

## **Business Reengineering/Efficiencies Planning and Management Support Services**

State of Louisiana  
Division of Administration  
Office of the Commissioner  
RFP#: 107P01-00000012049

**Due date November 4, 2013**  
**Submitted by McKinsey & Company, Inc.**  
**Washington DC**  
1200 19<sup>th</sup> Street NW, Suite 1100  
Washington, DC 20036

### **Volume 2: Cost Proposal**

Presented to:  
Ruth Johnson  
Office of the Commissioner  
Division of Administration  
1201 N. Third Street, Suite 7-210  
Baton Rouge, LA 70802

*McKinsey Original*

## McKinsey & Company

November 4, 2013

Ruth Johnson  
Office of the Commissioner  
Division of Administration  
1201 N. Third St., Suite 7-210  
Baton Rouge, LA 70802

Dear Ms. Johnson:

Thank you for the opportunity to propose on the Business Reengineering/Efficiencies Planning and Management Support Services proposal for the State of Louisiana (State). Please find attached McKinsey & Company Inc. Washington DC's (McKinsey) Technical Proposal for the Request for Proposal (RFP) number 107P01-00000012049. We have read the RFP, and we understand and are able to deliver the scope of services associated with this effort. It would be our privilege to serve the State of Louisiana, and we look forward to helping State agencies increase savings, operational efficiencies, and revenue maximization of general funds in the next budget cycle.

By selecting McKinsey, the State gains a partner who:

- Has successfully managed multiple projects of this size, scale, and complexity. We have served states and large organizations across the full scale of their challenges.
- Can get the job done quickly and correctly – even under pressure.
- Will focus on and deliver improvements in both efficiency and effectiveness to work with you to improve your agencies' mission delivery, not to simply become more cost effective.
- Possesses a track record of designing and launching sustainable / irreversible solutions.
- Brings expertise across the public and private sector - you do not have to choose between either.
- Recognizes that driving change in government is hard, but that we know how to do it using rigorous data and analytics, as well as tested and tailored organizational design theory.
- Understands the goals and challenges of the State of Louisiana.

McKinsey is the world's leading management consulting firm, with more than 9,000 professionals, working in nearly 100 offices in 60 countries worldwide. For more than 80 years, our mission has been to help private and public sector enterprises achieve distinctive, substantial, and lasting improvements in their performance. Our success is based upon our unwavering commitment to driving impact to our clients – by bringing the facts to the table and providing an unbiased framing of the issues and risks. We facilitate executive decision-making and deliver a comprehensive, integrated path forward.

McKinsey & Company

I am the lead partner for this engagement and I will serve as the main point of contact for this bid. I am also authorized to make representations on behalf of and legally bind McKinsey to any agreement related to this effort. I confirm that the technical and cost proposals are binding upon our firm in all respects for 120 days from submission (November 4, 2013). The full formal name of the Proposer responding to this RFP is McKinsey & Company Inc. Washington DC.

Thank you for the opportunity to serve the State of Louisiana. If you have any questions, or if there is anything that you need, please do not hesitate to contact me. I can be reached at (202) 662-0078, or via email at [Tyler\\_Duvall@mckinsey.com](mailto:Tyler_Duvall@mckinsey.com). For contractual questions, please contact Contracts Manager Michelle Reeve at (202) 662-0983, or via email at [Michelle\\_Reeve@mckinsey.com](mailto:Michelle_Reeve@mckinsey.com).

Sincerely,



Tyler Duvall, Principal  
McKinsey & Company Inc. Washington DC.  
1200 19th Street NW, Washington, DC 20036  
(202) 662-0078 (O), (202) 579-4875 (M)  
[Tyler\\_Duvall@mckinsey.com](mailto:Tyler_Duvall@mckinsey.com)

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## 1.0 Tab 1 – Executive Summary

McKinsey & Company, Inc. (McKinsey) and the rest of our team is excited to propose to Louisiana a wide-ranging transformation proposal in response to this ambitious Request for Proposal (RFP) from the Division of Administration (DOA), Office of the Commissioner. The State's RFP is comprehensive and bold, and the firm or firms that receive award(s) under this contract will have an unprecedented opportunity to deliver an array of benefits to the State and its citizens. The firm that is awarded will also face substantial challenges across virtually every dimension, and will need to be equipped with a mix of skills that few firms possess, including breadth, depth, creativity and practicality.

Our team has this mix of skills, as well as the values required to be your partner. For more than 80 years, our mission has been to help private and public sector enterprises achieve distinctive, substantial and lasting improvements in their performance. A primary reason we are so excited about this specific opportunity is the extent to which the State has already embraced major reforms over the last five years across agencies and functions. Whether it has been creative partnerships with the private sector, more aggressive use of technologies than ever before seen in Louisiana, new staffing strategies, or eliminating unnecessary functions or assets, it is safe to say that Louisiana has become a national leader in driving government innovation.

Our consulting model is based on our desire and ability to tackle the world's most complex problems. We are not a firm that will ever compete well when problems are simple and when answers are obvious. We are a firm that specializes in finding opportunities where many believe that none exist. This can often be the case following a multi-year initiative when many of the "low hanging fruit" opportunities have already been realized.

### **Why McKinsey is the right partner for Louisiana**

**We have successfully managed many projects of this size, scale and complexity in the public and private sectors:** We have served states and other large organizations across the full scale of their challenges that have characteristics similar to this RFP. Our firm's 80-year history is rooted in helping transform the world's most sophisticated and complex private sector organizations. In the last decade, we have deployed our capabilities, our focus and our drive to solve the biggest problems facing the public sector worldwide. In fact, we have more large-scale transformation experience and have conducted broader research on this topic than any other firm.

**We bring access to unequalled expertise and insights:** Unlike other consulting firms, McKinsey is truly a global partnership. We hire top talent, and our team has the breadth and depth needed to help Louisiana succeed. Our partners for this engagement have a broad range of experience working in government as agency leaders and leading private sector companies. Further, our team brings years of consulting experience in both the public and private sectors. With this base of experience, we can confidently bring cutting edge practices to Louisiana and tailor them to meet your specific needs.

**We deliver results quickly:** It is clear that the Governor, the Commissioner and the DOA are charting an aggressive reform course. We thrive in these situations and will rapidly scale up our firm's unparalleled expertise and capabilities in response. We deploy our global expertise systematically against a clearly defined plan that is managed day-to-day by some of the world's most talented consultant leaders and project managers. We have a rigorous approach that includes frequent progress check-ins, daily interaction with clients, and constant partner

participation. Unlike other firms, our leadership team works "on the ground" to drive projects forward. We have designed our effort so that we deliver insights and impact to the State within 75 days.

**We will find efficiencies that do not compromise performance or service:** We will focus on and deliver improvements in both efficiency and effectiveness to help you improve your agencies' mission delivery. We have never accepted a false tradeoff between cost savings and government performance. In fact, we are more convinced than ever that the techniques, tools and approaches we describe in detail in our proposal can unlock higher performance at a sustainably lower cost. Any firm can recommend cost cutting, but very few firms can actually design a cost efficiency program that allows agencies to more quickly achieve mission performance targets. We bring state-of-the-art knowledge and a suite of proprietary tools and analytics. We have made significant investments to make many of our models and tools scalable and accessible to Louisiana even after McKinsey finishes the engagement.

**We know Louisiana and how to have impact in the State:** McKinsey works extensively with both private and public sector institutions in the State. Our clients span critical economic sectors, including basic materials, manufacturing, oil and gas. We also have experience working with Louisiana from hurricanes recovery efforts to the more recently, supporting LED develop their Blue Ocean strategy for Louisiana's economic development. Our consulting partners bring rich experience to the effort, with both technical capabilities and local context. For example, Henry Consulting's experience ranges from designing New Orleans' post-Katrina recovery plan and managing LADOTD's statewide Disadvantage Business Enterprises (DBE) program, to aiding in the statewide rollout of the LaCare Medicaid program and designing Entergy's residential and commercial Energy Efficiency Program.

**We have deep commitment to your success:** We will put Louisiana's interests first, and bring you an independent perspective. One of our core values is the "obligation to dissent," which means we encourage all consultants, regardless of tenure, to speak openly based on facts. The State will always hear what we honestly believe will help you succeed. We work jointly with you at all levels of your organization. Our consulting style and intention on this engagement is to work 'shoulder-to-shoulder' with Louisiana employees. It enables us to build a shared understanding of the challenge and build your team's capabilities along the way, and develop a shared sense of ownership for the best output for the State.

Projects of this magnitude can sometimes lose momentum when the project consultant period of performance ends. We will invest heavily in ensuring that our approach, analytics and capabilities are transferred to relevant agency leaders in Louisiana. Our cloud-based WAVE tool is an example where we have codified our Savings Model, and Initiative Monitoring and Tracking reports into a tool that can be accessed by agency employees over the web.

### **Highlights from Our Proposal and Our Approach**

We propose to complete all 27 deliverables within a 75-day project timeline. Our approach is designed to be fast and comprehensive, and position the State for a successful implementation phase. Each focus area described below will have a dedicated team of consultants who will partner with agency leaders, assess the opportunities in the context of the agency's mission, and develop plans and models for Louisiana's business reengineering program.

**An embedded team in the DOA:** We plan to deploy consultants full time in the agency to lead the assessment for Administration Services, Facilities and Risk Management. Given DOA's unique role with cross-state responsibilities, our consultants will analyze and create a state-wide

strategy and synergies across DOA and other agencies examining procurement/sourcing, savings models, and the governance/service line catalog.

**Embedded teams in agency 'clusters':** We see three clusters of agencies with thematic overlaps, synergies, and common initiatives. We have organized our approach and teams to work with i) the Health cluster of DHH and DCFS, ii) the Public Safety cluster consisting of DPS, DOJ and OJJ, and iii) an Economic cluster consisting of LDR, LED, and DOT. Each cluster and agency will have dedicated consultants who will support leaders in developing their agency plans, including human capital management, revenue maximization plans (where appropriate), organizational structure assessments, and provider management plans.

**Coordinating the effort with a program management office (PMO):** We propose that we form a cross-agency program management office or PMO to direct the overall diagnostic effort, ensuring the agency level plans translates to an actionable, cohesive implementation plan for the State. This PMO will be responsible for bringing McKinsey's experience and leading project management tools to complete the cross-agency deliverables, such as the monitoring and tracking model, project management plan, and change management activities.

We envision two phases to build a reengineering plan for Louisiana: an assessment phase and a planning phase, each with a detailed set of activities, milestones, and deliverables. In our proposal, we show which McKinsey methodologies and tools we will deploy, and present cases that show our perspectives and learnings for experience for each topic. At the end of these two phases, the State will have a comprehensive assessment and project plan to manage implementation of operational efficiencies, savings and revenue maximization services model, and the deliverables supporting project implementation. All this will take place within 75 days of the project start, in time to inform the executive budget.

While ambitious, we believe that with the partnership of the State and its leadership, this is an achievable timeline and we stand confidently behind it. Critical to our approach is the focus on working collaboratively with State's project team members to ensure full ownership of plans and to build capabilities needed for implementation. This collaboration will occur in daily interactions as well as through workshops run throughout the engagement (e.g., workshops to share and align on current state findings, identify and prioritize improvement initiatives, or finalize list of initiatives and outline the project plan).

We believe that McKinsey is the ideal partner to work with Louisiana. With our deep commitment to serving leading organizations around the world, our experience driving successful efficiency improvement programs, and our broad sector knowledge of the scope of work, we will enable Louisiana to make this effort a success. We are personally and professionally enthusiastic to work with you on this critical initiative. We recognize the enormous impact that this effort could have on the lives of millions of individuals, and it would be an honor to partner with you on it.

## **2.0 Tab 2 – Administrative Requirements**



**ATTACHMENT B: CERTIFICATION STATEMENT**

*The undersigned hereby acknowledges she/he has read, understands all requirements and will comply with Louisiana's Blackout Period Policy.*



**OFFICIAL CONTACT:** The State requests that the Proposer designate one person to receive all documents and the method in which the documents are best delivered. Identify the Contact name and fill in the information below. (Print Clearly)

Date: 10/31/2013 Official Contact Name: Tyler Duvall, Principal  
A. E-mail Address: tyler\_duvall@mckinsey.com  
B. Facsimile Number with area code: (202) 824-3131  
C. US Mail Address: 1200 19th Street, NW, Suite 1100, Washington, DC 20036

Proposer certifies that the above information is true and grants permission to the State or Agencies to contact the above named person or otherwise verify the information provided.

By its submission of this proposal and authorized signature below, Proposer certifies that:

1. The vendor, its subcontractors, and its representatives, if any, have complied with Louisiana's Blackout Period Policy and will continue to comply until the blackout period ends.
2. The information contained in its response to this RFP is accurate.
3. Proposer complies with each of the mandatory requirements listed in the RFP and will meet, or exceed the functional and technical requirements specified therein.
4. Proposer accepts the procedures, evaluation criteria, mandatory contract terms and conditions, and all other administrative requirements set forth in this RFP.
5. Proposer's quote is valid for at least 90 days from the date of proposer's signature below.
6. Proposer understands that if selected as the successful Proposer, he/she will have \_\_\_\_\_ business days from the date of delivery of final contract in which to complete contract negotiations, if any, and execute the final contract document. (Agency insert number of days to correspond to same number referenced in RFP section number 3.12 Contract Award and Execution.)
7. Proposer certifies, by signing and submitting a proposal for \$25,000 or more, that their company, any subcontractors, or principals are not suspended or debarred by the General Services Administration (GSA) in accordance with the requirements in OMB Circular A-135. (A list of parties who have been suspended or debarred can be viewed via the internet at <https://www.gsa.gov>.)

Authorized Signature:   
Typed or Printed Name: Tyler Duvall  
Title: Principal  
Company Name: McKinsey & Company, Inc. Washington, D.C.  
Address: 1200 19th Street, NW, Suite 1100  
City: Washington State: DC Zip: 20036  
 11/1/2013  
SIGNATURE of Proposer's Authorized Representative DATE

McKINSEY & COMPANY, INC. WASHINGTON D.C.

SECRETARY'S CERTIFICATE

THE UNDERSIGNED, Yuliya Levin, being the duly elected and acting Assistant Secretary of McKinsey & Company, Inc. Washington D.C., a Delaware corporation, HEREBY CERTIFIES that the following is a true and correct copy of the resolutions duly adopted by Written Consent of the Executive Committee of the Board of Directors, dated as of October 30, 2013; and that such resolutions are in full force and effect and have not been amended, modified or rescinded as of the date hereof:

RESOLVED, that, in connection with a Request for Proposal for the Business Reengineering/Efficiencies Planning and Management Support Services (the "RFP"), by the State of Louisiana, Tyler Duvall (the "Attorney") be, and hereby is, authorized and empowered to execute, in the name and on behalf of the Corporation, the proposal(s) and all other documents related thereto, including, but not limited to, any related contract(s), and to comply with any other requirement connected to or arising from the RFP documents, proposal(s) and/or from the RFP process; and

FURTHER RESOLVED, that the Corporation shall have the power to revoke the foregoing powers and authorities at any time; termination of employment of the Attorney with the Corporation or its affiliates, as the case may be, shall be deemed an express revocation by the Corporation of the foregoing power and authorities as of the date of termination; and

FURTHER RESOLVED, that the officers of the Corporation be, and each of them is, hereby authorized, empowered and directed to take such actions and execute and deliver such documents as may be necessary or appropriate to effectuate the intent and purposes of the foregoing resolutions.

IN WITNESS WHEREOF, the undersigned has executed this certificate this 30<sup>th</sup> day of October, 2013.

  
Yuliya Levin  
Assistant Secretary

STATE OF NEW YORK )  
) ss.  
COUNTY OF NEW YORK )

[Corporate Seal]

Sworn to and subscribed before me  
this 30<sup>th</sup> day of October, 2013

  
Notary Public

RACHEL TONG  
Notary Public, State of New York  
No. 0110081131  
Qualified in Queens County  
Commission Expires September 30, 2014  
Certificate filed in New York County

10/13/13

Commercial - Search

**Tom Schedler**  
Secretary of State

State of  
Louisiana  
Secretary of  
State



**COMMERCIAL DIVISION**  
225.925.4704

Fax Numbers  
225.932.5317 (Admin. Services)  
225.932.5314 (Corporations)  
225.932.5318 (UCC)

Name	Type	City	Status
MCKINSEY & COMPANY, INC. WASHINGTON D.C.	Business Corporation (Non-Louisiana)	WILMINGTON	Active

**Business:** MCKINSEY & COMPANY, INC. WASHINGTON D.C.

**Charter Number:** 37045997F

**Registration Date:** 5/12/2009

**State Of Origin:**

**Domicile Address**

2711 CENTERVILLE ROAD, SUITE 400  
WILMINGTON, DE 19808

**Mailing Address**

55 EAST 52ND STREET  
NEW YORK, NY 10022

**Principal Business Office**

55 EAST 52ND STREET  
NEW YORK, NY 10022

**Registered Office in Louisiana**

320 SOMERULOS ST.  
BATON ROUGE, LA 70802-6129

**Principal Business Establishment in Louisiana**

C/O CORPORATION SERVICE COMPANY  
320 SOMERULOS STREET  
BATON ROUGE, LA 70802-6129

### Status

**Status:** Active

**Annual Report Status:** In Good Standing

**Qualified:** 5/12/2009

**Last Report Filed:** 5/1/2013

**Type:** Business Corporation (Non-Louisiana)

### Registered Agent(s)

**Agent:** CORPORATION SERVICE COMPANY

**Address 1:** 320 SOMERULOS ST.

10/13/13

Commercial - Search

<b>City, State, Zip:</b> BATON ROUGE, LA 70802-6129
<b>Appointment Date:</b> 5/12/2009

**Officer(s)** **Additional Officers: No**

<b>Officer:</b> RICHARD ELDER, II
<b>Title:</b> Director, President
<b>Address 1:</b> 55 EAST 52ND STREET
<b>City, State, Zip:</b> NEW YORK, NY 10022

<b>Officer:</b> VIRGINIA MOLINO
<b>Title:</b> Vice-President, Secretary, Director
<b>Address 1:</b> 55 EAST 52ND STREET
<b>City, State, Zip:</b> NEW YORK, NY 10022

<b>Officer:</b> STEPHEN PICCININI
<b>Title:</b> Treasurer
<b>Address 1:</b> 55 EAST 52ND STREET
<b>City, State, Zip:</b> NEW YORK, NY 10022

**Amendments on File (1)**

Description	Date
Disclosure of Ownership	5/19/2009

[Print](#)

**W-9**  
 (Rev. December 2012)  
 Department of the Treasury  
 Internal Revenue Service

**Request for Taxpayer Identification Number and Certification**

Give Form to the requester. Do not send to the IRS.

Print or type name of your business (or if you are an individual, your name) as shown on your tax return  
**McKinsey & Company, Inc. Washington D.C.**

Print or type your business (or if you are an individual, your name) as shown on your tax return  
 Number and telephone number of the requester (fill in from above)

Print or type your business (or if you are an individual, your name) as shown on your tax return  
 Sole proprietorship  C Corporation  S Corporation  Partnership  Trust/estate

Print or type your business (or if you are an individual, your name) as shown on your tax return  
 Limited liability company (fill in the certification statement on page 5)  Sole proprietorship  Partnership  Trust/estate

Print or type your business (or if you are an individual, your name) as shown on your tax return  
 Other (fill in details on page 5)

Print or type your business (or if you are an individual, your name) as shown on your tax return  
 Address to which you should send this form (fill in from above)  
**1200 18th Street, NW, Suite 1100**  
 City, State, and ZIP code  
**Washington, DC 20036**  
 Let us know if you have any questions

**Part I Taxpayer Identification Number (TIN)**

Enter your TIN in the appropriate box. The TIN provides proof that the name given on the "Name" line is a valid federal tax identification number for individuals, this is your social security number (SSN). However, for a corporation, sole proprietorship, and partnership, see the Part I instructions on page 5. For other entities, it is your employer's identification number (EIN). If you do not have a TIN, see How to get a TIN on page 5.

Note: If no account is in issue (if you are an individual, see the chain of request for guidelines on where to send the letter)

Social security number  
 Employer identification number  
 5 6 - 2 4 0 - 2 1 3

**Part II Certification**

Under penalty of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or, if I am seeking for a number to be issued to me, add "pending" after the number).
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and:
- I am a U.S. citizen or other U.S. person (defined below).

**Certification instructions:** You must check only item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have filed an incorrect return and provided incorrect TIN information, or if you have not applied for a TIN. Item 2 does not apply if you have a merged joint account, or if you are a sole proprietor, cancellation of a joint contribution to an individual retirement savings account (IRA), and generally, any other matter that involves and identifies you. You are not required to sign this certification, but you must provide your correct TIN. See the instructions on page 5.

Sign Here signature of U.S. person *[Signature]* Date *10-2-13*

**General Instructions**

Section references are to the Internal Revenue Code unless otherwise noted.

**Purpose of Form**

A person who is required to file an information return with the IRS must attach your correct taxpayer identification number (TIN) to reports, for example, Form 1099, that you send to the IRS. If you are a partner in a partnership, you must also attach your correct TIN to reports, for example, Form 1099, that you send to the IRS. If you are a partner in a partnership, you must also attach your correct TIN to reports, for example, Form 1099, that you send to the IRS.

See Form W-9 only if you are a U.S. person (as defined below) to provide your correct TIN to the requester. If the requester is not a U.S. person, you are not required to provide your TIN to the requester.

- Check that the TIN you are giving is correct (or you are seeking for a number to be issued).
- Check that you are not subject to backup withholding.
- Check that you are not a partner in a partnership that is a U.S. person. If applicable, you are also certifying that as a U.S. person, your share of the partnership income from a U.S. source or business is not subject to backup withholding. See the instructions for shares of effectively connected income.

Note: For requests for a TIN from other than Form W-9, we request you TIN you may indicate the requester's form to which authority limits to this Form W-9.

**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien.
- A partnership, corporation, company, or other entity organized or organized in the United States or under the laws of the United States.
- An estate other than a foreign estate.
- A domestic trust as defined in Regulation 301.7701-1(c).

**Special rules for partnerships.** Partnerships that consist of a trade or business in the United States are generally required to provide withholding tax on any foreign partners' share of income from such business. But in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person and pay the withholding tax. However, if you are a U.S. person that is a partner in a partnership involving a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

Call 1-800-829-1040  
 Form W-9 (Rev. 12-2012)

### 3.0 Tab 3 – Cost Schedules

#### 3.1 Schedule 1 Project Cost Summary

This Section will be completed by the State upon proposal review.

	Cost
Schedule 2: Fixed Fee Deliverables Schedule	
Schedule 3: Project Rate Sheet	
Total Cost	

#### 3.2 Schedule 2 Total Project Budget and Deliverable Dates

Deliverable	Due Date	Total
Human Capital Management	75 Days After Award	\$361,500
Governance Model	75 Days After Award	\$361,500
Organizational Structure	75 Days After Award	\$361,500
Lines of Services Catalog Development	75 Days After Award	\$361,500
Sourcing and Procurement Strategy	75 Days After Award	\$361,500
Savings Models	75 Days After Award	\$361,500
Revenue Maximization Models	75 Days After Award	\$361,500
Monitoring and Tracking Models	75 Days After Award	\$281,143
Project Management Strategy	75 Days After Award	\$281,143
Risk and Issue Management Plan	75 Days After Award	\$281,143
Change Management Plan	75 Days After Award	\$281,143
Operational Efficiency Plan for Service Management and Delivery	75 Days After Award	\$281,143
Communications Plan	75 Days After Award	\$281,143
Customer/Stakeholder Engagement Plan	75 Days After Award	\$281,143
Provider Management Plan	75 Days After Award	\$361,500
Administrative Services Assessment/Plan	75 Days After Award	\$557,263
Facilities/Property Strategy and Management	75 Days After Award	\$557,263

<b>Deliverable</b>	<b>Due Date</b>	<b>Total</b>
Assessment/Plan		
Risk Management Assessment/Plan	75 Days After Award	\$557,263
Human Services Assessment/Plan	75 Days After Award	\$557,263
Health, Mental Health Behavioral Health and Public Health Assessment/Plan	75 Days After Award	\$557,263
Adult Corrections and Probation and Parole Assessment/Plan	75 Days After Award	\$557,263
Public Safety Assessment/Plan	75 Days After Award	\$557,263
Juvenile Justice and Probation and Parole Assessment/Plan	75 Days After Award	\$557,263
Revenue and Taxation Assessment Plan	75 Days After Award	\$557,263
Economic Development Assessment/Plan	75 Days After Award	\$557,263
Transportation and Development Assessment/Plan	75 Days After Award	\$557,263
<b>Total Cost</b>		<b>\$10,989,894</b>

\*McKinsey and the State shall negotiate upon award a monthly invoicing schedule for milestone payments.

### 3.3 Schedule 3 Rate Sheet Model

<b>Job Title</b>	<b>Hourly Rate</b>	<b>Hours</b>	<b>Total</b>
Project Manager	\$260		
Financial Analyst	\$170		
Cost Allocation Analyst	\$170		
Business Analyst	\$170		
Procurement Analyst	\$170		
Data Management Analyst	\$170		
Subject Matter Expert	\$260		
Administrative Support Analyst	\$170		
Change Management Analyst	\$170		
Communications Analyst	\$170		

<b>Job Title</b>	<b>Hourly Rate</b>	<b>Hours</b>	<b>Total</b>
Actuarial Analyst	\$208		
Applications Developer	\$150		
<b>Total</b>			

\*All hourly Staff Augmentation support services will be provided by Elstrott, Maurer & Hunnewell LLC, Henry Consulting and/or Intueor Consulting, Inc. Staff Augmentation rates as provided assume resources aligned to each category will have experience in the scope areas provided in the RFP as demonstrated in our proposed staffing/resumes.

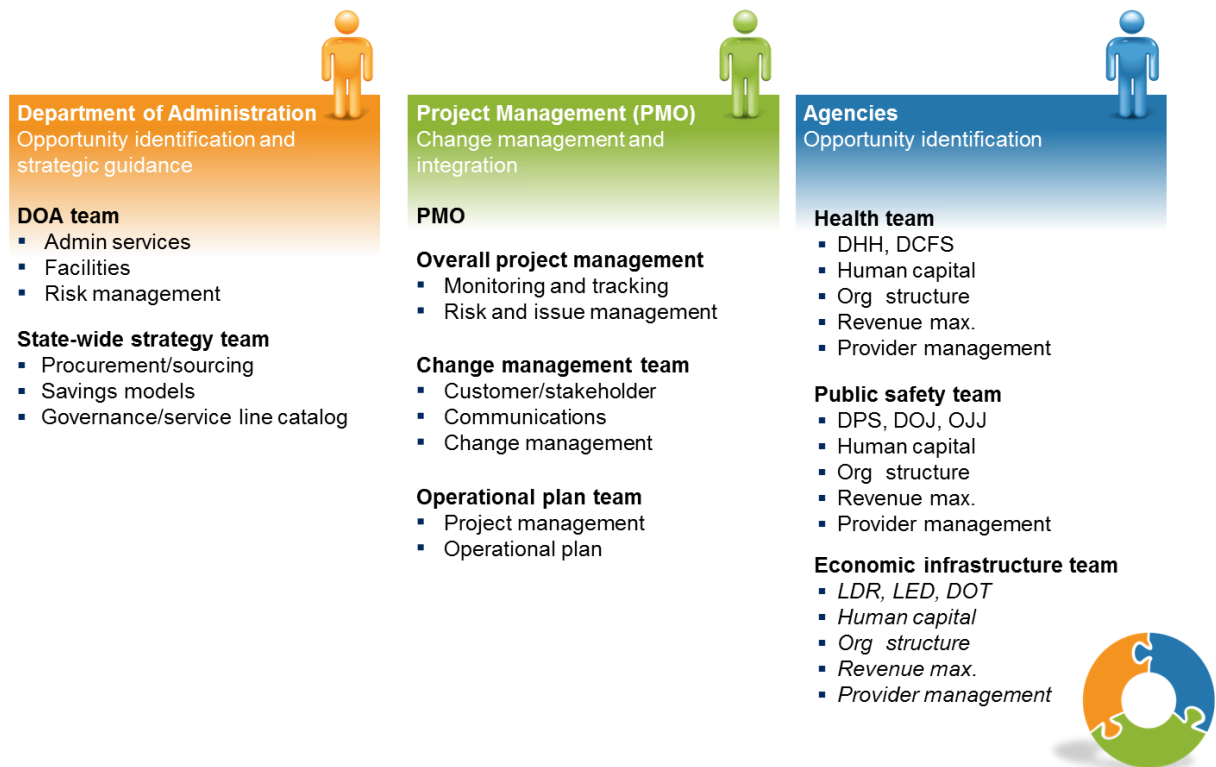
As an option, in addition to the staff augmentation services outlined above, McKinsey is available to provide implementation support services on a fixed price basis. As the State identifies implementation requirements for the Contractor to execute, our McKinsey Implementation team could provide on the ground support at an agreed upon fixed price. Our seasoned implementation team provides an integrated start to finish support model that guarantees success, a philosophy of working with clients to build their capabilities and provide focused coaching where leadership gaps exist, and a tested toolkit that focuses both on performance and health. McKinsey Implementation will work with the State on the scope and pace required, providing flexibility to the State when budget or resource constraints are a concern. Should the State opt to utilize these services, a McKinsey Implementation team comprised of full time staff and McKinsey leadership support would be available at a weekly team bundle price that can be negotiated as requirements are determined.



### 3.4 Budget Narrative

The McKinsey Team approach for the Schedule 2 Consulting Services brings the best of McKinsey, EMH, Henry Consulting, and Intueor to deliver all outlined services and associated deliverables within 75 days from contract start. Our delivery model deploys Leadership (dedicated Partners and Director support), full-time Working Teams (project manager, analysts, and embedded Subcontractor resources), and reach-back into a global network of Experts, targeting three major focus areas; Department of Administration, Project Management, and Agencies, as outlined within our technical approach and demonstrated in Exhibit 1.

#### Each of these parts has dedicated teams focused on assessing and planning part of the State’s business reengineering



**Exhibit 1. McKinsey Team Delivery Approach**

Our full-time teams are on the ground with the State, working hand in hand to provide a thorough assessment and create detailed plans that will help the State achieve the most operational efficiencies and cost savings. Regardless of the time, energy, or hours, our team assures the State we will do whatever it takes to make this effort a success. In addition to our team’s deep expertise and dedicated time, the McKinsey Team approach offers: a host of proprietary diagnostic tools that provide customized, rapid and rigorous analytics; access to a global pool of experts who invest their careers in developing knowledge in specialized areas through client work and research; and embedded local teaming partners who will provide subject matter expertise, local context, and continuity that will carry into the staff augmentation delivery.

The McKinsey Team approach will be delivered across two phases, spanning 11 weeks: an Assessment Phase and a Planning Phase. At the end of these two phases, the State will have a comprehensive assessment and project plan to manage implementation of operational efficiencies, savings and revenue maximization services model, as well as critical state-wide functions. All of this will take place within 75 days of the project starting, as outlined within our detailed Project Plan in Exhibit 2.

Our comprehensive Consulting Services support model allows our teams on the ground to collaborate and share knowledge across all of the deliverables, achieving economies of scale and efficiencies to deliver all required services. For example, the project and change management requirements and associated deliverables can be developed and deployed by McKinsey Team project management and utilized across all agency and state-wide deliverables. Similarly, many of the diagnostic tools can be leveraged across multiple agencies under our comprehensive approach, streamlining the overall delivery. The fixed prices outlined in Schedule 2 above depicts the cost savings achieved through this model and is contingent upon the State awarding the Consulting Services, as outlined, in its entirety. Any changes or reductions in the scope of services required would result in a change to proposed deliverable costs. Should the State choose to procure support for only one Consulting Services deliverable, the price would be \$1.2M. This increased deliverable cost is a result of the loss of scale as described above. Should the State be interested in issuing multiple deliverables to the McKinsey Team, but not the entire comprehensive Schedule, we will work with the State to evaluate what efficiencies and economies of scale could be achieved for those agency and statewide deliverables chosen and determine if any savings could be applied.