

Invitation to Tender (ITT):

Culture in companies

Provision of Research Services

Reference	FRC2021 – 048 Culture in companies
Date	April 2021

1. Background

The Financial Reporting Council sets the UK Corporate Governance and UK Stewardship Codes; sets UK standards for accounting and actuarial work; monitors and takes action to promote the quality of corporate reporting; and operates independent enforcement arrangements for accountants and actuaries. As the competent authority for audit in the UK the FRC sets auditing and ethical standards and monitors and enforces audit quality. The FRC works in the public interest. Our work is aimed at investors and others who rely on company reports, audit and high-quality risk management.

In 2016 the FRC published a report titled [Corporate Culture and the Role of Boards](#) (hereafter the '2016 Report') which sought to address how boards can influence and shape their company's culture, build trust with various stakeholders and deliver sustainable success through culture assessment, measuring and monitoring.

In 2018 the FRC published the new [UK Corporate Governance Code](#) which places a greater emphasis on culture, encouraging companies to develop cultures that promote integrity and openness, that value diversity and are responsive to the views of stakeholders.

2. Project / Requirements

2.1 Purpose and Scope

Research conducted by the FRC for its 2020 [Annual Review of Corporate Governance](#) indicated that only about a half of companies¹ provided meaningful commentary on their culture in their most recent annual reports, while many companies made no mention at all of monitoring or assessing their culture. In light of these findings, the purpose of this research project is answer three questions:

1. What **externally sourced** information, guidance and tools/concepts are boards using to frame and support their companies' internal discussions on culture?
2. How have companies' **internal practical approaches** to measuring corporate culture, embedding (implementing) culture change, and reviewing the impact of that change evolved in the five years since the FRC's 2016 report?
3. What **obstacles** do companies encounter in promoting the desired corporate culture and how have they been (or how can they be) addressed?

2.2 Approach

To answer the above questions, this research project will work closely with up to 30 Chairs and CEOs from approximately 25 companies². Two formats will be used:

¹ Based on a sample of 100 companies including FTSE 100, FTSE 250 and 'Small Cap' listed companies.

² The companies covered by this research will comprise a mix of FTSE 100, FTSE 250 and 'Small Cap' listed companies (to be agreed in consultation with the FRC). For approximately five of these companies, we would like both the Chair and CEO to participate.

- A. A minimum of 30 in-depth interviews with Chairs/CEOs, a small number of which may be supplemented by follow-up discussions with other company staff
- B. Up to four roundtable discussions (each with 7-8 participants)

The information gathered from both phases will be analysed by the contracting research team and provided to the FRC in three separate deliverables as the project progresses (these are listed in Section 2.4 further below). The FRC expects to publish³ extracts from the project deliverables in its forthcoming reports on Corporate Culture.

Two of the deliverables will be reports on the interviews and roundtables. These should comprise a write-up and analysis of all findings, broken down by topic and type of respondent. They should also specifically include:

- Attributable quotes⁴ on corporate culture issues
- Relevant examples of good practice
- Statistics summarising countable⁵ findings from interviews
- Dos and don'ts, especially in relation to questions 2 and 3
- Participants' views on what is holding companies back from establishing and promoting desired corporate cultures more effectively
- A summary of the interviews/roundtables

The third deliverable is a set of case studies providing concise analytical narratives of good practice at selected companies that have recently undertaken a review of their corporate culture (in much the same form as the case studies included in the FRC's 2016 Report). There should be at least one case study from the perspective of a CEO and one from the perspective of a Chair. Candidate companies for case studies should be identified during the interview stage, while additional necessary detail should be captured through follow-up discussions arranged with relevant company staff.

Proposals should provide examples of how the three research questions (section 2.1) would translate into specific interview questions. Some of these questions will apply to both Chairs and CEOs; others will likely be specific to the role of one or the other. Please also provide an overview of the issues you envisage being discussed during the roundtables (although these will be driven to some extent by the interview findings). Proposals should also outline how the roundtables would be structured and facilitated to make best use of everyone's time, maximise interaction and ensure a balanced contribution among participants.

We do not expect to receive a full list of interview questions or a full plan for the roundtables. However, your submissions should be of sufficient breadth and depth to demonstrate your proposed research team has strong knowledge of the relevant issues, as well as the ability to apply this effectively in the specified engagement formats. Upon appointment, the successful team will be expected to develop a full topic guide for the interviews and plan for the roundtables, in consultation with the FRC policy team.

³ The research team, and their company/organisation will be fully referenced in any published FRC report.

⁴ The research team will seek specific permission from CEOs and Chairs participating in the interviews for the use of specific quotes in the FRC's published report(s) on corporate culture. Where a participant does not grant permission, information gathered from them will be paraphrased and anonymised sufficiently to protect their identity and that of their company. The roundtables will take place under the 'Chatham House Rule'.

⁵ By countable findings we mean, for example, 'the top three obstacles faced by boards were A, B, C' or 'X% of CEOs did Y when implementing cultural change of type Z'

The success of this research project will depend not just on the active participation of Chairs and CEOs, but also to a significant extent on the knowledge, experience and skills of the interviewer(s) and roundtable facilitator(s). An important consideration in identifying the strongest proposal will therefore be the evidenced experience of the people that would be carrying out these tasks. They will require broad knowledge and experience of corporate governance, as well as a good understanding in the following areas:

- corporate culture, values and behaviour
- corporate purpose, strategy and business models
- business ethics; stakeholder engagement
- corporate communication and reporting

The interviewer(s) and roundtable facilitator(s) will also need (demonstrable) experience of interviewing and facilitating group work, particularly with persons of C-Suite seniority.

2.3 Research population and sample

The companies covered by this research will comprise a mix of FTSE 100, FTSE 250 and 'Small Cap' listed companies. The FRC will provide the contracted research team with suggestions of 30 Chairs/CEOs and written introductions to them. However, the research team should also have the ability and network to nominate and recruit additional Chairs/CEOs to achieve a final list of participants balanced by sector and size (to be agreed in consultation with the FRC).

2.4 Deliverables, milestones and high-level timeline

The project is expected to run from mid May 2021 to mid-September 2021. The timeline below is indicative; proposals should explain what is possible while maintaining high quality standards.

Date	Deliverable / milestone
w/c 17-05-2020	Project kick-off meeting; interview and roundtable invites sent out
w/c 31-05-2020	Draft interview questions/discussion guide sent to FRC Consultation meeting with FRC policy team to discuss draft interview questions/discussion guide
w/c 07-06-2020	FRC to sign-off questions/discussion guide for interviews
w/c 14-06-2020	Interviews begin
w/c 12-07-2020	Presentation of preliminary findings from interviews so far completed (to include a written summary)
w/c 02-08-2020	Interviews complete
w/c 09-08-2020	FRC to sign-off case study selections Consultation meeting with FRC policy team to discuss draft plan for roundtables
w/c 23-08-2020	(Deliverable #1) Report on interview findings delivered

	FRC to sign-off plan for roundtables
w/c 06-09-2020	(Deliverable #2) Case studies delivered
06-09 to 17-09-20	Roundtables take place
w/c 20-09-2020	(Deliverable #3) Report on roundtables delivered

2.5 Liaison arrangements

The FRC policy team should be regularly updated on project progress and consulted on key decisions in the research design and operationalisation.

- Regular progress update meetings (by conference call)
- FRC sign-off on all deliverables/milestones above

2.6 Your tender response

The proposal should be no more than 7 pages in total, excluding annexes, and include:

- A succinct summary of the proposal, including an estimated timeline of project milestones and deliverables.
- Example interview questions for each interviewee type and addressing each of the research questions in Section 2.1; overview of roundtable discussion issues and outline of their facilitation/structure. These should be of sufficient depth and breadth to demonstrate knowledge of the relevant issues, as well as the ability to apply this effectively in the specified engagement formats
- Details of personnel to be involved including their role for this project and their relevant experience.
- Your organisation's experience of similar projects and relevant research capability.
- A budget, including a breakdown of time and costs per activity, per team member, in line with the project objectives outlined above. If your proposal includes options, these should be costed separately.
- Project team CVs should be included in an annex, along with any additional information about your organisation that you think is relevant.

Bids should identify any real or perceived conflicts of interest.

2.7 Tender Evaluation

Please submit all documents in a Microsoft Word compatible format (or Open Document format). You may additionally send a PDF version.

Bids will be assessed on the following basis:

- Demonstrable understanding of our project requirements and purpose 15%
- The suitability of your overall approach (including project management) 20%
- Quality/relevance of example interview questions for each interviewee type 20%
- Quality/relevance of outline structure for roundtables 15%
- Experience of the proposed personnel 15%
- Pricing / cost of your proposal. 15%

References

The FRC reserves the right to take up references. You will be required to provide references within the Tender Response Document. References must be relevant to the FRC requirement and within the last five years.

3. Cost /Financials

- The tenderer should provide a fixed fee for the work exclusive of VAT however inclusive of all expenses. Tenderers should detail their cost in the Tender Response Documents in the format specified. No other costs should be charged on top of the fixed fee, unless and except if the scope has materially changed from what is set out / agreed. Changes to the scope / cost must be mutually agreed.
- The FRC does not anticipate tender bids over £35,000 excluding VAT.**

4. Use of ITT & publication

Tenderers **must not** undertake any publicity activity regarding the procurement within any section of the media.

5. Questions & Clarifications

5.1.1. Tenderers may raise questions or seek clarification regarding any aspect of this further competition at any time prior to the tender clarification deadline.

5.1.2. Tenderers may raise questions or seek clarification within the timeframe by sending questions to procurement@frc.org.uk in the following format.

Nature of query / clarification	Query / Clarification

5.1.3. FRC will not enter into exclusive discussions regarding the requirements of this ITT with tenderers.

5.1.4. To ensure that all tenderers have equal access to information regarding this tender opportunity, FRC will publish all its responses to questions raised by Tenderers on an anonymous basis.

5.1.5. Responses will be published in a questions and answers document to all Tenderers who have indicated that they wish to participate.

6. Tender process timeline

DATE/TIME	ACTIVITY
12-04-2021	Publication of the Invitation to Tender
19-04-2021 by 5.00 p.m.	Deadline to submit clarification questions
22-04-2021	Deadline for publication of responses to clarification questions Note: FRC will endeavour to meet this timeline.

04-05-2021 by 5.00p.m.	Deadline for supplier submission of tender to the FRC.
10-05-2021	Tender Outcome
17-05-2021	Contract Start Date
30-09-2021	Contract end

7. Conduct

- 7.1.1. The tenderer must not communicate to any person the tender price, even approximately, before the date of the contract award other than to obtain, in strict confidence, a price for insurance required to submit the tender.
- 7.1.2. The tenderer must not try to obtain any information about any other person's tender or proposed tender before the date of the contract award.
- 7.1.3. The tenderer must not make any arrangements with any other person about whether or not they should tender, or about their tender price.
- 7.1.4. The tenderer must not offer any incentive to any member of FRC's staff for doing or refraining from doing any act in relation to the tender.
- 7.1.5. If the tenderer engages in any of the activities set out in this paragraph or if FRC considers the tenderer's behaviour is in any way unethical FRC reserves the right to disqualify the tenderer from the procurement.
- 7.1.6. The tenderer represents and warrants that a conflicts of interest check has been carried out, and that check revealed no conflicts of interest.
- 7.1.7. Where a conflict of interest exists or arises or may exist or arise during the procurement process or following contract award the tenderer must inform the FRC and submit proposals to avoid such conflicts.
- 7.1.8. Tenderers must obtain for themselves at their own responsibility and expense all information necessary for the preparation of tenders. The FRC is not liable for any costs incurred by the tenderer as a result of the tendering procedure. Any work undertaken by the tenderer prior to the award of contract is a matter solely for the tenderer's own commercial judgement.

8. Due Diligence

- 8.1.1. While reasonable care has been taken in preparing the information in this ITT and any supporting documents, the information within the documents does not purport to be exhaustive nor has it been independently verified.
- 8.1.2. Neither FRC, nor its representatives, employees, agents or advisers:

- makes any representation or warranty, express or implied, as to the accuracy,
- reasonableness or completeness of the ITT and supporting documents; or
- Accepts any responsibility for the adequacy, accuracy or completeness of the information contained in the ITT and supporting documents nor shall any of them be liable for any loss or damage, other than in respect of fraudulent misrepresentation, arising as a result of reliance on such information or any subsequent communication.

8.1.3. It is the tenderer's sole responsibility to undertake such investigations and take such advice, including professional advice, as it considers appropriate in order to make decisions regarding the content of its tenders and in order to verify any information provided to it during the procurement process and to query any ambiguity, whether actual or potential.

8.1.4. It is a requirement that the successful supplier (i) comply with all applicable laws and regulations including, without limitation, the Bribery Act 2010, the Equality Act 2010 and the Modern Slavery Act 2015; and (ii) in addition to any contractual requirement(s), inform the FRC immediately upon becoming aware of any event (including actual or threatened court proceedings) which may impact upon the reputation of the FRC, whether or not connected with the Supplies and/or Services.

9. Submitting a Tender

9.1.1. Tenderers must submit their tender response within the deadline to procurement@frc.org.uk.

9.1.2. Where a Tender Response Template is provided, potential providers must align their tender response with that format.

9.1.3. A Tender must remain valid and capable of acceptance by the Authority for a period of 90 days following the Tender Submission Deadline. A Tender with a shorter validity period may be rejected.

10. Evaluation

10.1.1. FRC will award the contract on the basis of the tender which best meets the evaluation criteria aligned to the requirements.

11. Acceptance of Tender & Notification of Award

11.1.1. FRC reserves the right to amend, add to or withdraw all or any part of this ITT at any time during the procurement.

11.1.2. FRC shall not be under any obligation to accept the lowest price tender or any tender and reserves the right to accept such portion or portions as it may decide, unless the tenderer includes a formal statement to the contrary in the tender. FRC also reserves the right to award more than one contract to fulfil the requirement.

- 11.1.3. The tenderer will be notified of the outcome of the tender submission at the earliest possible time.
- 11.1.4. Where the procurement process is subject to EU public procurement directives, a minimum standstill period of 10 calendar days will apply between communicating the award decision electronically to tenderers and awarding the contract.
- 11.1.5. Nothing in the documentation provided by FRC to the tenderer during this procurement or any communication between the tenderer and FRC or FRC's representatives, employees, agents or advisers shall be taken as constituting an offer to contract or a contract. No tender will be deemed to have been formally accepted until the successful tenderer has received a formal contract award letter from FRC.

12. Additional Information

- 12.1.1. Please use the attached Tender Response Document for your reply.
- 12.1.2. The Terms and Conditions that will apply to this proposed Agreement are attached. **Suppliers should accept the T&C's with no material changes.**