Avancier Methods (AM)
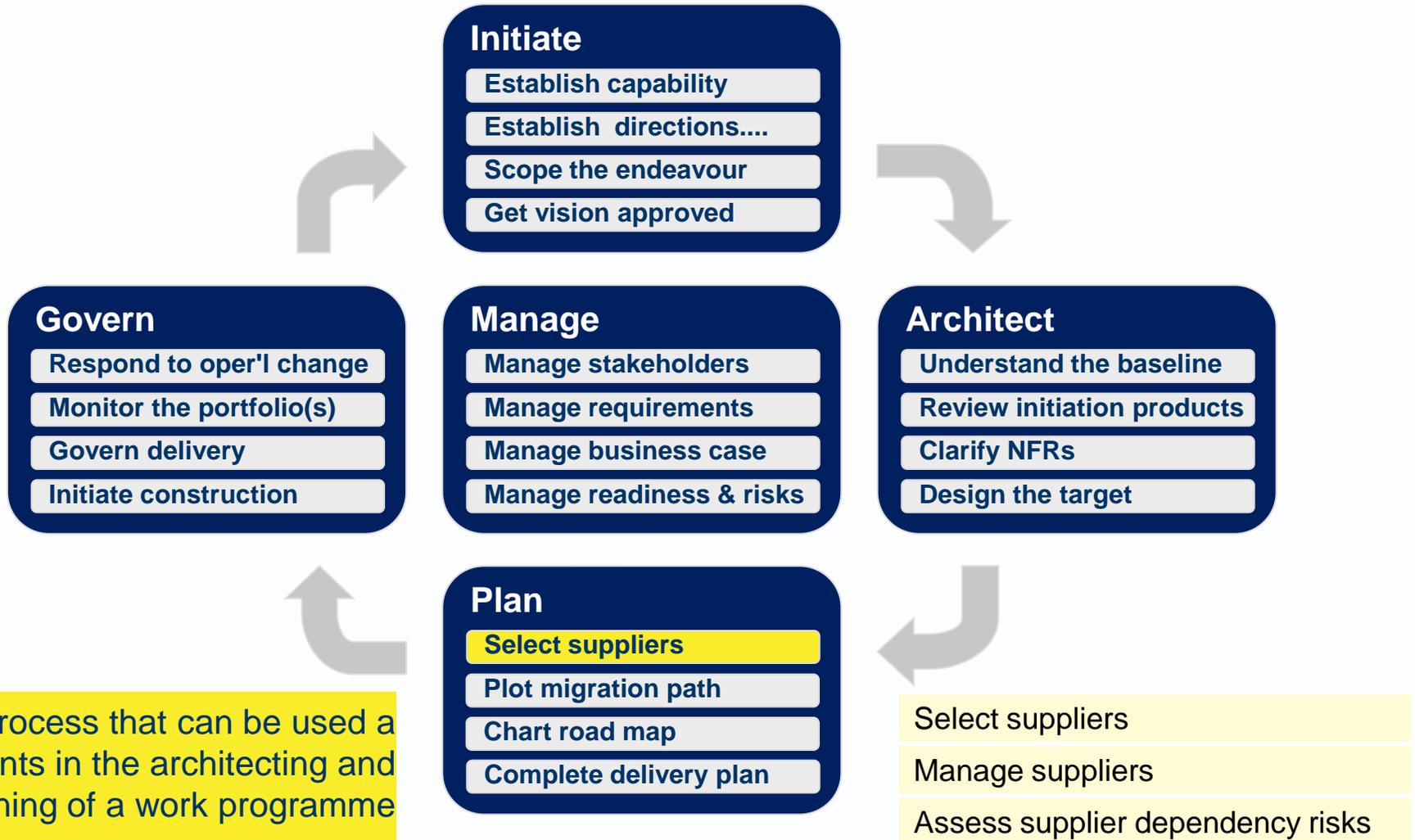## PLAN

Select Suppliers

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Select suppliers (in AM)

Initiate
- Establish capability
- Establish directions....
- Scope the endeavour
- Get vision approved

Govern
- Respond to oper'l change
- Monitor the portfolio(s)
- Govern delivery
- Initiate construction

Manage
- Manage stakeholders
- Manage requirements
- Manage business case
- Manage readiness & risks

Architect
- Understand the baseline
- Review initiation products
- Clarify NFRs
- Design the target

Plan
- Select suppliers
- Plot migration path
- Chart road map
- Complete delivery plan

A generic process that can be used a various points in the architecting and planning of a work programme

Select suppliers

Manage suppliers

Assess supplier dependency risks

Select suppliers
(after the 10 Step Approach to Selecting the Right SAP Systems Integrator by Michael Doane)

1. Establish Criteria for Suppliers
2. Establish Criteria for Proposals
3. Informed Short Listing
4. Write your objectives in the RFP
5. Distribute RFP
6. Allow Enough Time for Proposal
7. Maintain a Level Playing Field
8. Receive and Score Proposals
9. Review criteria
10. Iterate if need be
11. Receive Final Presentations
12. Update Scoring
13. Final Selection
14. Due Diligence

For 4th level process definition see the detailed methods

► Supplier selection may be the responsibility
- A procurement organisation
- A solution architecture manager
- A delivery manager

► Architects can and should
► help with supplier selection
- show demonstrable value to the procurement function

► help with supplier management
- show demonstrable value to delivery managers

Architect-supported procurement

► Use architecture to:

► Support the procurement process
- express supplier requirements,
- determine selection criteria,
- evaluate supplier responses, and
- determine compliance criteria for suppliers.

► Govern suppliers
- establish how architecture will be delivered by the subcontractor
- govern delivery .

► ERP package vendors offer scores (hundreds?) of modules - some better than others.

► Some buy an ERP package but end up using only a few modules.

► Some buy it but end up spending a lot of money changing it to meet their needs.

► Whether you buy or build an application, duplication of data and integration of applications is likely to be a challenge.

► Avancier Methods (AM) contain several modules that will help you analyse your current estate and make buy or build decisions.

Using modules of "AM for EA" to help you

► Build an enterprise business function/capability hierarchy/map
  - ■ See Analyse Business Architecture
► Build an enterprise application portfolio catalogue
  - ■ See Analyse Applications Architecture
  - ■ See Classify Applications
► Selection functions in most need of attention
► For each selected function, decide application futures
  - ■ See EA and Portfolio Management
► For each applications to be bought or built
  - ■ See Compare Systems
  - ■ See Select Suppliers
► If one large package can support many functions, consider the economies of scale
  - ■ See Portfolio Road maps - Plan portfolio changes
  - ■ See Plot migration path

► This approach to supplier selection assumes the principal criteria for selection is to

  ■ Match the suppliers solution to

    • the architect's solution outline **or**
    • the application portfolio manager's recommendations

► The supplier selection process contains some pointers that are not in some other methods.

► This is area where AM fills a gap in TOGAF.

► The process is nicely short, crisp and to the point.

Deliverables

► Supplier Contracts

► Supplier Management Plan

Establish Criteria for Suppliers

- **Establish Criteria for Suppliers**
- **Establish Criteria for Proposals**
- **Informed Short Listing**
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- **Update Scoring**
- **Final Selection**
- **Due Diligence**

▶ Determine the attributes of the ideal supplier

  - References showing a relevant track record?
  - Knowledge of your industry?
  - Knowledge transfer?
  - Fixed cost or creative financing?

▶ The biggest may not the best – since they carry the overheads and inefficiencies of large management structures and/or sales forces

Establish Criteria for Proposals

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▶ Start a Pugh Matrix
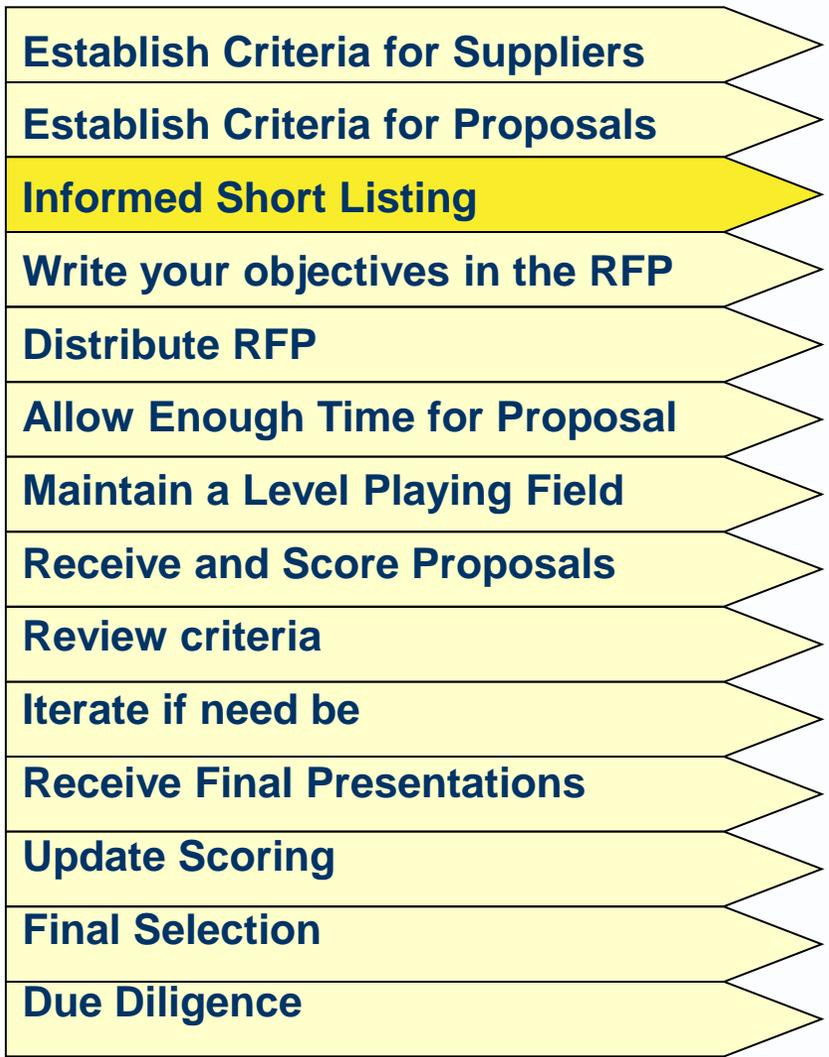
List criteria that the proposals must meet	Attach a weight to each criteria (say 1/3/5/7/9)
Criterion	**Weight**
Criterion 1	5
Criterion 2	5
Criterion 3	3
Criterion 4	3
Criterion 5	1

Establish Criteria for Proposals

► In the context of the AM solution architecture process, the principal criteria for supplier selection should be the match of elements of their solution to the elements of architect's solution outline.

► Else, if you are new to the supplier's domain, then use a 3rd party to assist you in defining the criteria

List criteria that the proposals must meet	Attach a weight to each criteria (say 1/3/5/7/9)
Criterion	**Weight**
Criterion 1	5
Criterion 2	5
Criterion 3	3
Criterion 4	3
Criterion 5	1

Establish Criteria for Suppliers

Establish Criteria for Proposals

Informed Short Listing

Write your objectives in the RFP

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Allow Enough Time for Proposal

Maintain a Level Playing Field

Receive and Score Proposals

Review criteria

Iterate if need be

Receive Final Presentations

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Final Selection

Due Diligence

▶ Find 3 candidate firms likely to match your criteria

▶ Include in-house development if you wish

▶ For small to medium engagements
- Find 5 candidate firms

▶ For large engagements,
- Find 5 candidate firms,
- Collect written Proposals
- Discard 2 at that point

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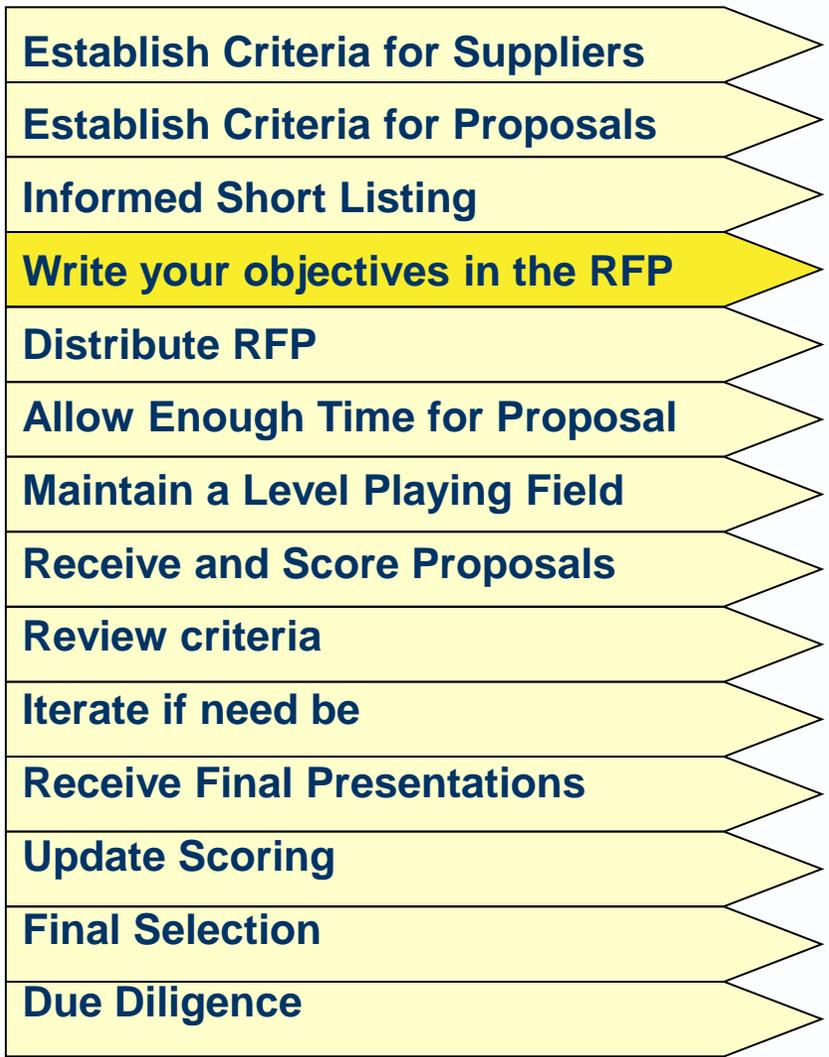
▶ Help suppliers help you!

▶ Write into the RFP only and precisely <u>what</u> you need

▶ Expose most if not all of the criteria and weighting in your initial Pugh Matrix
  - Why expect suppliers to guess how you will evaluate them?

▶ Leave it up to the candidates describe <u>how</u> they will meet your needs

Distribute RFP

Establish Criteria for Suppliers

Establish Criteria for Proposals

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Final Selection

Due Diligence

▶ Demand Proposals that match the RFP so you can readily
  - differentiate suppliers
  - concentrate on points of contrast.
▶ Advise short-listed firms that you may
  - discard Proposals not written to match the RFP
  - ignore boiler plate or semi-automated Proposals.
▶ Encourage suppliers to
  - Complete a Proposal exactly to the RFP
  - Add other whatever else they want to say in an addendum or separate document.
▶ Deliver the RFP
  - To somebody who will route the RFP to the proper responder(s).
▶ Record acknowledgement of receipt of the RFP.

Allow Enough Time for Proposal

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Final Selection

Due Diligence

► A Proposal normally takes longer than it took to form the RFP!

► Allow a least 3 to 4 weeks to ensure the Proposal addresses the RFP adequately.

► Much more for larger scale engagement

Example time line for the RFP Process.	
Week	Step
0	Distribute RFP
3	Receive and Score Proposals
4	Review criteria (and Iterate if need be)
5	Receive Final Presentations
6	Update Scoring
7	Final Selection & Due Diligence

Maintain a Level Playing Field

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Due Diligence

▶ If you give the impression of a bias toward one of the firms on the list, the Proposals will not be competitive, or not well considered
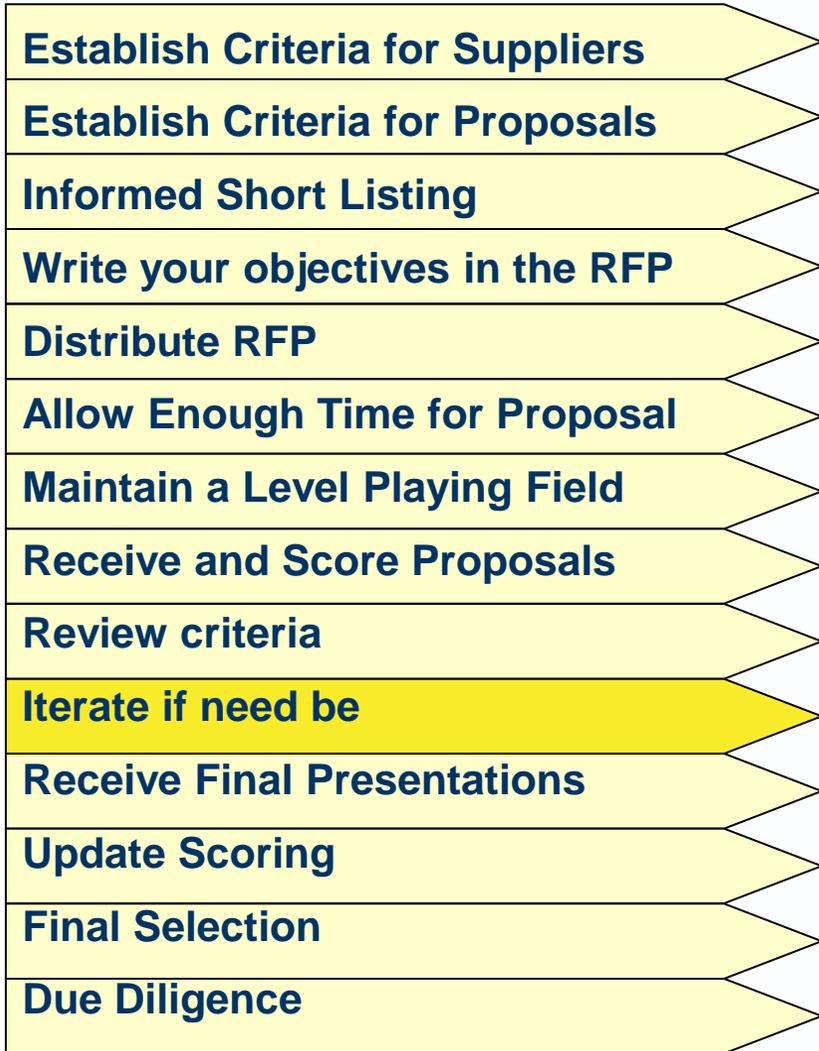
Receive and Score Proposals

► To reduce undue influence from supplier posturing, claims, lunches, peripheral phone calls, etc.

► Score in a group against weighted criteria

List criteria that the proposals must meet	*Attach a weight to each criteria (say 1/3/5/7/9)*	*List the proposals* *Rate how well (say 1/3/5/7/9) each proposal meets each criterion.*	
Criterion	**Weight**	**Candidate 1**	**Candidate 2**
Criterion 1	5	3	3
Criterion 2	5	3	5
Criterion 3	3	5	1
Criterion 4	3	1	1
Criterion 5	1	3	7
For each proposal, multiply the weights by the ratings	**Total**	**51**	**53**

Review criteria
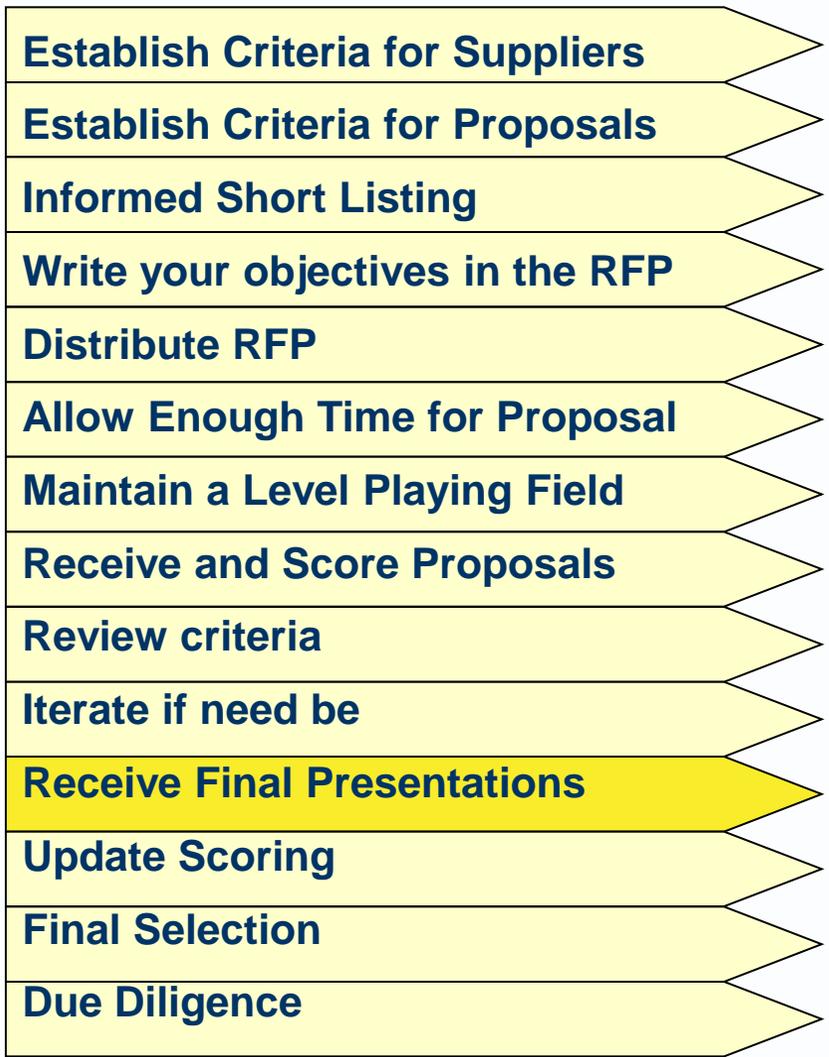
► Beware risks of changing your mind
  - You find yourself drawn to a proposal from a supplier that does something different from what you need

► Nevertheless, look for opportunities
  - Expert suppliers may well know more than you do
  - The Proposals may change your view of what you need.
  - If you now believe your original criteria were naïve or misleading, then it is not wise to proceed with an evaluation based on criteria you know you should be changed

► Mitigation
  - Each team member to read proposals alone and record their view
  - Together, review these views
  - If you have executive-level permission, then revisit the criteria and the weightings you started out with

Iterate if need be

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Due Diligence
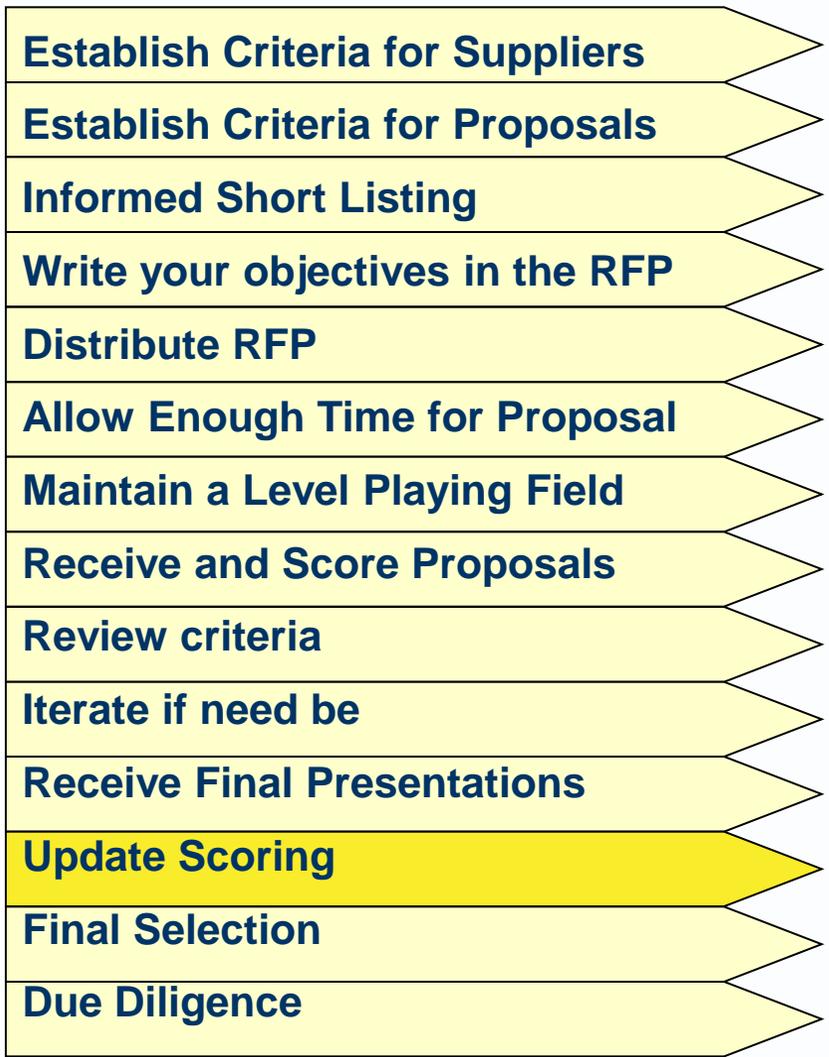
► <u>If you have permission to significantly change the criteria and the weightings.</u>

► Then, return to all candidates giving them their opportunity to revise their Proposal in the light of revised criteria

► <u>If proposed costs are not widely diverse, or cheaper bids look risky</u>

► Then encourage higher-priced suppliers to re-structure their Proposal to meet the lowest current bid.

Receive Final Presentations

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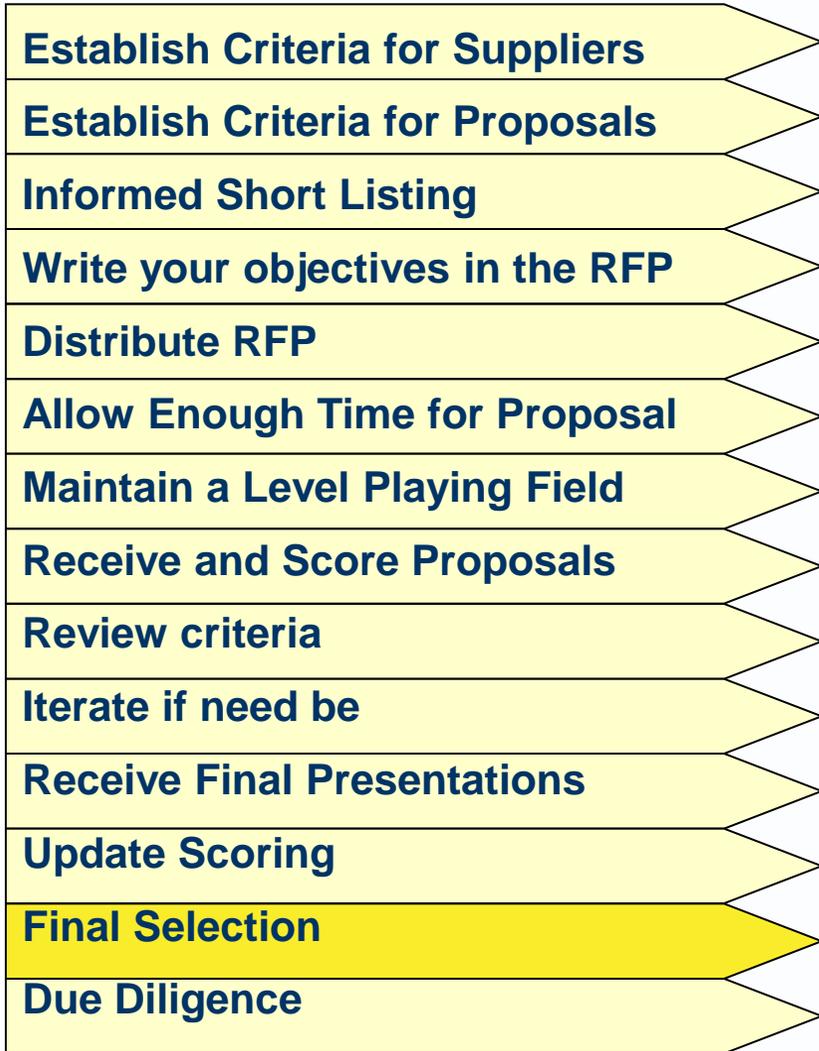
Receive Final Presentations

Update Scoring

Final Selection

Due Diligence

► Full-day for very large-scale engagement

► Note who presents.
  - Project managers and support staff can reveal how a firm might actually perform.
  - Sales directors, partners, and senior managers reveal much less.

Update Scoring

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Establish Criteria for Proposals

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Final Selection

Due Diligence

▶ Score again

▶ Consider rewarding suppliers who
- respond on a timely basis,
- are readily available to answers questions
- assign the right resource to the task at hand.

▶ Consider penalising suppliers who try to
- put pressure on decision-makers (perhaps via other parties)
- discredit any decision-maker or influencer thereof
- influence through lunches, dinners, and gifts etc.

Final Selection

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Final Selection

Due Diligence

▶ Review against cost

▶ Balance final scoring against proposed cost.

▶ Determine whether a higher scoring capability is worth a higher cost.

Due Diligence

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Due Diligence

► Require the chosen supplier to identify team members and provide a suitable resume for each.

- ■ (They were probably not on projects tendered by the systems integrator in their references.)
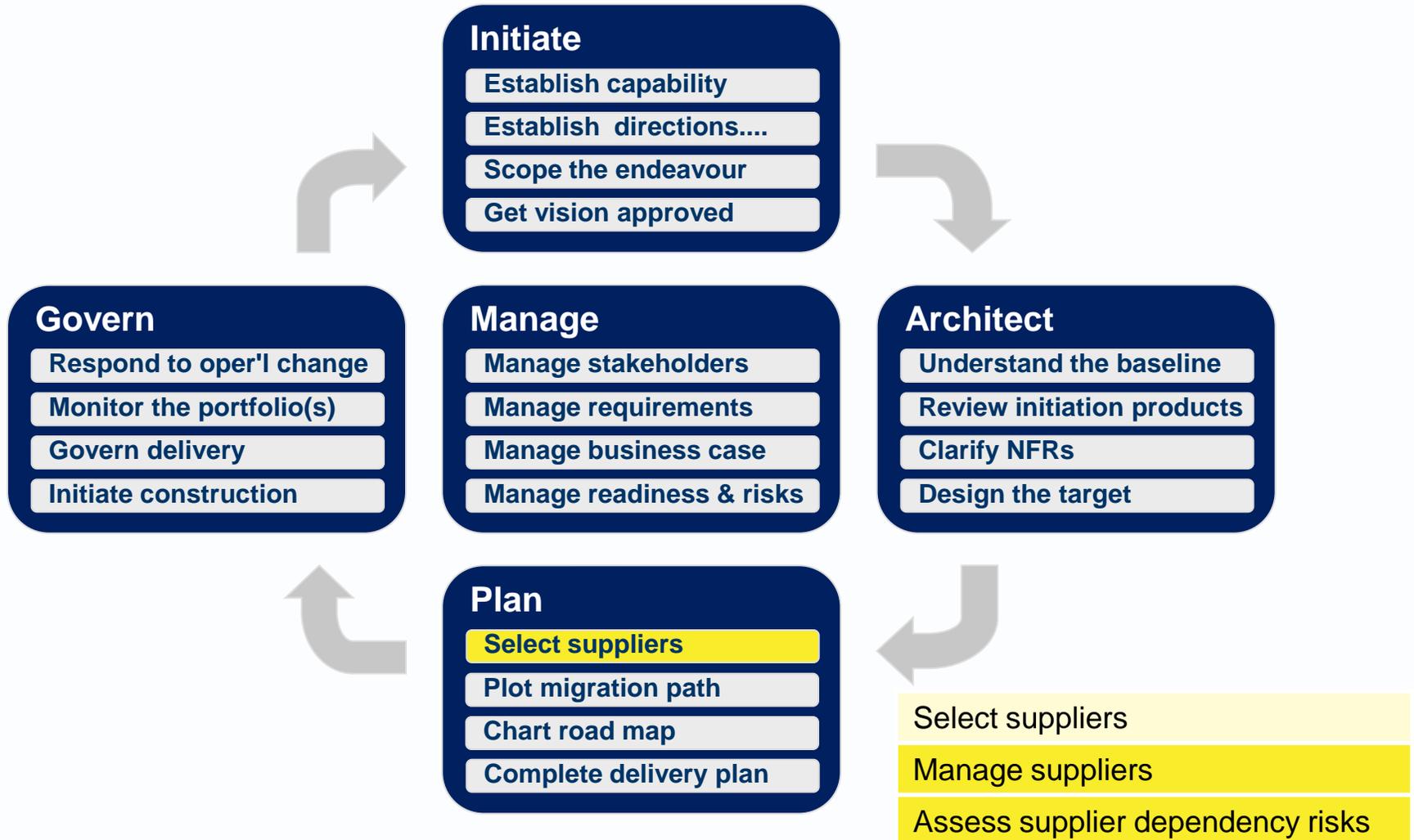
► Perform due diligence by interviewing key proposed team members.

► If you are new to the supplier's domain, then use a 3rd party to assist you in the interviews.

Contract for delivery

► Follow normal practices for the drafting and completion of contracts

► Include something on progress reviews (see next)

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Assess supplier dependency risks

Plan supplier management

► Plan what measures of progress you want to monitor
  ■ Milestones
  ■ Test cases
► Plan when progress reviews will be done
  ■ Regularly
  ■ At milestones
► Plan who progress will be reported to
  ■ Managers
  ■ Steering group
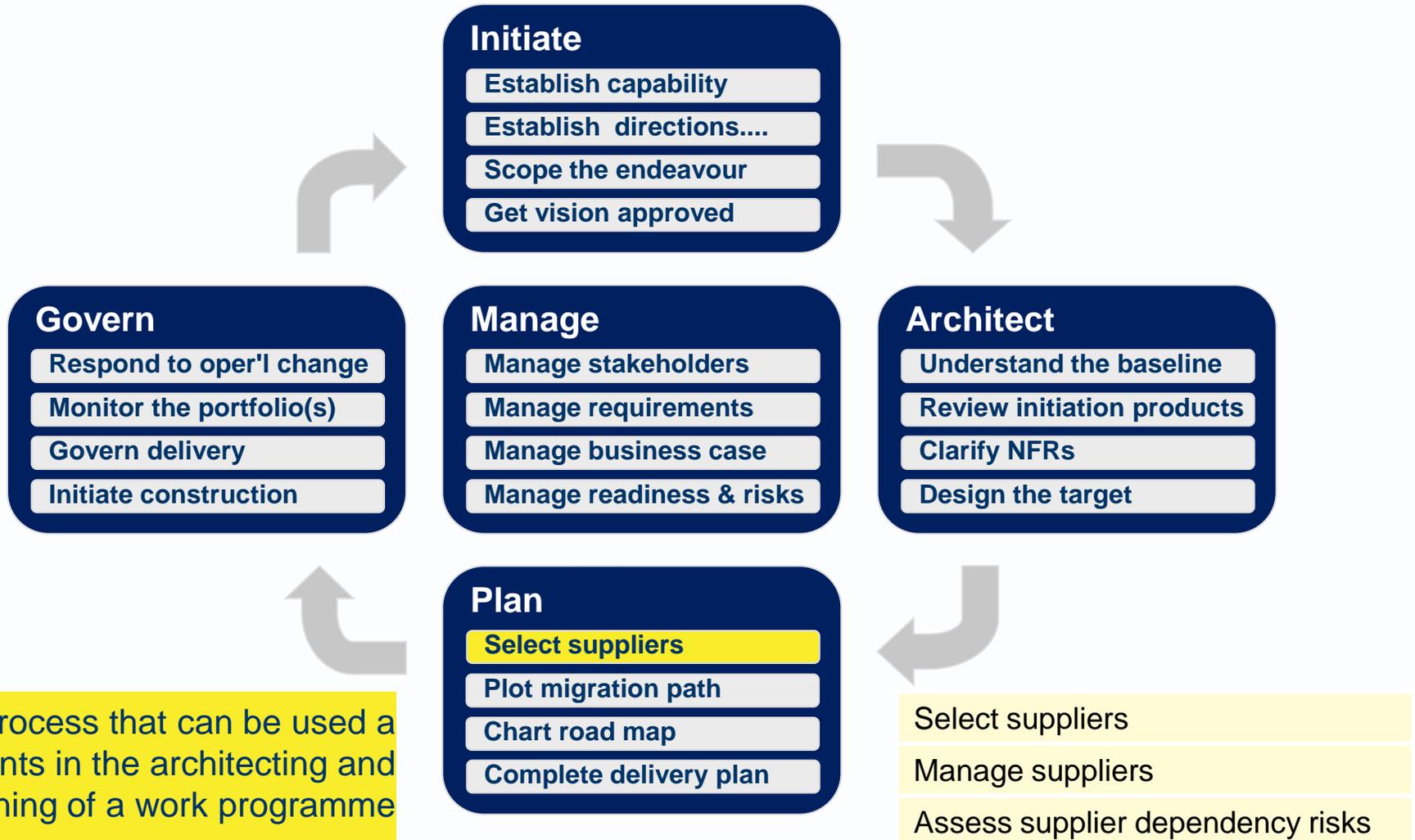► Agree plans with supplier

Schedule and resource progress reviews

► This may require the services of an administrator

Govern supplier

► Carry out reviews
► Use architecture to govern the subcontracted delivery of products and services,
► against a set of compliance and quality criteria.

► Use standard architectural approaches to
► facilitate communication and collaboration, and
► manage dependencies and integration between third-party suppliers of products and services.

Assess supplier dependency risks

► Assess and manage using standard risk management process

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