



Procurement.
It's everywhere.

WHITE PAPER

TOPIC:

EVERYBODY WINS: Crafting a Solicitation that Fosters Transparency, Best Value, and Collaborative Partnership.

PRESENTED BY:

The NIGP Business Council

BUSINESS COUNCIL MEMBERS:

Canon Solutions America
Caterpillar, Inc.
FedBid, Inc.
Graybar
Haworth, Inc.
HD Supply Facilities Maintenance
HD Supply Waterworks
Municibid
Office Depot
Periscope Holdings, Inc.
The Home Depot
The Toro Company



Connecting Supplier Perspectives with the Public Procurement Community.

nigp.org

NIGP
151 Spring Street
Herndon, Va 20170
703.736.8900

CUSTOMER CARE:
800.367.6447, Ext. 0

ONLINE:
nigp.org
nigp.org
nigp.org/LinkedIn
facebook.com/OfficialNIGP
twitter.com/OfficialNIGP

Published by NIGP:
The Institute for Public
Procurement

The contents of this
White Paper may not be
reproduced without prior
written consent of NIGP.

Copyright 2014 NIGP, Inc.

NIGP: THE FOREMOST AUTHORITY IN PUBLIC PROCUREMENT

Since 1944, NIGP has been developing, supporting and promoting the public procurement profession. The Institute's goal: recognition and esteem for the government procurement profession and its dedicated practitioners.

As the foremost authority in public procurement, NIGP is unique for the wealth and depth of services offered to its members. Through premier educational and research programs, professional support and technical services, and time-saving resources, agencies reap the benefits of improved operating efficiency and expanded organizational capacity.

Over 15,000 professionals from more than 2,500 local, state, provincial and federal government contracting agencies across the United States, Canada and countries outside of North America gain immediate value through access to our library of thousands of bid-related documents, FREE Webinars and the largest network of public procurement professionals in North America.



Connecting Supplier Perspectives with the Public Procurement Community.



For information about the NIGP Business Council including how your company can become a member, call (703) 736-8900, Ext. 233.

NIGP Business Council: Who we are.

NIGP's Business Council is comprised of two representatives from each company participating in the Institute's Enterprise Sponsor Program. Enterprise Sponsors are leaders in their respective industries and have demonstrated a shared commitment to NIGP's values: Accountability, Ethics, Impartiality, Professionalism, Service, and Transparency.

The mission of the Business Council is to

Serve the NIGP membership and procurement profession through the sharing of resources and business expertise in support of NIGP's educational, research and advocacy mission.

In essence, the Business Council connects the supplier's perspective with the public procurement community and is dedicated to improving the buyer/supplier relationship.

White papers represent one of the ways in which the Business Council supports the educational mission of NIGP.

Public Practitioners, Suppliers, and Interested Readers,

In the year since the NIGP Business Council released our first white paper titled, *"We 'No Bid,' and I'll Tell you Why"*, we've had the pleasure of speaking with so many of you through panel sessions at Forum, webinars, and as participants at your own local conferences and events. The paper did exactly what we had hoped, and that was to shine a light on different approaches to bids, challenges, and to encourage the consideration of changes that might have a positive impact. To our surprise and delight, the paper accomplished so much more than that. The topic brought out such spirited, lively, and candid communication, which resulted in a real connection between the Public Procurement and Supplier communities with a topic that took off right from the beginning. As members of the Business Council, we enjoy an environment of mutual respect, continuous learning, and a free exchange of ideas with our Board Members, such as Don Buffum, State of Mississippi, and Keith Glatz, City of Tamarac. The paper seemed to provide a platform that helped us extend that atmosphere to a much larger audience. For that, we'd like to say thank you to each and every one of you who stepped up to share your thoughts and suggestions with us.

Building upon the interest and success of last year's topic, we decided to keep the conversation going, taking cues from the Q&A sessions to serve as indicators of what we needed to further explore. This year's white paper, *"Everybody Wins: Crafting a Solicitation that Fosters Transparency, Best Value, and Collaborative Partnership"*, delves deeper into specific commodity groups, looking at unique challenges, new innovations, and ways to ensure that your agency gets what it needs, while creating competition from which we all benefit. In addition, we wanted to elevate the value of the white paper this year, by providing quick reference guides that we hope you'll find useful throughout the year as you prepare for solicitations or conversations with your fellow Public Procurement peers, the Supplier Community, or your Board.

Regardless of what group you are in or what position you hold, one thing remains true, this is a business of people and we need each other in order to fulfill our duties. It is an honor and privilege to serve as the NIGP Business Council Chair and to have the opportunity to interact with so many talented, intelligent, and dedicated individuals who make the white paper and other activities possible. First and foremost, I'd like to thank the Public Procurement Professionals across the country who are striving to innovate even when faced with a heavy workload and an ever-changing environment. In addition, I'd like to thank the NIGP Board and NIGP Staff, including Chad Quinn, Rick Grimm, and Marcheta Gillespie, for their support, encouragement, and partnership as we go down this road of service and collaboration as a united team. And to my fellow Business Council members, you all operate in challenging environments, full of competing demands, pressure to maintain and grow your businesses, but you still find time to dedicate to advancing our educational projects, participating in community service, and committing time to local and regional NIGP events; thank you for your continued support and commitment.

We hope you enjoy reading the white paper and are able to incorporate some best practices in your next solicitation. Thank you for keeping the conversation, collaboration, and learning going.

Sincerely,

Sheila Schnellenberger

Sheila Schnellenberger
2014-2015 NIGP Business Council Chair
Director, Institutional Sales, HD Supply

Introduction

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 may decide not to respond to a request for proposal/invitation for bid (RFP/IFB). As that paper explained, suppliers base their bid/no bid decisions on a number of factors including having adequate time to complete a response, their ability to offer alternate responses, the quality and complexity of the terms and conditions, and the opportunity to inform the agency about new technologies or solutions.

A competitive procurement process is essential to ensure the products and services purchased by public procurement professionals on behalf of their agencies offer the best value and quality. Suppliers, as business partners and taxpayers, are doubly motivated to help our government customers improve costs and efficiency. Whenever a qualified supplier decides to “no-bid” an RFP/IFB, it is a potential loss for the agency. The agency loses the opportunity not only to provide the best products, solutions, and services, but also to learn from the supplier’s experience, expertise, and knowledge about the latest technologies or industry trends. An overall reduction in the number of RFP/IFB responses weakens the process and outcomes.

What can an agency do to optimize the number and quality of supplier submittals and better ensure that the agency will realize its operating goals?

In this second white paper, *Everybody Wins: Crafting a Solicitation that Fosters Transparency, Best Value, and Collaborative Partnership*, we continue the conversation that began last year by delving deeper into recommended practices that procurement professionals should consider when developing an RFP/IFB. For greater clarity, examples of these practices in action are provided in the context of four unique procurement categories—Commodities, Capital Equipment, IT, and Services. In each scenario, we show how adopting one or more of the practice topics noted below adds strength to the overall solicitation process and improves outcomes. Key practices:

- 1) Soliciting information from suppliers before publishing a solicitation
- 2) Pre-bid conferences
- 3) Reasonable lead times and timelines for the solicitation-award process
- 4) Sharing evaluation criteria with bidders from the outset
- 5) Allowing alternate responses, pros and cons

- 6) Allowing exceptions to terms and conditions
- 7) Equal access to information vs. confidential or non-disclosed information
- 8) Incorporating best value into a solicitation
- 9) Staying up-to-date on innovations/enhancements to products and services
- 10) Creating a timely overall process

While not every topic is covered in each example, the recommended practices we describe can apply to other situations and types of solicitations and providers. We recognize that agencies have seen a reduction in procurement professionals and have more limited resources. Also, we recognize our audience operates in a wide variety of regulatory work environments and may have legal barriers to implementing some changes.

Please note that *Everybody Wins: Crafting a Solicitation that Fosters Transparency, Best Value, and Collaborative Partnership* is not meant to be the final word on this topic, but rather an opportunity for us to continue the dialog and share a summary of the discussions held over the past year since we released the “We ‘No Bid,’ and I’ll tell you why” white paper. We hope that it will serve as one component of the conversation and that procurement professionals and suppliers will continue to discuss the continually evolving solicitation process in panel discussions, meetings, and other forums in the future.

As public agencies continue to grapple with limited budgets and personnel, it is critical that agencies maximize their current sources and operate efficiently. The recommended best practices illustrated in *Everybody Wins: Crafting a Solicitation that Fosters Transparency, Best Value, and Collaborative Partnership* are intended to help your agency save time, money, and other resources while improving your RFP/IFB process.

I. Commodities

Commodities are tangible goods, merchandise, fuel and equipment items that possess similar characteristics and normally have a relatively low unit price. Specification elements for the majority of commodities may be easily defined, so that all bidders and agencies know exactly what is being requested in a bid or proposal. Commodities are normally readily available in the commercial market, since there is little if any customization involved. The only differences between supplier capabilities are delivery, availability and price.

The primary consideration of suppliers when selling commodities is pricing a product too low, resulting in a financial loss for the supplier; but unless there is a huge quantity involved, commodities typically cost less than other product groups and the dollar amounts involved in the sale may be low enough that the seller will not be severely impacted financially.

In the following scenario, a number of recommended practices in procuring commodities resulted in a positive outcome for the agency. This example focuses on the following topics:

- Soliciting information from suppliers before publishing a solicitation
- Sharing evaluation criteria with bidders from the outset
- Allowing alternate responses
- Allowing exceptions to terms and conditions
- Incorporating best value into a solicitation
- Staying up-to-date on innovations/enhancements to products and services

Scenario

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, as well as 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.

Having recently attended a webinar about how Requests for Information (RFIs) can save agencies time in the RFP process, the city's procurement staff decided to implement a similar process on their upcoming MRO Supplies contract to identify potential issues early in the acquisition process and incorporate key lessons into their RFP.

When the city released its RFI, they stated their intent to seek information from qualified MRO product suppliers that they could evaluate and use to create their RFP. The responses they received gave the city valuable insights on available product solutions and ways to structure their RFP to get the best value for the city. After evaluating the responses, the city modified their RFP to incorporate various input from suppliers.

Two years earlier, the city had enhanced their contract template by creating three unique templates for different types of solicitations: Products, Services, and Products and Services. The city felt that they could help save time and money during the RFP process with these templates, which included applicable provisions unique to each type of solicitation. The city used the Products contract template to construct the MRO Supplies RFP for the same market basket.

Based on their evaluation of the RFI responses, the procurement staff made the following changes to their RFP:

Evaluation Criteria: Contract award was based on a best value, total cost of ownership (TCO) analysis. Acquisition price was listed as one element of TCO. To consider the other unique elements suppliers offer that contribute to TCO, the city provided a section for the respondents to explain how they would save the city time and money, and the city took into account these responses in the evaluation.

Market Basket Fixed Price Period: To avoid the risk of overpaying in the early years of the contract and betting on underpaying in the latter years, the city allowed exceptions to the firm-fixed price period for the market basket of items. The city saw value in allowing suppliers to apply for economic price adjustments and prove the need based on verifiable market data.

All Items in the Market Basket: The city recognized that with the breadth of the products being requested in the market basket, only a small number of suppliers would be able to submit a bid for all items, which would significantly reduce the number of qualified responses to the RFP. Therefore, the city changed the requirement to 50% of the market basket. The city still considered the ability to complete the market basket important, so they added evaluation criteria to score bidders based on their ability to do so. The more complete the market basket, the more points the supplier received.

The city also changed the single award to a multiple award. After evaluating the RFI responses, the city felt they could increase competitiveness among suppliers, provide more flexibility to their buyers, and minimize risk by awarding the MRO Supplies contract to three suppliers.

No Alternatives for Market Basket Items: Having learned that there were various manufacturer alternatives for the types of products they were requesting, the city decided to allow alternatives in the RFP as long as the items met the city's scope of work. The number of proposed alternatives was considered in the evaluation criteria, and suppliers were required to prove both the technical and the economic value of an alternative.

Delivery Expectations: The city's initial requirement was that all items in the market basket be delivered within two days. In the RFI responses, suppliers suggested flexibility in delivery expectations based on the city's needs. The ability for suppliers to stock and deliver all market basket items within the specified delivery time placed significant cost on the suppliers, which would impact the end cost to the city.

The city assessed the need for two-day delivery on all items in the market basket and, with input from their MRO contract end users, was able to identify tiers of products with different delivery expectations.

As a result of the changes made to its RFP, the city received the highest number of qualified responses they had ever received for an MRO Supplies contract. The RFP successfully increased competition and overall best value for the city.

Summary

Below are some of the recommended practices the city used to create a successful RFP:

Soliciting information from suppliers before publishing a solicitation: The pre-RFP steps taken by the city helped them shape the RFP with input from experts in the marketplace. By evaluating, considering, and accepting many of the supplier community's comments, the city attracted qualified responses from a large pool of suppliers.

Sharing 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 and provided clarity about 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.

Allowing alternate responses: By allowing alternate responses, the city gave suppliers the opportunity to present other options that could be beneficial to the city. The alternate proposals provided the city what they "could get" and that came at a competitive price and was 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.

Terms and conditions: The city changed its terms and conditions based on feedback from the marketplace and recognized that it is a good practice to allow for exceptions to terms and conditions due to warranty, insurance, and payment term differences between suppliers. Additionally, the city had updated its RFP templates. By checking their templates routinely, for example, procurement professionals can ensure the terms and conditions are applicable and up to date. It is a good practice that, before releasing RFPs, agencies reach out to suppliers of the products intended for purchase to obtain standard manufacture warranty descriptions. If the agency requests a warranty beyond the manufacturer's standard warranty, in some cases the distributors cannot get an extension on the

warranty from the manufacturer or may have to increase the price of the item in order to cover the extended warranty period required. The extended warranty may not be needed in most cases and will, therefore, cause unnecessary price inflation for the agency. So it is always best, particularly on large projects or a large quantity bid, to verify the agency's expectations against the manufacturers.

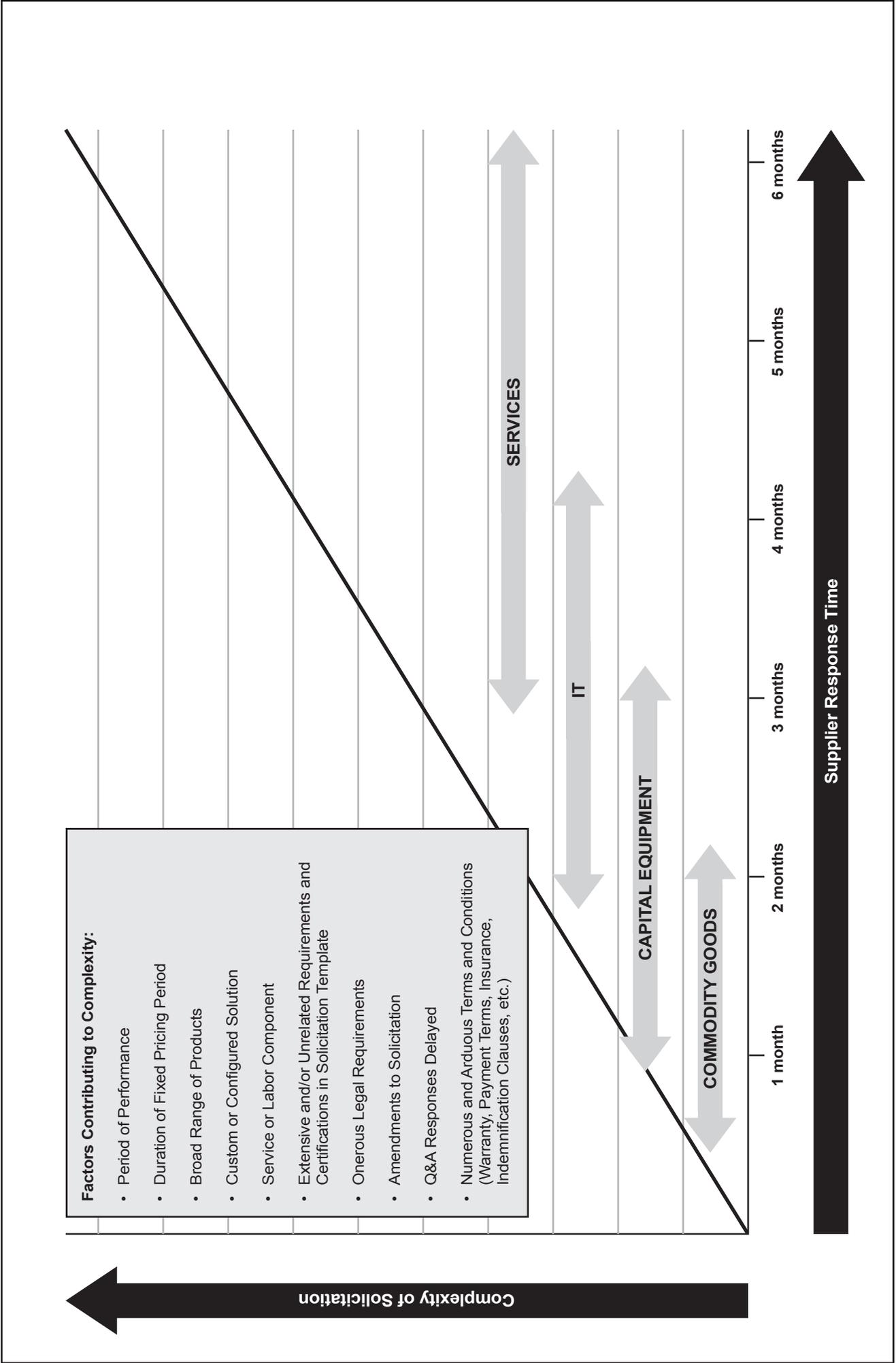
Incorporating best value into a solicitation: By giving suppliers the opportunity to provide examples from past experience of how their offering, service, and products could help the city save time and money and increase efficiency, the city was able to evaluate best value and potential efficiency gains. When low price is not the only factor in an overall review, an agency can eliminate unqualified suppliers very quickly. For example, a supplier's qualifications may need to include online ordering and reporting capabilities, product-number interchange with the agency's number scheme, automatic order replenishment service, emergency after-hour's requirements, specific delivery turn-around, inventory and asset management features, green and LEED qualifications, quarterly or monthly contract performance scorecards, or metrics reviews. Another method to incorporate greater value into a proposal is for the agency to require each proposal to include a list of the potential risks to the agency, as well as the proposer's anticipated techniques and plans for mitigation of those risks. This method allows the buying agency to better understand potential risks and to determine which firm has the best plans to reduce those risks.

Reasonable lead times and timelines for the solicitation-award process: Having enough time to prepare a thorough response to an RFP or bid is a challenge that many suppliers face, and the complexity of the procurement will influence the lead time they need to respond. With commodities, suppliers generally need one to five days to respond to a bid request for a simple product like copper tubing/piping. But responding to a solicitation for such complex items as fabricated stainless steel and steel piping, where distributors or suppliers need to source some of the products, may require ten days. For project RFPs covering multiple items, suppliers require three weeks to 30 days to prepare a response.

Quick Reference #1 on the following page, titled, "Complexity of Solicitation & Timeframes for a Quality Supplier Response," illustrates recommended timelines in greater detail. Lead times for Capital Equipment, IT, and Services will also be covered as we move through the paper.

Quick Reference #1: Complexity of Solicitation & Timeframes for a Quality Supplier Response

Throughout the NIGP Business Council white paper, "Everybody Wins: Crafting a Solicitation that Fosters Transparency, Best Value, and Collaborative Partnership," when practitioners permit industry experts to provide their agencies with information on best products, processes, and practices, the agencies increase the possibility of improving the effectiveness of government operations. This chart summarizes many of the topics discussed in the paper and can serve as a quick reference guide as you consider incorporating changes.



Staying up-to-date on innovations/enhancements to products and services: The city solicited information from the marketplace about current product solutions. Procurement professionals can ask suppliers, trade associations, or such public procurement groups as NIGP for news, information, and truly innovative solutions that may enhance the agency's ability to provide best products and quality service. Below are a few ways for procurement professionals to stay up-to-date about products, services, and industry best practices:

- Participate and join trade associations
- Attend trade shows or product expos at conferences you participate in, and join association conferences, webinars, events, and sessions emphasizing new technology, innovation, and supplier updates
- Continue professional development and obtain certifications (procurement and technical)
- Use NIGP, its members, and Nsite to initiate additional conversations with your peer group
- Invite members from the supplier community to speak at select meetings
- Conduct annual or bi-annual reviews with suppliers focused on innovation

II. Capital Equipment

Compared to other product types, capital equipment procurement presents more risk to an agency due to the high dollar amounts involved, complex or non-standard requirements, and extensive terms and conditions. To mitigate risk, broad and detailed indemnification clauses are often included in capital equipment RFPs. Consequently, it can be extremely helpful for procurement professionals to meet with suppliers before releasing a solicitation to ensure that the RFP reflects up-to-date product information, incorporates best value, and begins to establish early-on a foundation of trust.

Indemnification clauses will be more complex for capital equipment RFPs because the risk and liability may be greater for these products. Capital equipment providers have a larger portion of their client base within the commercial markets and have contractual agreements based on “commercially acceptable” terms. Due to the perceived or actual greater risk of potential liability, agencies and suppliers must work together to build a relationship based on trust.

In the following examples, several agencies face problems as they prepare to purchase capital equipment. Here we will take a look at the following issues:

- Soliciting information from suppliers before publishing a solicitation
- Pre-bid conferences
- Reasonable lead times and timelines for the solicitation-award process
- Sharing evaluation criteria
- Incorporating best value into a solicitation
- Staying up-to-date on innovations/enhancements to products and services

Scenario 1

In one industry, new Tier IV EPA emission requirements went into effect over the last year. While these new requirements will lead to cleaner air quality, they required a major change in equipment and costs. One state’s recent 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: The example above supports the recommended practice that procurement professionals and decision makers maintain a current understanding of innovations or changes in equipment, requirements, or capabilities. Product expositions, trade shows, industry association events, supplier demonstrations and reaching out to qualified suppliers to discuss what is new in their industry are effective ways for professionals to stay up-to-date. Agencies could also host occasional supplier days wherein one or more suppliers set up displays on site so agency staff can visit them throughout the day. Online product demos and new feature/benefit explanations have also become a popular and economical way to learn about innovations without having to travel outside of your office. Procurement personnel do not need to become product experts, but a greater understanding of a product, application, or capability can help with the decision-making process and deliver far more value across the organization than it would have otherwise.

Scenario 2

Five years ago a county highway department was facing serious problems. Their road system was in shambles, their motor graders were old and worn out, and their machines were broken more often than they worked. The county, which was budgeting \$340,000 annually just for parts and repairs, employed three full-time mechanics to maintain and repair a fleet of motor graders that ranged in age from 5 to 20 years.

When a new County Judge, who was in charge of purchasing, was elected, he asked the procurement department to look at various options that could improve quality and reduce costs for the highway department. In the coming weeks, procurement personnel met with suppliers, discussed the options available in the market, and prepared a recommendation for the Judge. The Judge accepted their recommendation and rather than release an RFP for new motor graders or continue to repair the old ones, the county asked suppliers for bids on a leasing contract.

In the end, the county decided to lease eight motor graders from a supplier at an approximate annual cost of \$200,000. Since the leased machines were covered by warranty for the life of the three-year agreements, leasing motor graders reduced the county's parts and repairs budget to approximately \$100,000. A dealer provided warranty repairs while county employees took care of oil changes and other preventive maintenance. With the fewer repairs, the county only needed one full-time mechanic to handle the work.

Leasing the motor graders freed funding to build roads, so this new system improved the county's fleet and roadways. In addition, the new motor graders increased production by 400 percent compared to what had been possible using the old equipment. Improved uptime enabled crews to better maintain existing roads. In the past year the highway department's crew built 12 miles of new paved road, and placed asphalt overlay on another 5 miles. They also maintained 700 miles of unpaved roads and 500 miles of existing paved roadway.

Scenario 3

A city was preparing to bid several furniture contracts and invited potential suppliers to mockup products that met industry standards for quality and performance. The state used known testing standards from recognized agencies—Business and Industrial Furniture Manufacturers Association (BIFMA) and American National Standards Institute (ANSI)—and established standard configurations for furniture usage based on historical usage and planned future use. The suppliers based their mockups on the standard configurations, including their ideas for using new products and innovations, and were invited to pre-qualify their goods to gain an invitation to the ITB. This process assured that only qualified suppliers bid on the contracts and that the city would get the quality of goods it required.

Scenario 4

By contrast, one county department, desiring flexibility and choice, requested a solicitation for grounds equipment that was to be a broad-based (from an equipment standpoint), multiple-award contract. As per the county attorney, the county Procurement Office was required to have specific detailed specifications for each product they wanted on the contract. The requesting department provided specifications for the equipment currently being used. Using the old specifications did not allow for the broad-based contract envisioned by the department that would use the equipment and prohibited suppliers from offering the type of product the county truly wanted. The county eventually discarded

the bid and started over. At this point, procurement staff met with key suppliers and discussed ways they could achieve their desired outcome. The county modified the original solicitation and, in the end, awarded multiple contracts to several suppliers. By having the discussions with suppliers up front, the county would have saved not only their time and resources but that of the suppliers, as well.

Soliciting information from suppliers before publishing a solicitation: As shown in these examples, it is a good practice that, before releasing an RFP, the agency request information from suppliers about changes to the industry, innovations, legislation driving change, and innovative solicitation practices they have seen used recently that produced a competitive and successful end result for another public agency for that type of product or service. It is also recommended that agencies ask about such industry standards as warranties. These actions ensure the agency is getting the highest value and most current products and practices for their spend dollar.

Pre-Bid Conferences: The value of pre-bid conferences varies based on the type and complexity of the procurement. When the products or solutions required are environment or site specific, proposals based on experience in the operating environment are most likely to meet the agency's needs. Before the RFP is released, an agency may want to have all suppliers in a room at the same time. In this way, the agency can ensure consistency in its communications to suppliers, increase its transparency, and reduce the risk of a protest after the contract has been awarded. It also allows the agency to incorporate the good ideas and changes in the RFP/ITB without going through the modification process. The goal of pre-bid conferences is to disseminate information; suppliers are not willing to come forth with significant input in front of their competitors. Written Q&A submission periods held after the pre-bid conference are likely to result in a greater exchange of information because supplier representatives will have had an opportunity to go back and discuss the pre-bid/bid information with their larger internal team.

The following recommended practices are also key to successful capital equipment procurements:

Sharing evaluation criteria: NIGP's Public Procurement Practice, "[Developing Evaluation Criteria](#)," sets forth the standard that procurement professionals and applicable stakeholders must establish the criteria by which the resulting bids or proposals will be evaluated before issuing a solicitation. The more complex the product or service, the more important it is that an agency's evaluation criteria be readily

available so suppliers can understand what is important to the agency. One benefit of releasing evaluation criteria is that as additional considerations are added to the criteria, more capable suppliers will tend to participate in the solicitation, while less capable companies may not. Either way, pre-published criteria ensures compliant bidders and non-protestable, fair evaluations.

Incorporating best value into a solicitation: By incorporating best value into its procurements, an agency's procurement department can work with their end users to determine what is important to them other than getting the right equipment at the lowest cost. In many cases, an agency will need to write a broad scope of work to ensure they get a number of responses to their RFPs. But without best value evaluation criteria, they may select the equipment that meets the minimum specifications without regard to the supplier's experience, support services, knowledge of customer needs, equipment longevity, end user training, equipment maintenance programs, or other qualifications.

Quick Reference #2 on the following page, titled, "Using Evaluation Criteria to Add Value in the RFP Process," helps to provide a few additional suggestions to best value and evaluation criteria.

Quick Reference 2: Using Evaluation Criteria to Add Value to the RFP Process

In the NIGP Business Council white paper, “*Everybody Wins: Crafting a Solicitation that Fosters Transparency, Best Value, and Collaborative Partnership*,” several suggestions and examples are discussed as to how an agency’s procurement department can work with their end users to determine what is important to them other than getting the right equipment at the lowest cost. In many cases, an agency will need to write a broad scope of work to ensure they get a number of responses to their RFPs. But without best value evaluation criteria, they may select the equipment that meets the minimum specifications without regard to the supplier’s experience, support services, knowledge of customer needs, equipment longevity, end user training, equipment maintenance programs, or other qualifications. This chart provides a few additional suggestions related to best value and evaluation criteria.

The following are a few suggestions for potential evaluation criteria to include in an RFP:

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.

Each agency needs to determine its own requirements for best value, not the suppliers. An agency may consult with suppliers to determine the range of options available before releasing the solicitation, but only the agency can define what represents a best value proposal to them. Then it is up to the suppliers to justify what they include in their proposals to support a best value solution.

Reasonable lead times and timelines for the solicitation-award process: For capital equipment, the time required to respond to a bid depends on the complexity of the product or, more importantly, the terms and conditions included. If the product is off-the-shelf and commercially available, a few days may be reasonable. However, even with a simple equipment item like a riding mower, if the terms and conditions are extensive and burdensome, days or weeks need to be added to the timeline. A reasonable timeline can vary from a few days to a few months depending on the complexity, but generally the lead time on bids should be between 15 and 90 days. Please refer to the Appendix for more information about issues that impact the timeframe suppliers need to provide a high-quality response and for information about webinars and other resources available to the procurement community.

III. Information Technology/Operating Systems

IT procurements tend to be RFP-driven and require a significant financial commitment on the part of agencies and suppliers. Unlike commodities, most IT solutions are tailored or configured to the needs of an agency. As a result, the specifications laid out in the RFP are very important to these companies as suppliers typically assess their chances of being competitive based on whether they see a fit between the agency's needs and the functionality the supplier provides. Further, IT companies look for opportunities where they have been able to build a relationship with an agency prior to the formal solicitation, so that they are not simply sending in a blind or cookie cutter response.

Given that suppliers have to make their solutions integrate with the agency's existing systems, agencies can increase the likelihood of attracting qualified bidders by providing as much information as possible about their existing systems and interface requirements. Suppliers also need this information to accurately price their services with their solution. Without it, they are much more likely to "no-bid" the RFP.

In the example below, a large city is facing challenges with its existing IT systems when its chief procurement officer (CPO) attends a trade show. Here we will take a look at the following issues:

- Soliciting information from suppliers before publishing a solicitation
- Reasonable lead times and timelines for the solicitation-award process
- Sharing evaluation criteria with bidders from the outset
- Incorporating best value into a solicitation
- Staying up-to-date on innovations/enhancements to the relevant IT products and services

Scenario

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 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.

Several recommended practices helped to make this a successful solicitation for the city:

Soliciting information from suppliers before publishing a solicitation: This city held face-to-face meetings to familiarize themselves with the current market and allow suppliers to present solutions. Having the opportunity to interact with companies and address questions provided the city with information that they may have gotten through a formal RFI, but the process encouraged better supplier participation and was a more efficient process.

Sharing evaluation criteria with bidders: As noted above, NIGP’s Public Procurement Practice “Developing Evaluation Criteria” sets forth the standard that procurement professionals and applicable stakeholders must establish the criteria by which the resulting bids or proposals will be evaluated before they issue a solicitation. Knowing exactly what is important to an agency is valuable to suppliers, and it promotes transparency on both sides. If an agency does not provide detailed information, companies are less likely to bid. In addition, it can lead to protests over the award outcome and, thereby, additional burden on procurement staff. Post award debriefs can help both parties understand the true gaps between a response and the award. A debriefing helps the unsuccessful bidder better understand why their proposal was not selected. It is important to remember that proposal preparation is time intensive and expensive. The supplier has invested time, effort, and money, and fairness dictates that the agency explains why a proposal was not successful. This in turn will help the supplier prepare a better proposal in the future, thus helping the government agency down the road. These debriefings do not require a point-by-point comparison of the proposals but should help the supplier to better understand the strengths and weaknesses of their proposal. Without a debrief, the supplier may perceive that “low

price” was the underlying reason for the loss when in fact, it could be that their experience and service need to be improved. If an agency follows their pre-established evaluation criteria and is fair and honest in the evaluation, they should have no fears of a protest resulting from the debriefing.

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.

Staying up-to-date on innovations/enhancements to products and services: The city was willing to allow IT companies the opportunity to educate them about current, up-to-date solutions. Procurement professionals can ask their suppliers for news, information, and solutions that may enhance their agency’s ability to provide best products and quality service. Below are a few ways procurement professionals can stay up-to-date on IT products and services:

- Participate in association conferences, webinars, and events, and attend sessions emphasizing new technology, innovation, and supplier updates
- Invite members from the supplier community to speak at select meetings
- Conduct annual or bi-annual reviews with their suppliers focused on innovation

Reasonable lead times and timelines for the solicitation-award process: For IT companies, four to six weeks is a reasonable timeframe in which to put together a thoughtful response. If there are substantial updates or revisions to an RFP after it is released, it would benefit the agency to consider extending the deadline. If an agency is asking for a custom designed IT/IS solution, many weeks or months might be required for a quality response. Please refer to the Appendix for more information about issues that impact the timeframe suppliers need to provide a high-quality response and for information about webinars and other resources available to the procurement community.

IV. Services

The procurement process for services is quite different than the process for purchasing commodities or equipment because there are so many variables with respect to services, making it much more difficult to compare one provider to another. Still, most of the recommended practices we discussed for purchasing commodities, capital equipment, and IT are applicable when soliciting bids for services. As an example, let's look at an agency's solicitation practice for auction services and how applying the recommended procurement practices could realize maximum value for the agency.

Scenario

Recently, when a county wanted to dispose of surplus furniture, they made some minor revisions to their previous RFP for auction services and released it. The RFP was based on the scope of services that the agency had used in the past, which only allowed for live auctions. Unfortunately, by basing their RFP requirements on the way the county had always held auctions, they missed an opportunity to consider a solution that may have been more cost-effective—on-line auctions. Since the county did not meet with even a short list of companies before releasing the solicitation, they did not have a chance to discuss on-line and live auctions to learn about the benefits or potential cost savings of both processes.

In many cases, a solution that worked in the past may not be the best solution for the present or near future. Pre-solicitation meetings give agencies the opportunity to discuss their terms and conditions with providers who can alert the agencies when their requirements may no longer be best for them. The county had contracts with terms of three to five years, which is an eternity in the technology realm. By securing five-year contracts, the county was essentially blocking itself from being able to use the more efficient and productive solutions that arise each year. When working with a company that specializes in on-line solutions, technology may change so fast that it can be a problem for an agency to be tied into a system that doesn't change for five years. This is the type of issue that could be discussed in a pre-solicitation meeting.

Allowing alternate responses: In the case of the example cited above, the on-line auction company did not meet the requirements of any RFPs that required only live auctions. By not allowing alternate responses, the agency was in the position of only considering outdated solutions that could lead them to miss out on potential cost savings and efficiencies because they ignored the potential on-line platform option. Had the county permitted alternate responses or held a pre-solicitation meeting, the auction

company could have made the case for the agency to consider multiple solutions and use both on-line *and* live auctions, depending on the materials to be sold, the location of those materials, and other factors.

Incorporating best value into a solicitation: It is a good practice to incorporate best value into service RFPs. Weighting an RFP to give extra consideration to companies who have a track record of staying up-to-date with technology and adding new features could provide better value to purchases over the life of the contract.

Reasonable lead times and timelines for the solicitation-award process: In general, 30 days from an RFP's release to its due date is enough time for a company to complete an RFP. The actual time needed will vary depending on the number of Q&A's and amendments released by the agency. Please refer to the Appendix for more information about issues that impact the timeframe suppliers need to provide a high-quality response and for information about webinars and other resources available to the procurement community.

Conclusion

We hope that the information provided in *Everybody Wins: Crafting a Solicitation that Fosters Transparency, Best Value, and Collaborative Partnership* helps to open the lines of communication between suppliers and practitioners, and we appreciate the conversations with and suggestions from our public procurement partners, many of which are included in this paper. Through ongoing conversations, and by integrating some of the ideas and recommended practices we've outlined in this paper into your procurement practices, practitioners can develop true partnerships with the supplier community while still operating in an environment of transparency and unbiased integrity. Both practitioners and suppliers share a common set of values – accountability, ethics impartiality, professionalism, service, and transparency – which can become the cornerstone of this partnership and lead to greater understanding between the groups.

As we've discussed, when practitioners permit industry experts to provide their agencies with information on best products, processes, and practices, the agencies increase the possibility of improving the effectiveness of government operations. At the end of the day, both parties want the same things including long-term relationships, the most efficient use of taxpayer dollars, quality products and services, and a reputation of integrity. With that in mind, going forward, we can look for ways to reach our mutual goals through practices that are mutually beneficial and aligned with our shared values.

Quick Reference #3 on the following page, titled, "Potential Solicitation Actions and Outcomes Matrix," summarizes many of the topics discussed in the paper and can serve as a quick reference guide as you consider incorporating changes.

Quick Reference #3: Potential Solicitations and Outcomes Matrix

As discussed in the NIGP Business Council white paper, “*Everybody Wins: Crafting a Solicitation that Fosters Transparency, Best Value, and Collaborative Partnership*,” when practitioners permit industry experts to provide their agencies with information on best products, processes, and practices, the agencies increase the possibility of improving the effectiveness of government operations. This chart summarizes many of the topics discussed in the paper and can serve as a quick reference guide as you consider incorporating changes.

ACTION		OUTCOME	
Soliciting information from suppliers before publishing a solicitation:	By evaluating, considering, and accepting many of the supplier community’s comments, the agency attracted qualified responses from a large pool of suppliers.	These actions ensure the agency is getting the highest value and most current products and practices for their spend dollar.	Having the opportunity to interact with companies and address questions provided the agency with information that they may not have gotten through a formal RFI.
Sharing evaluation criteria with bidders from the outset:	The process ensured the agency received the products, services, quality, and capacity it wanted	Pre-published criteria ensures compliant bidders and non-protestable, fair evaluations.	Knowing exactly what is important to an agency is valuable to suppliers, and it promotes transparency on both sides. This in turn will help the supplier prepare a better proposal in the future, thus helping the government agency down the road.
Allowing alternate responses:	By allowing alternate responses, the agency gave suppliers the opportunity to present other options that could be beneficial to the city.	The agency was able to consider fully updated solutions that could lead them to potential cost savings and efficiencies because they included all options available.	
Terms and conditions:	By checking their templates routinely, procurement professionals can ensure the terms and conditions are applicable and up to date. This allows more complete and accurate responses from suppliers.		
Incorporating best value into a solicitation:	By giving suppliers the opportunity to show off how their offering, service, and products could help the agency save time, money and increase efficiency, the agency was able to evaluate best value and potential efficiency gains.	By incorporating best value into its procurements, an agency’s procurement department can work with their end users to determine what is important to them other than getting the right equipment at the lowest cost.	Weighting an RFP to give extra consideration to companies who have a track record of staying up-to-date with technology and adding new features could provide better value to purchases over the life of the contract.
Staying up-to-date on innovations/enhancements to products and services:	Staying up-to-date about products, services, and industry best practices will deliver the best solutions whether technical, financial or operational.	Procurement personnel do not need to become product experts, but a greater understanding of a product, application, or capability can help with the decision-making process and deliver far more value across the organization than it would have otherwise.	By separating the functional/technical evaluation from the price evaluation, agencies can establish evaluation criteria and be clear about what may outweigh pricing.
Pre-bid conferences and equal access to information vs. confidential or non-disclosed information.	The value of pre-bid conferences is to ensure consistency in its communications to suppliers, increase its transparency, and reduce the risk of a protest after the contract has been awarded.	It allows the agency to incorporate the good ideas and changes in the RFP/ITB without going through the modification process.	

To learn more about ways to improve your procurement process, look for [NIGP webinars](#), visit [NIGP's website](#), and watch for featured emails and [newsletters](#) as we continue our mission to support our procurement profession with resources, research, education, expertise, and overall advocacy.

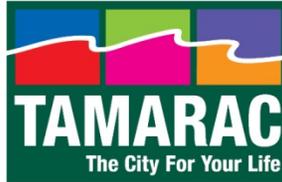
For more information

If you have any questions about the Business Council or would like more information about ways to improve your agency's RFPs/IFBs, please contact NIGP's Marketing Programs Manager, Chad Quinn, at 703-736-8900, Ext. 233, cquinn@nigp.org.

Additional Resources

The Resource Center at www.nigp.org has a range of tools developed to support your day-to-day activities and help you effectively manage your procurement organization. At the Resource Center you'll find NIGP's Online Dictionary of Procurement Terms; a library with thousands of solicitations and templates, publications, and research to assist you with your solicitation development activities; sourcing tools to help you with day-to-day supplier research and due diligence; and management tools, guidance about best practices, and publications focused exclusively on topics relevant to public procurement.

PURCHASING AND CONTRACTS DIVISION



To My Fellow Public Procurement Professionals

The NIGP Business Council recently issued its first "White Paper Report" on the subject "We 'No bid,' and I'll tell you why" to a great deal of accolades in the supplier and procurement community alike. This White Paper titled "Everybody Wins: Crafting a Solicitation that Fosters Transparency, Best Value, and Collaborative Partnership" is the second in a continuing effort to assist those of us on the "procurement side" with some helpful hints that will make our jobs easier in the long run.

While it is important for us to represent the interests of our respective entities, it is also important to remember that the public procurement professional does not operate in a vacuum. We strive to be fair to all of our vendors, while attempting to obtain the best value for our entity. There are some who, over the years, have continued to do things because "That's the way we've always done it". While this may be the easy way out, this does not necessarily result in the best value for our tax dollars spent.

The members of the NIGP Business Council represent a collection of individuals who respond to bids and proposals from public procurement professionals just like us every day. They have discovered, through experience, that there are some processes that continue to be used by public procurement professionals that don't always yield the best results. This paper touches on many best practices that we can use to improve the effectiveness and efficiency of our overall process. The paper addresses several different types of acquisitions that we routinely make, including commodities, capital equipment, IT and services, with practical best practice suggestions that will help us to be more effective in our jobs.

It is important to understand that making our processes more responsive to the actual marketplace environment, while still maintaining control of the process can often result in a win-win situation for everybody. I hope that you are able to put some of these tips in practice in your own organization, as my experience has been that the use of many of these best practices has improved the quality and timeliness of the purchases that I make for my own entity.

A special thanks to the members of the NIGP Business Council, and especially to our own NIGP Marketing Programs Manager, Chad Quinn, all of whom have made it possible to share this knowledge with all of you!

Sincerely,

A handwritten signature in blue ink, appearing to read "Keith K. Glatz".

Keith K. Glatz, CPPO, FCPM, FCPA
NIGP Board Liaison to the National Business Council

"Committed to Excellence...Always."

TAMARAC.ORG

7525 N.W. 88th Avenue | Tamarac, Florida 33321-2401 | P: 954.597.3570 | F: 954.597.3565

EQUAL OPPORTUNITY EMPLOYER

The Authors:

NIGP's Business Council is comprised of representatives from each company participating in the Association's Enterprise Sponsor Program.

Current Business Council Representatives:

Canon Solutions America

Meaghan Lawrence
Sr. Marketing Specialist, Enterprise

Paul T. Murphy - ***Business Council Vice-Chair (2014)***
Director, Strategic Contract Support

Caterpillar, Inc.

Rod Blunier
Government Accounts Manager, North America, Global Construction & Infrastructure

Mike J. Hynes
Government Account Manager

FedBid, Inc.

Robert A. Crossett
Vice President

Louis Schiavone
Senior Vice President, State, Local and Education

Graybar

Jeff Peskuski
Strategic Contract Manager / U.S. Communities – Western US

Rob Rhoads
Strategic Contract Manager / U.S. Communities – Eastern US

Haworth

Cyndi Kamps
US Communities Program Manager

Phil Todd
Director Sales Support

HD Supply Facilities Maintenance

Cynde Beedle
Industry Development Manager

Sheila Schnellenberger – **Business Council Chair (2014 -2015)**
Director, Institutional Sales

HD Supply Waterworks

Judy Barrow
Manager, National and Strategic Accounts

Yvonne Bland
Vice President Sales and Market Development

Office Depot

Pam Pedler
National Account Manager, Public Sector - Northeast Region

Dave Wetzel
National Director, Government and Education

Municibid

Greg Berry
CEO and Founder

Mike Bianchini
Chief Marketing Officer

Periscope Holdings, Inc.

Ken McFarland
VP, Solutions and Field Operations

Matt Walker
President, NIGP Code and Consulting Services

The Home Depot

Lyn Alvarado
Program Manager, Government and National Accounts

Scott Mathews
Director, Strategic Accounts – Government

Rich Nyberg
Pro Business / Government Contracts Manager

The Toro Company

Paula Sliefert - **Business Council Chair (2013)**
Senior Marketing Manager

Pete Whitacre
Sales Manager, State and Local Government

NIGP Board Liaison:

2013

Donald G. Buffum, CPPO
NIGP Board President
Director, Procurement and Contracts
Mississippi State, MS

2014

Keith Glatz, CPPO
NIGP Board Third Vice President
Purchasing and Contracts Manager
Tamarac, FL

NIGP Staff Liaison:

Chad Quinn
Marketing Programs Manager

For more information about NIGP's Business Council and Enterprise Sponsor Program, contact Chad Quinn, Marketing Programs Manager, at (703) 736-8900, Ext. 233, or cquinn@nigp.org.