both, strategic and operational, consulting types. A clear separation between strategic and operational projects has been undertaken in order to capture the different emphasis on metrics per consulting type. Of course, should there be more available feedback data, both ratings could be outlined on a separate slide deck. Unfortunately, for Supplier C no additional open feedback was provided. However, this would change with the increasing amount of projects considered. In addition, the mandatory face-to-face discussions for projects above threshold would automatically generate additional open feedback. This additional feedback would be analyzed and the most critical aspects would be visible on the supplier scorecard.

Although projects from a same supplier are different in their topics (within the area of strategic or operational consulting), they are comparable along the defined key metrics within this proposed supplier scorecard. The defined key metrics are applicable to every project independent from the project topic.

By updating the supplier performance evaluation regularly, the satisfaction level of Novartis managers can be tracked. It is suggested to limit the period of a supplier scorecard to one year. To identify positive or negative trends a comparison of the evolvement within this year (e.g. first quarter vs. second quarter) would be helpful. Of course, the final evaluation could be backed up with additional graphs or radars.

5.2 Theoretical Development

In light of all outlined findings and implications, the first two sub-questions were answered. How these findings contribute now to the maximization of value for future consulting purchases is

presented in this subchapter. It focuses on the development of the theoretical concepts and answers as well the **third research sub-question**: *How can the procurement function with such an approach maximize the value of future management consulting project purchases and outcomes?*

This third question can be addressed by combining the just outlined conclusions with the additional findings (outlined in chapter 4) of the conducted interviews and surveys. By combining all aspects a systematic approach to bring the value of future consulting projects to a next level could be identified. Figure 19 illustrates this process and represents at the same time an enhancement (highlighted in red) of the conceptual framework of chapter 2.5.

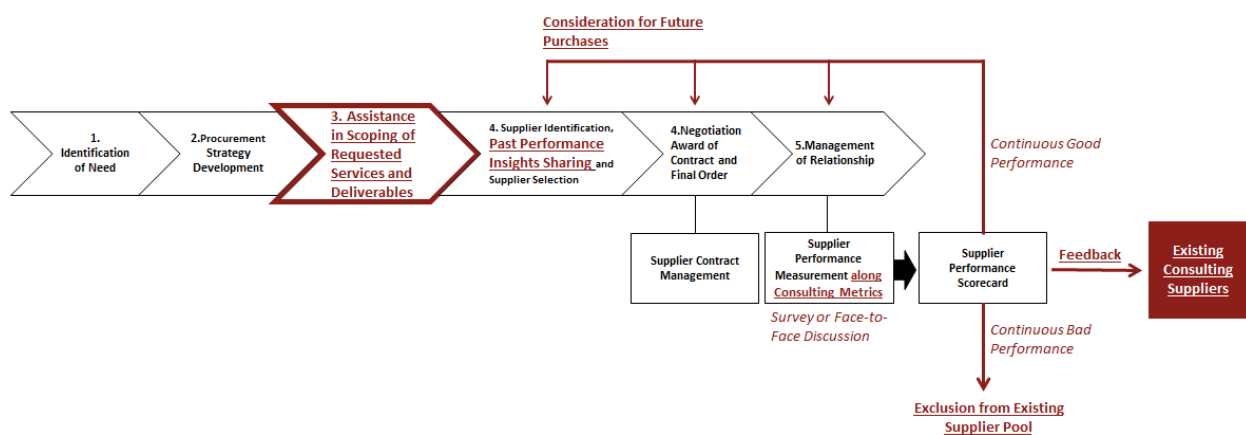


Figure 19: Enhancement of the Theoretical Framework (Own Illustration, 2017)

As depicted, the general procurement process from literature (chapter 2.1.2) remains still crucial and builds the base of this value-driven approach. However, based on research findings it needs to be amended at two different stages. It still starts with the identification of a consulting need, followed by the development of a procurement strategy. The third stage is a result of the research findings and integrates the required assistance from procurement during the scoping of the consulting engagement. It includes as well the definition of concrete deliverables. Once the internal requirements are clear and set, procurement associates are in charge of identifying appropriate consulting suppliers depending on the project type. At this stage, the results of past supplier performance measurements should be shared with the Novartis managers in order to identify those suppliers being able to deliver with the highest possible satisfaction. Within literature this step has not been covered. However, research participants explicitly stated their interest in past supplier performances to influence the available supplier pool.

As soon as the internal requirements align with the supplier capabilities, a supplier can be awarded and specific contractual needs can be covered before starting with the service provision. After project completion, the internal manager should rate the supplier performance along the developed consulting metrics. As already outlined this can happen in form of a survey or a face-to-face meeting. The results of the performance measurements are then summarized by procurement in the respective supplier scorecards and should continuously being updated, analyzed and

compared. However, for this approach to be effective, research participants agreed on the importance of providing direct feedback to the consulting supplier pool. Bad performance should be shared to allow for performance improvements. Should no improvement be noticeable, an exclusion from the existing supplier pool can be taken into account. The contrary applies to continuous good performances. Those suppliers should be rewarded by being taken into account for future consulting purchases. Exactly at this stage, the whole process from the supplier identification starts again and affects the final supplier choice of new purchases. In addition, this whole process allows combining concepts which are treated separately within literature. By connecting the general procurement process, the category management concept of consulting, but also the supplier performance management a more customer-centric procurement approach could be developed.

Conclusively it can be stated that this research project has successfully answered the research sub questions and therefore as well the guiding **grand tour question**: **How can procurement as a service function maximize the value of future management consulting project purchases by assessing completed consulting projects based on supplier performance metrics that are aligned with internal business' objectives?**

In light of this, the initially defined research objectives (chapter 1.3.1) have been successfully answered.

All research findings are not only applicable to Novartis but can be transferred to global organizations buying management consulting services. By identifying critical consulting metrics and by constantly measuring supplier performances, this project developed an approach of how organizations can further build on good performances to sustainably achieve even higher satisfaction levels of internal managers when buying consulting services.

5.3 Implications for General Business Practice

That increasing amounts of organizational budgets are spent especially on consulting services was discussed several times throughout this research project. Due to these high consulting expenditures, procurement associates could prove their value-add by minimize costs through negotiation strategies which led to special price offerings, large discount schemes or free of charge services. However, this cost leadership approach favors mostly procurement associates (procurements' productivity is measured against cost savings) whereas internal customers buying those consulting services are not only cost focused and would like to consider many other aspects when engaging with a consulting supplier. But, consulting services come along with the difficulty of specifying the clear need which makes it in turn increasingly challenging to achieve good outcomes beyond the cost factor.

These aspects, amongst many others, underline the necessity of developing recommendations and implications for procurement service functions of global organizations. Recommendations and implications which increase procurements' value-add beyond the cost parameter are required in

order to match the priorities of the internal customer. Therefore this research project provides insights into what needs to be taken into account to ensure that organizational budgets for consulting services are spent with the right suppliers in order to maximize value. The systematic measurements of supplier performances affect the whole procurement process already at the supplier identification stage and help organizations to judge and identify the value a supplier could potentially bring to a consulting project

Furthermore, the outlined research findings bring the procurement contribution to a next level by matching the existing consulting supplier capabilities with internal business requirements. It clearly shows that a more comprehensive procurement approach is needed, which results not always into the selection of the cheapest consulting supplier.

All in all, this research project shifts the focus of procurement towards a customer-centric business function which is able to act as a trusted advisor when it comes to the purchase of management consulting. It outlines the activities in the procurement and supplier performance measurement process which should be undertaken to enhance a full satisfaction of the internal customer and at the same time to keep the bureaucratic effort as low as possible.

With the data collection through interviews and survey with industry professionals, this research project has provided valuable insights into general business practices. Consequently, all developed conclusions and implications are underpinned by the knowledge and experience of these professionals and are thus highly relevant and valid for daily businesses. Global organizations buying consulting services should consider the outcomes of this research as a first step into a widely unexplored area. The findings should spark the interest of industry professionals and can be considered as a helpful guide for procurement associates in charge of consulting, wishing to develop his or her business practice.

5.4 Implications for Future Research

The limited amount of literature around procurement of consulting services and the lack of existing guidance makes this area especially interesting for researchers. This fact is rather surprising due to the high amount organizations spend on consulting, but also the high potential that lies behind the contribution of the procurement functions.

Therefore, this research project can be considered as a first starting-point for more research to follow. This research has identified and developed, consulting metrics for the supplier performance evaluation which impact the maximization of value for future consulting purchases based on internal customers' requirements. The outlined results and implications provide valuable insights into areas of research which have, so far, remained almost unexplored. In addition, the primary data of this research is collected from highly interesting sources and demonstrate the needs of nowadays organizations buying consulting services. Therefore, this project can be seen as an ideal starting point to attract the attention of researcher to build upon these research findings.

The outlined findings represent a base to further investigate the area of supplier performance evaluation in procurement of consulting. As supplier performances clearly depend as well on the effort buying organizations make, the research outcomes could be further combined with research in the field of supplier relationship management. Furthermore, going beyond the existing supplier pool of an organization represents also an area for future research.

Future interest in this area of procurement consulting can be triggered through constantly increasing organizational cost pressures and budget cuts resulting into more research being undertaken. In light of this, future research could not only help to further maximize procurements' contribution and value-add for the internal customer, but also to bring the business function to a new level.

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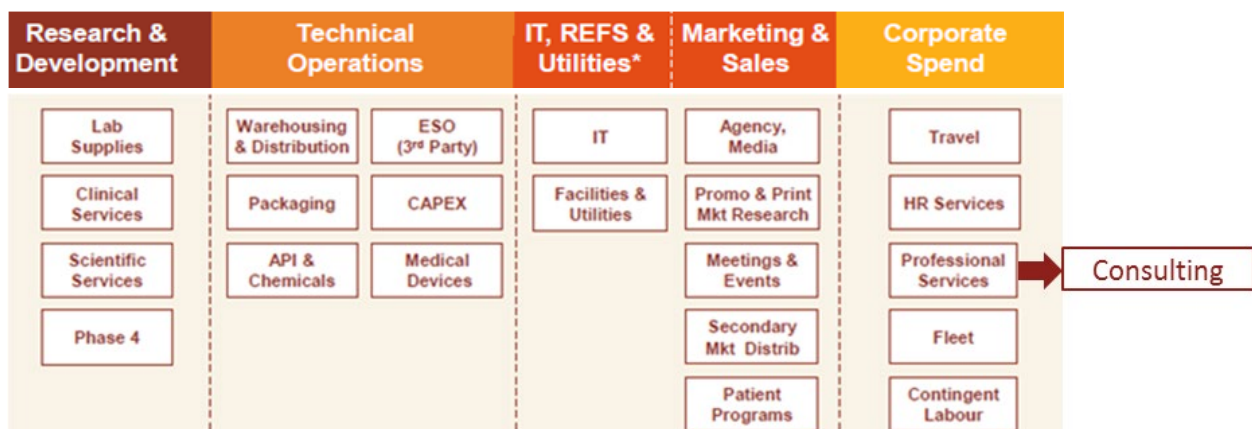
Appendices

Appendix 1: Novartis Procurement Category Structure

Procurement services at Novartis are provided across different categories of spend (see Figure below) in order to be able to focus on specific areas and to provide in-depth expertise.

This is either direct spend as in Technical Operations (at the production sites), where the category is actually involved directly with the drug, its packaging etc. It can also be indirect spend e.g. Marketing, Sales, IT, Facilities etc. that indirectly touches the final product (e.g. through advertising, systems, buildings etc.) (Novartis Procurement, 2016b).

Each of these categories has a Global Category Lead who is responsible for creating the overall strategy and identifying, managing and developing a cross divisional network of purchasing professionals for their category. Teams of Global or Divisional Category Managers at a regional, country or site level are executing above described strategies (Novartis Procurement, 2016b).



Category Structure at Novartis Procurement (Internal Document, Novartis Global Procurement Intranet, 2016)

Appendix 2: Supplier Performance Measurement Metrics for Management Consulting

Weight	Metric	KPI	KPI Description
15%	Cost	Cost Management	Degree to which projects/engagements are delivered within budget estimates
		Price Competitiveness	Degree to which firm provides competitive pricing and cost structure relative to other firms
		Value-Added Services	Degree to which firm provides value-added services, including non-billable advice, etc.
		Cost Transparency	Degree to which firm shares cost breakdowns and explains variations on services provided
20%	Delivery and Support	Project Management - Schedule	Degree to which milestones and deliverables are completed within agreed upon schedule
		Project Staffing	Degree to which firm's staff is deployed as described in the initial proposal
		Project Management - Communication	Firm consistently communicates project status and issues that may impact scope and/or schedule
		Responsiveness	Degree to which firm's appropriate personnel are responsive to needs, reasonably accessible when needed, and provide briefs in advance of deadlines
10%	Flexibility and Ease of Doing Business	Internal Resource Time Commitment	Degree to which our internal resource requirements are clearly defined by the firm at the outset of projects
		Invoice Timeliness	Degree to which firm provides invoices in a timely manner
		Account Management	Degree to which firm's account team has established a productive and healthy working relationship
		Ability to Change Scope	Degree to which firm is able to accommodate changes to the project/engagement scope
20%	Partnership and Innovation	Understanding of the Business	Degree to which firm understands and accurately communicates the nature of our industry and business, leading to relevant business enhancements
		Knowledge Transfer	Degree to which firm transfers knowledge and skills to our staff throughout the project for use when the project is complete
		Relationship Partnering	Level of collaboration, partnering, and willingness to work with our business units and/or other firms to achieve goals
		Market Intelligence	Consultants share industry market data and comparative information as appropriate
30%	Quality	Deliverable Quality	Degree to which deliverables are completed with a high level of quality, professionalism, and attention to detail
		Business Impact	Degree to which firm's work is viable and results in a positive business impact
		Subject Matter Expertise	Degree to which firm's project team members display thorough, accurate and leading subject matter knowledge
		Interpersonal Skills	Degree to which consultants display strong interpersonal skills and are able to adapt to the company culture
5%	Risk and	Non Disclosure	Degree to which firm complies with intellectual property standards
		Compliance with Travel Policies	Degree to which firm makes travel arrangements and handles out of pocket expenses in accordance with our travel policy
		Adherence to Workplace Policies	Degree to which firm's onsite project team members comply with policies related to workplace behavior and safety
		Corporate Information Security and	Degree to which firm personnel are aware of and comply with corporate information security and privacy standards (e.g. confidentiality agreements, etc.)

Consulting Supplier Performance Metrics (Own Illustration based on CEB Global, 2016b)

Appendix 3: Semi-Structured Interview Guide

Q1: When you think of a successful engagement with a consulting provider, which project comes to your mind?

Q2: Why would you say that this specific project was successful? What made it so successful?

Q3: Did the work performed by the supplier enable you to meet your project objectives? If yes, how?

Q4: Did you try to track or measure the success of your projects? If yes, how and based on which aspects?

Q5: Looking at the other side – could you tell me about a consulting engagement where you were not satisfied with the performance of the supplier?

Q6: In your opinion, what made this project not successful? What should have been done differently in order to make it a success?

Q7: Independent from all the aspects you came up with, I identified several criteria before our meeting that could be suitable for the supplier performance evaluation of a consulting project. Could I ask you to have a look at the table and to tick the box next to the criteria that is important in your opinion? Please also feel free to rename or add any criteria that you are missing.

Cost	Adherence to Budget	Engagement delivered within budget
	Price Competitiveness	Pricing relative to other suppliers
	Investments	Provision of investments and value-added services (e.g. provides pro bono consulting)
Quality	Quality	Quality of deliverables according to project objective
Innovation	Culture, Idea Generation and Implementation	Proactive generation of improvement ideas. High creativity and willingness to improve processes/ enhancing industry knowledge
Delivery and Support	Project Management	Attention to project scope and timeline for successful delivery
	Responsiveness to Needs	Ability towards change of project scope and specific needs
Project Team	Quality of Resources	Knowledge and expertise of resources
	Resources according to Expectations	Resources deployed as described in initial proposal
Communication	Communication	Proactive communication of challenging information, status updates and reporting
Collaboration	Collaboration with Novartis Team	Degree of partnering with Novartis internal project resources
Regulatory	Compliance	Supplier understands and complies to Novartis policies and guidelines
Other		

Supplier Performance Metrics Interview Guide (Own Illustration, 2017)

Appendix 4: Interview Transcriptions

Pilot Interview, Thursday, March 16 2017

Julia Lehmann: The reason why I am actually interested in your opinion has to do with the current topic around reduction of consulting spend. So we from Procurement actually would like to ensure that with the limited funds that you have available that you get the highest level of services from your supplier, your consulting suppliers.

Pilot Interviewee: *Who was limiting the consulting spend?*

Julia Lehmann: Actually it was an ECN initiative.

Pilot Interviewee: *Ok.*

Julia Lehmann: And as you maybe have noticed currently when you as a buyer requiring some consulting services you will choose a supplier and receive the requested services from them and afterwards there is no satisfaction survey once the project is completed that tracks how satisfied you were with the service level. In order to improve this we aim to introduce such a survey on an ongoing basis to really identify where potential improvements are and what could be done better in the future to ensure that you ensure your project objectives and that you get the best supplier within that field. This is actually the aim behind it.

Pilot Interviewee: *Could you tell me with this that Procurement doesn't know whether a supplier is good or bad?*

Julia Lehmann: No well, we actually are aware of the market but all we want to do is to improve constantly to get a better understanding within specific areas within that broad field of consulting to really ensure that you are being directed to the right supplier to ensure that the services level increases constantly.

Pilot Interviewee: *Ok good, good.*

Julia Lehmann: And now I would be very interested to know when you think of a successful engagement with a consulting supplier, a management consulting supplier. Which project comes to your mind and why? Just when you think spontaneously and why?

Pilot Interviewee: *Let's use this Impact to the Bottom Line project.*

Julia Lehmann: And why was it successful for you? What made the difference? Why were you satisfied?

Pilot Interviewee: *Because I achieved my objectives, it was part of my objectives to deliver such a framework on how to compute Procurement savings and make them relevant for Novartis. The supplier was actually delivering on time, we stayed within the budget.*

Interviewer: So, especially cost and time was an important factor for you?

Pilot Interviewee: *Yes, right. And of course the team they deployed. You have to understand that you work day and night with this people and you need to have a certain chemistry going on. And it has to be – so in my eyes trust is very important. I have to rely on them a 100%. And I want them to be as well proactive if something is not going well. And what I particularly liked with my consultant is that I got a weekly update on where they were, so how on where they were tracking according to milestones and our project plan. So I always had a good feeling if we are going to make the deadline or not.*

Julia Lehmann: You mentioned that you had some specific project objectives. Did you somehow measure them? Did you have an internal tracking system that measured the achievement of your objectives?

Pilot Interviewee: *No I mean at the beginning we were coming up with a timeline of course and then we did milestone. And you know, the milestones at Novartis are always set by the government bodies. So you always have a steering committee and you have to show up in a one-month interval to this steering committee in this particularly case therefore the timelines are pretty much set. First you do the kick-off, then you generate options, then you deliver. So from that perspective it is already clear.*

Julia Lehmann: So based on my understanding especially the team is an important point for and of course costs and the chemistry of the supplier and Novartis project team.

Pilot Interviewee: *And time.*

Julia Lehmann: Yes, sure time.

Pilot Interviewee: *Time is extremely important for me.*

Julia Lehmann: Is there anything else from your side? By looking maybe at another project that was really important for you?

Pilot Interviewee: *Novartis insights I would say. As you know we are a very complex organization and we have certain realities which are not necessarily like in one of our peer companies. So, the most successful suppliers are*

the ones which have access to people, systems and processes. That's why I usually always use the same supplier. And of course I know that Procurement always wants to sell me a cheaper solution. But cheap is not always cost efficient at the end. The most difficult thing is to explain to a supplier how Novartis work.

Julia Lehmann: Now when you are looking at the other side. An engagement that you were not satisfied at all with the service level of a supplier?

Pilot Interviewee: What comes directly to my mind is that when a project leader changed in the middle of the project. I mean this is absolutely unacceptable. So I mean there were good reasons for maybe, I don't know but this is the most difficult situation when the project lead just changes. Then you basically start from scratch again more or less.

Julia Lehmann: Independent from all the aspects that you just mentioned I looked into literature and tried to identify what specific aspects are important when analyzing or measuring such consulting projects. I noticed now that some of these points were already mentioned by you like the cost factor, as well as the project team.

Pilot Interviewee: And communication.

Julia Lehmann: I would be very happy if you could take some time and look at the table and highlight which factors are extremely important and are there any other factors that you would add to that list? Or is there something that does not make sense for you at all?

Pilot Interviewee: So in my particular case I will tick the ones which are probably relevant. Quality of deliverables of course – if the quality is bad of course the project is bad. Attention to project scope and timeline this is OK. Ability towards change of project scope- we shouldn't do change on the way by the way. Iterance to budget good. Competitiveness of prices I really don't care. I want quality, quality, quality and if it is within my budget I am happy. Provision of investments I couldn't care less either. Project team – expertise for sure. Resources deployed and described as in proposal – not sure what you mean here.

Julia Lehmann: With this I mean that at the beginning of a project you receive a proposal and there the supplier presents the project team that will be responsible during the whole project. Now during the project you have changes within this project team and were already familiar with some of the consultant because they worked on your project and you were really satisfied. Sometimes this could represent one of the key factors.

Pilot Interviewee: Does this happen? This never happened to me.

Julia Lehmann: Never?

Pilot Interviewee: No, never. I always know the project team and I would not accept any changes. To me this goes without saying, so know I don't know if I should tick the box or not?

Julia Lehmann: It is an important factor then as far as I understood.

Pilot Interviewee: So it is super important then. SO the next point, communication – as I said before I highly value this point. Culture – high willingness to improve processes. Enhancing industry knowledge ... Jesus Christ.

Julia Lehmann: Do you know what could be the reason behind this last point?

Pilot Interviewee: I don't know what this should mean. No.

Julia Lehmann: The reason here behind or at least according to literature this means the degree to which a supplier comes up with new ideas, improvement or new processes during the execution of the project. Even if it was not planned in the beginning.

Pilot Interviewee: Ok I would not expect. If it comes it is great but it should not be a prerequisite. The next point – idea generation and implementation – but that goes hand in hand right? So I can leave it, correct?

Julia Lehmann: Yes correct.

Pilot Interviewee: Willingness to work with Novartis. I mean that... do we sometimes work with suppliers that are not willing to work with Novartis?

Julia Lehmann: Maybe at a different degree. There could be that some suppliers are more collaborative than others, showing more commitment.

Pilot Interviewee: I don't understand this.

Julia Lehmann: Would it make sense from your point of view to add this to the project team point?

Pilot Interviewee: Well, actually... No, no, no.

Julia Lehmann: Or grouping it together with communication?

Pilot Interviewee: It still depends with what you mean with collaboration. I would understand that the project team this is skills. Communication is informing me or Novartis. Collaboration is working with the Novartis team-these are three separate topics. But you than have to write that down and define it.

Julia Lehmann: Is that a point that is important for you or not one of the top ones?

Pilot Interviewee: Depends a little bit on the project. You know when it's just a supplier because I do not have

the stuff than it's completely unimportant. If it's a team that is mixed than it becomes important. But I would say that if the team and the communication are right then it's probably not the most important one.

Julia Lehmann: Ok.

Pilot Interviewee: Regulatory and Compliance in my world doesn't mean anything. I mean if you go to the production site or if you go to research and development than it becomes super important. It depends on who you are talking to.

Julia Lehmann: Ok. And do you have any other criteria that you would like to include. I heard that you mentioned chemistry in the beginning when thinking of a successful project. I mean this could be something that could be included within the project team or do you see it as separate criteria?

Pilot Interviewee: I mean what you could do actually is in collaboration you could expand that and say shared values because Novartis is very much... Do you know the values and behaviors of Novartis?

Julia Lehmann: Yes.

Pilot Interviewee: These six values we have currently. You probably have heard Joe speaking that we are moving from a me to a we culture. Either it is a separate point or it is under collaboration. I would say they have to share the same philosophy, so performance, accountability, speak up culture etc. And then it's fine... if you list it as a sub bullet of collaboration or as a separate point this is up to you then.

Julia Lehmann: Ok thank you. This was very helpful. When you look at this whole list and you as a key user of consulting services would receive such a survey after the completion of a project with these points – taking out the points that were irrelevant for you and focusing on the critical ones. Is that something that would be useful for you? Is it too complex?

Pilot Interviewee: What would you expect me to do in the survey?

Julia Lehmann: Actually the idea would be to include a box behind every criterion where you can write your comments. Not only rating it on a defined scale, but that you can also write and justify your personal opinion.

Pilot Interviewee: Relevant definitely. This is not the point. It would be extremely helpful. I just don't know how it would look like. If you expect me to write nine times narrative – forget it.

Julia Lehmann: Would it be helpful to choose between both options? Rating and open comment fields?

Pilot Interviewee: If I were you I would do rating mandatory. Because this is something people are used to.

Julia Lehmann: And an optional comment field?

Pilot Interviewee: Yes an optional comment field but I guarantee you that 99% of these will be empty. And if you define it as a mandatory field people just put a space in there.

Julia Lehmann: Ok.

Pilot Interviewee: Now what are you going to do with all that?

Julia Lehmann: First of all transcribing all the surveys and analyzing and evaluating them.

Pilot Interviewee: How many interviews are you doing?

Julia Lehmann: My aim is to get 15 interviews. First of course I will evaluate them to get a first big picture how the different answers look like. With a coding technique I will try to analyze them to hopefully come up with an intelligent set up of such a survey with the aim to test the survey afterwards.

Pilot Interviewee: In Novartis or at university? Where would you like to test it?

Julia Lehmann: At Novartis. At Novartis with a selection of around ten completed project to see whether it's easy, helpful or if it should be adjusted. I mean this are just a generic points from literature. And daily business at organizations can be so different and it's difficult to generate a general approach within this complex field of consulting that suits to all of the key users.

Pilot Interviewee: Ok

Julia Lehmann: One last question from my side. Do you believe it is helpful to rate the different criteria based on different weighting or are you just interested to get an overall picture of how a supplier performs.

Pilot Interviewee: Definitely just only an overall picture. I mean weighting who would do that. If you ask people to weigh nine criteria what would you expect? So

Julia Lehmann: The idea could be that the rating is defined in the beginning to calculate like an overall score for the supplier.

Pilot Interviewee: But how would you know that for example cost is more important than other?

Julia Lehmann: Of course this is something that would need to be tested.

Pilot Interviewee: My recommendation would be not to do it.

Julia Lehmann: Ok. So thank you very much for your time. It was very interesting and helpful to hear about your opinion.

Interview 1, Tuesday, March 21 2017

Julia Lehmann: Perfect, my first question would actually be that when you think about a successful project with a consulting supplier which project comes to your mind and why? Are there any specific criteria from a supplier side that made it that successful?

Interviewee 1: *Well, a specific project will maybe pop up while I talk. Let me think about the kind of thinks that I would think about for a project to be successful and especially delivered by consultants. So first of all a project needs to be measured against the initial objectives that were formulated. When the objectives are not clear I think the conditions for success are already gone. I guess when professional service providers measure the success of a project they measure customer satisfaction by filling out a questionnaire or by measuring it through contacting for new assignments. So yes actually a project comes to my mind and I do not want to name any names but we had a tender with some of the professional service providers of the big 4. We have sent a request for quotation to all of them and some of the service providers and they wrote a very nice bid with a very huge fee and then a huge discount and to justify that what they explained to us was... well, we appreciate the fact that we can work with Novartis and some language around this will bring us new business. And I thought, well that firm is as nice as they make it sound for us they are not really in what I am interest in in a service. They only seem to be interested into the traffic they create with Novartis. Ahhmm. So this was one. And they had very Senior Partner with high skills and degrees. So their approach was really to use this assignment to sell their business.*

Julia Lehmann: As I hear for you it is especially important that the supplier focuses on Novartis specific needs and approaches.

Interviewee 1: *Yes, correct. And here is actually the other firm that gets the job. They were a bit more expensive in their meeting what we had with them there was one Senior Partner, two Managers, and ten years of experience. But in the bid you could tell how much work they are going to do. They were actually listening to what we needed – and not how many people do we need to sell to get our next assignment at Novartis. They did not talk about rebates. They talked about, it's so much work for this and this degree of people and this is what you will get from us. And they hear what we wanted. And this is perhaps when I see consultants to see if they are really interested to see what we want and to solve it or are they interested in how much more business they can generate. And I think this is a very big differentiator when looking at consultants.*

Julia Lehmann: You mentioned now the different skills of the resources. Is this something very important to you? Or should they just deliver in the end?

Interviewee 1: *Yes, of course. Absolutely. In this example that I just gave of course all these senior managers have very fantastic credentials and experience. If they would have the time they of course would do a fantastic job – I am not in doubt of that. The truth is with their number of hourly rates and the number of customers they have they would not be able to spend the amount of time that we requested to fulfill this request. For this you need more people that actually have the span of attention that can spend the full time with you and get the work done with Novartis people. Probably the balance between the real experience, credentials and people who are rolling out their sleeves. It's a bit like a Mexican armee – if you have more generals than solders – than you have a problem. They won't fight any battles they will be sitting and thinking about strategies. You sometimes also need soldiers to get the job done. The firm that got the job was exactly like that. And of course their people were very good.*

Julia Lehmann: In the beginning you mentioned that you have set some initial project objectives. Did you somehow try to measure or track them throughout the project? Did you have a measurement system?

Interviewee 1: *We had to find criteria for what we were looking for. But in our shortlisting we already had good indications. It was a project where we needed to do an audit with external resources. And all companies had the skills and capabilities to get the job done and all were very keen to get the job the best done. But the approach they took was very different. But I guess that if they would have been listened to us very carefully and recognize the value of a partnership, the firm that came up with a very senior resource approach probably would not have done it.*

Julia Lehmann: You mentioned for example that a supplier provides a full commitment to Novartis. Is there a point that is not that important to you? You believe I somehow heard the cost aspect here?

Interviewee 1: *That's a very good point. The cost must be secondary to what you want to achieve. If you spend a lot of money or little money but you don't achieve what you really want both are wasted. In Dutch there is an expression that people want to sit front row for half of the price but they usually don't get what they want. At some point you have to be committed what it takes to get what you need. We worked with a cheaper consultant to help us on an audit. But guess what – we had less satisfaction. And this really goes beyond brand it just not like Mercedes vs Volkswagen. That you get a better brand because you pay more, No the quality actually is really better. And so everything else is how you are prepared to pay for the extra. And if you are really serious about something that is really important – by the way I only believe that you use consultants when something is really important – than price is secondary.*

Julia Lehmann: Actually the idea behind my Master thesis topic is that Novartis at this moment is not really measuring the satisfaction level once the consulting project is completed. So you select a consultant based on a single source or an RFP where we conduct a competitive bidding exercise and then the supplier delivers the service- At this point it stops. At the moment we are not going back asking what did you like and what not in order to improve to get out the best value for your money. Now, what I did is that I actually looked into the scientific literature to see what the metrics are that a consulting project could be measured against. The aim would be to send out such a survey to key users like you once a project is completed to key users of consulting like you to see where the satisfaction level lies in order to further improve the service level for future engagements. What I would be interested in if we would quickly go through the list and that you highlight which points are of high importance and points that are not really important. I heard that some of them were already covered during our conversation like cost for example which is good to know.

Interviewee 1: *Yes sure, so competitiveness and adherence to budget are important because you try to create clarity at the outset the outset of the project. If you want to build a house and people tell you that you only have 100. But at 100 you are only half way then you have a problem. So you have to have clarity of the cost of course. But trying to save money and not getting what you need is not saving money at all. But cost is definitely important but for me is more about the clarity of the cost and around if we will get what we need. And of course the price must be competitive but as the investment was evaluated in kind of some return on investment you have to have the clarity that with that you get what you wanted. When you easily save money on safety for instance and you buy a bridge then you probably do not want to have that bridge. Cost is of course very important but quality goes hand in hand with it.*

Julia Lehmann: Am I right that these 3 cost metrics are maybe to specific?

Interviewee 1: *I think that cost and delivery of what you get, the quality are so sort of so tightly attached. And what happens is that at the end you do not get what you expect and you paid more than you needed. But that balance is... you have to be clear in the beginning.*

Julia Lehmann: Yes sure.

Interviewee 1: *Innovation, well I am not sure. Depends of course what you are looking for.*

Julia Lehmann: When you would receive a questionnaire to rate a consultant in the area of innovation is this something that you would be interested to look at, to evaluate and receive an answer of how the supplier scored along innovation in the past?

Interviewee 1: *Well, innovation is for bringing solution that we do not have thought about – definitely. This is why you bring in an external consultant. But if we are looking only for extra hands than maybe not. So I think the innovation part new skills, new ideas come with the price tag. But I think innovation is tights back to the cost and to what you need. Delivery and support. Yes. If there are commitments without interdependencies with other projects that people manage realistic timelines and deliveries. This may cost internally a lot if this is not met. Project team, yes.*

Julia Lehmann: Yes, I think we already discussed this point.

Interviewee 1: *Yes, correct. Project team is very important for me. The calibration with the right skills and number of resources and right level of skills and not a Mexican army. Communication goes maybe hand in hand with change management. I just read an interested article about change management where in organization there is always the pressure between to go in between of that what was and will be. There is that moment of today and we always want to make it as short and quick as possible. And if people compress that too much that there is a factor of failure because people haven't adopted yet. And therefore I think that communication is very important and often underestimated. Yes, collaboration is very important. Because projects often bring different horizons. Different skills and interest together to find an interest and to work towards a goal and if the*

collaboration is not working the buy in to collaborate not there then you have a project. Compliance, regulatory – maybe. Maybe one point to think at... Many projects at some point in time become self-fulfilling and what I mean is that they had been made of peoples objectives delivering the project becomes the objective. And because of that we see projects being delivered where it would be wiser to kill it or to drive it in a different direction. But because everyone is so stuck on delivering we just drive it against the wall. And the agility to adjust when adjusting was the right thing to do has become secondary to delivering the project itself.

Julia Lehmann: Is this is something that you would request from a supplier side?

Interviewee 1: *It belongs to the owner of the project. The suppliers itself have a duty to signal this also when it means less fees. Usually they do when it's more fees but I think here they could gain a high degree of credibility.*

Julia Lehmann: So this is something that you would add as a metric to the list?

Interviewee 1: *Absolutely. And I can think of a few projects where very expensive people have sit here for months and projects that have cost more than tenth and tenth of millions. And I wonder why they not say "hey do you still need us?"*

Julia Lehmann: Thank you so much, very helpful. This was it actually from my side.

Interviewee 1: *You are very welcome. Good, I am happy that it was helpful for you.*

Interview 2, Wednesday, March 22 2017

Julia Lehmann: My first question is what comes to your mind when you think of a successful project with a consulting supplier? Why what is successful?

Interviewee 2: *I mean principally its two things. Firstly, it's whether or not you can articulate with a supplier what the specific requirement is and the second is for the supplier to understand what you are actually asking them to do. And creating the definition around what the requirement is is probably the most important thing and it is worth spending a lot of time upfront to understand what you want. And it's also worth investing with the providers to ensure that they understand what you are after. Of course the other key is that you make sure that you present your RFP to vendors that are at least in the space that you want. And again as we had in the past is by analyzing upfront who those vendors may be. We also found that in certain projects it's not necessary the biggest company that is the best provider. In fact in many of the projects that we conducted smaller if you will "boutique" or smaller companies ended up being equally good giving a good vendor client relationship but of course really difficult on a global level.*

Julia Lehmann: What were the aspects that you like especially with such small companies? What makes them successful?

Interviewee 2: *Well, if you offer something where a certain expertise is required you often find a theme of vendors that have that experience. And the more specialized your requirement is the less vendors are available with that expertise. And we found it before that we currently have some projects where no single vendor could fulfill our requirements and this is where it becomes a requirement to have central coordination of the tasking's around that. The good news is that if you have multiple vendors and you understand where the overlaps are than it can become quite efficient. Because than on a daily basis you have like a menu of different things and you know day to day we have exactly that. We have a whole range of different vendors to do smaller or larger projects. In our department it's very operational so generally speaking we have relatively short timelines and we need quite quick turnarounds so we need vendors that are quick and effective to do that. On some occasions, where we have a broader task like Travel Security on a broader level than we might look at bigger vendors in order that they can do that we the capacity we need.*

Julia Lehmann: From what you are saying I here that responsiveness of the vendors is extremely important. So when you select a consulting supplier, you finish the project and afterwards you would like to assess the satisfaction level – in such a case the criteria of responsiveness would be of high importance for you to include as a rating metric?

Interviewee 2: *Yea it is, absolutely. I mean the other thing is that we constantly have to show return on investment and the way of doing that is assessing the relevance of what the provider is giving us. In order to achieve that once we selected a vendor what we do is that we create a kind of collection plan, it is an intelligence collection plan and what that really looks like is that we ask the question: what is it that we need*

that is much relevant for things like patient safety, patient protection, intelligent property... and we ask that as a question to the vendor. And in theory if they answer the question or the requirement 100% of this would be relevant for the business. If there is deviation from that and if for example 40% of the answers are not so relevant then it's very important to identify that, to test it and to bring it back on track. So that's you get rid of the irrelevant material and maximize the utility of them to get to the 100% of return on investment. And return on investment is, well in some departments it may be purely quantitative. In our it's quantitative and qualitative so by that I mean that when you are for example in the field of security the quantitative part is if you are protecting patients because you identified where counterfeit products are and identify the criminals behind it. So you are like providing social responsibility and an ethical response. Equally however if you can prosecute the criminals and under certain legislation retrieve certain assets than you can actually profit from that as a company. So it's important again to look at this return on investment issue quantitatively and qualitatively.

Julia Lehmann: Do you somehow connect this to the costs of the consulting engagement?

Interviewee 2: That really is where you look at KPIs or your RFP. Then you need to make sure that the vendor of what your expectations are. It could be around the format of report, the exclusion of data. But in case to make it relevant to your needs especially why you are looking for a service that is so intangible. So there is a range of examples that I could give. If it's a travel security related issue having to alert certain people or certain travelers. Here it would be important that the information would be contained in the report it again becomes relevant to that person and it probably becomes to that person. Companies can feel that they can give you something. As long as they can give you something relevant and a great deal and they might not bid us for much and that is much better than something that we don't need.

Julia Lehmann: So also here the collaboration point and the willingness to cooperate with Novartis? Being transparent and fully understanding the needs.

Interviewee 2: Absolutely. And I think that most of the projects have client relationship managers. And the more client relationship managers you have in a company the more diluted a relationship becomes. And again going back to the point of potentially having smaller companies this means that you may have a more intimate understanding of what they do and having a more intimate relationship. Probably you have seen most of their senior managers and along with that it becomes a much better engagement and relationship. Communication is crucial here. And the agility that they can offer is better. So I think that any company that has a client relationship manager with many clients, that's fine. But that's creates in a way a good interface but it could also create a single point of failure for the relationship because if they cannot translate the need and the requirements of the customer to wherever they are giving the work to that could become a big potential for failure. Again we haven't seen that too much but a lot of what we do is quite reactive.

Julia Lehmann: Do you have a project in mind where you were not satisfied at all with the supplier?

Interviewee 2: Yea we have had a few in fact. Well, to put it this way. We get almost on a daily basis approached by vendors who on the face of it have some really interesting propositions and services that they are absolutely convinced we need. The reality is that actually in certain circumstances they may be right but for 90% of the time we don't need their product. For example when we need market access intelligence in one area that is potentially hostile or has been difficult to access in the past... and we want to charge you a huge amount of money for that market access. Well, firstly for a company like ours we are working on a matrix organization anyway and we have a very big presence in the APAC region and sales reps there – so we basically know the place better than our vendor. So going back to your point, do we have vendors that have proven not to be good. Again we have in the past. And we had to stop the business relationship.

Julia Lehmann: What I did was looking into scientific literature to see what metrics are defined when measuring the satisfaction of a project once completed in order to improve the quality of the services for future purchases. What I would ask you know is to quickly have a look at it and I would be interested if there are some factors that are not relevant for you at all. So that you say, well that would be good to know but that you would not be really in a position to rate. I would be interested what is important and what not at all. Or maybe do you have some points that could be added to that list?

Interviewee 2: Ok, so. First of all they are all important to me. And bear in mind that we do a range of different activities. That's why some aspects become more important from project to project. For example regulatory compliance is important for us in so far as that the vendor would adhere to our ethics and standards and our compliance regime. But actually what we do is to give some of our vendor our code of conduct and values and behaviors. It is important on two sites if you like important to our vendor itself and also important to our vendor itself when they are checking over other companies. So they kind of need to understand our values and behaviors. No, I think they are all important... very important. I am just trying to think whether there is anything

else I would add to that list. Hm, I mean innovation peace is always important we are always keen to see whether or not there is new ways of doing thing or more efficient ways of doing things and equally you know we share our innovation with the vendors. That's actually quite a key point. What we found is that by sharing our ideas with the vendors and by enabling the vendor to be better what they do actually benefits both us and the vendor. And in fact we have invested occasionally in vendors suggesting areas that they could develop. Because it allows us to have a more enterprise wide solution. So showing innovation is key because I think that maybe sometimes cooperation's they sort of go to vendors saying hey this is what I want you to do and it's very much a one way street – I ask you to do this and somehow I think that Intellectual Property is shared. Certainly in the area of security if you are making a vendor important for you and you are likely to do them better for others more people have the benefit from it. And so you know that is kind of building up a greater good. That's very important and innovation is maybe a point that is kind of underestimated. Hm... I can't think of anything else that would go in there.

Julia Lehmann: While listening to you I somehow heard that especially the responsiveness to needs is important.

Interviewee 2: *Responsiveness to needs is something as I already mentioned is extremely important. Well, and I don't know if the performance itself should be listed here separately. Obviously they have to perform you know what that means is that performance is linked to a specific set of KPIs. Quality is important in so far as they need to perform according to your KPIs and quality of that performance is a slightly different measurement and so when you get a report for example the report might require the performance of developing such a report within a certain timeframe and according to certain standards. But the quality within that report is really important as well. That there are no mistakes that it is mindful. So performance and quality somehow go together a little bit. But the responsiveness to ones needs is of course really important and the collaboration and communication part as well. This is fundamental to go. Communication, Collaboration and the delivery and support are kind of interlinked in a way. This is all going down to do you know what you are asking, do they know what you are asking and how are they delivering it.*

Julia Lehmann: When you look at the number of the current metrics. Do you think these are too many? When you would need to rate a project based on these would that be too specific to you?

Interviewee 2: *No, I mean again it might be pretty helpful. If you put in performance there it looks pretty good to me. No, I personally think its fine.*

Julia Lehmann: Perfect. Thank you very much. This was it from my side – thank you for sharing your view with me.

Interviewee 2: *Cool, that's it. I am happy to be part of your interviews and happy to help.*

Interview 3, Thursday, March 23 2017

Julia Lehmann: My first question would actually be around when you think of a successful project with a consulting supplier what comes to your mind and why? Why was the project successful and the cooperation with that suppliers?

Interviewee 3: *Well, I think that it is not possible that you have all knowledge in house. Some areas are really special and of course in your daily business it's not a problem to have solved to question you have but when you have larger project like in a pension fund environment where you need also technical stuff in the background, tables of life expectations, tables on interest, mortality tables, generality tables and so on this is not a thing that you can do in house. Therefore you need an expert, an external one. And of course they have different possibilities, they are different on the market and I think two thinks are important here: Do they know their business, have you trust in their data and their data quality, how quick is the response time and hwo close are they to the business. Because their a a ton of so called experts and when you have a first chat with them you have the feeling they want to sell you something but they do not have a big idea of what they are doing. So the first is when you go on the market to find an expert for the things you need that you get a feeling do they know their job or are they only trying to sell you something.*

Julia Lehmann: So also the specific responsiveness to Novartis needs that they understand what you are looking for.

Interviewee 3: *Yes, correct exactly. The price for an engagement with a consulting supplier is important of course, but it cannot be only the price that matter. Because we all have to save money and it's the money of the*

insured ones you have and of the company. But I say always it cannot be only the price. It can be a little bit more expensive than another company but at the end due to the quality they deliver in less hours and as from the beginning in a right form saves you more money than to take a cheap one where you have to investigate, go back to the supplier, clear up things, it's a misunderstanding and so on and so on. And what seems to be cheap in the beginning can end up with a price that exceeds at the end and the quality is maybe lower.

Julia Lehmann: And when you think now of a project that was not that successful. Were there were some problems with the supplier. I heard now that quality is very important and response time. Are they any factors that come to your mind when you think of a not so successful consulting project?

Interviewee 3: I can be really happy that the last 27 years I have been here; I had no bad experience when working with consulting suppliers. Of course you have always time pressures behind and when you have people or companies that are too small you have a potential risk that when a person get sick or has an accident that you have a delay of the delivery of services. So I think when I choose a deliverable supplier for whatever the size of the company and the internal power they have, the replacement of persons that you can switch persons that have the same skills and possibilities is one of the important facts. So this is one of the criteria to choose a supplier or an expert that you need and when you have this in the background and the reputation of the market and you know those guys then the risk goes down dramatically.

Julia Lehmann: You mentioned that it's important that they have the right skills and people and the ability to change that skills during the project. How important is it for you that the supplier sticks to the resources that are described in the initial project proposal and project description. Is that helpful?

Interviewee 3: This is an absolute need. A contractual need. When we make contracts with supplier or with experts one of the points is that they are really in the position to fulfill their duties in a described time even if they have an internal problem with the resources and we count on this and it also works.

Julia Lehmann: And during a consulting project due you have like an initial project plan where you list your objectives and measure them against the deliverables throughout the project?

Interviewee 3: Before we go out on the market to have an expert we make let's say like a little book with points what we are looking for and what we expect. And if you have let's say, three or four competitors you let them offer what they are able to deliver. And you compare what they are able to deliver. And when you have several offers on the table than you see quickly if they are interested, are they able and do they know the market for our things. And you see quickly if we come together or not. At the end with those you go deeper and you make a clear definition of what you want and what they have to deliver in which timeframe. So this is planned of course. You have due times that they have to fulfill.

Julia Lehmann: What I did is I looked into literature to see which points are defined there as metrics to measure completed consulting projects against. So to measure your satisfaction level after the completion. I would be very interest to get your opinion of what is not important for you on that list. Could you quickly have a look at the list and let me know what you think. Or would you maybe add a point? I am aware that some of the points were already covert during our conversation.

Interviewee 3: Important at the end is the quality. And I know that for a big company like Novartis it's the cost factor that is important. And this is a stretch that you cannot fulfill. Because you cannot drive a BMW with a price of a Peugeot. So there we have problems in house – at least this is my personal opinion because we normally always tend to choose the cheapest supplier. And this price pressures at the end convinced me to say that at the end we do not get the quality we need. So if the company would be ready for a little bit more costs sometimes the quality would be better. Because at the end its then the in house hours that cost when you have to control at the end the quality and all the data and you have to sit hours and days and you find mistakes that costs you indirectly more money than if you spend from the beginning more and you invest this in the quality that you buy in. And one of the important points of course is the communication of the involved. You cannot expect to get the right results when you are not able to communicate what your needs are from the beginning on. This is alpha and omega.

Julia Lehmann: So you expect this communication aspect as well from the supplier side?

Interviewee 3: Yeah, or you define time tables in a project. And it's not only the supplier that has to come back to us. We also force them to tell us where you stand. Let's see we have once or twice a week a conversation with them to find out where are we standing. And when we see gaps we can make pressure. Yes of course compliance is important; especially in our work data privacy is important. We have there kind of rules in house meaning that if we get contractors they of course have to sign that they would adapt to the regulations of Novartis. And I think project team is also important – that you clearly define who is responsible for what.

Julia Lehmann: Is there something missing on the list for you? Or a point that you would exclude?

Interviewee 3: *Hm. Let me think.*

Julia Lehmann: Or is it too specific for you?

Interviewee 3: *Hm. No. What I am missing a little bit is here... hm, to define the specific order itself. We are speaking about cost, quality, innovation, then delivery and support, communication, collaboration, regulatory. What we do not define is the job itself and this is something that from my point of view is missing on the list. That you have a clear definition of the order and that you rate how satisfied you were with the ongoing performance. When you define the needs clearly then you can define controls and measure.*

Julia Lehmann: But this is something that you would expect from supplier side as well? That not only Novartis expresses the need but also that the supplier shows some effort?

Interviewee 3: *I expect from a professional outside that he comes to me and let's say asks the specific questions if I am not coming out myself because everybody is not perfect and so I expect from my supporters that he is clever enough to ask me if I forgot something.*

Julia Lehmann: Perfect. Thank you. This was it from my side.

Interview 4, Thursday, March 23 2017

Julia Lehmann: My first question would be actually that if you think of a successful engagement with a consulting supplier. Which project comes to your mind and why? Why was the project successful by looking at the engagement with the consulting provider?

Interviewee 4: *Ok so. A good example and where I had a very good experience with was within REFS. And we engaged KPMG to do the Reorganization Design and Competencies for our Global Organization.*

Julia Lehmann: And why was this specific project so successful from your point of view?

Interviewee 4: *Well, first of all we have had a previous project with them which has been poor and then they brought in a really big effort to compensate. They brought in a very experienced leader and brought in some additional analysts and actually made a lot to compensate what they had done. But this was actually good because they really invested heavily to fix it. And then what made the organization design especially good was that the project leader from KPMG side has worked with Novartis quite a bit and they knew the organization, they knew the challenges but were also able to make the solutions Novartis specific because they had experience with our values and behaviors and with local competencies framework. And we did not need to explain all these things to them. They knew it already and they were able to come up with a customized solution and that was very very Novartis. And that made it very easier for me as a Novartis project manager to get the buy in of the countries and business units that had worked with us. And secondly they had program leaders with the ability to understand change and how hard it is to change in Novartis and be really flexible in helping me knowing that I probably change my scope around ten times. But she kept working with me and was there until the end. So I appreciated that from a support perspective.*

Julia Lehmann: So I hear know that especially the responsiveness to Novartis needs and the customized approach and the delivery of services in a timely manner are extremely important for you as well as the quality of the resources. Is that correct?

Interviewee 4: *Yeah, absolutely. So I guess quality of resources the senior leader was very strong at the analyst as well. I had the feeling that they were always a step ahead all of the time. SO that was my good example.*

Julia Lehmann: Did you somehow tried to capture some of the objectives that you set in the beginning throughout the delivery of the project?

Interviewee 4: *Well we had a project charter which we drew up together and a statement of work. And then we had very specific deliverables and those deliverables were tangible because one of the creation and deliverable of an assessment center. So you know, it was really that essential. And then in terms of.. I was managing the project plan and signing of the statements of work and the good receipts when we received the invoices. So I think it was pretty tight. And we had a very open and transparent communication when things were not working like they should and they were coming up with options how to speed up some thing or change in order to make up their timelines. So that was all fine.*

Julia Lehmann: When you look now at the other side. Did you have any bad experience with a consulting supplier? Where a project was not really successful or where you were not satisfies?

Interviewee 4: *Ok, that was KPMG as well. That was actually the earlier project. That was when we launched REFS and we asked them to do a baseline for our IFSM program. And basically we had very quickly established the organization and we had to very quickly work globally across other regions to get a quick baseline to form a baseline for an RFP for IFM. And that was a disaster from the beginning to the end. They brought in a KPMG REFS expert but the team was based in the US. So every time we needed them they were a week back in the US and they were traveling to the US and they were not available when I needed them all the time. And they didn't really understand our organization and so they created a very complex questionnaire where our country specific managers were not able to complete. And there was not any kind of change management support to help to organize change. And I think even if they had a very good analyst she had to deal with everything because the leadership team was not really there. And so they were back in the US and busy with other projects. So this was my worst experience.*

Julia Lehmann: And did you have any second project that was as well unsuccessful with a consulting provider?

Interviewee 4: *I am trying to think. No, actually not a big program like that. That was actually my best and my worst. I have had some experience but I think they lie somewhere in between.*

Julia Lehmann: Ok thank you. What I did is I looked into literature to see which points are defined there as metrics to measure completed consulting projects against. So to measure your satisfaction level after the completion. I would be very interest to get your opinion of what is not important for you on that list. Could you have a look at the list and let me know what you think. Or would you maybe add a point? Of course I know that some of the aspects listed we already discussed during our conversation.

Interviewee 4: *Ok. So shall I just go through each one and tell you how I think about it?*

Julia Lehmann: Yes that would be great.

Interviewee 4: *Ok. Then let me just see. Ok. So I think adherence to budget is very important in Novartis we go through a very long process to agree on a budget for a program. And it's very rare that we have any contingency to change it so it's very important that the consultant can deliver within the agreed budget. Ok. Price competitiveness is also important but for me it's more about quality and value of the work so I would prefer to get more towards a better quality for deliverable or advice. And I tell you an example of. So I worked with some smaller companies we use like Genioo that are positioned as more price competitive but I found at the end that we were paying for the person and not for a big cooperation like Deloitte, KPMG or McKinsey. So they were good people but they worked back to the organization to get best practice examples, benchmarks, thought leadership. So that why I think price competitiveness is not that important because it is relative to the quality and to the value. Investments... I think are important because sometimes we have to prove the concept before we can prove our colleagues in Novartis to afford with something. And that normally requires some additional investments. And then other value like thought leadership or bringing in expert value for a one day workshop that's to give us some investment. If I would need to rate them, adherence to budget very important, investments important and then price competitiveness next. So 1 – 3 – 2. Well, I think quality is very important. I think we have very limited tolerance for poor work at Novartis and everything that needs to be presented internally needs to be really presented well but it needs to have the details and the facts underneath because we are a scientific company and our people think science and data. Therefore quality highly important. Innovation, innovation I think is medium important. Sometimes we don't need them to be innovative. Sometimes we just need them to deliver so I think it highly depends to the engagements. So you know, if it's a strategy piece of work or if it's an operational or implementation piece of work it depends but overall I think medium. So I think project management is very important because it is about keeping to the scope, keeping to the budget, keeping to the timelines, making sure that the quality is there. Project management is medium I think responsiveness to needs is more important so that is really highly important for me. And I think that is because as a company... When sometimes we start to do something that needs changes or something changes outside our control like there is a high restructuring or other factors. So sometimes we may start with one direction and end up in another direction. And we need them to be responsive. Project team...*

Julia Lehmann: Yes I think that you already mentioned the quality of resources.

Interviewee 4: *Yes correct. I think the quality is highly important because it's expensive especially when we are paying a day rate. We are already a company with high knowledge and expertise so I think a consulting supplier needs to be very fast to keep up with us. Resources according to expectations... yah. I actually never had that issue. So I tend to interview the person before they join the project. I always, always interview first to have the person in front of me. Communication is highly important we just need... again we are an organization that has a low tolerance for lacking behind. People want to know the status and want to know that is the issue of today and so I think that's important but so probably medium. Collaboration with Novartis team is really essential,*

highly important and because I think we need to bring the expertise from outside and the way we do thing in Novartis together, otherwise it doesn't work. And I think my example of my bad experience was due to the lack of collaboration. Ok on the compliance, that is for me a lower point because we are already a very conscious company it is our Novartis responsibility. So it depends of course on the type of consultancy if it's for example a regulatory consultancy project then of course this is important. But is it like delivering a transformation than it's less important.

Julia Lehmann: And do you have any other point that you would add to this list? Any aspect that is crucial for you? Is there anything coming to your mind?

Interviewee 4: I am thinking. No, I think that pretty much captures it what I said, Julia. For me it's collaboration and responsiveness, these two that make a difference for me. Because I assume that when I hire a consultant I assume that they are adhered to budget and quality and timelines – because this is what we are paying for. So what makes a project brilliant is that one team and responsiveness.

Julia Lehmann: When you look at this list and you would need to rate a project against? Is the list too long for you? Of course I know that you just mentioned that some points are of less importance and could be ignored.

Interviewee 4: Some of them a quite a prerequisite for me but, I think that's ok for me.

Julia Lehmann: Perfect. This was it from my side. Thank you very much for your time and your opinion.

Interviewee 4: Ok, great. What are your timelines?

Julia Lehmann: I just started with the interviews on Tuesday and will now conduct a series of them to get all the data I need. And then I will need to hand in my final thesis with the evaluation of results at the beginning of June.

Interviewee 4: Ok very good. So when you completed you thesis I look very much forward to seeing the output.

Julia Lehmann: Yes sure. I would be happy to share it with you.

Interviewee 4: That would be great. Thank you.

Interview 5, Friday, March 24 2017

Julia Lehmann: Ok, thank you. So I'll start with the recording now. My first question has to do with a successful project where you engaged a consulting supplier. Which projects comes to your mind when thinking of such a successful project?

Interviewee 5: Hm, ok. I think the one I would think of is the previous procurement transformation we did in 2011/2012 it was called PGP where we were engaged with an external support to help run the transformation program. So it was extensive over two years and for us it was quite long therefore. I think the thing whenever I think back to that program are two or three things that come to my mind. I think one is just the structure that they brought because this is not something that was requested. So from a methodology, structure perspective it was very good. The second thing that was standing out was just the people. You know we just had consistently good people in that team and it just happened that it matched very well with the team we had here. So it was relatively a young team so but Novartis and their side so there was just a very good alignment and dynamic if you like. It was also challenging I mean we challenged them and they challenged us and that whole dynamic of the team was critical to the success of this project. I mean I have seen others where this hasn't been the case and there it was more mechanical. And here it worked out very well. We had people co-located, working as a team. So it was not just a consultant working somewhere in the basement. I think also if I think back... we started with a clear scope what we wanted them to do but this changed a lot over time. Now that's probably typical for any long term consulting project like that. But they were very flexible with that and we as well so the kind of flexibility piece was very important.

Julia Lehmann: Have you set any specific project objectives and milestones which you measured the progress of the project against?

Interviewee 5: Yeah I think. We actually did. I mean we looked at the overall transformation program so yes we definitely did and they also shifted over time. But yea definitely.

Julia Lehmann: So for you especially the people, the collaboration with the Novartis team and the ability towards change is highly important for you as well as the structure. Is there anything else that comes to your mind? Maybe when you think of a different project?

Interviewee 5: Yea I mean I think the other thing is that... and it somehow relates to this project is the experience component. All of these people do they understand what we are trying to do? And can they apply that? And that specifically helped in that project. Because we were always looking for that piece of they had really done this before and can they then translate in our specific Novartis context.

Julia Lehmann: When you think of the contrary? A project that was not successful at all? Did you ever face such an experience?

Interviewee 5: Yea, and I think that the ones who did not work are kind of the reverse. We had situations where we had to change people out of the consulting team because they just did not fit in. Probably also on our side to be frank. Typically the challenges come when we don't set it from our side and they don't set it up right from their side. So if you haven't got that dynamic and co-located working atmosphere. If we were just dropping in and out as it suits us how it often tends to be the case as we also have other priorities then it tends to be an issue for the supplier. And I think the reason why it worked very well in that project was because it was all we were focused on for those two years because it was such a huge project. Others which haven't been successful were because they have been one of other ten priorities. And I am actually just having such a case where I am pulled in different directions. I am involved in this but I now that the consultant is frustrated because he feels that he does not get enough time. And then we will end up blaming him because we say he is not doing what he is supposed to do. So I would say that this is the biggest issue along if we don't get the scope right at the beginning. I think this is one of these things that not everybody is clear at the beginning what we are trying to do – and this is when it can go into different directions.

Julia Lehmann: When the project set up was such important as then there a kind of project manager who was responsible for the overall coordination? Or how did you ensure that everyone was getting into the right direction?

Interviewee 5: Yea, we had a very clear structure for the whole program so we had a guy who was actually leading the program and then in addition a partner from Deloitte in this particular instance. Then we had the project lead from both side and we created kind of a structure where each of the sub teams had clear owners on both sides so it was clear of who was doing what. But now, this was a luxury if you like because this was a project with approximately 20 people. So you have got the bandwidth from a people perspective. The problem lies more on smaller project with teams of one or two persons from the supplier side. And this is no one's fault is just the size of the program I guess. And the one I mentioned we are dealing right now is a single guy from the supplier he is doing a great job and all this kind of stuff but he is doing more than he probably should do because he is not getting enough time from another colleague. So yea, the project manager question is really important and having a clear owner on the supplier side that is the one who is beating the drum and is kind of sure that the reporting is being done and that things are being escalated if needed, that the meetings are happening all those kind of things.

Julia Lehmann: Ok thank you. What I did is I looked into literature to see which points are defined there as metrics to measure completed consulting projects against. I would be very interest to get your opinion of what is not important for you on that list. What stands out from your point of view? Could you have a look at the list and let me know what you think. Or would you maybe add a point? Of course I know that some of the aspects listed we already discussed during our conversation.

Interviewee 5: No, that's fine. I think it's interesting because I am partly looking at it the SP&I perspective how do we measure a relationship vs how do we measure a project and the topics are very similar obviously. The successful projects we look for innovation but do we measure them on innovation, no. Could we have done? Should we have done? Hm, I guess so. But as such in that project that was not the key driver. I guess these all make sense. I guess there is a notion of kind of experience piece of the people that they bring in. And are they able to bring the right experience and are they able to bring the tight people if we need that. And so if we are doing projects in NTO do they have people who really understand pharmaceutical operations or IT specific or things like that. So there is a kind of expertise part that actually is important for me but could be included in the knowledge and expertise part to be fair.

I don't know if there is anything that I would add.

Julia Lehmann: Are there too many points when you look at the list?

Interviewee 5: Well, I think typically that is not a problem. So for some projects different aspects matter and well for example taking innovation for specific projects I would just say to not score in innovation for example. Probably is more about setting up the project correctly in the first place. If you are setting up the project than it will be easy to come out. You should be able to structure your scorecard to whatever is important for you. And actually that is how the RFPs should be structured and it should all follow a structured approach in the end. But

yea, I know that this does not always happen and is not always the case. But I don't think there is anything that I would add to that list.

Julia Lehmann: You mentioned when talking about the successful project something around dynamic of the team.

Interviewee 5: *Yea I mean the thing is that is it very hard to measure and I think depending on how this kind of thing is actually running. It could typically be part of the project team questions. I think that would come out in the results according to your expectations section.*

Julia Lehmann: Would you suggest to rate on a scale or giving the option to comment?

Interviewee 5: *For instance in IT, of course there might be an overlap to the suppliers in professional services. There is a rating and a commentary as well. And the commentary is powerful there because people know that it gets used and they can't just hide behind and just making a bad comment about a supplier. Because if they make that comment this will come up in the review and this is a critical thing. This provides an opportunity to really go back and ask what do you mean by that and how could it be improved? So yeah... that's kind of it. So having the score and the open comment options. Especially in consulting where everything is so subjective I would think it would make sense to have both options.*

Julia Lehmann: Perfect. Thank you.

Interviewee 5: *I think this is a great set up actually.*

Julia Lehmann: Would you cross something out?

Interviewee 5: *No, well I think the price competitiveness is something that should come out in the RFP stage already in that sense. If someone rates a supplier once the project is completed the price competitiveness is a point that is already set. But you know... I would cross it out. But this is just my personal opinion. And the investment piece and quality one is obviously very strong. Yeah I think that looks pretty good. You just may to tune it depending on individual projects as long as you don't lose the comparison aspect that is always the challenge. At the end it should be relatively simple for the user because at the end the longer they have to sit and fill something in the harder it will get to get them to do it.*

Julia Lehmann: Perfect. Thank you. That was it from my side.

Interviewee 5: *Ok, cool. Perfect thank you, Julia.*

Interview 6, Monday, March 27 2017

Julia Lehmann: My first question would be that when you think of a successful engagement with a consulting provider what project comes to your mind? And why?

Interviewee 6: *You mean specific project or kind of project?*

Julia Lehmann: If you can recall a specific project that would be great.

Interviewee 6: *I think that they have taken the time to really understand what our problem is. You know that everything is very clear what the objectives are and maybe that they challenge that as well and kind of expand it a bit. And then they should be kind of able to execute on it and bring you know... to be self-started and bring their own insights like something beyond the team. You know that they kind of talk to all the people who work on the project and kind of summarize it up alright, but then are they able to do more than that actually. To bring in their own thinking and try to bring things forward. And then I think to really kind of present their ideas clearly and in a simple, plain way with clear recommendations and being able to put like a stake in the ground like in terms of actual recommendations. That they provide like several scenarios or options. And they should do it in a non-complicated way. Consultants often tend to overcomplicate things and generate too many kind of slides and backups on multiple topics that are kind of all slightly missing the point. So that's I kind of specificity or a volume play...you know that they can show that they have done lots of work.*

Julia Lehmann: So especially the focus on Novartis specific need and requirements is highly important for you?

Interviewee 6: *Yes, I think so. Maybe not the main point I am making that they focus on our needs. Not only are our needs important I am more concerned about their conclusions and recommendations and their analysis. That they make conclusions and analysis very specific to Novartis.*

Julia Lehmann: Is there a specific project that comes to your mind here when you are referring to this point? Did you have some bad or good experience regarding this aspect with a business consulting provider?

Interviewee 6: *No, not really.*

Julia Lehmann: Ok. And when you look at the cost vs quality aspect. How relevant is this for you?

Interviewee 6: *Yeah I think it's highly important to get value for money. I think some consultancies have a lot of overhead in their fees. That's not necessarily helpful. I do think that a lot of the core skills set that the consultancy firms is commoditized so I think we are going to see a lot more consultancy models coming that way that they don't have such high overheads.. You know all the back office stuff. And sometimes you just want some good people to do the project. And I think it is becoming increasingly hard to become kind of the premium of this people. A premium is supposed to be very cutting-edged thinking, a new thinking insight. I think it's increasingly hard for the consultancy companies to do that because there are so many forms of consultants that come over and to the firm of the highest levels. And I think the quality of the people like in Novartis is so high, therefore it's quite hard for them to add value and so I think a combination of both is important. That you do see a change in the price points but not certainly have seen that yet.*

Julia Lehmann: Ok thank you. What I did is I looked into literature to see which points are defined there as metrics to measure completed consulting projects against. I would be very interest to get your opinion of what is not important for you on that list. Could you have a look at the list and let me know what you think. What stands out from your point of view? I know that some of the aspects listed we already discussed during our conversation.

Interviewee 6: *That looks like a pretty good list. The main points for me a definitely quality and innovation. Quality and innovation is key. I am kind of... well, I am operating at a level in the organization that is quite up. So we are less cost sensitive and less concerned about costs, so the executive committee and Joe kind of level. So what we are really looking at is the quality of the work and the innovation at that point. But I think adherence to budget is important as well. The quality of the resources for me is part of the quality itself. Collaboration is important as well.*

Julia Lehmann: Is there something missing from your point of view? Would you add something to this list? If innovation and quality is so important for you – would you add specific sub criteria to these metrics in order to make it more measurable?

Interviewee 6: *I think got pretty much all in here. You just might thinking about... I don't know how you want to rate all of these. Because for me they are not all kind of equal and of similar importance. Different people might have different weightings on them. In some situations some of them are of more importance than others.*

Julia Lehmann: Would it be generally helpful for you to include a weighting. Because as you mentioned different people might have different weighting opinions. Would you exclude the weighting option at all?

Interviewee 6: *No I think it can vary from project to project. I am just thinking if I can group one of these points together because quality kind of covers them somehow all. A lot of these things would be part of quality. The kind of fundamental equation will be the cost and the quality. And to me it feels that they are kind of subheadings. Because well, the cost is the cost and then these are almost sub-headings of the quality. And I am trying to see if I can group it. Because you know, quality is kind of a broad idea. Quality could be the project management, the team, the communication, the collaboration. I am just thinking if something can be grouped in a hierarchy of things. Unless this quality point is kind of the final delivery of the work. But no, that's a pretty good list.*

Julia Lehmann: Perfect. What is your opinion about adding a comment field in addition to the rating?

Interviewee 6: *I think rating and a comment box is a good idea, yeah.*

Julia Lehmann: Perfect. Thank you very much. This was it from my side.

Interviewee 6: *Oh ok, good. Perfect. Yeah I think that it's mainly important that you also think about the process itself by which the metrics are used. Because one is really important to be able to kind of track the supplier performance on a project basis and this is what a lot of companies like Novartis don't do. And it kind of leaves the consultant of the hook; there is no kind of feedback. I think what you will need to insure is that the feedback goes to the right people in the organization but that it also goes back to the consultants and that there is some sort of consequence. Because if there is no sort of consequence this is an issue.*

Ok good, perfect. Thanks very much.

Interview 7, Tuesday, March 28 2017

Julia Lehmann: My first question is actually around when you think of a successful project with a consulting

supplier. What project comes to your mind and why? What made this project so successful in cooperating with a business consulting firm?

Interviewee 7: Right. What project and why. Well, this is actually a good question. The last big project that I had done with consultants was around the NBS business case for Procurement. And the reason why this was a successful project I would say is we entered the project with a clear set of expectations around deliverables. We wanted to know to which degree we can reduce over time our functional costs and how can we change the organization to drive even more productivity for Novartis. And we had set aspirations which we had not quite met but we came up with very specific opportunities in both areas, functional costs as well as productivity and we also did this project within a very short given timeline. So we had agreed that the project would run over ten weeks. And so it was timewise very accurate and it also was I would say a very inclusive project though it was really the Novartis Procurement team together with the external consulting providers driving the project together. From my point of view I would say that these were the key success factors of this specific project.

Julia Lehmann: So for you especially the collaboration with the Novartis team as well as the clear project structure and as well the delivery within a specific defined timeframe.

Interviewee 7: Correct. Exactly. For me you know what typically goes wrong with consultants is. ... and you have to tell me if I am destroying your interview structure by mentioning this point now. Well actually for me what typically goes wrong is that people are hiring a consultant without a clear expectation of what they expect and of what is the desired outcome. Then also you know do we hold them accountable for success. But the question here is do we measure success within such specific projects and how does success look like, do we have clear timelines agreed you know. Also do we have an involvement in the selection of the people who are supporting us? Is there a clear understanding of the roles and responsibilities that we need to deliver and what the consultant need to deliver. And one of the things I dislike the most with some consulting engagement is that they continue forever. Some consultants have the ability to kind of link themselves into activities so you cannot let go anymore. Because you always feel that as soon as you let them go the project itself or the work is falling apart.

Julia Lehmann: Would you request therefore as well from the supplier side that they oversee this whole process and come up with a suggestions in terms of stopping or readjusting a project if needed?

Interviewee 7: Exactly. This is exactly what I mean. They also should have a clear phase out process. So I mean how are they going to faze them out of the initiative.

Julia Lehmann: You mentioned now the aspects of an unsuccessful project and what you most dislike. Is there a specific project that comes to your mind when you think of an unsuccessful engagement? Did you face any other bad experience with consulting providers?

Interviewee 7: Well, not really in a specific project I would have in mind. But I think that if you would ask here around at Novartis you would have a number of projects where we have consultants who have, you know... where the project kind of flows so slow but we never really have the guts to pull the plug or to take the decision of just stopping the project at all. You know, there might be even other people consuming more consulting services than I am in our company. I personally very much like to work with consultants and to rely on their brain but I am very selective on when to get consultants.

Julia Lehmann: And how to you see the quality aspect of the resources in relation to the costs to that what you just mentioned? How is this linked for you?

Interviewee 7: Well, it really depends on what you expect as an outcome. If you really expect a value adding input for Novartis and expertise that we don't have then spending two or three or four thousand a day is not an issue. However if people are hiring consultants to basically to cover for temporary work and basically the costs are by far too high and are probably not justified.

Julia Lehmann: You mentioned this procurement project. Have you set there some initial objectives and milestones for the supplier to achieve and did you somehow measure the progress and the success of these?

Interviewee 7: Yes, yes. So we set the timelines and we set we want to have a clear list of initiatives that get us to increase productivity and activities and structures to get us to reduce functional costs. This is how we in this specific case measured success and measured the satisfaction level of the supplier for this project.

Julia Lehmann: Independent from all the aspects that you just mentioned I looked into literature and tried to identify what specific aspects are important when analyzing or measuring consulting engagements. Some of these points d now that some of these points were already mentioned by you like the cost factor, as well as the project team. I would be interested in your opinion, especially which metrics are extremely important and which ones not when measuring the outcome of completed consulting engagements. I would ask you to quickly have a look at the list. Is there anything that you would add to that list.

Interviewee 7: *I would say... I mean all of these are very different factors. Cost, quality, innovation are basically output factors. Delivery and support, project team, collaboration are kind of the basics, right. Communication as well. I would say regulatory and compliance this cannot even be negotiated. This is standard. So I would say the first three, cost, quality and innovation depend on the rest of the factors. And regulatory and compliance is a standard that is.. well, something that cannot be negotiated at all.*

Julia Lehmann: And is there something missing on this list for you? That you would be very interested to see how a supplier performed in past projects?

Interviewee 7: *Yeah, I mean there is always that.. actually. I just wanted to say customer satisfaction. But even when you ask about customer satisfaction people will use these criteria you listed here to measure this. This looks kind of good to me combined with the arguments I mentioned in the beginning.*

Julia Lehmann: When you would receive such a list is it too long for you when you would need to fill out such a survey once a project is completed?

Interviewee 7: *No, I think.. Well, I mean. The projects we conduct engaging external consultants are important and that's why we should take the time to rate and to go through all these factors, right.*

Julia Lehmann: What is your opinion about the rating options? Do you have a preference in rating on a scale for example from one to five or would you prefer to include your specific comment in a comment field?

Interviewee 7: *Yeah, yeah, yeah. Sure both options are helpful for me. Just looking at it again. Yeah, one thing which is not outcome based and has nothing to do with the assessment but what I think it kind of enforces discipline is I would always try to link payment and performance. And we do have some very good experience.. I mean obviously you know Beat and you guys, you are the experts in that area. I am referring to that agreement that was reached with McKinsey on that TechOps initiative I mean this is really excellent.*

Julia Lehmann: You mean the engagement with the included risk model?

Interviewee 7: *Yeah exactly, exactly. This is really fantastic. Ok. Perfect.*

Julia Lehmann: Thank you very much for your opinion and your time. This was it from my side.

Interviewee 7: *Ok, cool. Perfect. No problem at all.*

Interview 8, Wednesday, March 29 2017

Julia Lehmann: Thank you. My first question has to deal with your experience with external business consultants in past projects. When you think back of such a project, which successful project comes to your mind and why?

Interviewee 8: *Well, I think it starts by defining with what you are using consultants for. So as a purpose. So I think you can have several different purposes. One is getting in skills and expertise that we do not possess. Another reason is to get in capacity for a specific project to process at a faster speed and to another reason for sensitive topics where we basically would like to have a third party to say what we should be doing. Which I don't think we should be doing because I think we should have the courage ourselves. But I think you see times when basically we are hiding beside consultants and is much easier to say that McKinsey said it for example. And I think this is the field that we are looking at when we are talking about consultants. It links back to the purpose are we using consultants for something that should be a core capability or a potential source of competitive advantage versus not.*

Julia Lehmann: And when you look at it as a core capability what is important for you? What should a consultant bring in order to make a project successful from your point of view?

Interviewee 8: *Well then I don't think that we should be using consultants. So I think when we are getting into an area that is core capability we should actually invest to get the core capability ourselves and not to rely on other third party consultants. So, and then the framework for how you assess the satisfaction I mean they always depend on sort which two buckets.*

Julia Lehmann: But when you look in general. What are success criteria in a consulting engagement? What is important for you when engaging with a consultant? What do you request?

Interviewee 8: *Basically they should come with project management skills on a high level to push the project through in the pre-agreed timing with qualitative deliverables that you expect.*

Julia Lehmann: Basically quality of the resources and the quality of the final output is important for you? But as well the timelines.

Interviewee 8: Yes, correct. This is it exactly.

Julia Lehmann: Is there something else important for you? Is there something else that comes to your mind?

Interviewee 8: Well, you know. To step back a little bit and looking at it from a different filter. What has the consultants added to the knowledge that already exists in Novartis versus how much were they able to extract knowledge from people in Novartis to get their output in a systematic way. Because at the end it is predominantly about extracting information that is already available. Again, you could ask the question here why are we not able to do that by ourselves? So that's also an important point to look at is really what is the incremental information that consultants bring in and that they bring aside to the project.

Julia Lehmann: And how do you see the relationship of the cost and quality aspects?

Interviewee 8: Well, if we take a McKinsey team and it costs 1.2M dollars per engagements or so. If their value is predominantly extracting knowledge from Novartis people than I think we are getting a very bad deal because I think this is stupid that we should be doing ourselves. If we need for example external benchmarks that really help us to understand how the market looks like and helps in driving our projects that I think it adds definitely value.

Julia Lehmann: What I would ask you know is to quickly have a look at this table. What I did here was looking into scientific literature to see what metrics are defined when measuring the satisfaction of a project once completed in order to improve the quality of the services for future purchases. I would ask you to quickly have a look at it and I would be interested if there are some factors that are not relevant for you at all. Or maybe do you have some points that could be added to that list?

Interviewee 8: So, adherence to budget yes, definitely. Price competitiveness yes, clearly. Investments... so what do you mean with that?

Julia Lehmann: For example if we get some additional investment from the supplier side in form of special rates, special discounts, free labor, some special discount schemes.

Interviewee 8: Ok, so if we get some special deals. I would cover this in price competitiveness and would not add in as a separate aspect to this list. Quality, so yes definitely. I mean quality is really what is the insights or data that is broad in from the external. And as I said earlier I would very much separate between what is the knowledge they are extracting internally versus what they are adding. That kind of also goes a little bit into the innovation piece. So yes, project management is important. And yes, responsiveness to needs as well. I will go back to the responsiveness to needs in a second. I think this one, resources according to expectations is less important to me. For me it's important if the project is being delivered and I don't care that much about the resources itself its more if we have a low quality deliverable is the resource actually driving the low quality.

Julia Lehmann: So this goes hand in hand with the quality aspect for you?

Interviewee 8: Yes correct. This may be a rude cause for the lack of satisfaction. Yes, communication is important and collaboration as well. Yes, compliance important as well. I think the list is relatively good and complete.

Julia Lehmann: So you would not add a new point to it that you would be interested in rating?

Interviewee 8: I think this one here around the responsiveness of needs is quite often that the consultants come in and are actually marching according to the script. And there need to be checks and balances were we as a client should review the progress of the project and where we adjust in order to get the best value from the consultant.

Julia Lehmann: Would that also mean for you that if we are in the middle of the project the supplier should pay attention if the defined project plan still makes sense or if it should be adjusted or even stopped?

Interviewee 8: Yes, yes. Or that you have like one part of the project lacking behind and that there is like an intervention required to actually shift resources from one stream to another project stream to catch up there.

Julia Lehmann: When you would now receive such a survey. Would you be happy to rate against a defined scale let's say from one to five for example or would you prefer to have an open comment box? Or both options?

Interviewee 8: Both options for me, definitely. But I would go beyond that in a survey. And again this is just a personal preference that I have. So the survey data is kind of one important but there is another important part to kind of supplement. So to look at it from 4 different sides: What was working in the project, what did not work, what is possible or what could have been possible, and what is missing? Basically that is a feedback framework that I have been training with and which I found very useful.

Julia Lehmann: That's a good one. Thank you I like it.

Interviewee 8: So for instance if you run finance programs we do a qualitative survey both in terms of score and open comments and then in addition we run plenary session were we basically flipchart and extract what really worked for the participants and what did not work. And then basically how can we modify to go forward. I learned that from basically from the military. We you are doing so called post-action events. If you had an

exercise we would sit together after that and think what worked well and what not. What was the rude cause behind and if we would have gone back to the same situation what would we have done differently. But basically I engage with consultants because we are designing SAP actions across Europe and am kind of a one effort project, so this is not core capability as such and we are not expected to do this exercise again. In this case I am really happy to engage consultants to help in with our team and to generate solutions. That's kind of a typical project where I can't free up the resources internally. And it's not something that is going to be a repetitive, ongoing effort. In Novartis I have gone through several restructurings where we have been using McKinsey or BCG and that I question where this is really adding value. I mean yes, it gives the senior management the rationale for change and for a change plan. But I found this is an approach where we could have done it ourselves and probably also faster and leaner. And again I think when you are going into new areas for example when using consultants for digital solutions. Which is fine in the beginning but in some point in time this is something that we would need to embed and extend our reach. Actually we need to be in control of this by ourselves and this should become a new core capability and also potentially a source of competitive advantage. And I am not sure if you had talked to xxx who is our Patient Access interface. I had a discussion with him half a year ago or so. So he is also having consultant knocking on his door. But it turned out that the consultants we are using are not probably experts. Instead they are learning from him how to do this in that specific area. And they are going across the river and selling our ideas to our competitors. So here we are creating a sort of competitive advantage which we are giving away to consultants or we are co-developing it together but then they will go away and pitch it to somebody else. So for me this is a big lost opportunity in securing an ongoing source of advantage. These are just a few things for you to think about.

Julia Lehmann: Thank you very much. It has been a pleasure talking to you.

Interviewee 8: You are welcome.

Interview 9, Thursday, March 30 2017

Julia Lehmann: In my first question I would ask you to think back to a successful project where you engaged with a business consulting supplier. I would be interested to get to know the reason behind why it has been so successful from your point of view. What comes to your mind here?

Interviewee 9: *The easiest way to explain success is if you have agreed success criteria and you can check against these defined criteria at the end of the day. Unfortunately this is not always the case. And then in the broadest term you kind of need to see whether the planned outcome was delivered at a quality level that you deem appropriate and then everything else I think is important as well but is a little bit on a kind of a second degree you know, time, money and kind of the style of how the service was delivered.*

Julia Lehmann: What do you exactly mean with style of how it was delivered? Project team set up or the deliverable itself?

Interviewee 9: *You know did they achieve the goal in a friendly way or did they behave like idiots are bullied them though this project or did they somehow harm Novartis' reputation by doing so. You know how did they appear, how did they represent the Novartis values and behaviors what it is about diversity and inclusion. Did they share the same principles as we do? You know the list here is pretty long but I think I would group all of that in how did they deliver the service or the outcome that we asked them to deliver.*

Julia Lehmann: And when you engage with such suppliers. You mentioned that you normally agree on success criteria. Did you somehow track or measure the success throughout the project? Do you already have some kind of measurement system in place here?

Interviewee 9: *Usually this was not done in a standardized way. We just implemented a statement of work where we tried to standardize key components of an engagement and we went as far as suggesting that the success criteria need to be smart because you know we engage with a broad range of services so it's quite difficult to become more descriptive than that. But I think it you know, it certainly needs to describe the outcome it certainly needs to describe the time it takes reach the outcome, it needs to define the resources used. And it needs to define the methodology and all of those components are part of this statement of work form which I would be very happy to share with you if you are interested.*

Julia Lehmann: That would be great thank you. And how did you see the factors cost and quality intervening? Because you just mentioned that resources are also important for you.

Interviewee 9: *You know within the area of law they charge us by minutes and there is an hourly fee linked to the work. And there is a big discussion going on nowadays how does that link to the quality of work delivered. And this is why more and more we move away from purchasing a certain set of hours to purchasing only an outcome. And there at the end of the day I don't care whether person x charges me a thousand dollars an hour. There I am interested in a specific outcome within a specific time. And in a perfect world, well M&A is a good example here. In M&A you have a transaction and instead of charging by the hours we could say that if the transaction goes through we have an estimated value of this transaction and we will pay you according to that a specific percentage of this value.*

Julia Lehmann: Ok, thank you. And now when you are looking at the other side. An unsuccessful engagement with a consulting supplier. Did you have any bad experience? Is there something coming to your mind?

Interviewee 9: *Yes, yes.*

Julia Lehmann: And why was it not successful from your point of view?

Interviewee 9: *Well they actually did not following our guidance. They didn't behave the way we wanted them to behave. Often time well, this is in very rare occasions but it led to removing a pretty prestigious supplier from our panel of preferred service providers.*

Julia Lehmann: Ok thank you. What I did is I looked into literature to see which points are defined there as metrics to measure completed consulting projects against. I would be very interest to get your opinion of what is not important for you on that list. What stands out from your point of view? Could you have a look at the list and let me know what you think. Or would you maybe add a point? Of course I know that some of the aspects listed we already discussed during our conversation.

Interviewee 9: *You know for me quality is a key component and on the quality I would also see whether the goal was achieved which is not specifically listed on this list but I think we can put it here quality and whether the outcome was achieved. So I think that for me is number one. Number two and I think this is probably linked is innovation. Did we achieve this goal in the most effective way meaning did we just repeat what many other people have done before or where we actually able to think outside of the box. The project team.. I am not sure whether I am, whether the assessment of the project team is probably a success factor, the project team as such. But the quality of the resources I think is not right because at the end I selected them and I am the one to blame at the end. Did the resources deliver according to expectations I think this is the one I would look at. But also here I mean this is a double edged result because often time resources don't work well because they haven't been instructed properly. But this is certainly something to consider for future engagement if I would work with them again. Communication, I think this is closely liked. Collaboration as well.*

Julia Lehmann: Would you even group it together with the project team?

Interviewee 9: *I think I would group them together. And then number four is cost. I probably would even group this together. Because at the end a good project team is providing good project management which leads to them being responsive to our needs. Regulatory and compliance this is probably especially in the legal area... this is just a given- If you have a problem here in this area then we probably took the wrong supplier, you know.*

Julia Lehmann: Is there something missing on that list for you?

Interviewee 9: *I would add the outcome as a specific criteria as it maybe... maybe we shouldn't put that under the quality bucket. You know, if I just take a shot at it it probably is the what which is the outcome. It is the how. And here you have project management, collaboration, communication; the innovation is part of it. Then you have the who that's the team. I think d&i. And I mention d&i a lot but in the legal sector this is really critical. And maybe the who is not even that important. And then maybe, you know, the cost certainly is important.. that would be the how much that I would look at. The quality component could be under how as well. And then I think... you probably captured it all except the outcome and then it's just a matter of grouping.*

Julia Lehmann: And if you would receive such a survey would you prefer to rate it on a scale or would you prefer to write down your comment for each of the different aspects?

Interviewee 9: *You know in a perfect I would like to have a scale plus a discussion. A comment box is good but for larger projects I think a face to face discussion would be really helpful that you really post-mortem. And I have done that with KPMG, or I at least tried that. But I realized that they have sent us the invoiced and that they were not willing at all in getting our feedback and I offered them to even do a case study which we did for in-house usage and they didn't even look at it. But for me this was a pretty clear message. KPMG will no longer work for Corporate Legal because they are not interested in us and they are not interested in improving for future engagements. What is really important is when I look at those things is that in cannot be bureaucratic. It*

needs to be done in a way that on both sides with the least amount of effort we get out of it. What I think you correctly mentioned before, this should help us to know what we would need to change or whether we should at all together, what we need to change to become more effective in the future. And from that perspective you know I like four criteria more than five and these are very generic words and then maybe I am just a little bit simplistic here but I think it would be easier to have a discussion with you to see what we have achieved and how we can go about it to improve than saying how to assess the quality of service delivered. Because this is a really difficult question to respond to because it is so open.

Julia Lehmann: Thank you very much for your opinion. That was it from my side.

Interviewee 9: Cool. Thank you.

Interview 10, Thursday, March 30 2017

Julia Lehmann: My first question would actually be that if you think back to a project with a consulting company what successful project comes to your mind and why was this project so successful from your point of view?

Interviewee 10: *A successful project, that a good question. I think it depends. What I have experienced whilst talking generally without thinking too much. I think operationally projects are easier than strategic ones. Because operational projects normally have a pretty clear end point where it's clear what we want to have. Like we want to have a course for example, like we want to have a policy. Something is really defined here and the consultants actually work with you to achieve that very clearly defined target which in an international context itself is difficult enough, right. But at least the target here is clear. But what we think we struggle more at is which these so called strategic projects where you give an agency or a consultant the task to figure out what is the right task to do or what is the right direction to go for us. And you let them go off they sort of do a ton of interviews and they spend a lot of money and at the end you don't like what you are hearing and then you sort of put it in the bin. And don't use is necessary.*

Julia Lehmann: What would you expect then from a supplier to make a project successful?

Interviewee 10: *I think at the end it's not just so them it's also us; how we manage the consultants, do we send them to a road to success. And whether it is really clearly defined what we want as an outcome. And then secondly are we ready to accept the outcome and go ahead and implement it. I have seen a lot of this at Novartis where we engage which lots of consultants let's say for reorganizing the learning approach at Novartis. And then we get them back and we look at the proposal and we as a company think this is way too much. We didn't think that we would change that much. And then we are ready to only take a part of it and implement. But this clearly means that almost 80% of the proposal is wasted because we would never use it. Maybe would need this 20% to do it because else we would never do it. And maybe we would reconcile and do the rest later. But then I have seen where we set up big consultants with big teams and at the end we only want to change a part. And then at the end it's not a fault of a consultant as such but is more our mistake where we as a company should be more clear from the beginning on.*

Julia Lehmann: Would you expect an action from the supplier on this?

Interviewee 10: *Which supplier would ever do that? Because at the end they will do everything to please us. They will do everything we ask them to do. And if we don't ask them to be critical, if we don't ask them to say hey are you guys nuts I mean then which supplier would ever to that. I mean at the end they do what we asked them to and then we are not happy. And I mean at the end the biggest challenge for me is if we really take the outcomes and are we ready to implement them.*

Julia Lehmann: And when you have such projects do you normally measure the level of satisfaction and the achievement of project objectives throughout the project? Do you have any measurement system in place?

Interviewee 10: *Oh normally we do. I mean we have a big project running at the moment and there all is very clear, the end point is clear and the deliverables are clear and I think they are marching quite nicely according to those deliverables. But this again is what I mean it's more an operational project even if it's a huge project it's clear what needs to be the outcome. It's a global P3 policy, a communication plan; it's not very fluffy. But maybe we should start more precise in the beginning instead of spending a lot of money on a consultant.*

Julia Lehmann: And now when you look at the opposite site with an unsuccessful project. Do you have any other factors that are relevant of you besides the Novartis responsibility of giving clear instructions on scope and deliverables?

Interviewee 10: *I think what I just said. The more fluffy the target, the more fluffy the outcome and also the bigger the projects. And the more precise the project the better the outcome. And if you really ask people let's say huge project, all know that it's never going to fly. Because the projects are then bigger than we are able to swallow. And maybe in the beginning its good but we better be precise and do step by step than trying to do all at a time.*

Julia Lehmann: Ok thank you. What I did is I looked into literature to see which points are defined there as metrics to measure completed consulting projects against. I would be very interest to get your opinion of what is not important for you on that list. What stands out from your point of view? Could you have a look at the list and let me know what you think. Or would you maybe add a point? Or would you exclude something? Of course I know that some of the aspects listed we already discussed during our conversation.

Interviewee 10: *Ok, so adherence to budget. Yes important for me. I do strongly believe that consultant adhere to their budgets because normally it costs them in a way that they can make it. I think what adds to the budget are our changing minds, right. We suddenly add something to the scope, it takes longer or we want another revue. So the more we change of course the scope of the project or the deliverables then of course they cannot make their budget and then they ask for more money. Price competitiveness I think this is already what we do because all of those projects are kind of RFPs and I think this is considered anyway. Investments, value added services well I think it's again a mixture being us being ready to take the outcomes further. What I have sometimes seen though is that sometimes consultants come in with a pretty clear idea of what the outcome should be and then I find it sometimes confusing right. Because then they come in with the idea or the task to review something and you can see that the more you talk to them the more you realize that they have the outcome already on their PowerPoint deck and that they kind of guide you to that outcome. Instead of taking a fresh view they would rather take you through a prepared pathway and arrive at exactly that point which they had explicitly prepared for you.*

Julia Lehmann: So you would expect more thinking out of the box here?

Interviewee 10: *Yes, correct. And also more challenging or so to say does it always need to be that outcome; does it always need to be that complicated. I think sometimes we can definitely ask for more pragmatic approaches and probably rather something that is manageable at the end of the day and don't pass us through the one size fits all and make us believe that this is the one and only outcome and then suddenly you see that all the pharmaceutical companies have all the same outcomes and you would start wondering why the hell that can be because sometimes maybe it is true and it's a kind natural thing to get there. But then if it's such a natural thing to get there why the hell do we need a consultant? Because sometimes things are very obvious but then we don't trust our internal people. If I would say that is the right thing to do maybe my top management does not trust me unless I bring in a consultant who confirms what I actually knew already. So they sometimes bring the weight to the table. But if it's always required I would doubt.*

Julia Lehmann: Is this something that you would include in the innovation part?

Interviewee 10: *Innovation and quality maybe – a combination of the two. Because I think at the end if the outcome is set in stone already why the hell do we need to do the work. You know what I mean, accept the way it is and be more pragmatic and try to make things easier and simpler instead of making it to fluffy and that everybody believes they couldn't have done it without a consultant. Innovation yes absolutely, I think the challenge and that the things are really helpful and that they would really lead to somewhere and that it is unique and implementable. And sometimes if it's not unique to say hey there is already an existing plan can you just run with it. We have this plan, we know it already worked out for three companies can we quickly check it in your context if it is good enough for you. Don't pass us through all the pain of the work steps if you don't have to. Project management, I think this is where people are normally pretty good at. At least with the companies I have worked with. They are known for keeping project management under control. Responsiveness to needs, the ones I have experienced a good at it unless you have those who have that kind of goal already defined for you right. But those are rather the kind of Boston Consultant Group, the kind of really strategic ones. I think the KPMGs and Deloitte are more flexible around the outcome versus BCG I always appreciate as someone who has already the end outcome defined before you already start. Communication I think they are fine. They should be experts in their field. But I think of course we work with the cream of the cream of consultants. So at least those who I have worked with seem to be good at communication. Just sometimes I think they could be a bit more brave and courageous to challenge us. So I think this kind of pleasing mentality is something that consultants*

have in the back of their brains. Something that is always there. And I think this would be something to challenge. I mean pleasing is nice but it does not always lead to the best approach. Collaboration at least from what I see in here it's good and it's pleasant. Regulatory and compliance I have never come across any issues.

Julia Lehmann: Is it something that you would exclude from the list?

Interviewee 10: *I wouldn't think so. I think we should not assume that what we do here in Basel is the rule for everywhere. It's very high standards here especially in Basel and in Novartis International. So you would definitely need to have it in there but it depends on the place you are at right.*

Julia Lehmann: If you would receive a survey with such metrics would you prefer to rate it on a scale or would you prefer a comment box?

Interviewee 10: *Definitely a scale. Because I think the scale is always easy and I think if you do it quickly this would come naturally. And the comments people probably don't like to fill it in. If you are lucky you maybe receive a few of them but I think the rating would already help you. You can send out a survey at the end or you can sit down together with your clients and do a few face to face meetings. Probably it's easier and you get a better response rate. You even probably would not need to do it for every project, right. You might select based on a matrix maybe looking at the most critical ones or whatever. Doing short interviews and then at the end you fill it out for them.*

What I would also do is ask one year, or half a year later to see what happened with the results. Because I think this is the most critical part. I mean even if you had a wonderful project if it doesn't get implemented at the end of the day you would like to understand why. Because then you could challenge the business owner to say do you need the project in the first place or could I design it differently or should I rather design it in three steps rather than having a big project that is overwhelming anyway. So this is what I would do.

Julia Lehmann: This is a very good point thank you.

Interviewee 10: *Anything else?*

Julia Lehmann: Thank you. This was it from my side.

Interviewee 10: *Cool. Perfect.*

Julia Lehmann: Thank you very much.

Interviewee 10: *You are very welcome.*

Interview 11, Tuesday, April 18 2017

Julia Lehmann: My first question is actually be that if you think back to a successful project with a business consulting provider what project comes to your mind and why?

Interviewee 11: *So, there are a number of projects that I have worked with McKinsey on which I would say have been successful. The most recent one has been in the beginning of 2016 when we were involved in the Transformation program where we created Global Drug Development and Novartis TechOps and I was responsible for running the communications work stream. We had a team of McKinsey consultants who were helping us on that. And that was very helpful in terms of... I mean quite often with consultants like McKinsey we are just needing more pairs of hands and a dedicated team. And we need a lot of preparation of materials for the Novartis Board of Directors and the ECN.*

Julia Lehmann: And what made it so successful from a supplier perspective? Why were you so satisfied with McKinsey?

Interviewee 11: *So they actually had a very high quality team. So the expertise and the professionalism of the team. And then this dedicated model that they had. They were actually sitting in a room here on Campus for I don't know three months or something, completely dedicated to that single project and they worked incredibly hard and incredibly long hours so they do get through a huge amount of work.*

Julia Lehmann: Is there a further criterion that is important for you beside the quality and the dedication of the team?

Interviewee 11: *Hm, I think they need to have a good understanding of how Novartis operates. So a good organizational understanding. The cost piece isn't usually on my mind because this is just taking care of. So it would be professionalism, experience of the team it would be the understanding of a sort of the Novartis context*

without explaining to them and also just the sort of ability to work through in terms of a high volume move work in fairly short timelines.

Julia Lehmann: Do you normally set some initial objectives and measure them constantly throughout the project progress?

Interviewee 11: *No, because again. From a Comms perspective such things tend to arise quite quickly and tend to be fairly urgent. In the way that I work with an agency we were working on a different scenario. We might do a little bit of ground setting in the beginning of what we expect from them but especially with a company like McKinsey they just come and hit the ground and you just set objectives while you start.*

Julia Lehmann: Ok, interesting. Well, what I did now is looking into literature to see which factors are defined there as relevant when measuring the performance of business consulting suppliers once a project is completed. I would be highly interested to get to know your opinion. Could I ask you to go through the list and let me know which factors are important and which ones not? I am aware that a few of them we already quickly touched.

Interviewee 11: *Yeah, the only thing that is missing for me is... well you actually may have captured it under innovation is because they work for a number of different businesses and industries and we expect them to bring in some external best practice sharing, expertise for other project they were working on. I think you have something in there around agility and flexibility if you need notice to scale up the team.*

Julia Lehmann: Would this be the responsiveness to needs here?

Interviewee 11: *Yeah, exactly that would be there. Yeah, I think this pretty much covers it.*

Julia Lehmann: Is the list too long for you? Are there some irrelevant aspects on it from your point of view?

Interviewee 11: *No I mean I think there will be... well this is a good overview for a general approach. But then depending on the project some things will become more primary than others. As I say quite often... in a big project cost for example are secondary as we want the experts in that field and we need to pay a certain price for that expertise and quality. I would say all of these are very important and very helpful in a general approach.*

Julia Lehmann: Is there something missing for you?

Interviewee 11: *Just best practice sharing and industry knowledge.*

Julia Lehmann: What do you think about the different types of answering such a survey? Do you prefer a mandatory rating or open comment boxes? What would be helpful for you?

Interviewee 11: *I think you need both. An overall rating and then a comment field especially for projects that went wrong.*

Julia Lehmann: Do you have a special project in mind which went wrong? Did you have any bad experience?

Interviewee 11: *I had a scenario where I moved into a role where there was a consulting firm already active. And when I looked into what they were doing I was not really happy with the quality but also around the fact that how they were servicing our need. It felt a little bit like they were just in it to make money. And when I tried to somehow tackle that the consulting lead got a bit aggressive and it was a little bit strange... trying to protect his income strengths. And that wasn't actually a McKinsey project. That was someone else. The solution was not Novartis specific and they weren't trying to understand our need. In my view they were going for the best option for them but this was not what we needed.*

Julia Lehmann: Ok, interesting. Thank you very much for your opinion. This was it actually from my side.

Interviewee 11: *Great, is that actually what you needed? Very nice. How many interviews are you doing?*

Julia Lehmann: Between 10 and 15.

Interviewee 11: *All within Novartis?*

Julia Lehmann: Yes, exactly.

Interviewee 11: *Great. Good luck! And I think this is an area where we spend a lot of money with, I mean the consulting area and where we do not really have our strengths. Happy to help you. Good luck.*

Interview 12, Tuesday, April 25 2017

Julia Lehmann: The first point that I would be interested in is to hear about your experience with business consulting providers. When you think of such a provider does a successfully completed project come to your mind where you engaged a consultant?

Interviewee 12: Yes, two main projects come to my mind. The first was probably two years ago when we established the first Real Estate Services for Novartis. We did that together with McKinsey. And the second one was together with KPMG when we defined target structures in outsourcing/offshoring of functions to be performed from what location.

Julia Lehmann: And why was it so successful from your point of view?

Interviewee 12: Because for both of it we managed to implement it and we were within timing. So it was not just a paper, it was actually action and it was result oriented. Within a certain timeframe we implemented the whole plan and in terms of footprint we became slightly more ambitious.

Julia Lehmann: And within these two projects when you look at the performance of both suppliers? How satisfied were you? What was the reason that you were satisfied with the performance of the supplier?

Interviewee 12: So, I actually never call them supplier I always call them partners. To be straight here, this is my attitude to them. The McKinsey's you ask them for support in terms of methodology to help you how to get there. And the second part is to get the necessary data for benchmarking and the third element is always to; in the beginning when you form a new function to get easy access to senior management because this is what you can use this informal information channel for. These are the three reasons, you don't go there because of capacity or because they are more clever. You simply get their support in those three areas and that's it. And for me it was successful because we got in all three areas full support. For KPMG it was a totally different cup of tea. For KPMG we actually needed feet on the ground in something like 70 to 80 locations which we didn't have at that time. So, that was really the first point. The second part I needed a side information channel to get information of what is really happening in reality. So I think both of it was very ...So the third thing was actually a challenging of the organization in terms of facts. And I think on all three KPMG did extremely well. The team leader of KPMG was really a very reliable, thoughtful and empathetic type of person. For example now we have chosen their again by purpose because it was her. We did not choose the firm we chose the person. Like always – at least I never work with firms, I always work with people.

Julia Lehmann: When you look at the other side. Beside such successful engagements did you had any bad experience with consulting partners?

Interviewee 12: Oh yes, quite some. You even stop using a consultant or stop in the middle of the projects. If this is not what we need or what we look for we tell them that we stop working together with you. I could think of a 250 million project, a decontamination project where we changed consultants.

Julia Lehmann: What was the reason for the change?

Interviewee 12: The reason was that they probably were acting in their own interest and not in our interest. So they consulted us in a way that it led to a perpetuation of consulting which by all means is not what is acceptable.

Julia Lehmann: From our conversation I heard that several factors are important for you. Like when looking at the team especially the reliability, trust and collaboration aspects but as well that the partner acts in our interest. And what I did is I looked into the literature to see which aspects are defined there when assessing the performance of consulting providers once a project is completed. Could I ask you to have a look at the list and let me know what you think? I would be interested to hear which points are extremely important and if there are ones which you would exclude or add to this list.

Interviewee 12: Ok, let me have a look. It is probably... To be straight there is another one, a small thing that is missing for me: reputation/competence/experience in that field. So when I go with a consultant that is excellent and everything but does not have the credibility internally. I would probably take into account that I have somebody who has already some kind of positive or negative reputation in terms of credibility because it is internally later on much easier to get the necessary approvals when you have somebody on your side that has the necessary reputation.

Julia Lehmann: Ok. And would you cross out something from this list?

Interviewee 12: The list is long yes. But what is really missing for me is confidence. Certainly you don't go with I don't know. Let's take KPMG. You don't take KPMG for a big construction project of course not. So, confidence in the field this is something that I would add.

Julia Lehmann: You mentioned earlier the point of reliability and trust on the person working with us. Does this go for you together with collaboration or is this a separate point for you?

Interviewee 12: Yeah. Well, this is all related to the firm, too much to the firm. What is for me the most important part is the personality. If it would not be for David Speiser or Claudio Feser I would not work at all with McKinsey. The same for KPMG, I would not work with them. It is first personalities that I trust, that I appreciate and that is by far the most important.

Julia Lehmann: Thank you. Would you prefer a rating scale or a comment box?

Interviewee 12: *I would call the lead partner and say hey what was not going well and can you make sure to fix it. And we do it like this for 20 years. You know, this is not according to the book. You just talk to each other and then correct what is not going well.*

Julia Lehmann: Perfect. Thank you very much. This was it from my side.

Interviewee 12: *No problem. Not very helpful maybe from a Sourcing perspective.*

Julia Lehmann: No, no not at all. I am very happy for every opinion and very interested to hear about it. At the end I would like to come up with a somehow general approach that covers as many opinions as possible.

Interviewee 12: *For me this is quite simple. People are much more important than firms.*

Appendix 5: Interview Coding Scheme

Code	Sub-Code	Definition	Approach
Cost	Adherence to Budget	Engagement delivered within budget	Top-down
	Price Competitiveness	Pricing relative to other suppliers	Top-down
	Investments	Provision of investments (e.g. pro bono consulting)	Top-down
Quality	Delivered Service Quality	Quality of deliverables according to project objectives	Top-down
Innovation	Culture, Idea Generation and Implementation	Proactive generation of improvement ideas / Creativity and willingness to improve processes	Top-down
Delivery and Support	Project Management	Project scope and timeline considerations	Top-down
	Responsiveness to Needs	Ability towards change and responsiveness to specific needs	Top-down
Project Team	Quality of Resources	Knowledge and expertise of resources	Top-down
	Resources according to Expectations	Resources as described in initial proposal	Top-down
Communication	Communication	Proactive communication and status updates	Top-down
Collaboration	Collaboration with Novartis Team	Degree of partnering with Novartis project resources	Top-down
Regulatory	Compliance	Compliance to Novartis policies and guidelines	Top-down
Other			Bottom-up

Appendix 6: Interview Response Analysis

Color coding: **black**=answered during first six questions; **green**=highlighted as important on the metrics table; **red**=highlighted as unimportant on the metrics table; **orange**=new aspect/metric

Code	Sub-Code	PI	I1	I2	I3
Cost	Adherence to Budget	staying within budget, important	cost is secondary but staying within budget is important / important - its about the clarity of the costs		price is important but is not all
	Price Competitiveness	I really dont care; I want quality			
	Investments	I couldnt care less	not relevant / supplier set fees based on what we need		
Quality	Delivered Service Quality	extremely important	important and goes hand in hand with cost / balance between quality and cost	need to show return on investment / quality highly important / highly important	Data quality, quality is most important point at the end
Innovation	Culture, Idea Generation and Implementation		not sure depends on what you are looking for / if only extra hands than irrelevant	important	
Delivery and Support	Project Management	delivering on time, tracking according to milestones, important	measure progress against initial objectives	understand Novartis values and behaviors	
	Responsiveness to Needs	proactivity	Listen what we need / interest in providing solution to NVS and not in selling business / agility to adjust project	timelines are important - quick turnarounds / understand Novartis need and dont sell any unnecessary service / most important point	response time, understanding Novartis needs
Project Team	Quality of Resources	team they deployed, no change of resources, skills they deploy, important	highly important, span of attention and have available time, very important		highly important
	Resources according to Expectations	not important			contractual need / prerequisite
Communication	Communication	weekly updates and ongoing communication, informing me, highly valued	important	communication is crucial / important	important tell us where we stand
Collaboration	Collaboration with Novartis Team	working with Novartis team / only important in a big project or mixed team, expand to shared values	recognize value of a partnership, important	vendor client relationship/intimate relationship / important	
Regulatory	Compliance	not important / a pre requisite	not important	important but prerequisite	
Others		Chemistry, trust, rely on supplier 100%, access to people systems and processes, know how Novartis works, expand collaboration to shared values (we culture) share the same	supplier should not use an assignment to sell their business / listen to Novartis needs / full Novartis commitment	Novartis to set objectives, Ability to understand Novartis need, including smaller companies as well / understand Novartis values / include performance itself	proximity to business, understanding Novartis needs instead of selling their business, Novartis to communicate need / define the order itself
Survey Set Up Preference		rating mandatory, optional comment field, no weighting / only overall picture			

Code	Sub-Code	I4	I5	I6	I7
Cost	Adherence to Budget	very important		get value for money / less concerned about costs but its important	link payment with performance
	Price Competitiveness	important but its more about quality and value	not important, will come out already in the RFP stage / already set --> cross it out		
	Investments	important but not essential			
Quality	Delivered Service Quality	Novartis customized solution, very important - low tolerance for poor work	good methodology/structure of the work delivered / very important	ability to bring in their own thinking, ability to provide simple results, deliverables should be Novartis specific, premium people with cutting edge thinking / quality is key point if related to the final delivered work	Novartis value add outcome
Innovation	Culture, Idea Generation and Implementation	medium important / depending on project	important but only for specific projects	innovation is key	
Delivery and Support	Project Management	important - keeping scope, budget and timelines	clear talks distribution		stick to agreed timelines, clear roles and responsibilities, basic need
	Responsiveness to Needs	ability to understand change at Novartis, always being a step ahead, achieve timelines and quick turnaround / very important	flexible to project scope change		clear phase out capability
Project Team	Quality of Resources	experienced leaders, quality of resources, availability and dedication	good people with experience, experience of people who understand context --> knowledge and expertise	part of quality and very important	quality of resources with high expertise, basic need
	Resources according to Expectations	not important / set before project starts			
Communication	Communication	open and transparent communication / highly important			
Collaboration	Collaboration with Novartis Team	essential	very good alignment and dynamic	important	inclusive collaboration with NVS team
Regulatory	Compliance	not important / depends on project			cannot be negotiated - is a standard
Others		know/understand Novartis and the organization, full Novartis dedication and not being busy with other projects	dynamic with Novartis team part of project team question, clear scope setting in the beginning, ability to translate outcome into Novartis specific content, difference between big and small projects, setting up the project correctly, should be simple for the user	ability to understand Novartis problem and need, simple and plain way of deliverables with clear recommendations, ensure follow up and consequences when assessing the performance level	clear set of expectations around deliverables before project start --> hiring consultant without a clear expectation of what they expect and of what is the desired outcome
Survey Set Up Preference			score and open comment fields	different weighting options, rating and comment box, track performance constantly and feedback to the right people and consultants with consequences	rating and comment option

Code	Sub-Code	I8	I9	I10	I11	I12
Cost	Adherence to Budget	price in relation to quality, important	deliver within budget, important	important	costs are secondary in a big project	
	Price Competitiveness	important		this is already what we do -> part of RFP process		
	Investments	should be covered in price competitiveness				
Quality	Delivered Service Quality	good qualitative deliverables, important and separate between extracting internal knowledge vs adding own knowledge	deliver requested service quality, quality is key component		very important and should be Novartis specific	
Innovation	Culture, Idea Generation and Implementation		innovation / think outside the box	thinking out of the box / bring in fresh view, very important	bring in external best practice sharing and industry knowledge	
Delivers and Support	Project Management	on time delivery, good project management, important	deliver on time - group together with project team	important	timelines are important	stay within timing
	Responsiveness to Needs	important -> consultants should not only marche according to the script		ability to be more critical and challenging, important	flexibility is important	
Project Team	Quality of Resources				high expertise and professionalism of the team	reliable team leader, trust and personality
	Resources according to Expectations	less important	reformulate - did the resources deliver according to expectations			
Communication	Communication	important	important - as a sub group of project team			
Collaboration	Collaboration with Novartis Team	important	important - as a subgroup of project team			
Regulatory	Compliance		its a given	never have come across any issues		
Others		define need, ability to extract already existing information within NVS vs knowledge added by consultant -> incremental information : consultant brings, go beyond survey and include feedback framework, challenge real need at customer consultancy	agreed success criteria and scope in the beginning, share Novartis values and behaviors, outcome rating is missing, approach cannot be bureaucratic -> with the least amount of effort	differentiate between operational and strategic projects, at the end its also us -> we need to clearly define what we want as an outcome, be more critical, Novartis individual approach -> consultant should not have the answer ready and guide customer there, get as far from the pleasing mentality	good understanding of how Novartis operates, understanding the Novartis context, importance of factors may vary depending on project	trust, acting in Novartis interest, reputation/competence/experience in that field
Survey Set Up Preference		scoring and open comments and include feedback framework as well / additional plenary sessions	scale and face to face discussion for larger project / comment box is good but only for small projects	scale and comment but prefer face to face meeting instead of survey - doing short interviews and fill the survey out with the customer and set up feedback session with consultant, sit down with Novartis customer one year after project to see if the outcomes have been implemented -> if not challenge future consulting engagements	rating an comment field	prefer meeting or call instead of survey

Appendix 7: Survey Results

Survey #1

Your Last Consulting Engagement with xxx

With the aim of continuously improving the value of consulting purchases, your valuable feedback is requested by evaluating your last engagement with xxx. Please respond by using the scoring in the dropdowns provided.

As scores and comments will form the basis of performance improvement plans your detailed feedback would be highly appreciated.

No.			Score	Comment
1	Performance and Delivery			
1.1	Quality of Consulting Service	Quality of supplier performance and deliverables	2 – POOR	week performance in terms of content and thinking out of the box, bringing in new ideas and also week performance in terms of deliverables despite access to NVS brand lap no NVS layout conform slides, slides are unstructured and with no backup data
1.2	On-time Delivery	On-time delivery of services	3 – AVERAGE	
1.3	Novartis Proximity	Understanding Novartis context, values and behaviors, provision of customized output	2 – POOR	little effort to understand our way of thinking and our level of ambition/professionalism
2	Cost			
2.1	Adherence to Budget	Deliverables within budget	2 – POOR	seem to use quite a lot of time for unsatisfying outputs
2.2	Payment and Performance	Cost in relation to performance, value for money	2 – POOR	they are not the most expensive but we even gave them a chance to revise their proposal as we were concerned that they might have underestimated the task - nevertheless performance is so poor that its not worth the money
3	Resources			
3.1	Quality of Consultants	Adequate level of skills, knowledge and experience	2 – POOR	main contact has little industry knowledge and seems not capable to link into what we do
3.2	Relationship Partnering	Collaboration with Novartis team, trustworthy environment, philosophy and culture sharing	3 – AVERAGE	they realize that we are not satisfied but do not really make the effort to find a different working mode
4	Communication			
4.1	Communication	Ongoing and transparent communication, status updates and reporting	2 – POOR	first overview of time dedicated was very poor, it was not clear who worked on what and how much time they really used - once we requested a clearer structured time report they started doing it
5	Innovation - only if applicable to your project			
5.1	Idea Generation and Best Practice	Proactive idea generation, high creativity level and best practice sharing	2 – POOR	here we are particularly disappointed as they work with lots of our peers that are fairly competitive and innovative
6	Recommendation for Future Engagements			
6.1	Would you be willing to work again with this consulting provider?		NO	not on a consultancy project

7 Are the different criteria understandable and helpful when rating the performance of your consulting provider?

I believe they are good criteria - there might be some interdependencies if the quality we received is very poor than the cost in relation to performance is inherently also rather poor

8 How would you rate the structure and set-up of this survey? Do you have any suggestions for improvement?

brief survey with key questions - good

9 Would you like to include a weighting for the above criteria or do you prefer a general performance overview?

maybe you could emphasize/deepen the question 1.1 a bit more. There are usually different areas of performance (e.g. content related performance -> can they bring us further in our thinking; process related performance -> are they good in helping managing a process)

10 Would you have preferred a short face to face meeting instead of this survey?

NO

11 For future engagements: How could Procurement support you to improve your satisfaction level of engaging with consultants over time?

we were very impressed by their RFP response as well as the interview we had - in comparison to some other much more expensive consultancies they brought a solid performance -> I think this is very procurement could be of most help to help identify whether providers have a good track record or if they are really good. However, I do know that we as a team have quite different needs from our providers than maybe the rest of Novartis thus we probably brought unknown players to the table

Thank you very much for your time and participation!

Survey #2

Your Consulting Engagement with xxx

With the aim of continuously improving the value of consulting purchases, your valuable feedback is requested by evaluating your engagement with xxx. Please respond by using the scoring in the dropdowns provided.

As scores and comments will form the basis of performance improvement plans your detailed feedback would be highly appreciated.

No.			Score	Comment
1	Performance and Delivery			
1.1	Quality of Consulting Service	Quality of supplier performance and deliverables	4 – GOOD	
1.2	On-time Delivery	On-time delivery of services	4 – GOOD	only the core part of SPERA as part of the initial RFP is assessed (follow-up work and assignments excluded)
1.3	Novartis Proximity	Understanding Novartis context, values and behaviors, provision of customized output	4 – GOOD	good understanding of our environment and current challenges
2	Cost			
2.1	Adherence to Budget	Deliverables within budget	3 – AVERAGE	w/in agreed budget; travel allowance was slightly over the SoW figures
2.2	Payment and Performance	Cost in relation to performance, value for money	3 – AVERAGE	good cost / value ratio especially compared to peers
3	Resources			
3.1	Quality of Consultants	Adequate level of skills, knowledge and experience	3 – AVERAGE	had to replace several consultants as part of the RFP process but also during the actual work
3.2	Relationship Partnering	Collaboration with Novartis team, trustworthy environment, philosophy and culture sharing	4 – GOOD	good working ethics
4	Communication			
4.1	Communication	Ongoing and transparent communication, status updates and reporting	4 – GOOD	initially failed to communicate clear path to realization and weekly deliverables/outcomes. Had to correct mid-way with excellent outcome in the end (overall = 4 - GOOD)
5	Innovation - only if applicable to your project			
5.1	Idea Generation and Best Practice	Proactive idea generation, high creativity level and best practice sharing	4 – GOOD	overall good, however, a few concepts were coming from me from prior experience and consulting management EMBA
6	Recommendation for Future Engagements			
6.1	Would you be willing to work again with this consulting provider?		YES	for quality assurance initiatives, absolutely. For more strategic initiatives would likely prefer a top tier consultancy firm

7	Are the different criteria understandable and helpful when rating the performance of your consulting provider?
ramp up time; applied framework quality; degree of innovation applied; hand-over to sponsor post delivery	
8	How would you rate the structure and set-up of this survey? Do you have any suggestions for improvement?
easy and quick to use; an odd number rating often leads to mid-range statistics - a rating scale with no medium rating should be preferred	
9	Would you like to include a weighting for the above criteria or do you prefer a general performance overview?
general performance overview is fine	
10	Would you have preferred a short face to face meeting instead of this survey?
NO	
11	For future engagements: How could Procurement support you to improve your satisfaction level of engaging with consultants over time?
providing more valuable former engagement insights; more guidance in writing better RFPs	
Thank you very much for your time and participation!	
Wlc	

Survey #3

Your Last Consulting Engagement with xxx

With the aim of continuously improving the value of consulting purchases, your valuable feedback is requested by evaluating your last engagement with xxx. Please respond by using the scoring in the dropdowns provided.

As scores and comments will form the basis of performance improvement plans your detailed feedback would be highly appreciated.

No.			Score	Comment
1	Performance and Delivery			
1.1	Quality of Consulting Service	Quality of supplier performance and deliverables	4 – GOOD	
1.2	On-time Delivery	On-time delivery of services	4 – GOOD	
1.3	Novartis Proximity	Understanding Novartis context, values and behaviors, provision of customized output	3 – AVERAGE	
2	Cost			
2.1	Adherence to Budget	Deliverables within budget	4 – GOOD	
2.2	Payment and Performance	Cost in relation to performance, value for money	3 – AVERAGE	
3	Resources			
3.1	Quality of Consultants	Adequate level of skills, knowledge and experience	4 – GOOD	
3.2	Relationship Partnering	Collaboration with Novartis team, trustworthy environment, philosophy and culture sharing	3 – AVERAGE	
4	Communication			
4.1	Communication	Ongoing and transparent communication, status updates and reporting	4 – GOOD	
5	Innovation - only if applicable to your project			
5.1	Idea Generation and Best Practice	Proactive idea generation, high creativity level and best practice sharing	3 – AVERAGE	
6	Recommendation for Future Engagements			
6.1	Would you be willing to work again with this consulting provider?		YES	

7	Are the different criteria understandable and helpful when rating the performance of your consulting provider?
yes they are comprehensive	
8	How would you rate the structure and set-up of this survey? Do you have any suggestions for improvement?
easy to follow. One observation though, some questions do not intuitively lead to a score 1-5, like "Deliverables within budgeted" is more a yes/no or under by more than 10% ...over by more than 10%	
9	Would you like to include a weighting for the above criteria or do you prefer a general performance overview?
not necessary, will not add a lot of value	
10	Would you have preferred a short face to face meeting instead of this survey?
YES	
11	For future engagements: How could Procurement support you to improve your satisfaction level of engaging with consultants over time?
Scoping the project is critical, so far the emphasis is more on price and investments, I see more value in scoping properly	
Thank you very much for your time and participation!	

Survey #4

Your Last Consulting Engagement with xxx

With the aim of continuously improving the value of consulting purchases, your valuable feedback is requested by evaluating your last engagement with xxx. Please respond by using the scoring in the dropdowns provided.

As scores and comments will form the basis of performance improvement plans your detailed feedback would be highly appreciated.

No.			Score	Comment
1	Performance and Delivery			
1.1	Quality of Consulting Service	Quality of supplier performance and deliverables	4 – GOOD	
1.2	On-time Delivery	On-time delivery of services	5 – EXCELLENT	
1.3	Novartis Proximity	Understanding Novartis context, values and behaviors, provision of customized output	5 – EXCELLENT	
2	Cost			
2.1	Adherence to Budget	Deliverables within budget	4 – GOOD	
2.2	Payment and Performance	Cost in relation to performance, value for money	3 – AVERAGE	
3	Resources			
3.1	Quality of Consultants	Adequate level of skills, knowledge and experience	4 – GOOD	
3.2	Relationship Partnering	Collaboration with Novartis team, trustworthy environment, philosophy and culture sharing	5 – EXCELLENT	
4	Communication			
4.1	Communication	Ongoing and transparent communication, status updates and reporting	4 – GOOD	
5	Innovation - only if applicable to your project			
5.1	Idea Generation and Best Practice	Proactive idea generation, high creativity level and best practice sharing	3 – AVERAGE	
6	Recommendation for Future Engagements			
6.1	Would you be willing to work again with this consulting provider?		YES	

7	Are the different criteria understandable and helpful when rating the performance of your consulting provider?
Yes they are, I would say pretty comprehensive and balanced, important that you have a feedback to the supplier thereafter	
8	How would you rate the structure and set-up of this survey? Do you have any suggestions for improvement?
short and sweet, no more than 5 minutes to complete is adequate	
9	Would you like to include a weighting for the above criteria or do you prefer a general performance overview?
not needed from my point of view as all aspects are relevant	
10	Would you have preferred a short face-to-face meeting instead of this survey?
YES	
11	For future engagements: How could Procurement support you to improve your satisfaction level of engaging with consultants over time?
I would see the biggest value in being a sounding board while scoping and maybe throughout the project I'm not sure if this is a service Procurement plans to provide	

Thank you very much for your time and participation!

Survey #5

Your Last Consulting Engagement with xxx

With the aim of continuously improving the value of consulting purchases, your valuable feedback is requested by evaluating your last engagement with xxx. Please respond by using the scoring in the dropdowns provided.

As scores and comments will form the basis of performance improvement plans your detailed feedback would be highly appreciated.

No.			Score	Comment
1	Performance and Delivery			
1.1	Quality of Consulting Service	Quality of supplier performance and deliverables	3 – AVERAGE	
1.2	On-time Delivery	On-time delivery of services	3 – AVERAGE	
1.3	Novartis Proximity	Understanding Novartis context, values and behaviors, provision of customized output	4 – GOOD	
2	Cost			
2.1	Adherence to Budget	Deliverables within budget	3 – AVERAGE	
2.2	Payment and Performance	Cost in relation to performance, value for money	2 – POOR	
3	Resources			
3.1	Quality of Consultants	Adequate level of skills, knowledge and experience	3 – AVERAGE	
3.2	Relationship Partnering	Collaboration with Novartis team, trustworthy environment, philosophy and culture sharing	3 – AVERAGE	
4	Communication			
4.1	Communication	Ongoing and transparent communication, status updates and reporting	3 – AVERAGE	
5	Innovation - only if applicable to your project			
5.1	Idea Generation and Best Practice	Proactive idea generation, high creativity level and best practice sharing	3 – AVERAGE	
6	Recommendation for Future Engagements			
6.1	Would you be willing to work again with this consulting provider?		NO	

7	Are the different criteria understandable and helpful when rating the performance of your consulting provider?
Yes, the above criterias allow to address key questions and measure consulting performance. However, there is a little bit of duplication in points 1.1 and 3.1 regarding the quality. Under 3.1 Resources I would include more towards capacity.	
8	How would you rate the structure and set-up of this survey? Do you have any suggestions for improvement?
Suggest to move Cost down, just before the question of Future Engagements.	
9	Would you like to include a weighting for the above criteria or do you prefer a general performance overview?
With different engagements the focus on this criterias could be different. Hence it would make sense to include a weighting to highlight project/engagement specific criterias for future use.	
10	Would you have preferred a short face to face meeting instead of this survey?
Both works, guess the written survey allows a more standardized approach.	
11	For future engagements: How could Procurement support you to improve your satisfaction level of engaging with consultants over time?
Not sure if we do this right now, but a survey like this would help to select the right consultant for the right engagement. And it would also allow to eliminate those we made bad experiences with.	
Thank you very much for your time and participation!	

Survey #6

Your Consulting Engagement with xxx

With the aim of continuously improving the value of consulting purchases, your valuable feedback is requested by evaluating your engagement with xxx
Please respond by using the scoring in the dropdowns provided.

As scores and comments will form the basis of performance improvement plans your detailed feedback would be highly appreciated.

No.			Score	Comment
1	Performance and Delivery			
1.1	Quality of Consulting Service	Quality of supplier performance and deliverables	4 – GOOD	good quality work, no breakthrough ideas generated but not required in this project
1.2	On-time Delivery	On-time delivery of services	5 – EXCELLENT	its a given requirement and expectation
1.3	Novartis Proximity	Understanding Novartis context, values and behaviors, provision of customized output	5 – EXCELLENT	McK is well connected and has been serving for years
2	Cost			
2.1	Adherence to Budget	Deliverables within budget	4 – GOOD	also a given requirement to adhere to costs contracted
2.2	Payment and Performance	Cost in relation to performance, value for money	4 – GOOD	High quality services for an above average price
3	Resources			
3.1	Quality of Consultants	Adequate level of skills, knowledge and experience	5 – EXCELLENT	Unmatched quality of workforce and backoffice support capabilities
3.2	Relationship Partnering	Collaboration with Novartis team, trustworthy environment, philosophy and culture sharing	5 – EXCELLENT	Excellent client management
4	Communication			
4.1	Communication	Ongoing and transparent communication, status updates and reporting	5 – EXCELLENT	very transparent throughout the project
5	Innovation - only if applicable to your project			
5.1	Idea Generation and Best Practice	Proactive idea generation, high creativity level and best practice sharing	4 – GOOD	
6	Recommendation for Future Engagements			
6.1	Would you be willing to work again with this consulting provider?		YES	for high impact, strategic questions for sure

7	Are the different criteria understandable and helpful when rating the performance of your consulting provider?
Sure no problem. Bear in mind though that there are very different types of consulting services so a bit challenging to rate them all with the same criteria, i.e. From strategy consulting, to interim management/support to highly specialized functional services. Probably this ranking should be done in buckets by service type	
8	How would you rate the structure and set-up of this survey? Do you have any suggestions for improvement?
well done, see above for suggestions	
9	Would you like to include a weighting for the above criteria or do you prefer a general performance overview?
Maybe value for money or cost vs benefits attained should be weighted higher if consulting is seen as an investment	
10	Would you have preferred a short face to face meeting instead of this survey?
NO	
11	For future engagements: How could Procurement support you to improve your satisfaction level of engaging with consultants over time?
Available master service agreements, support in creating and managing RFPs for select projects, benefits tracking of consulting support	

Thank you very much for your time and participation!

Survey #7

Your Consulting Engagement with xxx

With the aim of continuously improving the value of consulting purchases, your valuable feedback is requested by evaluating your engagement with xxx. Please respond by using the scoring in the dropdowns provided.

As scores and comments will form the basis of performance improvement plans your detailed feedback would be highly appreciated.

No.		Score	Comment
1	Performance and Delivery		
1.1	Quality of Consulting Service	Quality of supplier performance and deliverables	4 – GOOD
1.2	On-time Delivery	On-time delivery of services	4 – GOOD
1.3	Novartis Proximity	Understanding Novartis context, values and behaviors, provision of customized output	4 – GOOD
2	Cost		
2.1	Adherence to Budget	Deliverables within budget	4 – GOOD
2.2	Payment and Performance	Cost in relation to performance, value for money	4 – GOOD
3	Resources		
3.1	Quality of Consultants	Adequate level of skills, knowledge and experience	4 – GOOD
3.2	Relationship Partnering	Collaboration with Novartis team, trustworthy environment, philosophy and culture sharing	5 – EXCELLENT
4	Communication		
4.1	Communication	Ongoing and transparent communication, status updates and reporting	3 – AVERAGE
5	Innovation - only if applicable to your project		
5.1	Idea Generation and Best Practice	Proactive idea generation, high creativity level and best practice sharing	3 – AVERAGE
6	Recommendation for Future Engagements		
6.1	Would you be willing to work again with this consulting provider?	YES	

7	Are the different criteria understandable and helpful when rating the performance of your consulting provider?
Yes	
8	How would you rate the structure and set-up of this survey? Do you have any suggestions for improvement?
Its good, very easy to do	
9	Would you like to include a weighting for the above criteria or do you prefer a general performance overview?
no, I think the simpler the better	
10	Would you have preferred a short face to face meeting instead of this survey?
no	
11	For future engagements: How could Procurement support you to improve your satisfaction level of engaging with consultants over time?
I think it is an excellent service	

Thank you very much for your time and participation!

Survey #8

Your Consulting Engagement with xxx

With the aim of continuously improving the value of consulting purchases, your valuable feedback is requested by evaluating your engagement with xxx. Please respond by using the scoring in the dropdowns provided.

As scores and comments will form the basis of performance improvement plans your detailed feedback would be highly appreciated.

No.		Score	Comment
1	Performance and Delivery		
1.1	Quality of Consulting Service	Quality of supplier performance and deliverables	3 – AVERAGE
1.2	On-time Delivery	On-time delivery of services	4 – GOOD
1.3	Novartis Proximity	Understanding Novartis context, values and behaviors, provision of customized output	4 – GOOD
2	Cost		
2.1	Adherence to Budget	Deliverables within budget	N/A – Not applicable to this project
2.2	Payment and Performance	Cost in relation to performance, value for money	3 – AVERAGE
3	Resources		
3.1	Quality of Consultants	Adequate level of skills, knowledge and experience	2 – POOR
3.2	Relationship Partnering	Collaboration with Novartis team, trustworthy environment, philosophy and culture sharing	4 – GOOD
4	Communication		
4.1	Communication	Ongoing and transparent communication, status updates and reporting	4 – GOOD
5	Innovation - only if applicable to your project		
5.1	Idea Generation and Best Practice	Proactive idea generation, high creativity level and best practice sharing	3 – AVERAGE
6	Recommendation for Future Engagements		
6.1	Would you be willing to work again with this consulting provider?	NO	

7	Are the different criteria understandable and helpful when rating the performance of your consulting provider?
YES	
8	How would you rate the structure and set-up of this survey? Do you have any suggestions for improvement?
One additional question should be: "where did't you see the highest value contribution from the consultant" - there should be the possibility to give free-text feedback for this question	
9	Would you like to include a weighting for the above criteria or do you prefer a general performance overview?
One possibility is that in the questionnaire it should be asked which of the criteria (1-5) should be rated as the most important. Based on the feedback an certain weighting of the criteria can be done. This weighting would be different from project to project	
10	Would you have preferred a short face to face meeting instead of this survey?
YES	
11	For future engagements: How could Procurement support you to improve your satisfaction level of engaging with consultants over time?
Being close with the Project teammembers, consulting them on their consulting needs, challenging them on whether they have the right consultants, thats the value I need from Procurement. So far I have made very good experience with the Procurement team on that!	
Thank you very much for your time and participation!	

Survey #9

Your Last Consulting Engagement with xxx

With the aim of continuously improving the value of consulting purchases, your valuable feedback is requested by evaluating your last engagement with xxx. Please respond by using the scoring in the dropdowns provided.

As scores and comments will form the basis of performance improvement plans your detailed feedback would be highly appreciated.

No.			Score	Comment
1	Performance and Delivery			
1.1	Quality of Consulting Service	Quality of supplier performance and deliverables	4 – GOOD	
1.2	On-time Delivery	On-time delivery of services	4 – GOOD	
1.3	Novartis Proximity	Understanding Novartis context, values and behaviors, provision of customized output	4 – GOOD	
2	Cost			
2.1	Adherence to Budget	Deliverables within budget	3 – AVERAGE	
2.2	Payment and Performance	Cost in relation to performance, value for money	4 – GOOD	
3	Resources			
3.1	Quality of Consultants	Adequate level of skills, knowledge and experience	4 – GOOD	But used the mix of experience and inexperience very well, great team spirit/culture between Novartis and Deloitte
3.2	Relationship Partnering	Collaboration with Novartis team, trustworthy environment, philosophy and culture sharing	5 – EXCELLENT	as above, very effective
4	Communication			
4.1	Communication	Ongoing and transparent communication, status updates and reporting	5 – EXCELLENT	
5	Innovation - only if applicable to your project			
5.1	Idea Generation and Best Practice	Proactive idea generation, high creativity level and best practice sharing	4 – GOOD	
6	Recommendation for Future Engagements			
6.1	Would you be willing to work again with this consulting provider?		YES	

6	Are the different criteria understandable and helpful when rating the performance of your consulting provider?
yes, felt like a logical flow, focuses on the key components. On the innovation topic would need to be careful this does not imply only innovation focused projects, as then people might ignore the question. Ours was not innovation focused as such but they brought a lot to the table to make us think differently. One can argue that's not innovation but it was a crucial part of why they were a good partner	
7	How would you rate the structure and set-up of this survey? Do you have any suggestions for improvement?
Only minor comment, there was no instruction on scoring so as I looked at it I was not sure if it was a 1-10 score. Only realised it was pre-filled when I first went to enter a number in one of the calls. Might be good to put that in the instructions (or maybe it was and I missed it)	
8	Would you like to include a weighting for the above criteria or do you prefer a general performance overview?
Good question! Think a weighting is helpful (see last point also) as it helps to provide a structure and makes us think about it	
9	Would you have preferred a short face to face meeting instead of this survey?
YES	
10	For future engagements: How could Procurement support you to improve your satisfaction level of engaging with consultants over time?
Can support during the process to see how it's going as a neutral not involved in the project. In a long program like this one (18 months) you get so close to the day to day that it's not so easy to step back. Help us think through the governance and project management structure so that we have regular reviews with the supplier. We did this in the case of Deloitte but can easily be missed	
Thank you very much for your time and participation!	

Appendix 8: Results of Supplier Ratings

Supplier A

1 Rating, Operational Project, 150K CHF costs

With a rating clearly below average, Supplier A was not able to fulfill Novartis requirements at all. The poor supplier performance is triggered by the weak quality of deliverables but also in the missing effort of understanding the Novartis environment. This extreme dissatisfaction leads to the fact that the Novartis manager would not be willing to work again with this consulting supplier and sees its budget as not well spend.

Supplier B

2 Ratings, Strategic Projects, 8.3M costs in total

In contrast to Supplier A, Supplier B was able to deliver a good service quality which results into the willingness to work with this supplier in a future engagement. Only the quality of the consultants (due to bad replacements of consultants) and the cost represents two metrics which would require a follow up in order to ensure improvements for future engagements.

Supplier C

3 Ratings, 2 Strategic Projects with costs of 1.3M CHF, 1 Operational Project with costs of 600K CHF




No additional feedback was given to Supplier C. Supplier C was able to deliver slightly above average performance which was only affected by a suboptimal payment to performance. Due to no additional feedback, it would be necessary to understand the reasons of the Novartis manager not be willing to work again with the supplier.

Supplier D

3 Ratings, 3 Strategic Projects, 2.1M CHF total costs

The last supplier achieved the best rating. Outstanding was their service in terms of client managements and Novartis proximity. However, this fourth supplier shows how important it is to consider all individual feedbacks. Even if the average score seems to be acceptable, one manager out of the three rated the resources as poor and would therefore not work again with the supplier.

Appendix 9: Supervision Minutes

 University of Applied Sciences Northwestern Switzerland School of Business	
Supervision Minutes and Record <i>For MSc International Management Thesis and Practice Oriented Research Project</i>	
This form must be completed by the student/s at each supervisory meeting and further verified by the supervisor. Each supervisor and the student should retain a copy.	
Student's Name: Julia Lehmann	Date of Meeting: 16 August 2016
Supervisor/s: Prof. Dr. Roman Lombriser	Time of Meeting: 5.45pm
<hr/> Purpose of meeting and written work submitted: <ul style="list-style-type: none"> - Align on general key points of supervision - Discuss overall scope and content of Research Proposal as well as Master Thesis - Align on structure and typical table of contents - Clarify confidential disclaimer situation - Discuss generally applicable knowledge vs Novartis case - Discuss secondary data collection / Novartis internal company contents 	
Main topics/issues discussed and action points agreed: <ul style="list-style-type: none"> - Supervision structure: 3 personal meetings for each Research Proposal and Master Thesis - Book room for every meeting - Research Proposal covers first 3 chapters of table of contents - Importance of general applicable knowledge – conclusion as well as recommendations need to be generalizable and transferable - Theoretical Problem: show that important theory is missing / show theory gap - Theoretical Problem and Research Gap subchapters are interrelated - Critical Appraisal: show what is missing and transfer it to own concept 	
<hr/> Time, date and location of next meeting: 12:00pm, 14 October 2016, Olten OVR A160	
Actions, Tasks to be completed and agenda topics for next meeting: <ul style="list-style-type: none"> - Narrow down scope and content - Clarify confidential disclaimer situation - Start writing the Introduction chapter (Problem Analysis, Research Objectives, Research Question and Research Strategy) - Start with literature review and look for relevant theories/models within scientific literature 	
<hr/>	
Student's signature: 	Date: 18 August 2016
Supervisor's signature: 	Date: _____
<small>FHNW- MSc IM</small>	



University of Applied Sciences Northwestern Switzerland
School of Business

Supervision Minutes and Record

For MSc International Management Thesis and Practice Oriented Research Project

This form must be completed by the student/s at each supervisory meeting and further verified by the supervisor. Each supervisor and the student should retain a copy.

Student's Name: Julia Lehmann

Date of Meeting: 14 October 2016

Supervisor/s: Prof. Dr. Roman Lombriser

Time of Meeting: 12:00pm

Purpose of meeting and written work submitted:

- Discuss scope and content of Research Proposal/Master Thesis
- Discuss research question and sub-questions
- Look at structure of theoretical framework
- Discuss involvement of Novartis
- Discuss qualitative research approach

Main topics/issues discussed and action points agreed:

- more specific research question
- adapt sub-questions and change order
- limit number of research objectives
- practical problem
- Methodology: clarify if Novartis as a case study or not

Time, date and location of next meeting: 12:00pm, 18 November 2016, Olten

Actions, Tasks to be completed and agenda topics for next meeting:

- Adjust research objectives, grand tour question and sub-questions based on meeting input
- Formulate Theoretical and Practical Problem
- Write Theoretical Framework Chapter
- Find adequate models for Theoretical Framework Chapter
- Clarify Novartis Case in empirical research part
- Define methodology (only qualitative interviews or also internal Novartis data review?)

Student's signature: Julia Lehmann

Date: 14 October 2016

Supervisor's signature: R. Lombriser

Date: 20.11.16

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University of Applied Sciences Northwestern Switzerland
School of Business

Supervision Minutes and Record

For MSc International Management Thesis and Practice Oriented Research Project

This form must be completed by the student/s at each supervisory meeting and further verified by the supervisor. Each supervisor and the student should retain a copy.

Student's Name: Julia Lehmann

Date of Meeting: 18 November 2016

Supervisor/s: Prof. Dr. Roman Lombriser

Time of Meeting: 12:00pm

Purpose of meeting and written work submitted:

- Discuss overall progress of research proposal
- Discuss planned research methodology

Main topics/issues discussed and action points agreed:

- Include main take away sentence at the end of each important subchapter
- Further elaborate challenges of procuring management consulting services / differentiate between different management consulting types
- Clarify single/multiple case study approach at the Master Thesis day
- Include a question around successful/non-successful consulting projects in the interview with internal business partners
- Think about potential quantitative part in satisfaction survey/content analysis
- Importance of good English level
- Importance of theoretical problem description and research gap in order to justify research project

Time, date and location of next meeting:


- Julia will contact Roman at the end of January and will send an interview guide with the research instruments / meeting will be set up to discuss interview guide and next steps

Actions, Tasks to be completed and agenda topics for next meeting:

- Send finalized research proposal by email once uploaded on Moodle
- Prepare interview guide with research instruments

Student's signature: 

Date: 20 November 2016

Supervisor's signature: 

Date: 21 November 2016

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School of Business

Supervision Minutes and Record

For MSc International Management Thesis and Practice Oriented Research Project

This form must be completed by the student/s at each supervisory meeting and further verified by the supervisor. Each supervisor and the student should retain a copy.

Student's Name: Julia Lehmann

Date of Meeting: 07 February 2017

Supervisor/s: Prof. Dr. Roman Lombriser

Time of Meeting: 5:00pm

Purpose of meeting and written work submitted:

- Feedback on Research Proposal
- Discuss Assessment Form of Research Proposal and get more detailed feedback in order to improve for Master Thesis
- Align on next steps

Main topics/issues discussed and action points agreed:

- Simplify wording of Research Proposal --> don't assume that reader knows details
- Include the effort from Novartis side and not only the supplier perspective / Novartis needs to define a good request for proposal in order to minimize the risk of misunderstanding --> include study from the "Bund" as a reference / the Novartis effort could also be included in the limitations part
- Shorten category management part
- Methodology: second part of research should focus on the process itself and not on the benefits for Novartis --> creation of knowledge and contribution to research / should not be Novartis specific

Time, date and location of next meeting: 28 February 2017, 05.00pm in Olten

Actions, Tasks to be completed and agenda topics for next meeting:

- Update Research Proposal document and apply feedback
- Come up with a interview set-up
- Create first draft of interview questions and share with Roman in advance
- Discussion of interview questions as a topic for the next meeting in order to proceed with the data collection

Student's signature:  Date: 07 February 2017

Supervisor's signature:  Date: 08 February 2017

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School of Business

Supervision Minutes and Record

For MSc International Management Thesis and Practice Oriented Research Project

This form must be completed by the student/s at each supervisory meeting and further verified by the supervisor. Each supervisor and the student should retain a copy.

Student's Name: Julia Lehmann

Date of Meeting: 28 February 2017

Supervisor/s: Prof. Dr. Roman Lombriser

Time of Meeting: 5:00pm

Purpose of meeting and written work submitted:

- Discuss current progress of Master Thesis
- Discuss prepared interview questions / shared with Roman in advance
- Agree on final set up of data collection processes

Main topics/issues discussed and action points agreed:

- Set-up of interview questions: apply critical incident to develop questions
- Include a metrics table at the end of the interview --> develop list of metrics by combining input from theoretical framework chapter
- Send updated questions to Roman for approval
- Set up and conduct interviews

Time, date and location of next meeting: 20 April 2017, 05.00pm in Olten

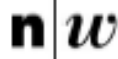
Actions, Tasks to be completed and agenda topics for next meeting:

- Reformulate interview questions and send to Roman for review
- Set up interviews and conduct interviews
- Transcribe interviews
- Start with interview analysis as far as already possible
- Reach out in case of questions to set up a follow up call or meeting

Student's signature:  Date: 01 March 2017

Supervisor's signature:  Date: 03 March 2017

FHNW- MSc IM



University of Applied Sciences Northwestern Switzerland
School of Business

Supervision Minutes and Record

For MSc International Management Thesis and Practice Oriented Research Project

This form must be completed by the student/s at each supervisory meeting and further verified by the supervisor. Each supervisor and the student should retain a copy.

Student's Name: Julia Lehmann

Date of Meeting: 20 April 2017

Supervisor/s: Prof. Dr. Roman Lombriser

Time of Meeting: 4:45pm

Purpose of meeting and written work submitted:

- Discuss current progress of Master Thesis
- Update on interview process and transcriptions
- Quickly touch on interview results and first outcomes
- Discuss and confirm approach of second data collection part
- Discuss next steps

Main topics/issues discussed and action points agreed:

- Interview process: feedback on critical incident set up of interview questions
- Interview result analysis: proceed with data analysis to come up with the second part of the qualitative research
- Second qualitative research: come up with general recommendation that generate knowledge instead of a Novartis specific approach
- Next steps: proceed and finalize Master Thesis


Time, date and location of next meeting: until mid of May Julia will send Roman a first draft of the Master Thesis / if required a follow-up meeting or call will be set-up

Actions, Tasks to be completed and agenda topics for next meeting:

- Continue with data analysis
- Conduct second round of data gathering / survey to test identified metrics
- Come up with a first draft of the Master Thesis and share until mid of May
- Reach out in case of questions to set up a follow up call or meeting

Student's signature: 

Date: 21 April 2017

Supervisor's signature: 

Date: 28 April 2017

FHNW- MSc IM

Appendix 10: Time Plan of Research

The following table provides an overview of the research process. This research started with the development of the research proposal in the autumn semester 2016 and continued to be realized during the subsequent spring semester 2017.

The total required workload was in line with the requested 180 hours (Research Proposal) and 450 hours (Master Thesis).

All essential research steps and corresponding timelines are outlined in the table below.

Nr.	Project Step	Start	End	Effort in h
1.0	Research Proposal	August 2016	01 December 2016	180h
2.0	Adjust Research Proposal	January 2017	March 2017	50h
2.1	Review/Finalize Theoretical Framework	January 2017	February 2017	35h
2.2	Complete Methodology	February 2017	March 2017	15h
3.0	Data Collection and Data Analysis	February 2017	April 2017	250h
3.1	Design Interview Questions and Guide	February 2017	February 2017	15h
3.2	Schedule Interviews	February 2017	March 2017	5h
3.3	Conduct Interviews	March 2017	April 2017	20h
3.4	Transcribe Interviews	March 2017	April 2017	35h
3.5	Code and Analyze Interview Data	March 2017	May 2017	50h
3.6	Design Survey Questions and Guide	April 2017	April 2017	15h
3.7	Conduct Survey	April 2017	May 2017	20h
3.8	Code and Analyze Survey Data	April 2017	May 2017	60h
3.9	Derive and Write Empirical Findings	May 2017	May 2017	30h
4.0	Research Conclusions	May 2017	May 2017	100h
4.1	Develop Conclusions + Main Results	May 2017	May 2017	60h
4.2	Generate Implications + Recommendations	May 2017	May 2017	40h
5.0	Finalize Thesis	May 2017	01 June 2017	30h
5.1	Adjust, Review and Countercheck Thesis	May 2017	May 2017	28h
5.2	Final Review and Hand In Master Thesis	May 2017	02 June 2017	2h
6.0	Presentation	June 2017	June 2017	20h
6.1	Prepare and Present Thesis	June 2017	21 June 2017	20h