Overview of the PIPS Best-Value Process

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8/8/13

PBSRG's Research Results

- Worldwide as a leader in Best-Value Systems
  - **19** Years
  - **210** Publications
  - **550+** Presentations
  - **1,500+** Projects
  - **$4.6 Billion** Services & Construction
  - **71** Different Client (Federal, Public, Private)
  - **98%** On-time, On-Budget, Customer Satisfaction
  - Various Awards (PMI, NIGP, IFMA, IPMA)
  - Clients: Federal, State, Local, School Districts, Private
  - Applications: Construction & Design/Engineering, IT Services, Facility Services, Business Services, University Services, Health Insurance, Medical Services, Manufacturing

BEST VALUE

PROJECT PARTNERS AND PARTICIPANTS:

- U.S. General Services Administration (GSA)
- US Army Medical Command
- Arizona State University
- Canon
- State of Oklahoma
- City of Phoenix, AZ
- University of Minnesota
- State of Alaska
- Rijkswaterstaat (Dutch public works & water management)
- Aramark
- State of Oregon
- State of Idaho
- University of Alberta
- Boise State University
- United Airlines
- Neogard / Jones-Blair
- Tremco
- Bank of Botswana
- General Dynamics C4 Systems
- Salt River Project (SRP)
- US Air Force Logistics Command
- US Coast Guard
- US Embassy (Botswana)
- US Army Corps of Engineers
- Federal Aviation Administration
- IBM
- Brunsfield
- Qwest
- Honeywell
- City of Peoria, AZ
- University of Idaho
- University of Hawaii
- University of New Mexico
- Entergy
- Sodexo
- Chartwells
- Dallas Independent School Dist.
- Olmstead County, MN
- City of Roseville, MN
- Hennepin County, MN
- Scenter
- Abengoa Solar
- City of Sitka, Alaska
- US Solar
- Rochester Public Utilities
- Harvard University
- Denver Health & Hospital Authority
- State of Missouri
- State of Washington
- Idaho Transportation Department
- State of Georgia
- Arizona State Parks
- United Excel
- East Valley Institute of Technology
- Arizona Public Service (APS)
- Rochester School District
- Fann Environmental
- Idaho State University
- On Semiconductor
- Pearson
- State of Wyoming
- Idaho Department of Corrections
- City of Miami Beach, FL
- Lewis & Clark State College
- Hawaii Department of Transportation
- Baptist Health
- City of Columbia, SC
- PECO Energy
- Intermediate District 287

PARTNERS

Our Goals

1. Minimize project costs by becoming more efficient

2. Become more efficient in three ways:
    1. Hire people who know what they are doing
    2. Preplan before the contract is signed
    3. Measure for positive accountability

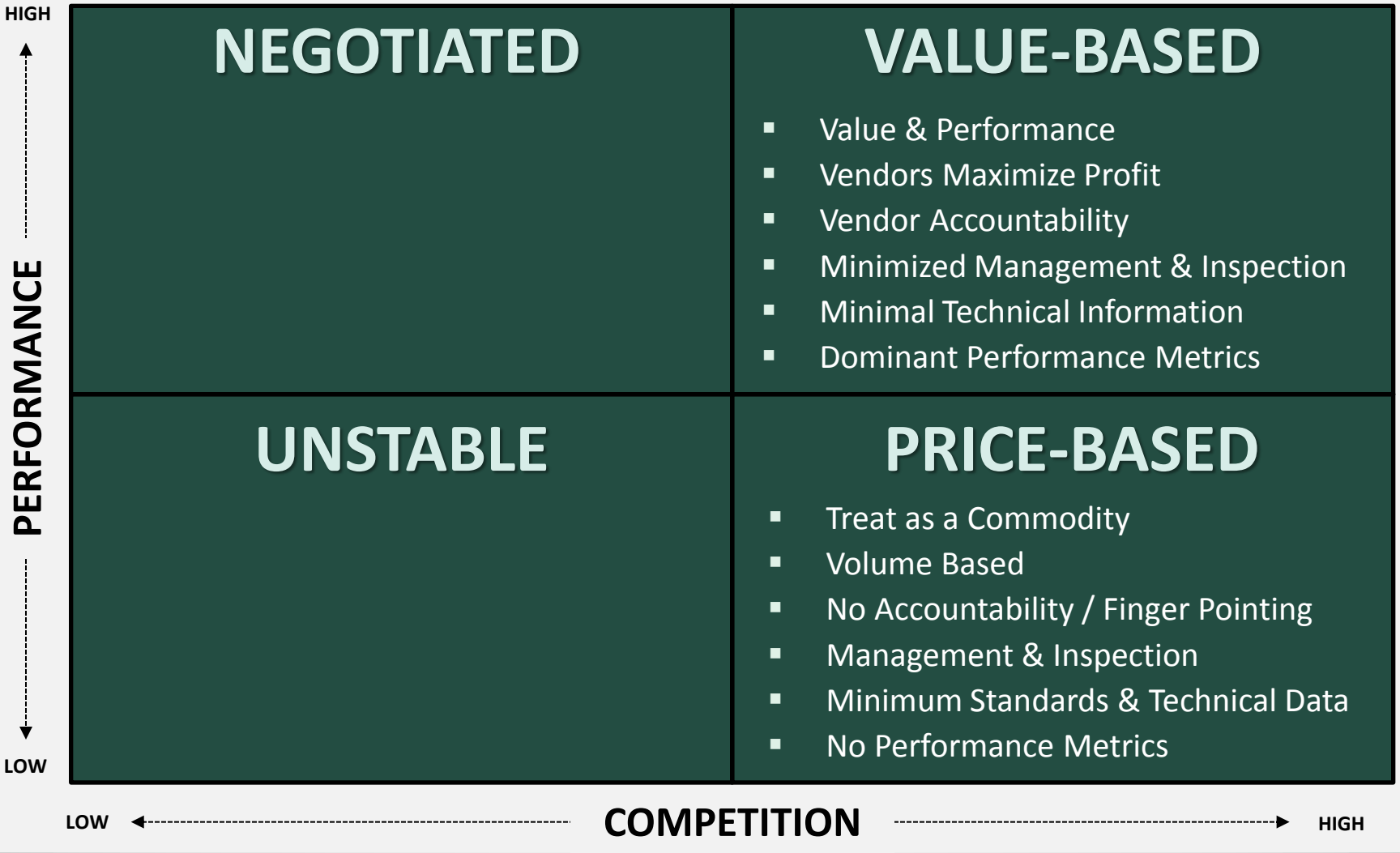
3. Teach the thinking, concepts, tools, and processes to organizations

Your Goals

- Walk away with greater knowledge (justify the cost of listening)
- Enhance preplanning and performance measurement techniques
- Provide techniques to make you more successful

Best-Value Concepts

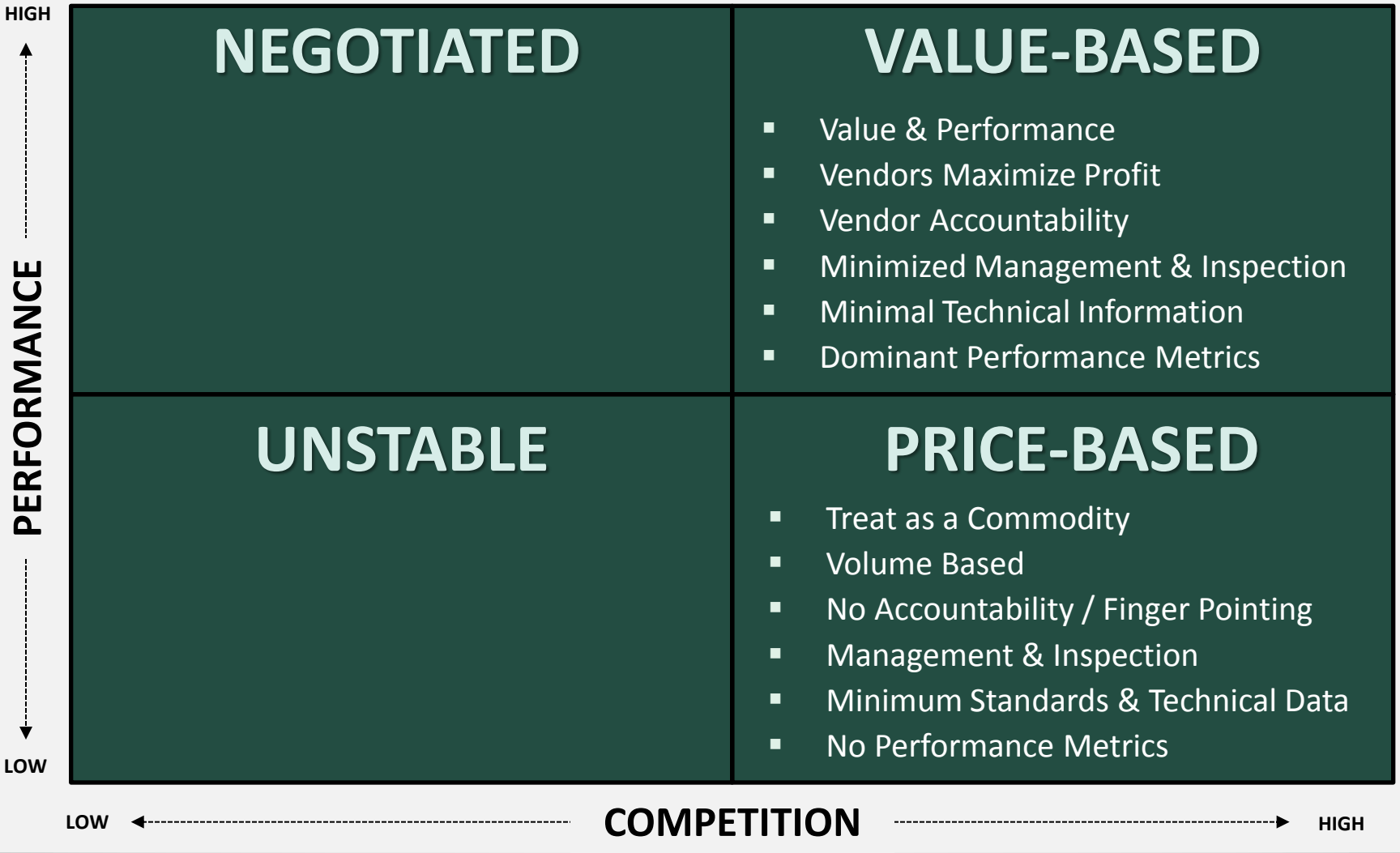
Industry Structure



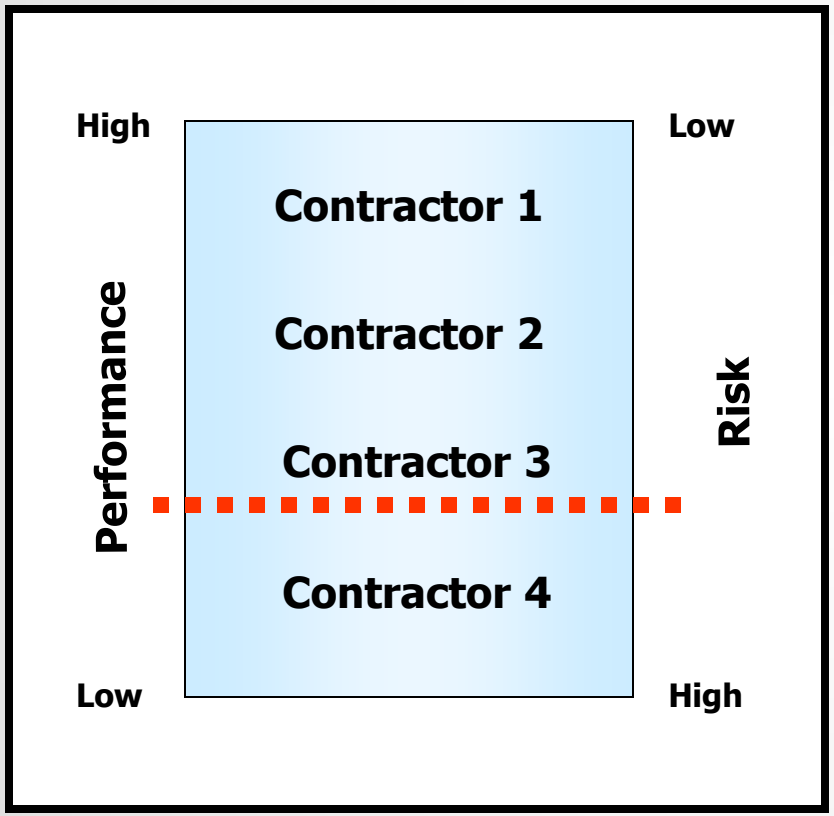
Price-Based…

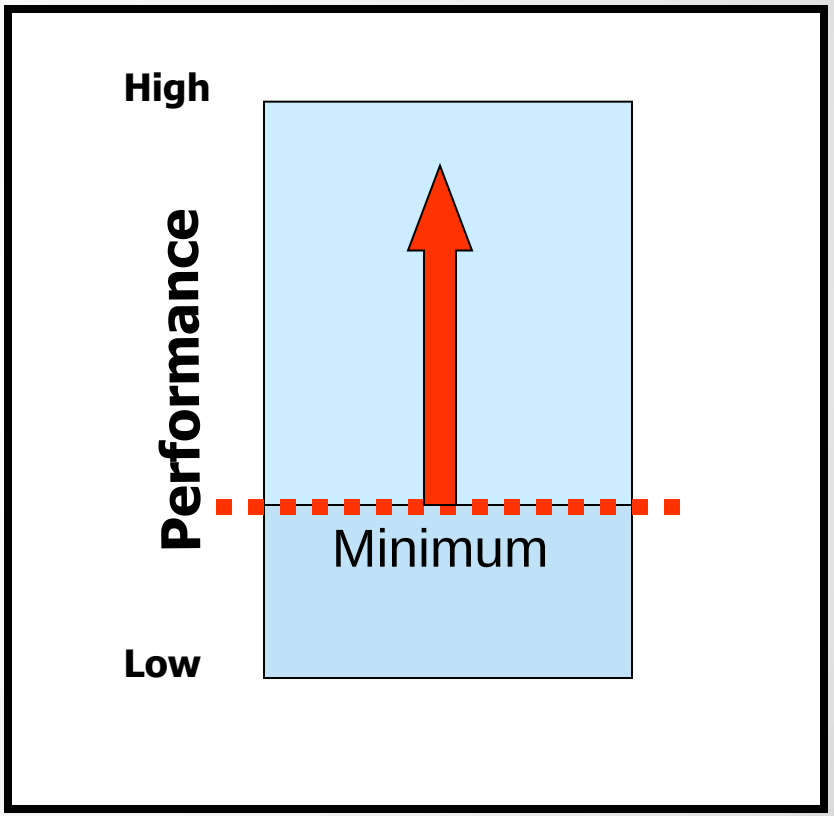
- Bid only what you see in the estimate
- Be as low as possible to get job
- If you find issues, don't tell anyone until after award
- Use change orders to mitigate risk
- No dominant performance metrics (or provide very confusing metrics)
- Relationships are essential
- Drives away high performers

Industry Structure

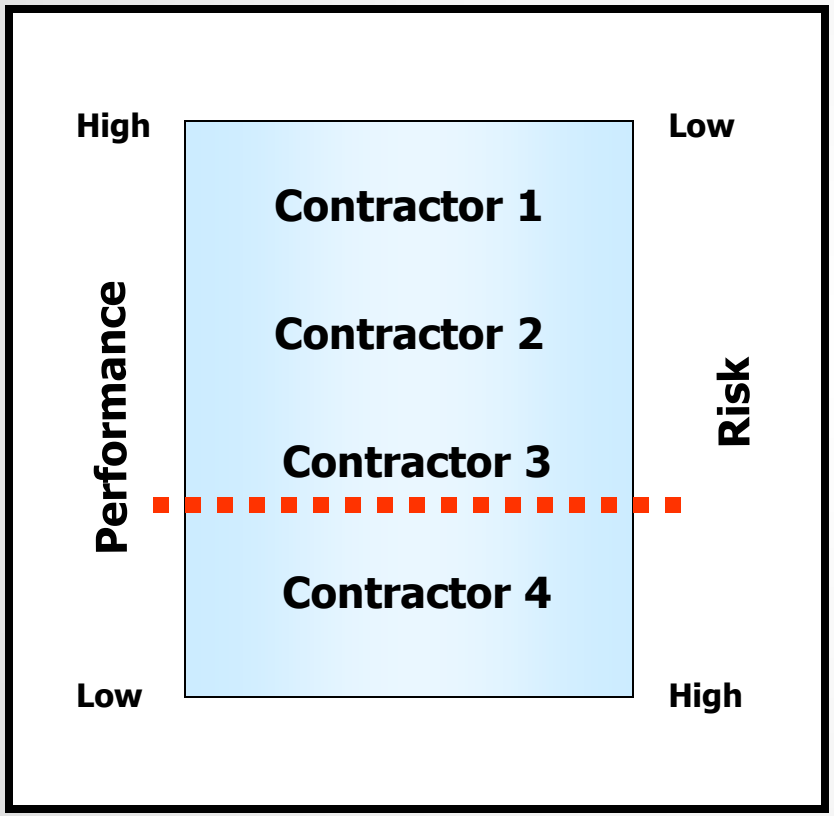


Objective of Minimum Standards





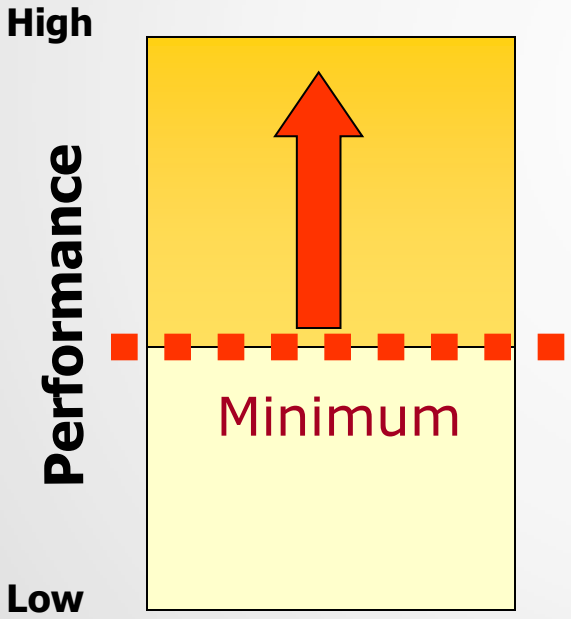
Who Will Be Selected?



Perception on Standards

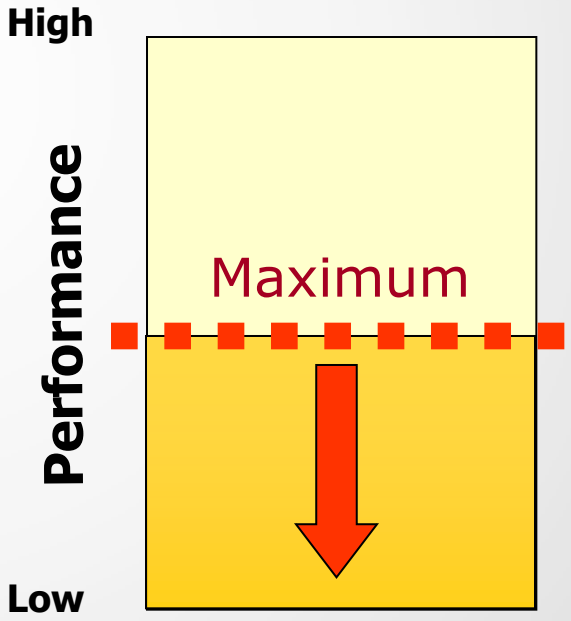
Owners

"The lowest possible quality that I want"



Vendors

"The highest possible value that you will get"



Specification Data Sheet

Property	Test Method	Values	Units
Thickness		0.048	Inches
Tensile Strength	ASTM D-638	>2130	PSI
Ultimate Elongation	ASTM D-638	>300	Percent
Tear Strength (lbs/in)	ASTM D-1004	>312	Lbs.
Heat Aging(160/ 60^0 C of membrane)			
A. Tensile Strength	ASTM D-638	>2130	PSI
B. Ultimate Elongation	ASTM D-638	>300	Percent
Linear Dimensional Changes	ASTM D-1042	<2	Percent
Cold Brittleness Temperature	ASTM D-1790	-30	^{0} C
Cold Brittleness Temperature	1/2" Mandrel Test	-30	^{0} C
Water Vapor Permeability	ASTM E-96 Proc. A	0.005	Perms
Shore "A" Hardness	ASTM D-2240	76	-

Property	Test Method	Results
Ultraviolet Resistance (Weatherometer Exposure of 10,000 hr. using a Xeno 1200 Xenon Light Source)	ASTM D-2565 / DIN 53387	No Visible Effects Under15x
Ozone Resistance	ASTM D-1149	No Visible Effects
Carbon Extraction Test	ASTM D-1203	<1% Weight Loss

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Property	Tes
Ultraviolet Resistance (Weatherometer Exposure of 10,000 hr. using a Xeno 1200 Xenon Light Source)	ASTM
Ozone Resistance	AS
Carbon Extraction Test	AS

Outsourcing

Going In For Brain Surgery…

Would you?

- Find the cheapest surgeon?
- Ask that surgeon if they can lower their price?
- Would you tell them that they should do it faster?
- Would you tell them how to perform the surgery / what tools they can use?
- Would you tell them that you have a better way of doing the surgery?
- Would you tell them which nurses/doctors they can use?
- Would you hire other individuals to tell/direct the surgeon how to do the surgery?

Outsourcing

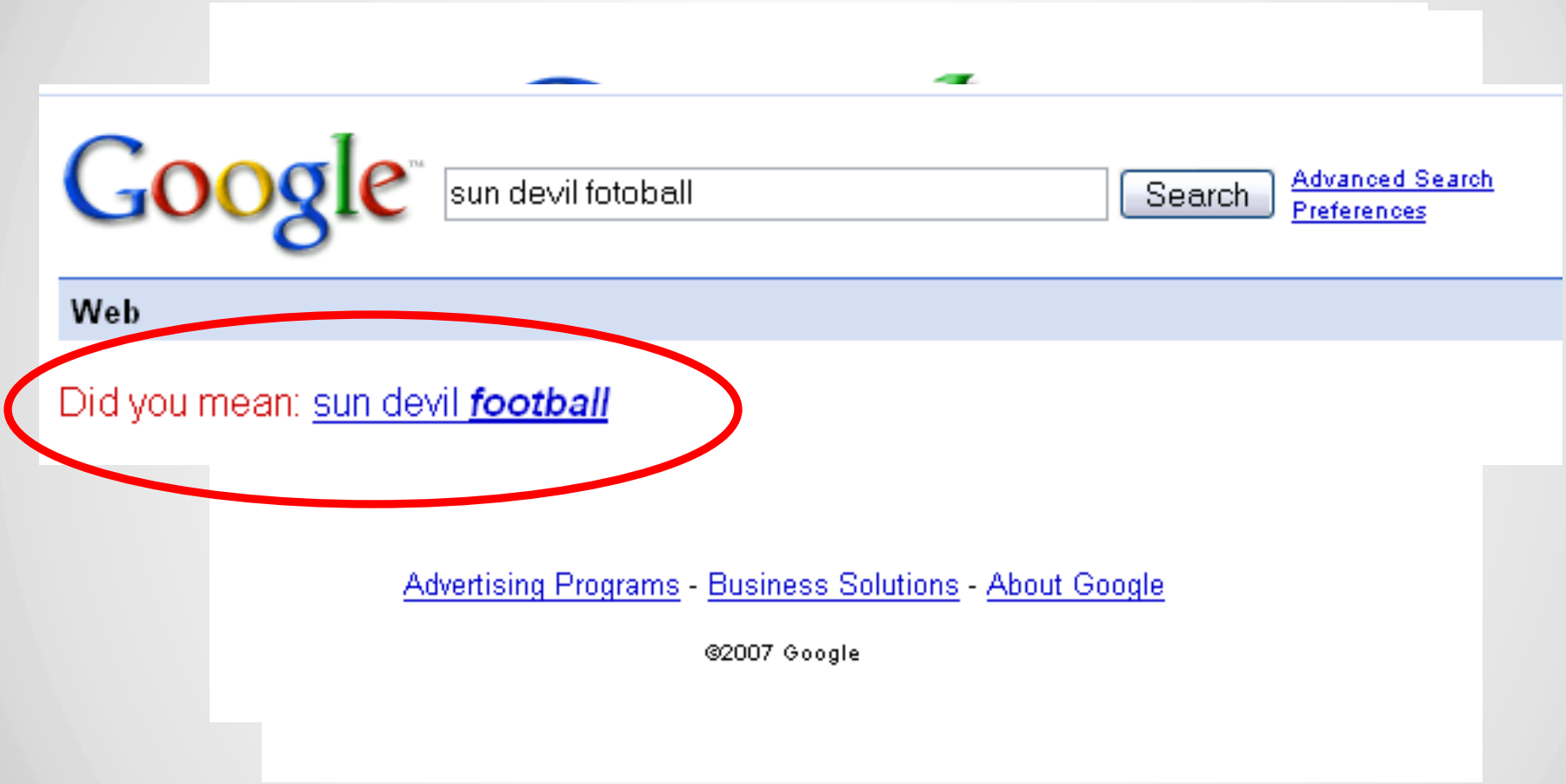
Going In For Brain Surgery…

Would you be nervous if?

- The surgeon asked you how you would like him/her to do the surgery?
- The surgeon asked how long you would like the surgery to last?
- The surgeon asked you how much anesthesia you would like?
- The surgeon asked you what type of tubes (metal/plastic) you'd like?
- The surgeon asked you to partner with them to determine the best solution?
- What if the surgeon knew you had asked for the wrong procedure, but did it any way, because "*the customer is always right*"?

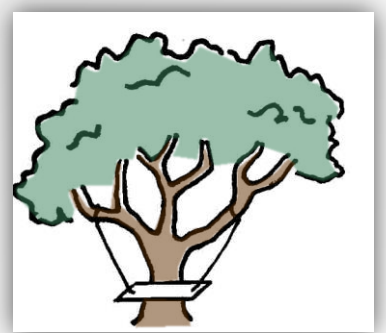
What Percent of RFP's Are 100% Accurate

Example of an Expert



Expertise

What the Owner Described



What the Consultant Specified

What the Contractors Installed

What the Owner Really Needed

FACTS:

- Owners are not experts (they have an idea of what they want)
- RFP's are rarely 100% accurate
- Experts should know more about the service than the owner
- Experts should know what the Owners need (even if the Owner didn't describe it)
- We are looking for an expert to provide us with their vision and expertise

Dominant Information

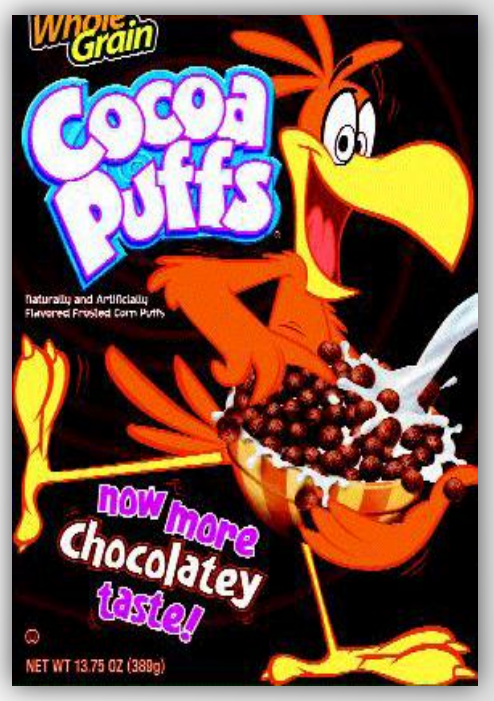
A

10 OZ
$3.75

B

10 OZ
$3.50

C



10 OZ
$3.99

Which would you buy?

(If you need to buy Cocoa Puffs)

A

10 OZ
$3.50

B

12 OZ
$1.25

C

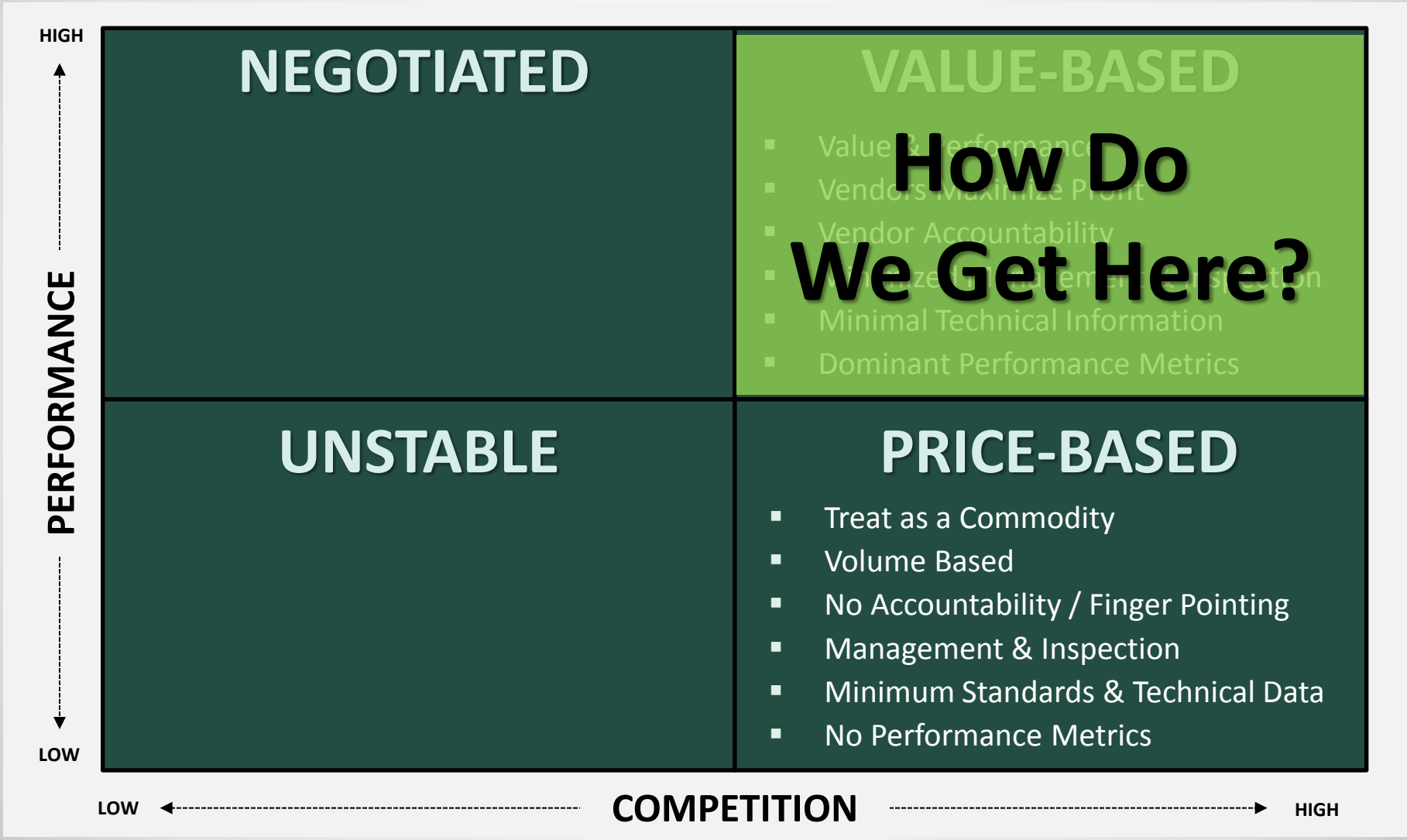
14 OZ
$2.99

“Dominant Information”

Scenario A

Scenario B

Industry Structure



PIPS Best-Value Process

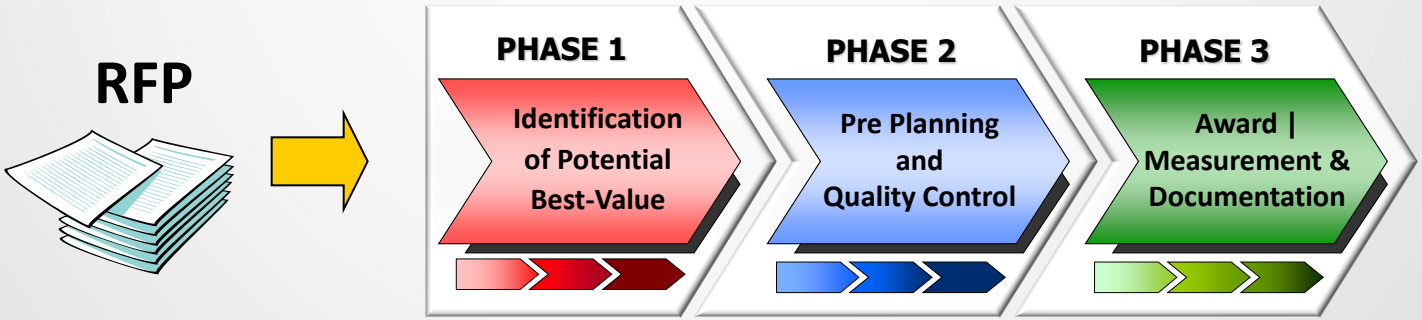
Factors For Success

- Fair (state/follow rules)
- Open (open to all with experience)
- Impartial and Transparent (minimize evaluator bias / provide debriefing)
- Efficient (minimize efforts)

PIPS Best-Value Process

Request For Proposal (RFP)

- Contents:
  - Current / Existing conditions
  - Desired outcomes / Objectives
  - Proposal requirements and selection criteria

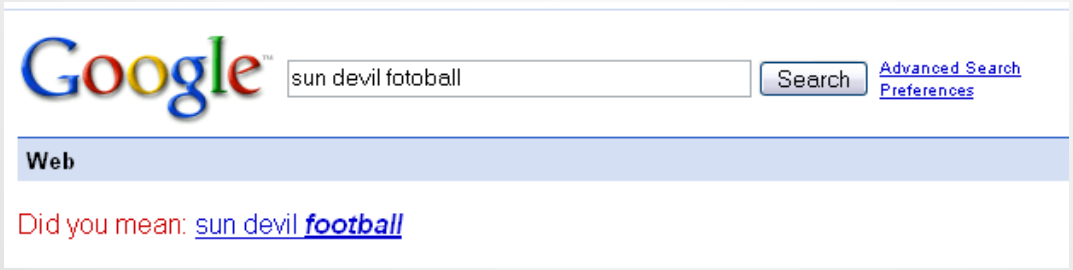


Your Proposal Must Minimize Surprises

- Delivering something that doesn't work
- Delivering something that isn't what the client is expecting
- Delivering something that isn't what the client needed
- Changes that add more cost
- Changes that add more time

What If You Have a Question?

- All proposers must meet the minimum requirements / objectives
- If a proposer does not understand, they must ask a question prior to submitting a proposal.
- If a proposer cannot meet a requirement, they must inform the client prior to proposing
  - Identify which requirement cannot be met
  - Provide recommendations or alternatives that the client may consider
  - The client will then issue an addendum with their response



PIPS Best-Value Process

Proposal Package
(Attachments)

- Attachment A – Proposal Form
- Attachment B – Risk Assessment Plan
- Attachment C – Value Assessment Plan
- Attachment D – Reference List
- Attachment E – Survey Questionnaires
- Attachment F – Past Performance Information Scores
- Attachment G – Project Plan
- Attachment H – Cost Proposal Form

Criteria and Weights

No	Criteria	Weights
1	Interviews	325
2	Cost	250
3	Risk Assessment Plan	175
4	Value Assessment Plan	100
5	Past Performance Information – Firm	50
6	Past Performance Information – Project Manager	50
7	Past Performance Information – Site Superintendent	50
	Total Points:	**1,000 Points**

Written Submittals

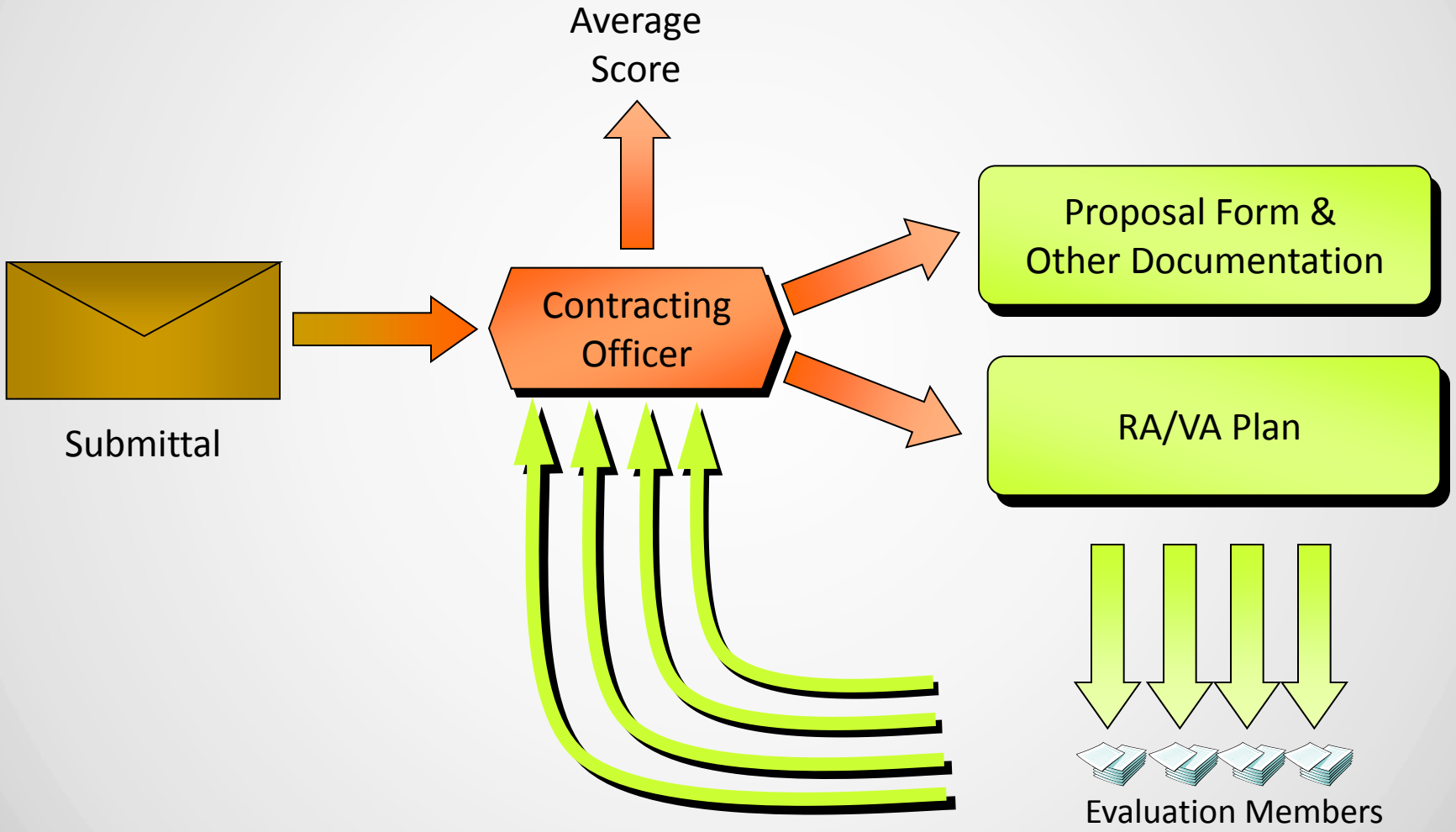
- The Risk Assessment Plan
- The Value Assessment Plan

Critical Formatting Requirements

- In order to minimize any bias, the evaluated proposal documents **MUST NOT** contain any names that can be used to identify who Proposer is (such as company names, personnel names, project names, or product names).

- Fair, non-biased, impartial

How The Submittal Process Works



RAVA Plan
(Risk Assessment Plan)

- Identify and prioritize all **major risks** (that the Proposer sees that are unique and applicable to this project) that may impact a successful delivery of the project.
- Risk = not completing on time, not finished within budget, generating change orders, or sources of dissatisfaction to the owner.
- The risk should be described in **non-technical terms** and should contain enough information to understand why the risk is a valid risk. Proposer must also explain how it will avoid or minimize the risks from occurring.
- Solutions must be nontechnical, **logical**, easily understood, or contain verifiable performance information.

Risk Assessment Plan

- **Controllable Risk Assessment:** risks, activities, or tasks that are controllable by Proposer, or by entities/individuals that are contracted to by Proposer. This includes things that are part of the technical scope of what Proposer is being hired to do. Project risk that other vendors have due to lack of experience and expertise

- **Non-Controllable Risk Assessment:** risks, activities, or tasks that are not controllable by Proposer. This may include risks that are controlled by Agency, Agency's representatives, or completely uncontrollable. Although these risks may not be controlled by Proposer, Proposer must identify a strategy that can be followed or used to mitigate these risks.

To Be Considered “Dominant”, Risks/Solutions Should:

- Be clear and concise
- Non-technical descriptions
- Logical
- Measurements that document time, quality, and cost
- Document performance results

Risk Assessment Example

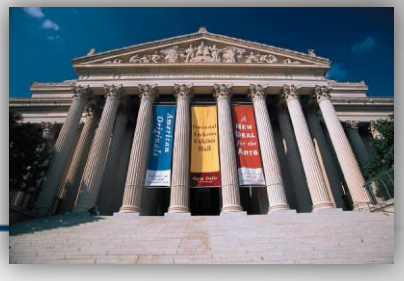
Controllable Risk

- **VENDOR 1**
  - **RISK:** This project requires a significant amount of concrete. The cost of concrete has been rapidly escalating over the past year.
  - **SOLUTION:** The owner can be assured all risks associated with concrete escalations will be eliminated because we offer the benefit of an experienced project team that includes the most detailed, prequalified and extensive list of subcontractors and suppliers, from around the world.

- **VENDOR 2**
  - **RISK:** The cost of concrete has been rising drastically over the past year. Since this project requires a substantial amount of concrete, cost is a risk.
  - **SOLUTION:** To minimize this risk, we have secured and signed a contract with a local concrete manufacturer to prevent any increase in cost during the duration of this project.

Risk Assessment Example

Controllable Risk



- **VENDOR 1**
  - **RISK:** Noise from our demolition may result in student/staff complaints (since we will be doing demo in an in-operational library during finals week).
  - **SOLUTION:** We will work with the user to minimize the impact of noise from demolition.

- **VENDOR 2**
  - **RISK:** Noise from our demolition may result in student/staff complaints (since we will be doing demo in an in-operational library during finals week).
  - **SOLUTION:** To minimize this risk, we have planned to demolition during off hours and weekends. We will also install rubber sheets on the floors to diminish noise and vibrations. Both solutions can be performed within your budget.

Risk Assessment Example

Non-Controllable Risk

- **VENDOR 1**
  - **RISK:** The local water company must have the water turned on by June in order for us to properly water the newly installed recreational fields (or the grass will die).
  - **SOLUTION:** We will coordinate and plan our schedule with the water company as soon as the award is made to make sure that we get water to the site to irrigate the fields.

- **VENDOR 2**
  - **RISK:** The local water company must have the water turned on by June in order for us to water the newly installed fields (or the grass will die). On past projects, the water company has failed to meet the schedule 90% of the time.
  - **SOLUTION:** To minimize this risk, we will coordinate our schedule with the water company as soon as we are awarded the project. If they fail to meet our schedule, we will setup and connect temporary waterlines to the nearby fire hydrants and we will also have water trucks on-site to irrigate the fields.

Risk Assessment Example

Controllable Risk

RISK:

A poor roofing system can result in roof leaks, which may inconvenience building occupants, increase complaints, increase maintenance, damage building contents, and be a source of mold issues.

Vendor A Solution:

- To minimize this risk, we are proposing a thermally-welded roofing system that has a tensile strength of 2,130 PSI, elongation of 300%, tear strength of 312lbs, has been tested for 10,000, and has a cold brittleness of -30˚C.

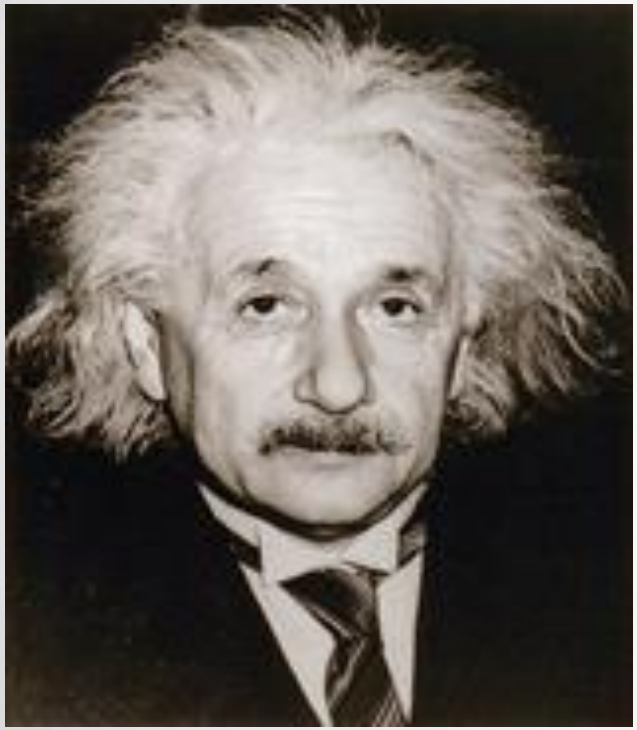
Vendor B Solution:

- To minimize this risk, our proposed roofing system has been installed on over 400 roofs and has had an average roof age of 18 years, in which 99% of the roofs don't leak and 100% of the end clients are satisfied.

Risk Assessment Example
Controllable Risk

- **RISK:** Major risk items typically associated with transit implementations revolve around change management and business process impact. New technology implementations create change for the users. Change often causes issues with technology adoption. Requirements and scope creep also creates challenges. Systems may have thought a certain technology or component was incorporated in the RFP and/or needs assessment process that is not included in the actual scope of work or contract. Communication is also an area that can be a challenge.

- **SOLUTION:** A clearly defined scope of work and communication of the scope at the beginning of the project minimizes scope creep. If there is a discrepancy, scope or requirements can be discussed early on in the process versus at the end of the process. Communication is the key to successful implementations. Change management and business process re-engineering for organizations can be minimized at the technology and management levels. Management can get early buy-in at the "grass roots" level and include them in the technology planning process. The Team focuses on providing very configurable and flexible tools to minimize process re-engineering tasks. The Team focuses on automating existing business processes and providing additional tools to improve those processes that need to be improved such as data management….



“If you can't explain it simply, you don't understand it well enough!”

Value Assessment Plan

- **Opportunity** to identify any value added options or ideas that may benefit the Owner and Agency.
- This may include ideas or suggestions on **alternatives** in implantation strategies, timelines, project scope, modules, methodologies, or financing.
- All value added ideas must be logical and/or based on verifiable performance metrics.
- All value added options must be related to a cost or schedule impact.
- Value added ideas must **NOT** be included in the cost proposal. Prior to award, the Owner will determine if the value added items will be accepted or rejected.

Example: Value Added Items

- Reroofing this building will not stop all water leaks. The majority of the leaks are caused by cracks in the parapet walls, broken/missing glass, and poor caulking.

Example: Value Added Items

- You can save 20% in your cost if you substitute the T-3 lighting system for the T-2. The T-3 lights are newer state-of-the-art systems that are known industry wide as the best systems.

Example: Value Added Items

- **Current Requirement:** The current design requires a substantial number of cast-in-place box culverts. This requires us to create forms (which may be difficult in specific locations), and then we will have to wait for the concrete to cure.
- **Alternate:** If we can use pre-cast culverts we can save approximately 5% in cost and reduce overall schedule by 10%. Pre-cast culverts can be made to the same specifications as the cast-in-place culverts, and we have found them to be higher in quality since they can be created in a closed environment.
- **Documented Performance:** We have done this on over 20 projects (similar in scope to this project) and have had high customer satisfaction.

Things to Avoid

- **General Statements:**
  - Our employees will wear safety equipment (hard hats, vests, etc)
  - Safety: Our goal is to have no accidents or deaths
  - We will put a fence around the site to prevent outside access

- **Marketing data:**
  - Our company is known worldwide as a leader in…
  - We will use our long history to…
  - We will use state-of-the-art process to…

- **Technical data:**
  - The system we propose has 200% elongation and 600psi tensile strength
  - The product will pass the ASTM-568a test.

- **Transferring risk back to client:**
  - We will work with the owner to resolve issues…
  - We will have team meetings / partnering meetings with the owner…

Critical Formatting Requirements

- Proposal is limited to
  - **1 Pages** = Assessment of Controllable Risks
  - **1 Pages** = Assessment of Non-Controllable Risks
  - **1 Pages** = Assessment of Value Added Ideas

Remember…

- ✓ Be clear and concise
- ✓ Non-technical descriptions / solutions
- ✓ Logical
- ✓ Measurements that document time, quality, and cost
- ✓ Document performance results / verifiable results

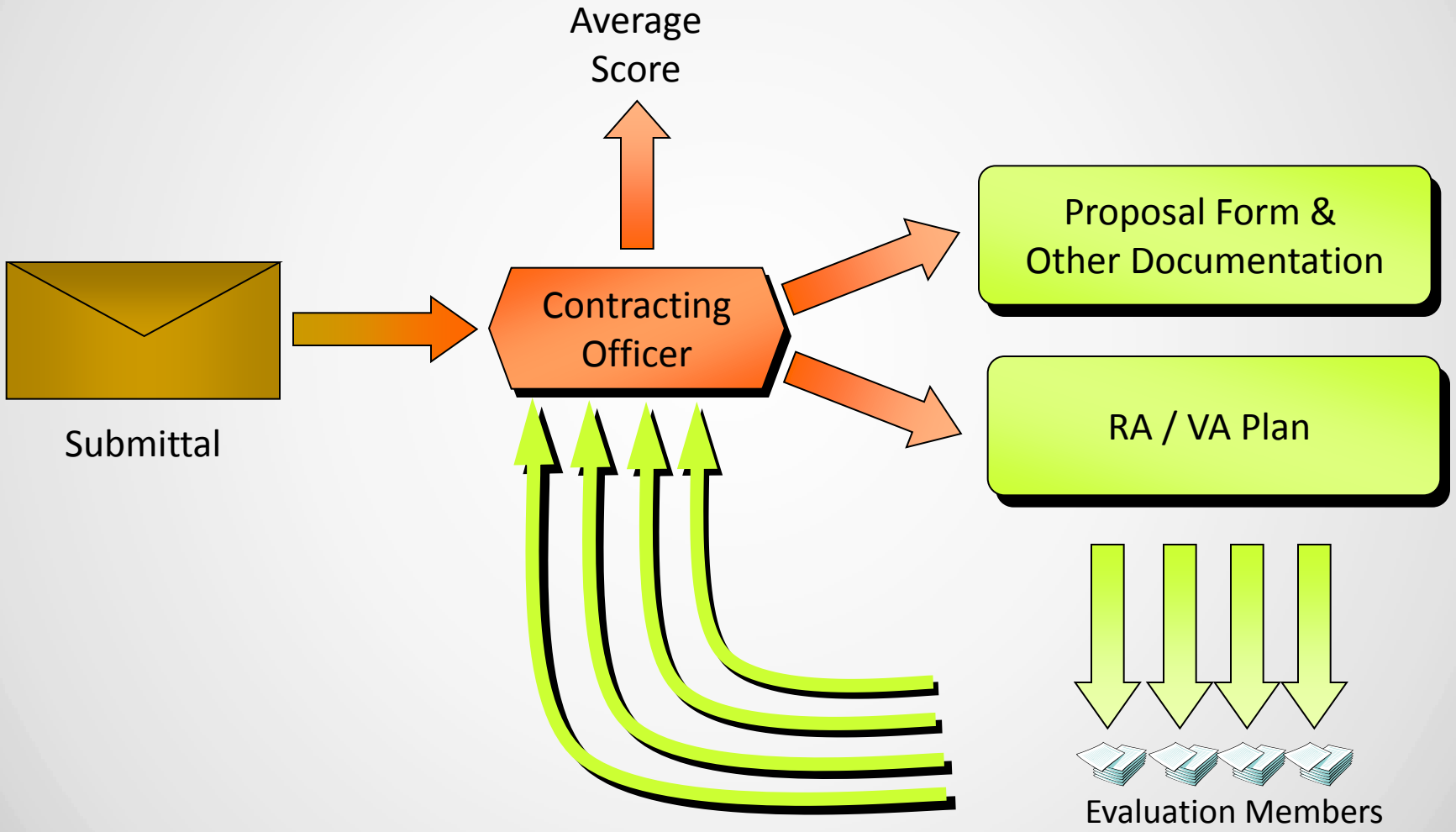
Project Plan Summary

- The purpose of the Project Plan is to demonstrate to ITD that the Proposer can visualize what they are going to do before they do it.

- Should be developed around fulfilling the ITD's requirements within the known project constraints of cost, time, resources, quality, and expectations as described in this RFP.

- 4 parts:
  - **Proposal Summary** (major activities to meet objectives)
  - **Project Assumptions**
  - **Roles, Responsibilities, Expectations**
  - **Pre-Award Schedule**

How The Submittal Process Works

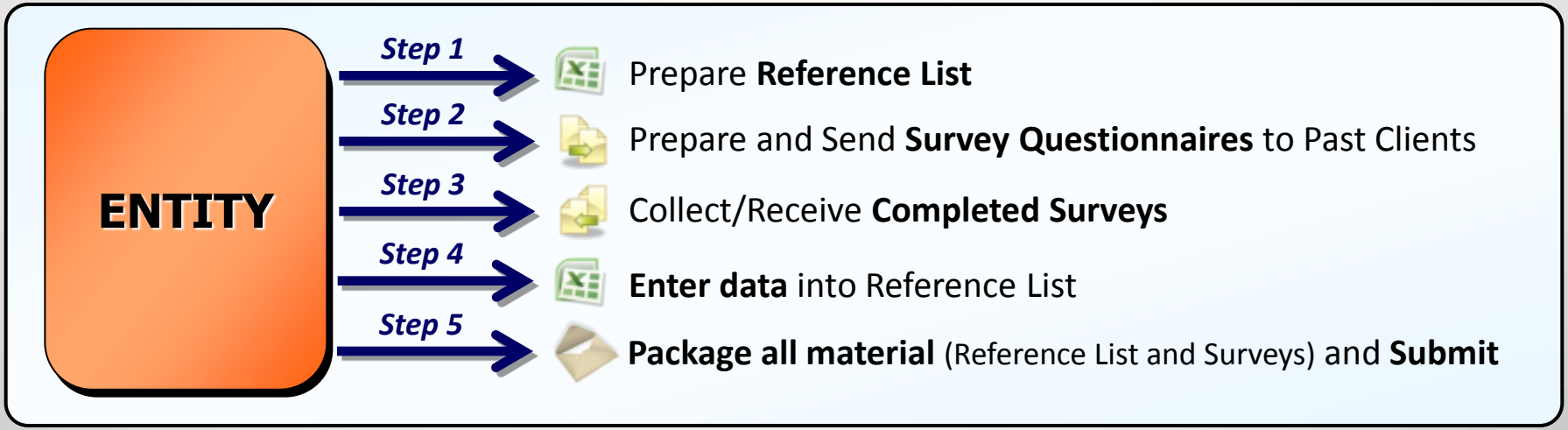


Evaluation Committee

- Will be used to evaluate specific portions of the Proposal
- Evaluators will not be provided with the names of any Proposers, product names, cost, or any additional information
- Evaluators will independently (not as a group or consensus) review and score the items comparatively to one another
- Objective of the scoring is to not make a decision (looking for "dominant" differential)
- Evaluations will be scored on a 1/5/10 scale
  - "10" = Dominantly higher value than the average (clearly shows differential)
  - "5" = About average (insufficient information to make a clear decision)
  - "1" = Dominantly below the average (clearly shows differential)

Past Performance Information

- PPI will be collected on the following Entities:
  - **The Firm**
  - **Project Manager (Individual)**
  - **Site Superintendent (Individual)**
- Each Entity must prepare and submit a Reference List, Survey Questionnaire, and Past Performance Information Scores

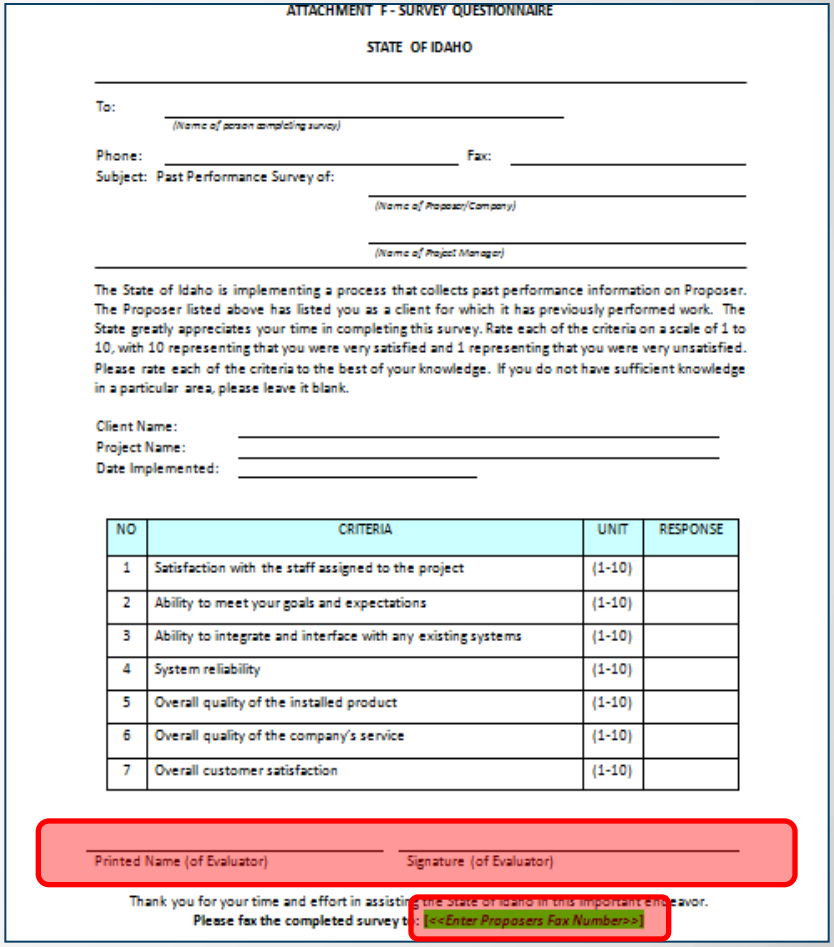


Reference List

- Each Entity must submit a list of clients that will evaluate Entity's performance.
- The maximum number of references that can be submitted is 10 for each Entity.
- The past projects must be installed and operational
- The past projects do not have to be similar
- The reference list must contain different projects and clients
- The client must complete the survey
- UM or its employees cannot be used
- Each Entity can use the same references provided that they were used or applied on that particular project.

Survey Questionnaire

- For <u>each Entity</u>, Proposer must prepare, send out, and collect survey questionnaires to each individual listed on the Reference List.
- <u>Proposer</u> must modify so that the surveys are returned back to the Proposer.
- All returned surveys MUST be evaluated AND signed by the client.
- Returned surveys must be packaged together and submitted with Proposer's proposal (Proposer should keep a copy of all returned surveys for Proposer's records).



ATTACHMENT F - SURVEY QUESTIONNAIRE

STATE OF IDAHO

To: _____
(Name of person completing survey)

Phone: _____ Fax: _____

Subject: Past Performance Survey of:

_____
(Name of Proposer/Company)

_____
(Name of Project Manager)

The State of Idaho is implementing a process that collects past performance information on Proposer. The Proposer listed above has listed you as a client for which it has previously performed work. The State greatly appreciates your time in completing this survey. Rate each of the criteria on a scale of 1 to 10, with 10 representing that you were very satisfied and 1 representing that you were very unsatisfied. Please rate each of the criteria to the best of your knowledge. If you do not have sufficient knowledge in a particular area, please leave it blank.

Client Name: _____
Project Name: _____
Date Implemented: _____

NO	CRITERIA	UNIT	RESPONSE
1	Satisfaction with the staff assigned to the project	(1-10)	
2	Ability to meet your goals and expectations	(1-10)	
3	Ability to integrate and interface with any existing systems	(1-10)	
4	System reliability	(1-10)	
5	Overall quality of the installed product	(1-10)	
6	Overall quality of the company's service	(1-10)	
7	Overall customer satisfaction	(1-10)	

Printed Name (of Evaluator) _____ Signature (of Evaluator) _____

Thank you for your time and effort in assisting the State of Idaho in this important endeavor.
Please fax the completed survey to: *<<Enter Proposers Fax Number>>*

Past Performance Information Score

- Proposer shall input the survey scores, and "Overall Average Score"
- Proposer shall also count the "Total Number of Returned Surveys"
- Client may contact the reference to clarify or to obtain additional information. If the reference cannot be contacted, the survey may be deleted.
- The Client may also adjust the scores if the client determines that the criteria/requirements have not been followed.

No	Criteria	Survey 1	Survey 2	Survey 3	Survey 4	Survey 5	Average
1	Satisfaction with the staff assigned to the project	10	9	8	9	10	9.2
2	Ability to meet your goals and expectations	7	10	9	9	10	9.0
3	Ability to integrate and interface with any existing systems	6	9	10	9	10	8.8
4	System reliability	10	9	10	8	10	9.4
5	Overall quality of the installed product	9	9	10	10	9	9.4
6	Overall quality of the company's service	8	9	8	10	6	8.2
7	Overall customer satisfaction	9	10	9	9	10	9.4
						Overall Average Score:	**9.1**
						Total Number of Surveys Returned:	**5**

Key Personnel Interviews

- The Client may interview the following individuals:
  - **Project Manager** (will be involved on the project every day)
  - **Site Superintendent** (will be out in the field every day)

- All individuals must be available for interviews on the dates specified in the RFP. If a team member is not present for the interview, they will jeopardize the team's competitiveness. No substitutes, proxies, phone interviews, or electronic interviews will be allowed.

- The client will actually "interview" each individual. This is not a "presentation". No other person from the Proposer's organization may sit in during interviews.

- Goals:
  - Meet the critical personnel that are being assigned to the project
  - Identify if the personnel have experience and have thought about this project
  - Identify if the personnel can think ahead and minimize potential risks

Interview Format

- Individuals will be interviewed separately
- No other individuals can be present during interviews. The individuals cannot bring any notes or handouts.
- Interview times will be approximately 15 minutes per individual
- A standard set of questions will be asked to each individual. The client has the option to clarify any responses.
- Questions will be non-technical
- Evaluators will rate/score the interviews comparatively to one another on a 1-5-10 scale

Interview Comments

Goal Is To Minimize Risk

"I have no idea why I am here today" - $10 Million Project

"My boss called me last night and told me to show up for this interview"

"I did not participate at all in preparing our proposal"

"I am not currently employed by this company, but if we win this project, they will then hire me" - $25 Million Service Project

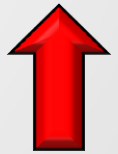
"I have never managed a project of this size/scope" - $30 Million Project

"There is no risk on this project" - IT Project

"The greatest risk that I always face, is how to accomplish all of the things that our sales team promised we could do" – Clean Room Project

Final Prioritization

NO	CRITERIA	POINTS	FIRM A	FIRM B	FIRM C	BEST	FIRM A POINTS	FIRM B POINTS	FIRM C POINTS
1	Cost	250	$145,000	$150,000	$170,000	$145,000	250	242	213
2	Interviews	350	4.5	8.1	6.2	8.1	194	350	268
3	Risk Assessment Plan	200	5.1	8.7	7.5	8.7	117	200	172
5	Value Assessment Plan	100	5.0	5.0	5.0	5	100	100	100
6	PPI – Firm (1-10)	25	9.5	9.2	9.1	9.5	25	24	24
7	PPI – Firm (Surveys)	25	1	5	5	5	5	25	25
8	PPI – Project Manager (1-10)	25	9.5	9.2	8.8	9.5	25	24	23
9	PPI – Project Manager (Surveys)	25	1	4	2	4	6	25	13
	Total	1000				**TOTAL POINTS (1,000):**	**723**	**990**	**838**



Cost Reasonableness

- To ensure the optimum use of funds, the Client shall review the cost reasonableness of the prioritized Proposers in the following manner:
  - If the highest ranked Proposer's Cost is within 10% of the next highest ranked Proposer's Cost, the Client reserves the right to proceed to invite the highest ranked Proposer to the Pre-Award Period.
  - If the highest ranked Proposer's Cost is more than 10% greater than the second highest ranked Proposer's Cost, the Client reserves the right to invite the second highest ranked Proposer to the Pre-Award Period.

Cost Reasonableness

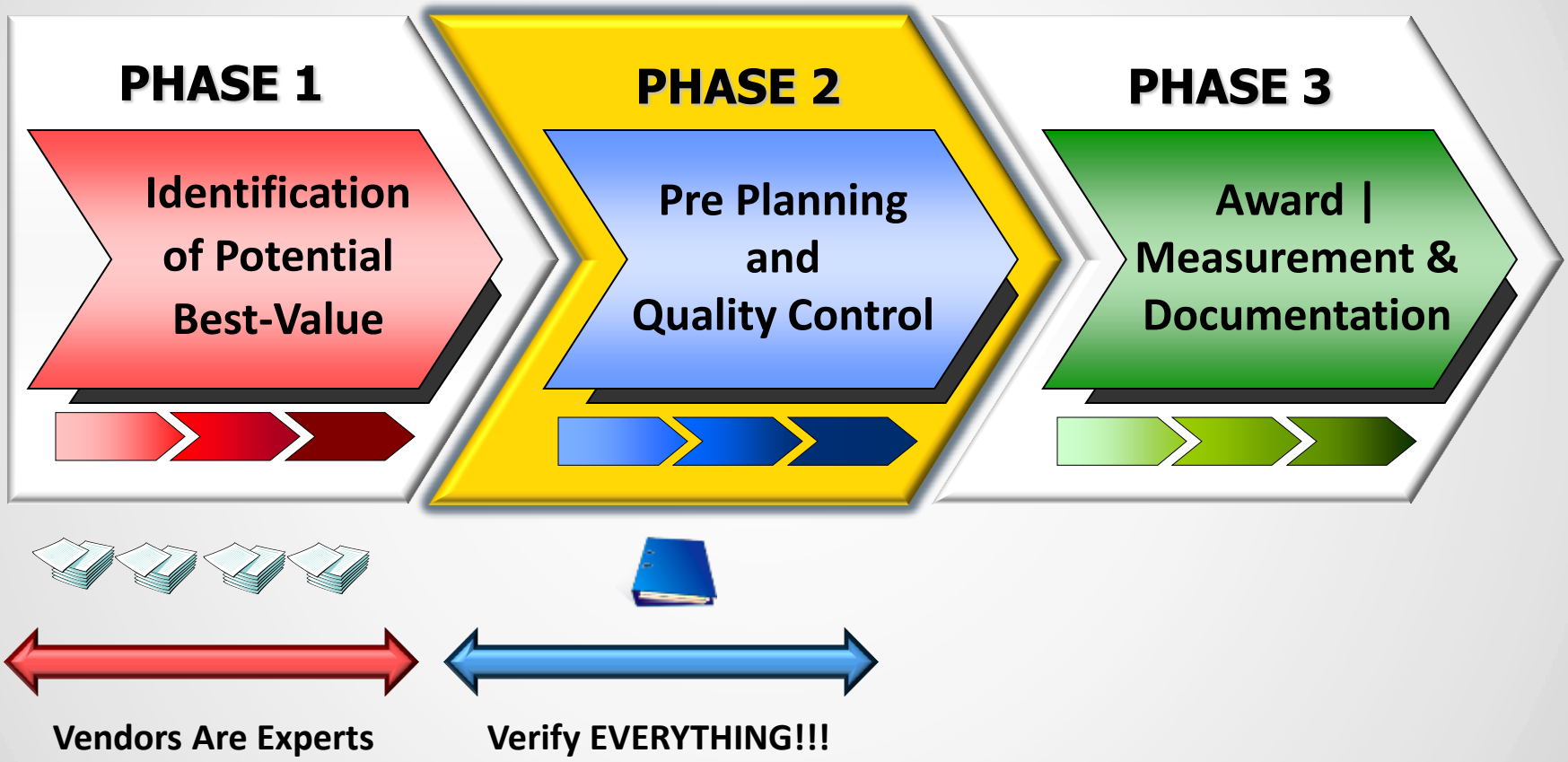
NO	CRITERIA	WEIGHT	FIRM 2	FIRM 3	FIRM 4
1	Total Cost	200	$1,500,000	$1,250,000	$1,200,000
2	Interview Score	300	5	8.5	7
3	Client Demos	100	5	9.1	7.5
4	RAVA Plan	200	8	9	8
5	Work Plan	100	7.5	7.5	8
6	PPI - 1-10 Scores	80	9.3	9.6	9.5
7	PPI - # of Surveys	20	5	4	5
	Total Points (1,000):		**812**	**975**	**916**

NO	CRITERIA	WEIGHT	FIRM 2	FIRM 3	FIRM 4
1	Total Cost	200	$1,500,000	$1,500,000	$1,000,000
2	Interview Score	300	5	8.5	7
3	Client Demos	100	5	9.1	7.5
4	RAVA Plan	200	8	9	8
5	Work Plan	100	7.5	7.5	8
6	PPI - 1-10 Scores	80	9.3	9.6	9.5
7	PPI - # of Surveys	20	5	4	5
	Total Points (1,000):		**812**	**975**	**916**

Phase 2


PHASE 1
Identification of Potential Best-Value
PHASE 2
Pre Planning and Quality Control
PHASE 3
Award | Measurement & Documentation

Note: Phase 2 is Most Critical



What is the Pre Award Period?

(Proactive vs Reactive)

Minimize All Surprises!!!

What Could Cause a Surprise

- Delivering something that doesn't work
- Delivering something that isn't what the client is expecting
- Delivering something that isn't what the client needed
- Requiring the client to do something (that they did not know they had to do)
- Requiring things from the client that they cannot provide
- Expecting that something will happen as planned
- Assuming that things are clear and understandable
- Assuming that things will be done as planned
- Changes that add more cost
- Changes that add more time

How Can We Minimize Surprises

- Carefully preplan the project in detail
  - Coordinate the project/service with all critical parties
  - Prepare a detailed project plan (work plan, staffing, implementation, etc)
  - Revisit the sites to do any additional investigating
  - Prepare a detailed project schedule identifying critical milestones

- Cost Verification
  - Detailed cost breakdown
  - Identify why the cost proposal may be significantly different from competitors
  - Review big-ticket items
  - Value added options

- Identify all assumptions
  - Prepare a list of all proposal assumptions

How Can We Minimize Surprises

- Align expectations
  - Identify any potential deal breakers
  - Clearly identify what is included and excluded in the proposal
  - Client roles and responsibilities
  - Any contract terms and conditions
- Identify how the vendor will track and document their performance
  - Performance metrics & Weekly risk reports
- Identify and Mitigate All Risks
  - Client concerns/risks
  - Other proposers risks
  - Previous project risks
  - Uncontrollable risks

Pre Award Document

1. **Financial Summary** (financial details, how funding will work, etc)
2. **Complete Project Schedule** (a coordinated schedule showing major milestones, risky activities, client actions, client action item list, etc)
3. **Project Risks/Concerns** (all controllable risks/concerns, all non-controllable risks, and solutions)
4. **Assumptions** (all project assumptions with associated impacts, identify what you need from the client and have a plan for obtaining it, roles and responsibilities of the client, etc)
5. **Performance Metrics** (how the vendor will monitor performance, document success, metrics used, frequency, baseline for comparison, how will it assist the client, etc)
6. **Scope of Work** (plan of action, detailed work plan, how technical requirements will be met, baseline expectations, implementation plan, transitional plan, data migration plan, staffing plan, communication plan, training plan, organization change plan, what's included, excluded, etc)
7. **Contract** (language, terms and conditions, etc)

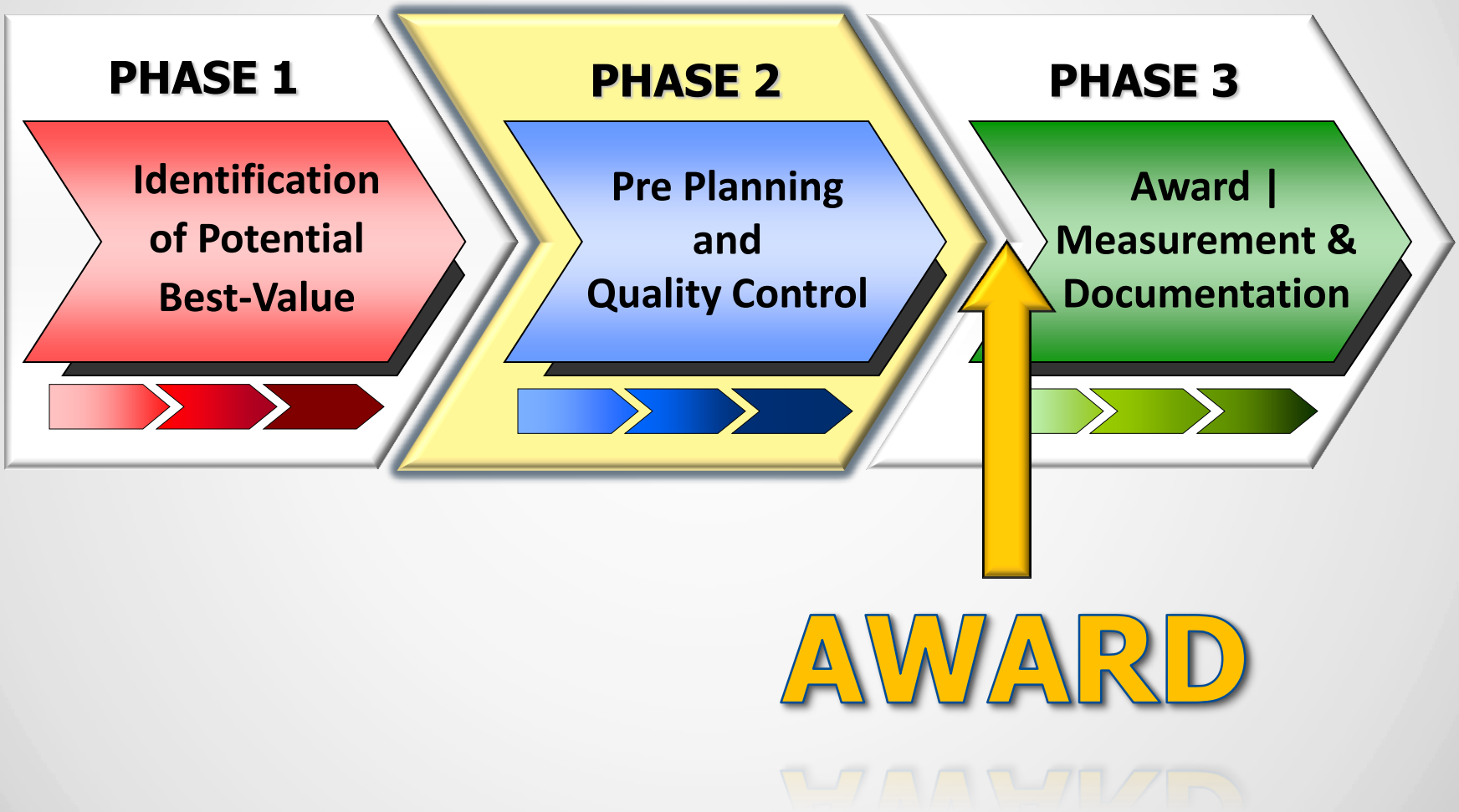
Must Prepare & Preplan Before You Propose!!!

Impact of Pre-Award

(General Services Administration)

No	CRITERIA	Traditional RFP	ASU-BV
1	Number of projects analyzed	11	10
2	Total awarded cost	$14,244,385	$9,994,887
3	Total awarded schedule	1,822	1,373
4	Percent awarded cost below budget	4.4%	6.0%
5	Average time RFP Release to Contract	68 days	78 days
6	Average BV-PA duration (days)	0	7
7	Average Overall Change Order Rate	**50% Decrease**	
8	Average Overall Project Delay Rate	**38% Decrease**	
9	GSA Satisfaction Rating of Contractor/Job	**34% Increase**	

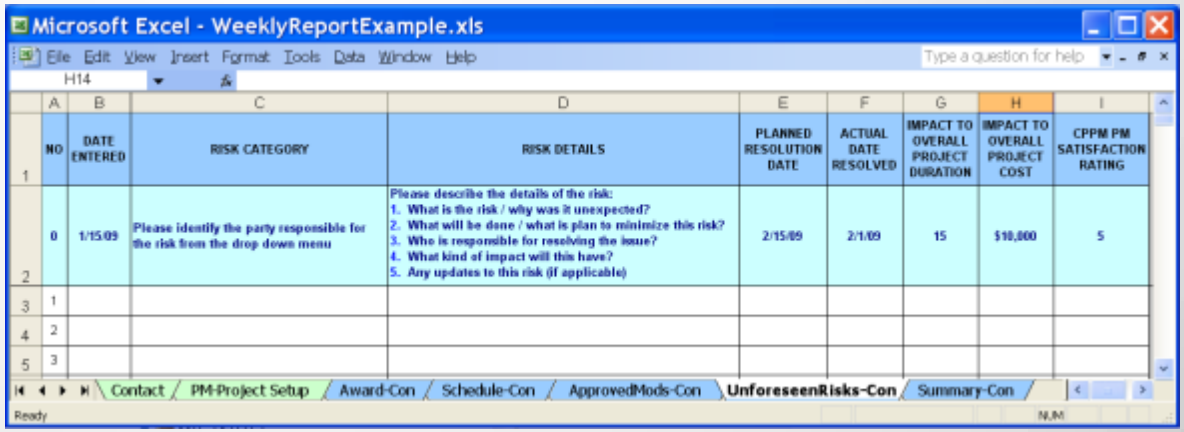
PIPS Best-Value Process



PIPS Best-Value Process

Weekly Risk Reporting System

- Excel Spreadsheet that tracks all risks on a project
- Risk = Any impact to time, money, or quality
- WRRS will incorporate Proposers Performance Metrics
- Vendor must submit the report every week (Thursday)
- The final project rating will be impacted by the accuracy and timely submittal of the WRRS



Post Project Evaluation

- Upon completion of the project, the University will evaluate their overall satisfaction of the project. This includes (but is not limited to):
  - Overall quality
  - Ability to manage the project
  - Ability to minimize complaints
  - Ability to minimize University efforts
  - Ability to minimize project delays
  - Ability to minimize cost increases
  - Submission of accurate and timely weekly risk reports.

- The final rating on this project will be used to replace the Offeror and its key personnel (Project Manager and Site Superintendent) Past Performance Information scores on the next Best-Value project.

PIPS Process

- Proposal ($ & Time)
- Past Performance
- Current Capabilities
  - Risk Assessment
  - Value Assessment
  - Interviews

- Pre Award Phase

- Award
- Weekly Reporting
- Post Award Metrics
- Final Documentation
- Update PPI

Current Results

- **Award Analysis:**
  - Number of Best-Value Procurements: **161**
  - Awarded Cost: $50.6M (**11%** below average cost)
  - Average Number of Proposals: **4**
  - Projects Where Best-Value was also Lowest Cost: **53%**
  - **85%** of projects were awarded to vendor with highest / second highest RAVA Plan (7.3 vs 5.9)

- **Performance Information:**
  - Contractor Impacts: **0%** Change Orders / **4%** Delay
  - Vendor post project rating: **9.6**
  - Average Contractor Increase in Profit: **5%**

Schedule

- RFP Released = 1 Day
- Time to Respond = 3 Weeks
- Evaluation Period = 3 Days
- Interviews = 1 Day
- Pre Award Period = 2 Weeks
- Award = 1 Day

Suggestions

- ✓ Identify who your best people are (done through measurements)
- ✓ Have your best people sit down in a room and think about this project
- ✓ Adapt their comments/ideas into your Risk and Value Assessment Plans
- ✓ Correlate any suggestions/ideas/solutions to documented performance
- ✓ Keep marketing people away (risk of reformatting, names, words, etc.)
- ✓ Follow all formatting requirements (no names, page limits)
- ✓ Be dominant
- ✓ Be simple, non-technical, and logical
- ✓ Picture what it takes to make the client very happy at the end

Comments / Questions

W W W . P B S R G . C O M

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