



Establishing A Best Practices Approach for Securing Professional Services

Anthony Manley

About KeyCorp

- A national bank operating 946 branches in 13 states
- Over 2,100 ATMs
- Manage over \$95 Billion in assets
- Over 19,900 employees
- Ranked 325 in the Fortune 500
- Annual Revenue of \$4.9 billion (2005)
- Headquartered in Cleveland, Ohio



About Corporate Sourcing

- Ten Strategists (buyers)
- Six Negotiators (attorneys)
- Procure ~ \$700 million annually
- Corporate wide responsibility
- Close cooperation with AP and facility operations
- Execute ~ 2,000 contracts annually

Plus a Supplier Management group that provides guidelines and processes for managing targeted suppliers



Common Pitfalls

What are frequent, common pitfalls encountered when buying professional services?

- Not receiving what you thought you were buying
- Scope creep (with cost escalations)
- Failure to deliver to your satisfaction
- Reluctance to agree to your contract T&Cs



Buying major purchases

What should you be doing?

1. Research
2. Negotiate
3. Manage Delivery



When buying – do research!

- What's available?
 - ▶ RFPs
- Options?
 - ▶ On-site demos
- Reliability/applicability/cost?



When buying – negotiate the best deal

- Need to understand the supplier
 - ▶ What drives them?
 - ▶ What makes a ‘coveted customer’?
 - ▶ When is quarter end/year end?
 - ▶ Ask open-ended questions when conducting reference checks.
- What is your bottom line (‘must have’)?



When buying – manage through delivery

- Co-develop, then monitor milestones
- Include maintenance/upkeep
- Use scorecard (developed first at RFP then refined through negotiation stage)
- Be prepared with a 'Plan B' (and let it be known)



7 Essentials to a Solid SOW

- Start and End dates
- Services to be rendered
- Co-dependencies (e.g. your end)
- Total Cost, plus payment stream
- Deliverables
- Resources (by name)
- Legal T&Cs



Position for advantage in the Unknown Deal

1. Establish Legal T&Cs (require SOWs)
2. Set pricing grid (volume discount)
3. Pay upon delivery
4. Make commitments of 'If, then ...'
5. Tie in element of satisfaction
6. Check references before negotiations are concluded

