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Continuing education

By Stephen B. Gordon

One thing that interests me as the instructor of a graduate-level introduction to public procurement course is a comment that most of the students who have never worked in a public procurement position make as they are finishing the course. Almost always they say something to the effect of, “Wow! I never realized that public procurement is such a complex, challenging and risky area of activity, or how critical professional, strategic procurement is to the responsive, efficient and cost-effective operation of public organizations.” Perhaps these students are trying to curry the favor of their old professor before he turns in their final grade, but I don’t think so. Besides, they would be wasting their time if they did. I spent a lot of time in public procurement, after all.

Some of these students have never worked a day in government; others have worked in government but not in a public procurement position. Individuals in the latter category have included accountants, budget and finance officers, public works officials, policemen, firemen and human service providers. Hopefully, what these public servants have learned in the introduction to public procurement class has helped them work better with their colleagues in procurement to assure that the organizations for which they work achieve their goals.

Have you ever thought about taking a survey course in a subject area that is the everyday domain of one of your client departments or doing something else to gain a better understanding of the environment in which your clients must work?

There are plenty of courses you can take to learn more about the demands, challenges and pressures your clients face day in and day out. And you don’t have to go that far to find them. You just have to have the motivation to seek the courses out, register for them and learn as much as you can.

Another option you may want to consider is an intra-governmental personnel exchange in which you “swap” jobs with an employee in one of your client departments. Clearly, this is an option for which you will need to have the prior approval of your superiors. And you will need to have a detailed proposal/program plan in hand before you approach those superiors. Among other things, the proposal/program plan will need include the business case for making the particular swap, the terms of the swap (including but not limited to its duration) and the method by which the effectiveness of the swap will be assessed and the lessons learned will be captured and applied.

Other possible actions to increase understanding of our clients’ work worlds and thereby improve the quality of the support we provide are rather obvious. They include, for example, a regular lunch or cup of coffee and visiting your clients where they work and taking the time to listen and process what they say to you.

We need to revisit Peter Covey’s first principle: seek first to understand; then, to be understood. That’s a principle public procurement officials should ponder.
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Purpose transforms public procurement

NIGP HELPS LEAD THE WAY

By: Matt Walker

In the last few decades, procurement has truly transformed and come of age, becoming increasingly more strategic and integral to an organization’s success. It has gone from paper-based processes and mainframe applications supporting the day-to-day function to full-blown SaaS-based procure-to-pay solutions; from a lack of automation to the ability to strategically analyze and make informed decisions based on quality, real-time data. These changes have been driven by the practitioners, who know procurement best – those working with suppliers, like Periscope, to help us develop solutions that meet your needs and take your procurement processes to a higher level of efficiency and transparency.

A key foundational element that has allowed Periscope to grow and thrive is our organizational transformation to become a purpose-based organization. The company went through a process to understand our purpose, which is to eradicate waste and maximize the value of every dollar spent. We encourage every procurement organization to invest time in discovering its purpose. It’s not about having the best department; it’s about how your government agency is serving its citizens. Ultimately, how does your success in procurement transformation assist your organization in achieving its true purpose?

NIGP has led the way in the transformation of public procurement. For example, the NIGP Commodity/Services Code, which was initially created by a group of public procurement practitioners, has become the national standard for product/service codes used in public purchasing. It is now the standard taxonomy for classifying vendors and spend data for 33 states and thousands of local entities. Over the years, the Code has gone from being available only on paper to being available online and updated every week. Clearly, the Code has served as a key foundational element to help fuel the transformation of public procurement.

Another example of NIGP-led transformation has been with the overhaul of its consulting practice (NIGP Consulting). This program began as primarily an audit function in the mid-1990s, which provided a benefit to NIGP members who were dealing with significant procurement-related issues. The program continues to utilize public procurement practitioners to deliver the core services but has now evolved to a more strategic mission of transforming procurement and facilitating lasting, purpose-based strategic change within public purchasing organizations across the country. The changes in this program mirror the changes overall in our profession – moving procurement from a back-office, tactical function to a strategic driver of change in a public entity.

Strategic sourcing also has helped to drive procurement forward by giving procurement practitioners a better understanding of spending patterns and allowing for the constant re-evaluation of purchasing activities to ensure alignment with long-term organizational goals. According to NASPO’s 2014 Survey of State Procurement Practices, “More than 50 percent of the survey participants reported that they have implemented a strategic sourcing and spend analysis program.”

Also, stronger supplier relationships and the concept of “vendors as partners” has transformed our industry and allowed new ideas and innovative offerings to flourish – important changes driven by procurement that benefit our collective constituents (It should be pointed out that NIGP has played an important role in this area, too, with the creation of the NIGP Business Council to ensure ongoing collaboration among practitioners and the business community). And a topic garnering significant attention right now is sustainable procurement, where we are playing a key role in the overall movement toward more responsible practices and a more sustainable use of goods by government.

The transformation of public procurement continues, and there is an exciting future before us. We will continue to be a leader in the procurement transformation movement. And so will you.

MATT WALKER is president of NIGP Code & Consulting Services
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Define saving to show value

CLARIFICATION BETWEEN CASH RELEASE AND NON-CASH RELEASE

By Jonathan White

There is a growing interest in how procurement teams can most effectively communicate the value of the procurement function within their organizations. After the publication of the June/July issue of Government Procurement featured an overview of the 5 Steps to Communicating the Value of Procurement presentation at Forum 2014, Spikes Cavell received many new registrations for Measure, a tool provided for free to NIGP National Agency Members to record and report their procurement team’s value. To assist the folks who registered get started and continue the discussion about how to most effectively communicate delivered savings, this article focuses on one of the most important terms that procurement practitioners need to define clearly in order to communicate their value.

In some organizations, the term savings has been so often abused that procurement teams have to resort to using code words to describe the monetary contribution that the procurement function makes to its organization. And just as it’s important to define spend (GovPro June/July 2013) in the context of any discussion of procurement, it is very important to be specific and consistent with the terminology used around and definition of savings. Otherwise, your claim to have saved $30,000 will almost always be met with the questions: “Where is the money then, and how can we spend it on something else?”

DEFINING SAVINGS

It is important that procurement teams don’t shy away from communicating their value in dollars-and-cents terms, nor from using the word savings, but they should be precise enough in their language that they don’t misrepresent the value that the team delivers. Your defined savings should be broken down into two main categories: cash releasing and non-cash releasing. Some might call the former savings and the latter efficiencies. Others might call them hard dollar savings and soft savings. To maximize clarity, this article will use the terms cash releasing savings and non-cash releasing savings.

Put simply, cash releasing savings are savings that deliver real dollars which can be spent on additional goods and services, or not spent, thus contributing to the overall financial health of the organization. There are a number of methods for calculating savings (to be explored in a future article), but a simple example would be where the budget for an annual cleaning service contract was $100,000 and where $100,000 had been spent every year for the previous five years on that contract. In year six, the procurement team becomes involved in the procurement and contracting process for the first time and, through various methods, gets the fees paid for the same service contract reduced to $90,000. What happens after that $10,000 is saved is another matter, but the procurement team’s effort resulted in a cash release of $10,000 that the organization could do something more with.

A non-cash releasing savings is one which has a quantifiable monetary value to the organization - potentially in additional services at no cost, or a savings of time and staff resources - but which doesn’t turn directly into real dollars and cents that can be spent on additional goods and services or saved. For example, instead of reducing the cost of the annual service contract to $90,000, the procurement team gets a 10 percent better service at the original fee of $100,000. This might be an additional two cleanings per month of the existing facilities or an additional deep clean or floor waxing for all facilities at no additional cost. The procurement team’s involvement results in the organization getting more service (which has a quantifiable value) at no additional cost.

Another example of a non-cash releasing saving is the time and resources saved by using a cooperative contract rather than going through a full-blown competitive solicitation process. For many small organizations, this type of saving...
is almost as important as cash releasing savings because it frees up a small procurement team to spend their time putting their expertise to use where it is most valuable, rather than rebidding a commonly procured commodity or service.

**EXAMPLE PROJECT - COMBINING BOTH TYPES OF SAVINGS TO COMMUNICATE VALUE**

A single procurement project could very likely yield both cash releasing and non-cash releasing savings. Take the example of purchasing the furniture and LCD projectors for a new training facility or conference center; through the organization’s standard RFP process, it might save 10 percent of a $30,000 budget for purchasing chairs and desks, which would be a simple $3,000 of cash releasing savings. For the LCD projectors, the organization uses a local cooperative procurement agreement where the cost of projectors wasn’t significantly different than the organization would have paid by carrying out the RFP process themselves, so there is no cash releasing savings to record. However, they saved time and were able to focus more attention on the furniture bid, resulting in a greater cash releasing savings than might otherwise have been achieved. The cooperative agreement also provided for an additional warranty on the projector bulbs, which has value but that the organization had not planned to purchase otherwise.

Both the time saved by not going through an RFP process (which can be considerable for complicated RFPs) and the additional warranty coverage have a quantifiable value that should be recorded as non-cash releasing savings, and which contribute to the overall value that the procurement team delivers. The key is to make sure that both types of savings are labelled appropriately so that if ever asked the question, “Great job, but how much of the savings can be spent on other things?” the procurement team can quickly break the savings up into buckets and report accordingly.

**NEXT STEPS**

Future articles in this series will cover guidance and methods for calculating a savings value, breaking down cash releasing and non-cash releasing into smaller buckets for reporting purposes and some suggested ways to use these to communicate the value the procurement teams bring to their organizations every day. In the meantime, if you are an NIGP National Agency Member and you haven’t yet taken advantage of your free Measure user license through Spikes Cavell, you can do so by signing up at www.nigp.org/measure.

**JONATHAN WHITE** is the director of Sales and Support for Spikes Cavell Analytic Inc., one of NIGP’s strategic partners. Spikes Cavell equips decision makers in the public sector with the business intelligence, online tools and analytical insight to transform the way they procure goods and services. The Spikes Cavell Observatory is an online platform that facilitates delivery of spend and contract visibility quickly, affordably, and with little effort on the organization’s part.
5 ways to lower energy costs

PROVEN STRATEGIES TO PROTECT YOUR BUDGET.

By Bob Wooten

In 2012 we began experiencing 10-year lows in both electricity prices and natural gas prices. Much of this was due to the incredible technological advancements in shale drilling techniques – frequently referred to as “fracking.” As that glut of natural gas hit the market, supply overshadowed demand. As consumers, we all enjoyed low prices that had not been seen in a very long time. Now as we work our way through 2014, demand has been catching up in the form of increased natural gas usage at power plants and industrial and commercial factories, as well as future demand via natural gas exporting. The higher prices that started in 2014 were a direct result from the incredibly cold winter that depleted natural gas in storage, leading to very tight supply.

Governmental entities are no longer able to report to their managing bodies that the next budget year will bring lower costs for energy. The conversation has turned to discuss how to brace for increases in energy costs and increases to already strained budgets. Here we will discuss five ways to deal with this new reality, while keeping the budget under control.

1 Be Proactive – Don’t Wait: The key in a rising market is to be prepared to act sooner rather than later. This is never more apparent than when discussing the energy markets. From a government procurement standpoint, the normal course of action is to wait until six months or so prior to expiration of a contract to start procurement. However, in this type of market, chances are that you will find your greatest opportunities for savings by procuring as much as 24 or even 36 months ahead of the expiration of the current contract. Unfortunately, nobody owns a crystal ball to know for certain what energy prices will do in the future, but we must make as educated a choice as is possible by combining historical movements with daily wholesale market price intelligence. When this points to a rising market, it provides budget certainty and assists in risk management to act early to secure savings.

2 “Look to more” Long Term Deals: In general, when looking at a chart of market movement, the idea is to secure shorter contracts when prices are going down and longer contracts when prices go up. This helps provide more budget certainty and manages price exposure so you are taking more advantage of market movement. So why is it so hard to sign that three-year contract, even though we can clearly see prices are rising? Any time you see your energy costs higher next year than they are the previous year, the natural reaction is to curb the pain by making it short-lived. Many times, this results in signing a shorter contract while hoping in the back of your mind that when you revisit the issue in a year prices will be lower. The reality check is that in this type of rising market, longer term deals stand a greater percentage chance of delivering savings long term – ultimately providing budget protection and stability.

3 Don’t Succumb to “Paralysis by Analysis”: As we talk through these factors and strategies to employ in a rising energy market, it can lead to rather lengthy analysis – both by you and your governing body. Many times the direction given by elected officials is to check prices again next month, and the next month and the month after that… Historical review of rising markets tells us this will tend to yield higher prices and more frustration. The end result then is that nothing is done until you are finally painted into a corner because the existing contract expires soon, leaving little to no time to act. Then you are forced to sign something, taking what the market gives you. The overall rule to remember here is not to get so caught up in your analysis of market conditions that you don’t do anything. Assess what is happening, then do something. This is a key rule to remember in a rising market.

4 Continually Monitor the Markets for Opportunities: Even though a market is rising, it doesn’t mean that it is a smooth upward trend line. The exact opposite is true – you will see large spikes and dips in this upward path. The same exists if the market is trending down. This is all part of the
incredible volatility seen with energy commodities, especially electricity and natural gas. So, even though your entity may have decided that it will act early and decisively to renew its energy contract, thereby providing budget stability and protection, you still need to be constantly monitoring market movement to make sure agreements are inked during favorable pricing windows. This means that you don’t sign a contract during a price spike. While that seems an obvious thing to say, it is impossible to implement unless you are closely connected with the market – and wholesale market intelligence specifically. Only through the best educated interpretation of wholesale market price movement will your organization stand the best possible opportunity to secure that energy deal during a dip in prices – regardless of which direction the market is moving.

Share the Full Picture with Your Governing Body: If you’ve been in government service for any extended period of time, you know that the action taken by an entity is not necessarily the best course of action, but rather the action acted on and approved by the governing body. How many times have you seen an action plan presented to a city council, just to have it denied due to partisan politics or other outside factors? Therefore, if you are to present a strategy when it comes to procuring energy, you must show the full historical reasoning behind the request so that it becomes a logical move and not a debatable choice where sides are taken. This is accomplished by showing a clear progression of prices and their impact on the budget. As the upward trend becomes apparent, the choice of contracting during an early dip in prices to avoid a later rise becomes a conservative move to protect budgetary costs.

So while it is frustrating that your energy budget most likely will be bigger in 2015, 2016 and even 2017 than it is in 2014, that doesn’t mean that you shouldn’t employ strategies to take control. If the right steps are taken, you will not only survive during a rising market, but also may find your energy programs thriving. Then as prices come back down (which they inevitably do), you will be in a much better position to secure and lock down those savings as well.

BOB WOOTEN, C.P.M., CEP, is Director of Government Accounts for Tradition Energy, and has over 20 years of experience managing government procurement programs for a wide variety of clients including cities, schools, colleges, universities, housing authorities and municipal districts. Bob holds professional certifications from the Association of Energy Engineers and the Institute for Supply Management, as well as a B.A. from Texas A&M University, and a Masters in Public Administration from the University of Houston.
As a society, our definition of what is ‘safe’ evolves with us. Adults today would not consider putting their three-year-old child on their lap in the front seat while driving around to get groceries, but many adults of today have a pleasant flashback to that time of taking that exact ride with a parent—without a seat belt in sight. Many of us remember seeing video of or hearing someone change out a blown fuse in a home; now we simply flip a circuit when something goes wrong.

Today, an adult might say that safety means ‘plugging in an electronic device and not expecting to get shocked; putting on a seat belt; builders following the building code; not being poisoned when I eat or drink something’. Those are all things that we should expect out of our society/environment today, and they have all helped us minimize our acute safety concerns to levels unheard of even 20 years ago. But shouldn’t safety mean more?

Today safety can be looked at in terms of acute (or immediate) safety concerns and chronic (over time) safety concerns. As evidenced by our history, we have done a good job of minimizing our exposure to acute safety problems like electrical fires, building collapses and fatal car accidents, incidences that have declined over time. Yet some data point out that our chronic safety concerns — higher asthma rates, 1.6 million new cancer cases and 385,000 deaths, the warming of our environment — may be growing.

Shouldn’t we reasonably expect that the products that we purchase won’t increase our likelihood of contracting cancer or won’t impact our children’s ability to breathe normally? And reasonably, we want the same for the people who manufacture the product? We all understand that when we purchase something, either professionally or personally, that we are using natural resources, but should we also expect that the products that we use today are being developed with forethought about the future of our planet?

Some arguments claim that we are trying to push environmental issues based on political leanings, or that we are stifling innovation by imposing health safety measures. But environmental concerns and human health have always been a part of society’s safety mission, and the innovation and technological know-how of successful manufacturers has always devised new ways to increase safety. This is why it is no longer acceptable to light rivers on fire by dumping chemicals in them, and workers who work with fine particulates are now required to work with safety breathing apparatus.

So how can you help? As a procurement agent, or authority having jurisdiction, you help define safety for your world...

Environmental concerns and human health have always been a part of society’s safety mission...

As a procurement agent, you help define safety for your world...

Josh Jacobs, LEED AP+ BD&C, is the technical information & public affairs manager, responsible for outside standard participation for UL Environment. He helps develop and track the ‘sustainable’ programs/codes/purchasing programs that are being utilized and developed throughout the world.
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*EPA-estimated rating of 22 city/33 hwy/26 combined mpg, FWD. Actual mileage will vary.
In 2013, the NIGP Business Council produced “We ‘No Bid,’ and I’ll tell you why,” a white paper that examined some of the primary reasons companies do not respond to a request for proposal (RFP) or invitation for bid (IFB). “We ‘No Bid’...” noted a number of factors that influence a bid/no bid decision: adequate time to respond, ability to offer alternate responses, the quality and complexity of the terms and conditions and the opportunity to inform the agency of new relevant technologies or solutions.

Based on broad positive response from the practitioner community and wanting additional feedback that would improve solicitations in specific categories of product and service, the NIGP Business Council developed its second white paper, “Everybody Wins: Crafting a Solicitation that Fosters Transparency, Best Value, and Collaborative Partnership.” Continuing “We ‘No Bid’s” practice of scenario-based examples, this article takes the same approach of relating recommended practices based on the actual solicitation review experiences of Business Council members.
Aging equipment, sustainability goals and rising operational costs can add to the pressure to make energy upgrades. And finding capital to fund the improvements can be almost impossible. How can you finance upgrades without capital funds? Siemens can help you do more with less. With Siemens performance-based contracts, improvements are funded by the very energy savings they produce. This means you can immediately start state-of-the-art equipment upgrades. Our professionals build custom solutions to help you lower your operating expenses and reach sustainability goals. Plus, Siemens guarantees 0% capital expense to you. If energy-saving goals are not met, Siemens pays the difference. And 100% of excess savings are yours to keep. Contact us today and start making energy efficiency work for you.
Examples of 10 recommended practices are provided in the context of four unique procurement categories — commodities, capital equipment, IT and services. While not every practice is illustrated in context of a procurement category, the recommended practices described can apply to other situations and types of solicitations.

Ten key, recommended practices:

> Soliciting information from suppliers before publishing a solicitation
> Pre-bid conferences
> Reasonable lead times and timelines for the solicitation-award process
> Sharing evaluation criteria with bidders from the outset
> Allowing alternate responses, pros and cons
> Allowing exceptions to terms and conditions
> Equal access to information vs. confidential or non-disclosed information
> Incorporating best value into a solicitation
> Staying up-to-date on innovations/enhancements to products and services
> Creating a timely overall process

Many agencies may already incorporate one or more of those practices in their solicitation approach. However, regulatory environment and staff size may inhibit agency adoption of all recommended practices. However, agencies are encouraged to consider incorporating these practices into their procedures as they will contribute to your agency attracting the strongest proposals and suppliers that most effectively meet your agency’s specific needs and optimize all of its available resources.

Focusing on examples from the commodity, capital equipment and IT categories, let’s see how some of the 10 recommended practices have been utilized by agencies to improve upon a previous procurement process and outcome.

I. COMMODITY SCENARIO: RFIs, EARLY AWARENESS OF EVALUATION CRITERIA AND ALTERNATE RESPONSES

A city’s General Services department provides maintenance and repair services to more than 1,000 citywide facilities including office buildings, libraries, police and fire stations, parks and the city’s roads and bridges. Some of these services include HVAC, plumbing and structural repairs of the city’s facilities. The city’s three-year Maintenance, Repair
and Operations (MRO) Supplies contract, which included a market basket of 800 high volume MRO products, was set to expire in 12 months. The new contract period was to be two base years with three, one-year renewal options. The city wanted to award this contract to a single supplier.

**Solicit information from suppliers before publishing a solicitation:** Using a pre-RFP Request for Information (RFI), the city was able to define RFP requirement with input from many market experts. By evaluating and accepting many of the supplier community’s comments, the city attracted qualified responses from a large pool of suppliers.

**Share evaluation criteria with bidders from the outset:** The city provided the evaluation criteria for the RFP. This information allowed suppliers to evaluate and determine whether they had the experience, expertise and product offering to compete fairly. It also clarified what the suppliers needed to focus on in their responses. The process also ensured the city received the products, services, quality and capacity it wanted. The RFP process can be resource intensive, so agencies that are transparent in their evaluation process help save time and money for themselves and their suppliers.

**Allow alternate responses:** Allowing alternate responses allowed suppliers to present other options that could benefit the city. The alternate proposals provided the city what they “could get” that came at a competitive price and represented the best value. Although allowing for alternate responses, the city stated its right to decline such requests if an alternate did not meet the scope of work and/or qualifications. The suppliers needed to prove that they were capable of achieving exactly what was required. In addition, the city could have instituted a pre-approval process for alternatives that were not already in the city’s approved market basket, which would allow for more competition.

II. CAPITAL EQUIPMENT

**SCENARIO: STAYING CURRENT ON INDUSTRY INNOVATION**

Representatives from a state agency recently attended a trade show where they engaged in a workshop and, later, in a supplier conversation focused on new EPA emission standards for “Tier IV” category engines. They learned that the EPA’s Tier IV requirements were taking effect within the year. While the new requirements would lead to cleaner air quality, they would also require a major change in equipment technology that would further impact the cost of equipment.

With this awareness, the state’s bid for grounds equipment...
specifically stated that the suppliers needed to bid Tier IV Final equipment to meet the new standards. Without the information from suppliers about the updated requirements and product availability, the state may not have received quotes for the new EPA-compliant equipment or would have received differing proposals, some that met the new emissions standards and some that did not.

By having the latest information up front, the state could determine whether they wanted to alter the bid specifications to meet the new requirements. While buying a Tier IV Interim product would not have violated any EPA requirements during the transition phase, states typically have a green initiative and purchasing equipment that meets the latest EPA emissions standards shows support for that initiative.

**Staying up-to-date on innovations/enhancements to products and services:** Product expositions, trade shows, industry association events, supplier demonstrations and outreach to qualified suppliers to discuss what is new in their industry are effective ways for professionals to stay up-to-date on industry developments. These activities should be ongoing, rather than only in anticipation of a pending solicitation process. Procurement personnel do not need to become product experts, but a greater understanding of a product, application or capability can help with the solicitation, evaluation and decision-making process and provide greater value across the organization than otherwise possible without current knowledge.

### III. IT SCENARIO: BEST VALUE AND REASONABLE LEAD TIMES

A city’s CPO met an IT company representative at a trade show. The CPO told the company’s representative about a challenge they were having with their existing systems, which were archaic, mainframe based, and no longer supported by the original supplier. After that conversation, the CPO agreed to meet with qualified IT companies to do a preliminary review of the available solutions to help the city develop its requirements and the ultimate vision of what it wanted.

Based upon the preliminary review and the overall cost of the solutions, the CPO and the city undertook a formal solicitation process. They released their RFP, which was extensive and included the evaluation criteria and process the city would use to award the contract based upon “best value.” Initially they allowed the

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**Use Evaluation Criteria in the RFP**

They will add value to the process

**PRIOR EXPERIENCE**

Detailed descriptions of prior experience with projects having a similar scope and size – to include description of the situation or problem, the implemented solution and the results.

**POTENTIAL RISKS**

Detailed description of the potential risks to the buying entity and how the proposed solution will mitigate risks.

**COST ANALYSIS**

Total cost analysis over the defined life of the project, to include but not limited to: initial purchase price; installation or implementation costs; ongoing maintenance cost; supplies and use cost; anticipated energy savings; disposal costs or revenue; or other influencing factors.

**SIZE AND SCOPE**

How often has the staff, originally assigned to a similar project, continued to work on that project to completion. Provide data on the last 5-10 projects of similar size and scope.

**ALTERNATIVE SUGGESTIONS**

Detailed description of any alternative suggestions that Proposer might have to save time and / or money for the Agency.
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bidders four to six weeks to respond, but when several questions arose, the city extended the deadline.

Since the bidders were allowed to provide alternate responses, several IT companies provided standard and alternate proposals to the RFP. Based upon the information in the response, the best proposals and companies advanced to the final round of the selection process and gave presentations and demonstrations. The city ultimately awarded the contract to one company based on its ability to demonstrate best value.

**Incorporating best value into a solicitation:** The city elected to approach the procurement through the lens of best value. In that context, it selected the most qualified supplier that provided the lowest total cost of ownership/use and would improve the city’s process while reducing additional related cost. By separating the functional/technical evaluation from the price evaluation, agencies can establish evaluation criteria and be clear about what may outweigh pricing. This information will greatly impact a bidder’s approach to its response.

**Reasonable lead times and timelines for the solicitation-award process:** For IT companies, four to six weeks may be a reasonable timeframe in which to put together a thoughtful response. If substantial updates or revisions to an RFP were made after its release, it would benefit the agency to consider extending the deadline. However, if an agency is asking for a custom designed IT/IS solution, many weeks or months might be required for a quality response.

“Everybody Wins: Crafting a Solicitation that Fosters Transparency, Best Value, and Collaborative Partnership” reflects not only the experience of the Business Council, but also the many conversations with and suggestions from public procurement practitioners during the past year. “Everybody Wins” is not intended to be the final, definitive word on solicitation practice, but rather a demonstration that through ongoing buyer-supplier dialog, procurement practice can evolve to achieve improved outcomes without threatening the integrity of process or professionalism.

This article was based on a new NIGP Business Council white paper, “Everybody Wins: Crafting a Solicitation that Fosters Transparency, Best Value, and Collaborative Partnership.”

For more information about the NIGP Business Council, contact NIGP’s Marketing Programs Manager, Chad Quinn, at 703-736-8900 x233, cquinn@nigp.org.
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[meet the pros]
The tough stuff

There are so many things about professional procurement that are a lot of fun. Getting out and meeting your customers, presenting a best procurement practice to a group of peers, and serving as a “product evaluator” for a pizza RFP are just a few that come to mind.

However, there are times that procurement professionals need to step up and take on the “tough stuff.” What do I mean by that? Well, it is not unusual for a public contract to experience problems, and that usually means something unpleasant needs to be done. Frankly, this is where I think the procurement professional can add tremendous value. We don’t disappear when things go bad.

There are many tools that we can bring to the situation. We are knowledgeable about our contract terms and know both the rights of the organization and the obligations of the contractor. If the latter is not being met, then action is likely required by the procurement office. In my experience it is best to lay out a few options for your end user. While we always have termination rights in our contract, it may make more sense to use a less formal remedy. This can include a frank discussion with your contractor on your expectations, a written notice to cure the deficiency, or the use of alternative dispute resolution (ADR) techniques. When a procurement professional has strong negotiation skills, or even ADR training, he or she can help broker a solution that is quicker and less costly for all involved.

Even though I have always considered contract termination as a last resort, it can still be the appropriate decision in some cases. If a contractor is not performing up to par, and there is no hope to get the contract back on track, then procurement may need to issue a termination notice on behalf of the agency. Do we terminate for cause or convenience? The latter approach may be quicker, but may limit your ability to recover costs. When you review your contract terms, talk to your end user and senior leadership (as well as your attorney); you will know what the right answer is.

There are also times when the “tough stuff” hits close to home. Perhaps there are procurement rules being compromised or ignored, purchases that are being fragmented, or a p-card that is being used inappropriately. These situations are no fun, but we have all seen them happen, if not in our own organizations, then probably in the local newspaper.

It is important to take prompt and appropriate action, even if it is unpopular. This will be appreciated and respected by your organization, and will certainly demonstrate to outside parties (i.e. auditors, media) that you are serious about the business of public procurement and its integrity. Even though our first reaction might be a public flogging, a formal notice to cease the action, followed by appropriate discipline if warranted and some departmental training is likely a better approach.

When I encounter a difficult situation in procurement, I first recall the words of Harry Truman, “If you don’t like the heat, get out of the kitchen.” It reminds me that our profession is not always a walk in the park. As far as keeping the course and doing what’s right, I consider the words of LL Cool J, “You have to continue to strive no matter how hard things get, no matter how troubled you feel.” Hang in there!
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