

Developing a High-Performing Statement of Work and Current Conditions



Agenda

- **Overview**
- **Workshop**
- **Content & Structure of a High-Performing SOW**
- **The Importance of Current Conditions**
- **Summary & SOW Assessment Handout**

Overview

Organizing a High-Performing RFP

RFP

Request for Proposal



Information Technology (IT)
Software Implementation Template

RFP Number: #####

RFP Release Date: MM/DD/YYYY

RFP Due Date: MM/DD/YYYY



Take A Quick Step Back...

RFP

Request for Proposal



Information Technology (IT)
Software Implementation Template

RFP Number: #####

RFP Release Date: MM/DD/YYYY

RFP Due Date: MM/DD/YYYY

*What is the
Goal
of the RFP?*

Goals of the RFP?

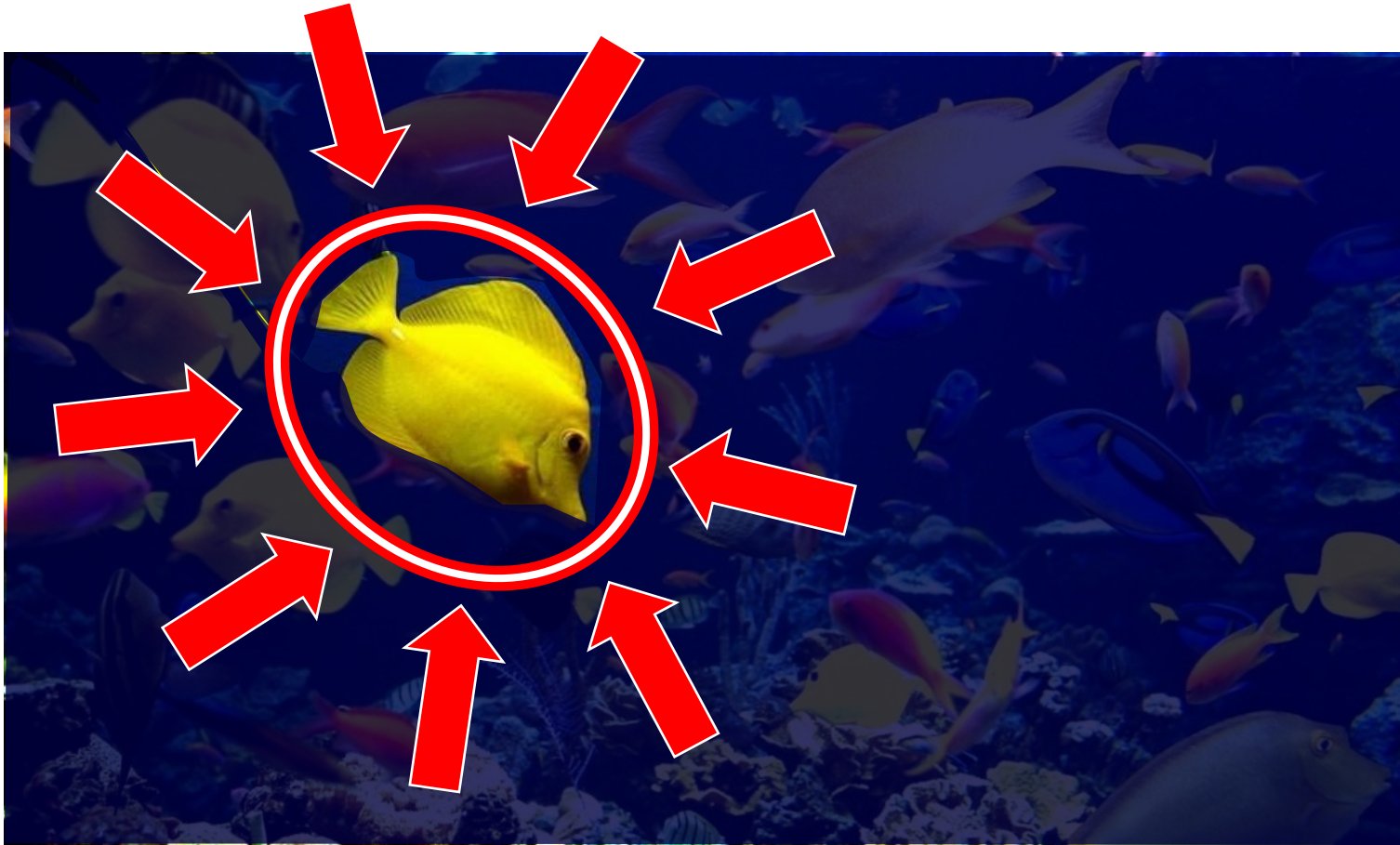
- **Make it difficult to determine your needs?**
- **Confuse vendors?**
- **Frustrate vendors?**
- **Increase the odds of missing a requirement?**



Always Remember...Vendors Have Options!



You Want To Look More Attractive Than All Other Current Owners!!!



If You Look Dangerous....



So how do we attract more
High-Performing Vendors?

Starts With Your Solicitation!

RFP

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RFP Number: #####

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RFP vs. SOW: How are they Related?

RFP

Request for Proposal



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RFP vs. SOW: How are they Related?

RFP

Request for Proposal



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1 Statement of Work

2 Current Conditions

3 Proposal Requirements

4 Evaluation Procedures

5 Administrative Requirements

6 Proposal Forms

7 Attachments & Exhibits

Organizing a High-Performing RFP

RFP

Request for Proposal



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1 Statement of Work

2 Current Conditions

3 Proposal
Requirements

4 Evaluation
Procedures

5 Administrative
Requirements

6 Proposal Forms

7 Attachments
& Exhibits

What the Client
is Purchasing



Organizing a High-Performing RFP

RFP

Request for Proposal



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1 Statement of Work

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6 Proposal Forms

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What the Client
is Purchasing

How the Client will
Evaluate and Select
the vendor

DEFINITION: Statement of Work (SOW)

- The Statement of Work (SOW) is an essential part of any solicitation.
- Describes what you are looking to purchase, acquire, or achieve.

Terminology

All are Included...

- Statement of Work (SOW)
- Scope of Work (SOW)
- Specifications or Minimum Specifications
- Requirements or Minimum Requirements
 - Business Requirements
 - Technical Requirements
 - Functional Requirements
- Minimum Qualifications

**SOW =
What you are
Hiring the
Vendor to do**

4 Major “Steps” to Contract

Contract



1) Define the Project SOW

General Procurement Process

Statement of Work

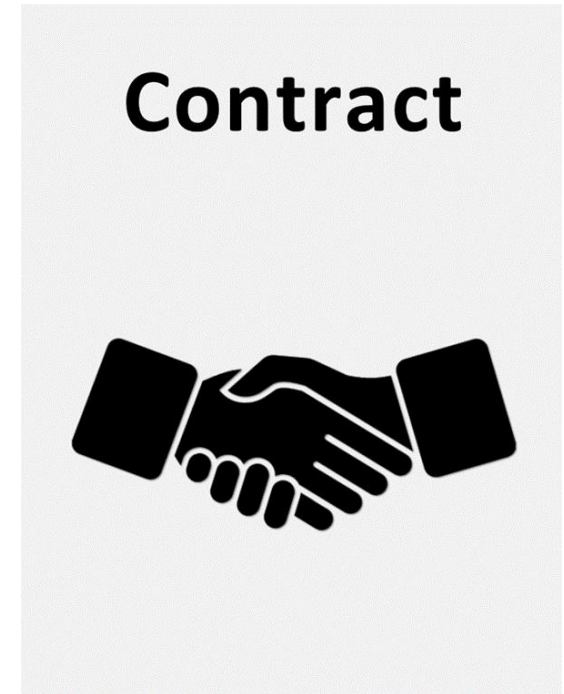
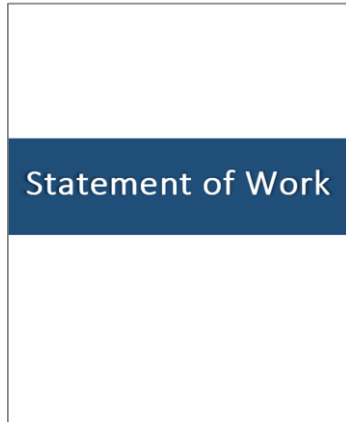
1
SOW

Contract



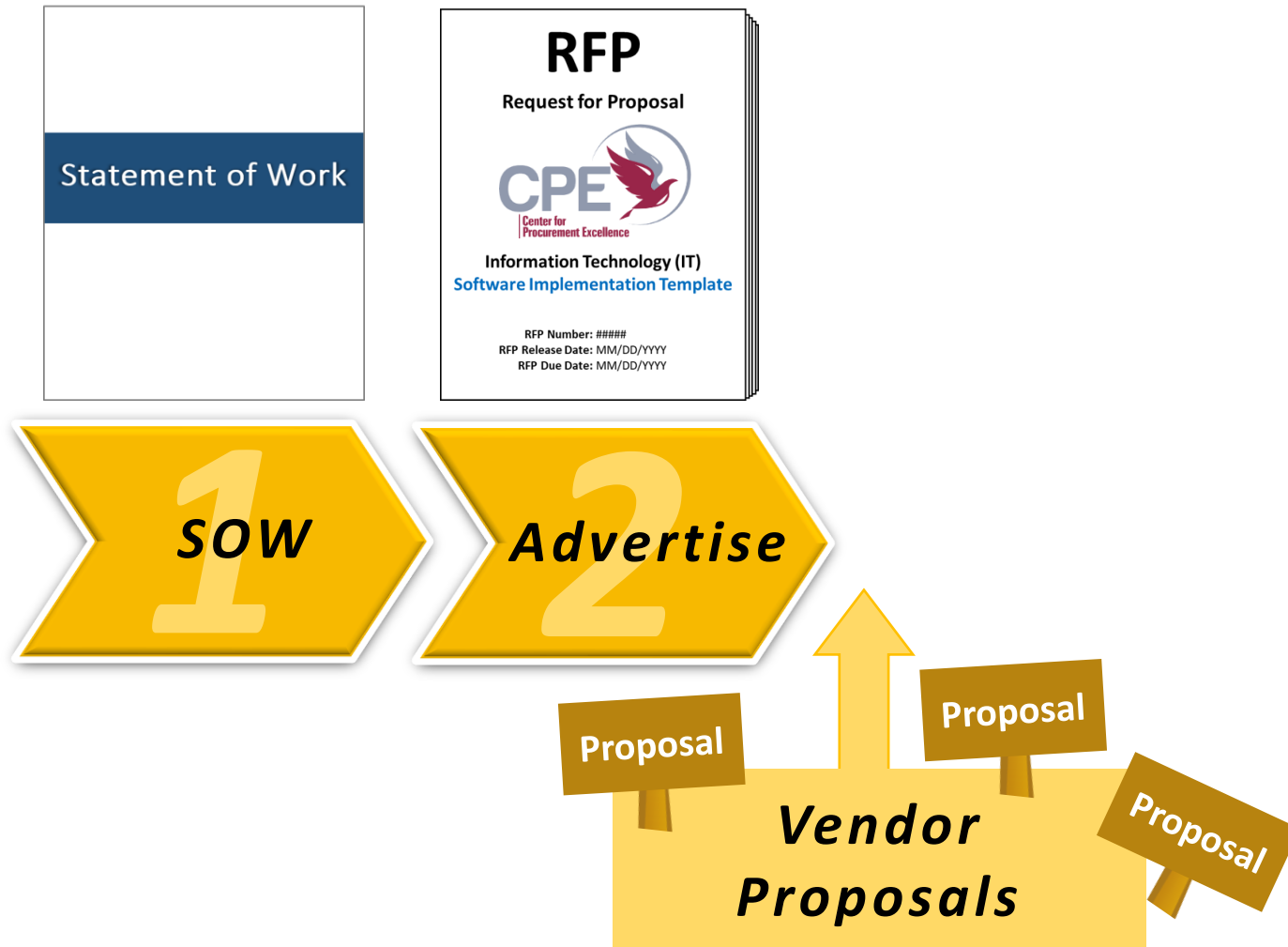
2) Advertise the RFP (and SOW)

General Procurement Process



Vendors Respond with Proposals

General Procurement Process



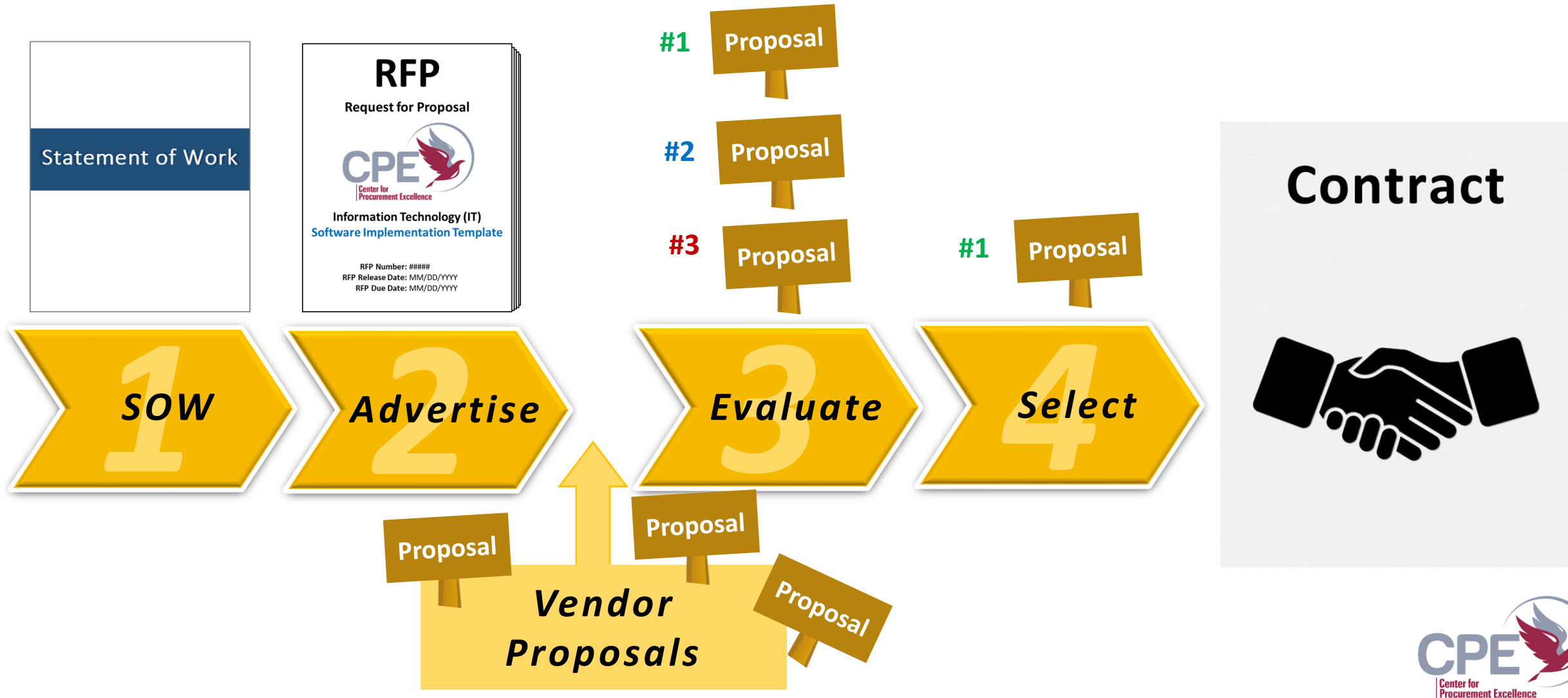
3) Evaluate the Proposals

General Procurement Process



4) Select the Top-Evaluated Vendor(s)

General Procurement Process

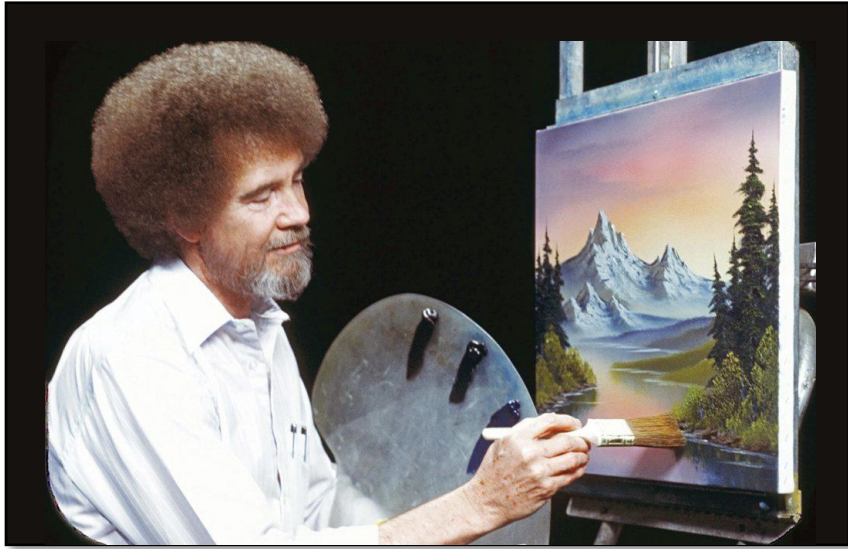


ITB
RFQ
SOI
RFP
SOQ
RFT
IFB
RFSQ

Solicitation	
Contents	
Section 1	Scope of Work
Section 2	Evaluation Criteria and Procedures
Section 3	Administrative Requirements
Section 4	Submittal Forms & Exhibits

*Whatever
Type of
Solicitation
You Issue...
... A High-
Performing
SOW is
Crucial!*

The Goal of the SOW



- Paint the picture of what success looks like
- Describe what it will take to make you 100% satisfied (what are the outcomes & achievements)
- A good SOW assures that all of the vendors propose a proper solution (that meets your needs)

A hand holding a car key against a blurred background of a car and a building. The image has a blue overlay.

Workshop

Purchasing a Vehicle

Turn to the “SOW Workshop” Tab of your Handbook

Turn to the “SOW Workshop” Tab of your Handbook

SOW Workshop Form

TEAM MEMBERS:

--

VEHICLES:

SEDAN	1	Kia	\$14,000
	2	Honda	\$16,000
	3	Ford	\$21,000
	4	Chevy	\$23,000

TRUCK	13	Toyota	\$18,000
	14	Dodge	\$22,000
	15	Ford	\$15,000
	16	Chevy	\$28,000

SUV	5	Honda	\$19,000
	6	Toyota	\$29,000
	7	Dodge	\$29,000
	8	Chevy	\$38,000

VAN	17	Kia	\$22,000
	18	Dodge	\$24,000
	19	Chrysler	\$25,000
	20	Honda	\$35,000

LUXURY	9	Audi	\$35,000
	10	BMW	\$60,000
	11	Porsche	\$105,000
	12	Ferrari	\$125,000

FEEDBACK:

SCENARIO #1	SCENARIO #2	SCENARIO #3	SCENARIO #4	SCENARIO #5	SCENARIO #6	SCENARIO #7

Vehicles Selected (#):

Level of Satisfaction with requirements (1-10)
(10 = Extremely Satisfied & 1 = Extremely Dissatisfied):

SCENARIO #8
1
2
3
4
5

CATEGORY		MAKE	TYPE	MILEAGE	COLOR				SEATS	OPTIONS			SAFETY	MSRP
					W	B	R	S		BACKUP CAMERA	REMOVABLE SEATS	TOW PACKAGE		
SEDAN	1	Kia	Used	59,000		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		4				5 Stars	\$14,000
	2	Honda	Used	66,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4				5 Stars	\$16,000
	3	Ford	New	11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4			<input checked="" type="checkbox"/>	5 Stars	\$21,000
	4	Chevy	New	13	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>			5 Stars	\$23,000
SUV	5	Honda	Used	39,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$19,000
	6	Toyota	New	8		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		5	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5 Stars	\$29,000
	7	Dodge	New	12	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$29,000
	8	Chevy	New	6	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$38,000
LUXURY	9	Audi	New	11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$35,000
	10	BMW	New	12	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		5 Stars	\$60,000
	11	Porsche	New	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		2				5 Stars	\$105,000
	12	Ferrari	New	2			<input checked="" type="checkbox"/>		2				5 Stars	\$125,000
TRUCK	13	Toyota	Used	74,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5 Stars	\$18,000
	14	Dodge	New	11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5 Stars	\$22,000
	15	Ford	Used	98,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5			<input checked="" type="checkbox"/>	5 Stars	\$15,000
	16	Chevy	New	24	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5 Stars	\$28,000
VAN	17	Kia	Used	47,000	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$22,000
	18	Dodge	New	23	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>			5 Stars	\$24,000
	19	Chrysler	New	17	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$25,000
	20	Honda	New	19	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$35,000

W = White | B = Black | R = Red | S = Silver

Summary of Objectives

- You will play the role of a **salesperson** for a Car Dealership.
- Your task will be to identify the **‘best’ vehicle** for a customer based on your current inventory of vehicles.



Workshop Form

Vehicles Selected (#):

Level of Satisfaction with requirements (1-10)
(10 = Extremely Satisfied & 1 = Extremely Dissatisfied):

SCENARIO #1	SCENARIO #2	SCENARIO #3	SCENARIO #4	SCENARIO #5	SCENARIO #6	SCENARIO #7

SCENARIO #8

1	
2	
3	
4	
5	

Evaluation Form

TEAM MEMBERS:

VEHICLES:

SEDAN	1	Kia	\$14,000
	2	Honda	\$16,000
	3	Ford	\$21,000
	4	Chevy	\$23,000

SUV	5	Honda	\$19,000
	6	Toyota	\$29,000
	7	Dodge	\$29,000
	8	Chevy	\$38,000

LUXURY	9	Audi	\$35,000
	10	BMW	\$60,000
	11	Porsche	\$105,000
	12	Ferrari	\$125,000

TRUCK	13	Toyota	\$18,000
	14	Dodge	\$22,000
	15	Ford	\$15,000
	16	Chevy	\$28,000

VAN	17	Kia	\$22,000
	18	Dodge	\$24,000
	19	Chrysler	\$25,000
	20	Honda	\$35,000

FEEDBACK:

Vehicles Selected (#):

Level of Satisfaction with requirements (1-10)
(10 = Extremely Satisfied & 1 = Extremely Dissatisfied):

SCENARIO #1	SCENARIO #2	SCENARIO #3	SCENARIO #4	SCENARIO #5	SCENARIO #6	SCENARIO #7

SCENARIO #8

1	
2	
3	
4	
5	

Breakout Rooms

- **Reminder: you can share screens in the breakout**
- **Please take a screenshot of the SOWs before heading into breakout rooms.**
- **When you are done – you can re-join main room.**
 - **A poll will be launched in the main room to submit your choice.**

SCENARIO #1

- I need to purchase a vehicle.
- What is the best deal that you can offer me?
- I will be back at the end of the week to purchase the vehicle!

OBJECTIVE: Identify the vehicle you selected for this customer

Scenario #1:

- I need to purchase a vehicle.
- What is the best deal that you can offer me?
- I will be back at the end of the week to purchase the vehicle?

Vehicles Selected (#):
Level of satisfaction with stated requirements (1-10)
(10 = Extremely Satisfied & 1 = Extremely Dissatisfied):

SCENARIO #1

CATEGORY	MAKE	TYPE	MILEAGE	COLOR				SEATS	OPTIONS			SAFETY	MSRP
				W	B	R	S		BACKUP CAMERA	REMOVABLE SEATS	TOW PACKAGE		
SEDAN	1	Kia	Used	55,000	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4				5 Stars	\$14,000
	2	Honda	Used	66,000	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4				5 Stars	\$16,000
	3	Ford	New	11	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4			<input type="checkbox"/>	5 Stars	\$21,000
	4	Chevy	New	13	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4	<input type="checkbox"/>			5 Stars	\$23,000
SUV	5	Honda	Used	39,000	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Stars	\$19,000
	6	Toyota	New	8	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5	<input type="checkbox"/>			5 Stars	\$29,000
	7	Dodge	New	12	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Stars	\$29,000
	8	Chevy	New	6	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Stars	\$38,000
LUXURY	9	Audi	New	11	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Stars	\$35,000
	10	BMW	New	12	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4	<input type="checkbox"/>	<input type="checkbox"/>		5 Stars	\$40,000
	11	Porsche	New	7	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2				5 Stars	\$105,000
TRUCK	12	Ferrari	New	2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2				5 Stars	\$125,000
	13	Toyota	Used	74,000	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3	<input type="checkbox"/>		<input type="checkbox"/>	5 Stars	\$18,000
	14	Dodge	New	11	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5				5 Stars	\$22,000
	15	Ford	Used	98,000	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5			<input type="checkbox"/>	5 Stars	\$15,000
VAN	16	Chevy	New	24	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5	<input type="checkbox"/>		<input type="checkbox"/>	5 Stars	\$28,000
	17	Kia	Used	47,000	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Stars	\$22,000
	18	Dodge	New	23	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7	<input type="checkbox"/>			5 Stars	\$24,000
	19	Chrysler	New	17	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Stars	\$25,000
	20	Honda	New	19	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Stars	\$35,000

POLL RESULTS



Most Common Feedback...

- *What does “best-deal” even mean?*
- *Open-ended SOW = free for fall, price-gauging, etc.*
- *Some teams will pick most expensive option / Others pick the cheapest*
- *Many teams are frustrated and annoyed and didn't really spend much effort?*

Clarify Assumptions...

- The Salesperson can only offer **1 vehicle**
(**cannot** offer multiple options)
- The Salesperson really wants to make the deal
 - (**would rather not 'lose' the deal** or see client purchase a vehicle from the dealer across the street)

SCENARIO #2

- Here are my expectations:
 - Need a new vehicle, not used
 - Need 5-star safety rating
 - Would like it to be black or silver
 - Would like Back-Up Camera
 - Probably an SUV (3 kids plus 2 adults)

CATEGORY	MAKE	TYPE	MILEAGE	COLOR				SEATS	OPTIONS			SAFETY	MSRP
				W	B	R	S		BACKUP CAMERA	REMOVABLE SEATS	TOW PACKAGE		
SEDAN	1	Kia	Used	59,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4				5 Stars	\$14,000
	2	Honda	Used	66,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4				5 Stars	\$16,000
	3	Ford	New	11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4			<input checked="" type="checkbox"/>	5 Stars	\$21,000
	4	Chevy	New	13	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>			5 Stars	\$23,000
SUV	5	Honda	Used	39,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$19,000
	6	Toyota	New	8	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5 Stars	\$29,000
	7	Dodge	New	12	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$29,000
	8	Chevy	New	6	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$38,000
LUXURY	9	Audi	New	11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$35,000
	10	BMW	New	12	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		5 Stars	\$60,000
	11	Porsche	New	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	2				5 Stars	\$105,000
TRUCK	12	Ferrari	New	2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	2				5 Stars	\$125,000
	13	Toyota	Used	74,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5 Stars	\$18,000
	14	Dodge	New	11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5 Stars	\$22,000
	15	Ford	Used	98,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5			<input checked="" type="checkbox"/>	5 Stars	\$15,000
VAN	16	Chevy	New	24	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5 Stars	\$28,000
	17	Kia	Used	47,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$22,000
	18	Dodge	New	23	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>			5 Stars	\$24,000
	19	Chrysler	New	17	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$25,000
	20	Honda	New	19	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$35,000

W = White | B = Black | R = Red | S = Silver

SCENARIO #1	SCENARIO #2

Vehicles Selected (#):

Level of satisfaction with stated requirements (1-10)
(10 = Extremely Satisfied & 1 = Extremely Dissatisfied):

SCENARIO #2

- Here are my expectations:
 - Need a new vehicle, not used
 - Need 5-star safety rating
 - Would like it to be black or silver
 - Would like Back-Up Camera
 - Probably an SUV (3 kids plus 2 adults)

- **18 Van (\$24k):** met needs except SUV, cheapest, # seats available,
- **7 SUV (\$29k):** checks boxes, is an SUV, silver, 7 seats too
- **19 Van (\$25K):** only \$1k more than 18 but more features for a family
- **6 SUV (\$29k)**

CATEGORY	MAKE	TYPE	MILEAGE	COLOR				SEATS	OPTIONS			SAFETY	MSRP
				W	B	R	S		BACKUP CAMERA	REMOVABLE SEATS	TOW PACKAGE		
SEDAN	1	Kia	Used	59,000		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		4			5 Stars	\$14,000
	2	Honda	Used	66,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4			5 Stars	\$16,000
	3	Ford	New	11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4		<input checked="" type="checkbox"/>	5 Stars	\$21,000
	4	Chevy	New	13	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>		5 Stars	\$23,000
SUV	5	Honda	Used	39,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$19,000
	6	Toyota	New	8		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$29,000
	7	Dodge	New	12	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$29,000
	8	Chevy	New	6	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$38,000
LUXURY	9	Audi	New	11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$35,000
	10	BMW	New	12	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$60,000
	11	Porsche	New	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		2			5 Stars	\$105,000
	12	Ferrari	New	2			<input checked="" type="checkbox"/>		2			5 Stars	\$125,000
TRUCK	13	Toyota	Used	74,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>		5 Stars	\$18,000
	14	Dodge	New	11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$22,000
	15	Ford	Used	98,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5		<input checked="" type="checkbox"/>	5 Stars	\$15,000
	16	Chevy	New	24	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$28,000
VAN	17	Kia	Used	47,000	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$22,000
	18	Dodge	New	23	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>		5 Stars	\$24,000
	19	Chrysler	New	17	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$25,000
	20	Honda	New	19	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$35,000

W = White | B = Black | R = Red | S = Silver

POLL RESULTS



Feedback...

- **Most Common:**
 - SUV Dodge @ \$29k
 - SUV Chevy @ \$38k
 - VAN: Dodge @ \$24k
 - VAN Chrysler @ \$25k
- Which cost option **should** the dealer pick (if you can only pick one)?
- It was clearly helpful to have **more** information?
- What was **missing**?

Feedback...

- **Be clear on your expectations:**

- Need a new vehicle, not used
- Need 5-star safety rating
- Would like it to be black or silver
- Would like Back-Up Camera
- Probably an SUV (3 kids plus 2 adults)

Mandatory Requirements?

Desired Items?

SCENARIO #3

• Here are some of my expectations:

- Need a new vehicle, not used
- Need 5-star safety rating
- Do not want a red-colored vehicle
- Would like Back-Up Camera
- Need at least 5 seats (3 kids plus 2 adults)
- Must be able to go/take it camping in the forest
- My maximum budget is \$27,000

CATEGORY		MAKE	TYPE	MILEAGE	COLOR				SEATS	OPTIONS			SAFETY	MSRP
					W	B	R	S		BACKUP CAMERA	REMOVABLE SEATS	TOW PACKAGE		
SEDAN	1	Kia	Used	59,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$14,000
	2	Honda	Used	66,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$16,000
	3	Ford	New	11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$21,000
	4	Chevy	New	13	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$23,000
SUV	5	Honda	Used	39,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$19,000
	6	Toyota	New	8	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$29,000
	7	Dodge	New	12	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$29,000
	8	Chevy	New	6	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$38,000
LUXURY	9	Audi	New	11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$35,000
	10	BMW	New	12	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$60,000
	11	Porsche	New	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$105,000
	12	Ferrari	New	2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$125,000
TRUCK	13	Toyota	Used	74,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$18,000
	14	Dodge	New	11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$22,000
	15	Ford	Used	98,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$15,000
	16	Chevy	New	24	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$28,000
VAN	17	Kia	Used	47,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$22,000
	18	Dodge	New	23	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$24,000
	19	Chrysler	New	17	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$25,000
	20	Honda	New	19	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$35,000

W = White | B = Black | R = Red | S = Silver

SCENARIO #1	SCENARIO #2	SCENARIO #3

Vehicles Selected (#):

Level of satisfaction with stated requirements (1-10)
(10 = Extremely Satisfied & 1 = Extremely Dissatisfied):

POLL RESULTS



Discussion

- Was it helpful to have the budget?
- Was it helpful to know the purpose/goals/objectives of the vehicle?

Need a new vehicle, not used
Need 5-star safety rating
Do not want a red-colored vehicle
Would like Back-Up Camera
Need at least 5 seats (3 kids plus 2 adults)
Must be able to go/take it camping in the forest
My maximum budget is \$27,000

SCENARIO #4

- Here are some of my expectations:
 - Prefer a new vehicle, not used
 - Would like a 5-star safety rating
 - Would prefer a red vehicle
 - Would prefer a sedan or SUV
 - I plan to use the vehicle to take my small boat to the lake on occasion
 - I generally only have 1-2 people in the vehicle, but may have a few more when going to the lake
 - Do not want a van
 - A maximum budget of \$75,000

CATEGORY		MAKE	TYPE	MILEAGE	COLOR				SEATS	OPTIONS			SAFETY	MSRP
					W	B	R	S		BACKUP CAMERA	REMOVABLE SEATS	TOW PACKAGE		
SEDAN	1	Kia	Used	59,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4				5 Stars	\$14,000
	2	Honda	Used	66,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4				5 Stars	\$16,000
	3	Ford	New	11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4			<input checked="" type="checkbox"/>	5 Stars	\$21,000
	4	Chevy	New	13	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>			5 Stars	\$23,000
SUV	5	Honda	Used	39,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$19,000
	6	Toyota	New	8	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5 Stars	\$29,000
	7	Dodge	New	12	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$29,000
LUXURY	8	Chevy	New	6	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$38,000
	9	Audi	New	11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$35,000
	10	BMW	New	12	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		5 Stars	\$60,000
	11	Porsche	New	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	2				5 Stars	\$105,000
TRUCK	12	Ferrari	New	2	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2				5 Stars	\$125,000
	13	Toyota	Used	74,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5 Stars	\$18,000
	14	Dodge	New	11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5 Stars	\$22,000
	15	Ford	Used	98,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5			<input checked="" type="checkbox"/>	5 Stars	\$15,000
VAN	16	Chevy	New	24	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5 Stars	\$28,000
	17	Kia	Used	47,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$22,000
	18	Dodge	New	23	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5 Stars	\$24,000
	19	Chrysler	New	17	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$25,000
	20	Honda	New	19	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$35,000

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POLL RESULTS

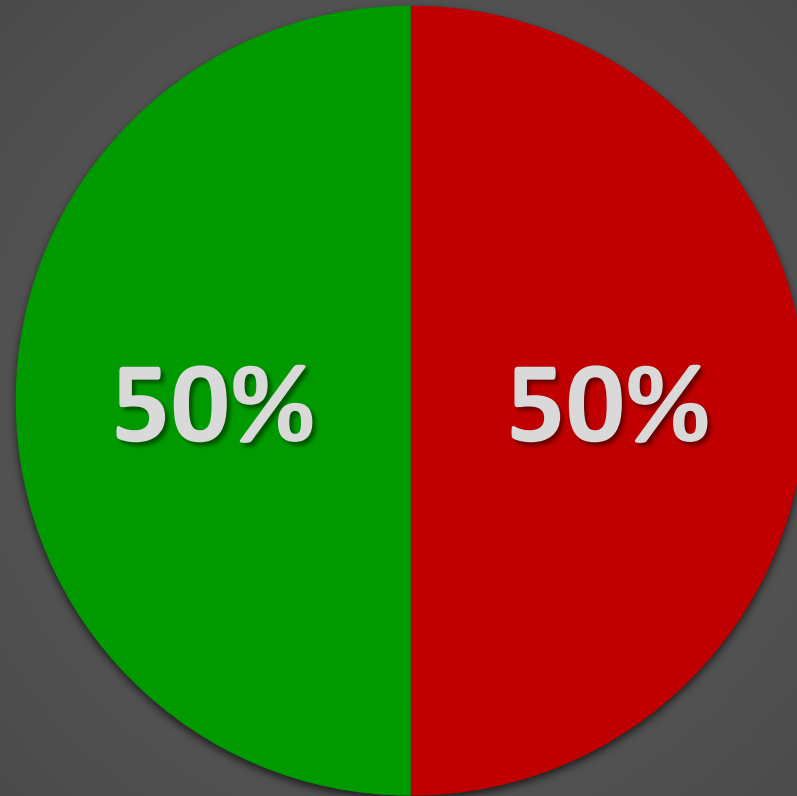


Discussion...

- Was it helpful to know the purpose/goals/objectives of the vehicle?
- Is it OK to release your budget when you have more money than you need?
- Will you always get price-gauged?

Research Shows That...

YES



NO

Procurement...

- Generally, most professionals have been trained/educated to not share the budget.
- Most common response:
- *“If we give them our budget, they will all raise their price”*

SCENARIO #5

- Here are some of my expectations:
 - Need a truck
 - Must be a new vehicle (not used)
 - I will be using this to tow my construction trailer
 - Must have back-up camera
 - Would prefer a lighter color (white or silver)
 - I have a maximum budget of \$20,000

CATEGORY	MAKE	TYPE	MILEAGE	COLOR				SEATS	OPTIONS			SAFETY	MSRP
				W	B	R	S		BACKUP CAMERA	REMOVABLE SEATS	TOW PACKAGE		
SEDAN	1	Kia	Used	59,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4				5 Stars	\$14,000
	2	Honda	Used	66,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4				5 Stars	\$16,000
	3	Ford	New	11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4			<input checked="" type="checkbox"/>	5 Stars	\$21,000
	4	Chevy	New	13	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>			5 Stars	\$23,000
SUV	5	Honda	Used	39,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$19,000
	6	Toyota	New	8	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>			5 Stars	\$29,000
	7	Dodge	New	12	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$29,000
LUXURY	8	Chevy	New	6	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$38,000
	9	Audi	New	11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$35,000
	10	BMW	New	12	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		5 Stars	\$60,000
TRUCK	11	Porsche	New	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	2				5 Stars	\$105,000
	12	Ferrari	New	2			<input checked="" type="checkbox"/>	2				5 Stars	\$125,000
	13	Toyota	Used	74,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5 Stars	\$18,000
	14	Dodge	New	11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>			5 Stars	\$22,000
VAN	15	Ford	Used	98,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5			<input checked="" type="checkbox"/>	5 Stars	\$15,000
	16	Chevy	New	24	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5 Stars	\$28,000
	17	Kia	Used	47,000	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$22,000
	18	Dodge	New	23	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>			5 Stars	\$24,000
	19	Chrysler	New	17	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$25,000
	20	Honda	New	19	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$35,000

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SCENARIO #5

• Here are some of my expectations:

- Need a truck
- Must be a new vehicle (not used)
- I will be using this to tow my construction trailer
- Must have back-up camera
- Would prefer a lighter color (white or silver)
- I have a maximum budget of \$20,000

- **14-Truck (\$22k):** if you really want it you will pay (negotiate),
- **13-Truck (\$18k):** price vs. req is the choice, felt that price was more important
- **No Bid:** requirements were impossible;

CATEGORY	MAKE	TYPE	MILEAGE	COLOR				SEATS	OPTIONS			SAFETY	MSRP
				W	B	R	S		BACKUP CAMERA	REMOVABLE SEATS	TOW PACKAGE		
SEDAN	1	Kia	Used	59,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4				5 Stars	\$14,000
	2	Honda	Used	66,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4				5 Stars	\$16,000
	3	Ford	New	11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4			<input checked="" type="checkbox"/>	5 Stars	\$21,000
	4	Chevy	New	13	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>			5 Stars	\$23,000
SUV	5	Honda	Used	39,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$19,000
	6	Toyota	New	8	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>			5 Stars	\$29,000
	7	Dodge	New	12	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$29,000
LUXURY	8	Chevy	New	6	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$38,000
	9	Audi	New	11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$35,000
	10	BMW	New	12	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		5 Stars	\$60,000
TRUCK	11	Porsche	New	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	2				5 Stars	\$105,000
	12	Ferrari	New	2			<input checked="" type="checkbox"/>	2				5 Stars	\$125,000
	13	Toyota	Used	74,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5 Stars	\$18,000
	14	Dodge	New	11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5 Stars	\$22,000
VAN	15	Ford	Used	98,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5			<input checked="" type="checkbox"/>	5 Stars	\$15,000
	16	Chevy	New	24	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5 Stars	\$28,000
	17	Kia	Used	47,000	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$22,000
	18	Dodge	New	23	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>			5 Stars	\$24,000
	19	Chrysler	New	17	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$25,000
	20	Honda	New	19	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$35,000

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POLL RESULTS



Discussion

- Does client have enough money to meet all expectations?
- What are the options?
- What would happen if you didn't release the budget?

What Happens if we **DON'T** Share the Budget:

- Vendors can't offer solutions to a problem they don't know exists
- Increases the chance of significantly delaying the procurement (or even cancelling the project)
 - “**blame game**” and frustration hit when “**prices are too high and we don't have options!**””
- Slows everything down!

What Happens if we **DO** Share the Budget:

- Helps all Vendors better understand the intent of the SOW
- High-Performing Vendors can help minimize this risk
- Helps you learn why the budget is “off” (vendors can explain in detail by their estimate differs from your budget)
- Speeds things up (you have options, ideas, and “proof” of why you need more money)

SCENARIO #6

- Here are some of my expectations:
 - Must be a Nissan Truck
 - Must have a tow package
 - Must have back-up camera
 - Must be white
 - I have a maximum budget of \$30,000

CATEGORY	MAKE	TYPE	MILEAGE	COLOR				SEATS	OPTIONS			SAFETY	MSRP
				W	B	R	S		BACKUP CAMERA	REMOVABLE SEATS	TOW PACKAGE		
SEDAN	1	Kia	Used	59,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4				5 Stars	\$14,000
	2	Honda	Used	66,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4				5 Stars	\$16,000
	3	Ford	New	11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4			<input checked="" type="checkbox"/>	5 Stars	\$21,000
	4	Chev	New	13	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>			5 Stars	\$23,000
SUV	5	Honda	Used	39,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$19,000
	6	Toyota	New	8	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5 Stars	\$29,000
	7	Dodge	New	12	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$29,000
	8	Chev	New	6	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$38,000
LUXURY	9	Audi	New	11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$35,000
	10	BMW	New	12	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		5 Stars	\$60,000
	11	Porsche	New	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	2				5 Stars	\$105,000
TRUCK	12	Ferrari	New	2		<input checked="" type="checkbox"/>		2				5 Stars	\$125,000
	13	Toyota	Used	74,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5 Stars	\$18,000
	14	Dodge	New	11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5 Stars	\$22,000
	15	Ford	Used	98,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5			<input checked="" type="checkbox"/>	5 Stars	\$15,000
VAN	16	Chev	New	24	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	5 Stars	\$28,000
	17	Kia	Used	47,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$22,000
	18	Dodge	New	23	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>			5 Stars	\$24,000
	19	Chrysler	New	17	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$25,000
	20	Honda	New	19	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5 Stars	\$35,000

W = White | B = Black | R = Red | S = Silver

POLL RESULTS



Discussion

- **Would this be acceptable in Public Procurement?**
- **Cannot specify a product (unless there is clear justification), must allow “or-equal”**

SCENARIO #7

- I need to purchase a vehicle. I would like you to identify the best deal you can provide for a vehicle? Here are some of my expectations:

- The vehicle must come with synthetic engine oil
- The vehicle must have windshield wipers
- I was born in May
- I have 3 younger brothers
- My brothers live in the same State
- I work for an IT company
- I would like a new car, not used
- I generally work 40-45 hours per week
- I really like my current vehicle
- I get headaches from the smell of cigarettes
- Do you think I need a tow package
- My house has really cool carpet
- I do not want a red or yellow vehicle
- I have set aside extra funds for the 'right' vehicle
- Vehicle must have a 4-speed automatic or better
- The vehicle should get great MPG
- Vehicle must come with 2 sets of keys
- Vehicle must come with full tank of gas
- I am open to any color vehicle
- I've never been camping
- How do you take a shower in the forest?
- If I get a vehicle, is 5-star better than 4?
- Would like to purchase by end of the week
- Would really like a luxury sedan
- I think SUV's are really cool
- I currently drive a 4-door sedan
- I really like Thai food, but not sushi
- My maximum budget is \$29,000
- The vehicle must have Firestone tires
- The vehicle should have chrome wheels
- Would like the vehicle to have tinted windows
- The vehicle must have great lights for night driving

POLL RESULTS



Discrepancies

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Discussion

- Is providing more information in the Statement always better?
- What happens if your requirements accidentally conflict?

General Feedback...

Most common requests from the Dealerships:

- **Budget**
- **Schedule**
- **Background about intended use or purpose (family, luxury, work truck, etc.)**
- **Technical requirements**

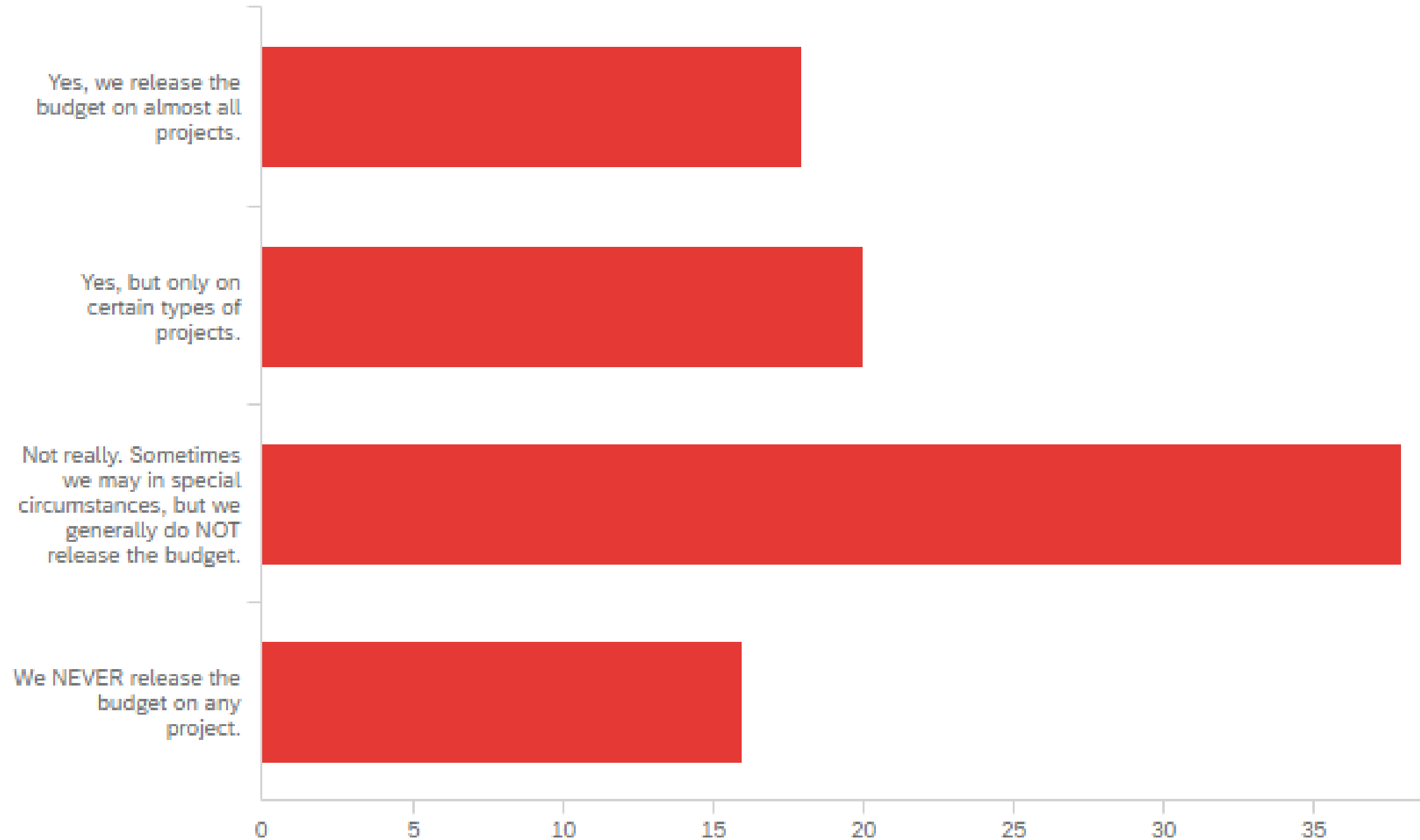
Key Takeaways

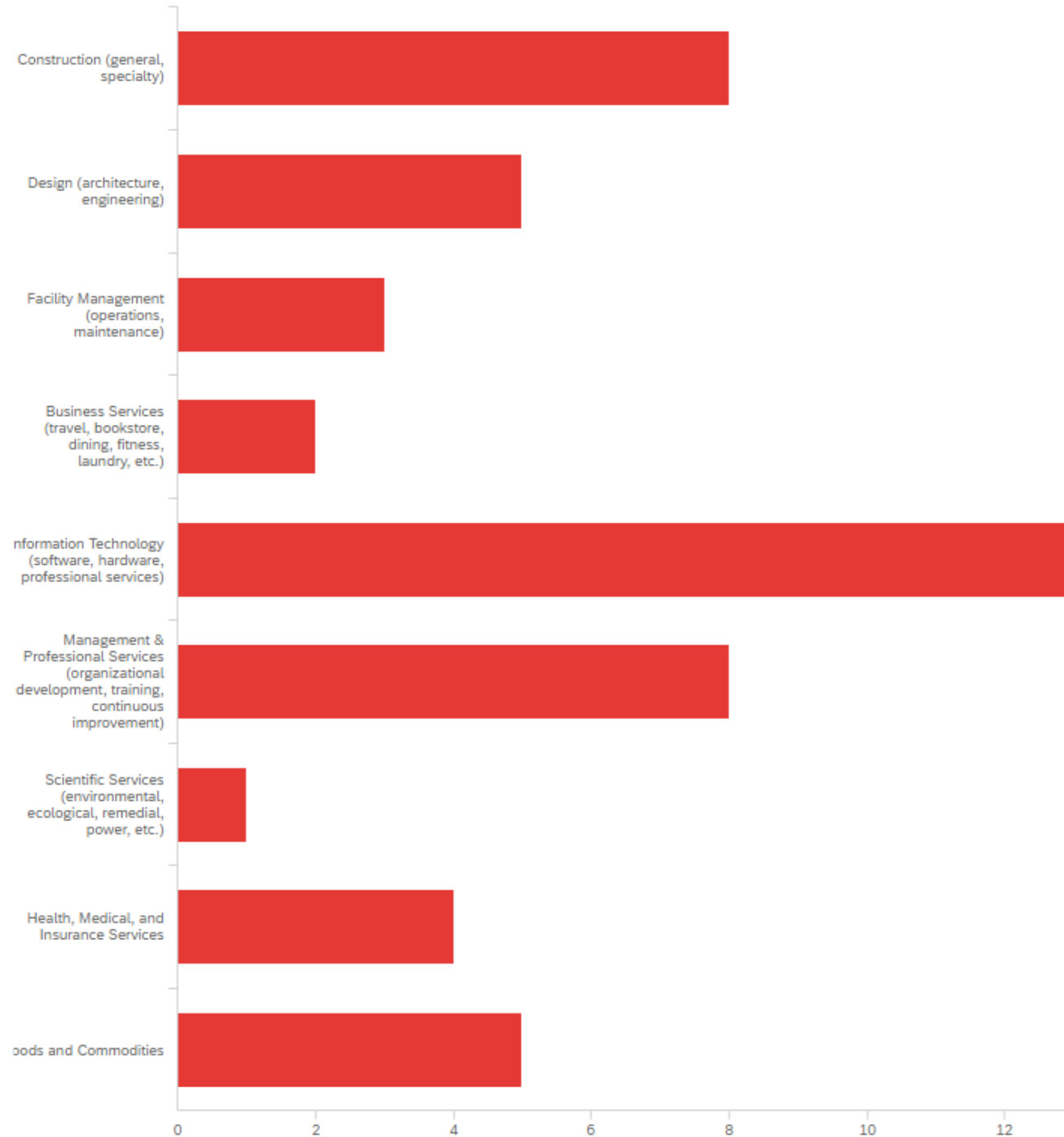
Common Responses...

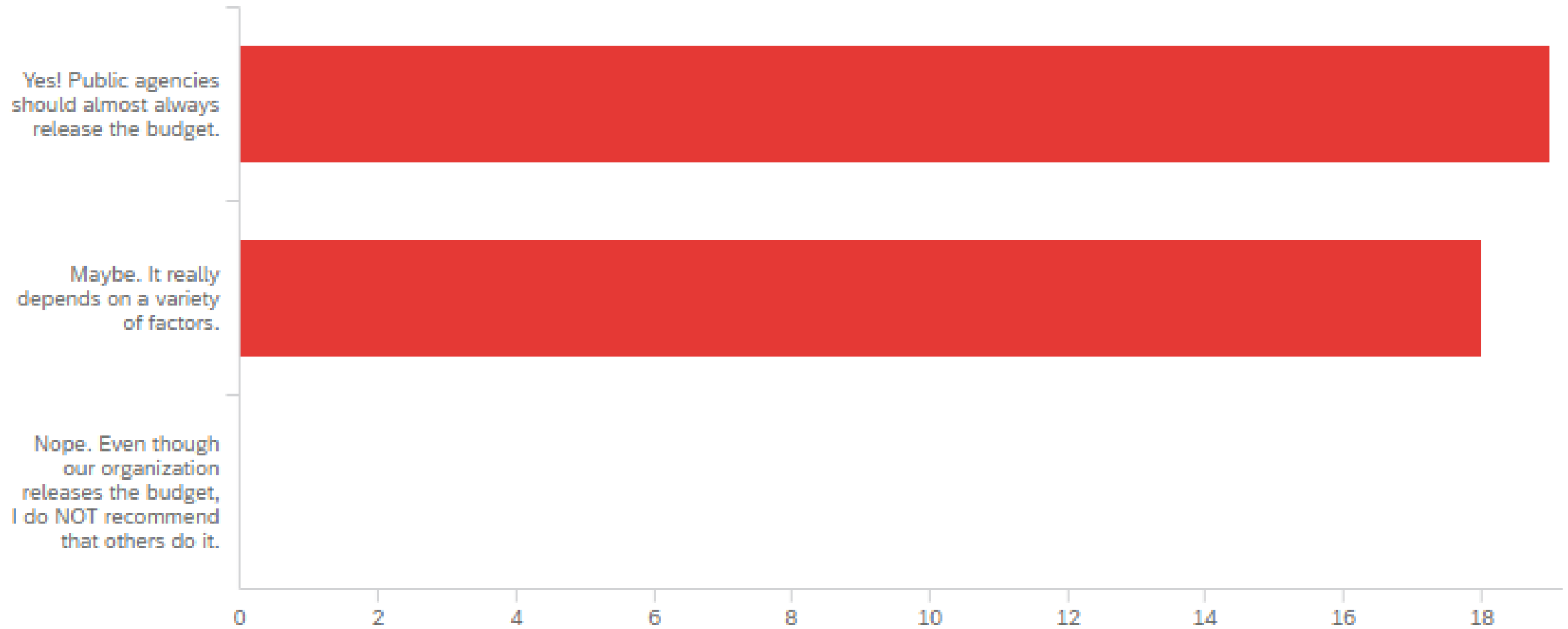
- Quality of Statement impacts level of **vendor frustration/satisfaction**
- Quality of Statement impacts how much **time & effort** vendors spend
- **Budget** is critical
- **Purpose** is just as important as technical specs
- **Not enough** information can frustrate vendors
- **Too much** information can be just as bad
- All you need is for one vendor to be **honest**, to get the best deal

Sharing the Budget

**Results are from PREVIOUS course
CPE course (~2 weeks ago!)**







Should We Share the Budget?

- Let's look at the scenarios and the data.

Should We Share the Budget?

- Let's look at the scenarios and the data.

There are two possible scenarios:

- Scenario #1 = More Budget than We Need
- Scenario #2 = We Don't Have Enough Budget

Which is more common?

- Scenario #1 = More Budget than We Need
- Scenario #2 = We Don't Have Enough Budget

How often do we have
more money
than we need?

Scenario #1: More Budget than We Need

- Not the most common scenario
- Experience = our budgets are “tight” most of the time.
- Therefore, price gouging is more perceived than reality.

Scenario #1: More Budget than We Need

- But let's say we do have more money than we need.
- Price gouging is a possibility in these scenarios.

Scenario #1: More Budget than We Need

- Potential Risk:

Client's Budget (\$\$) _____

Vendor Proposals? _____

↑ (+\$ inflated cost?)

Client's SOW _____

Scenario #1: More Budget than We Need

- But let's say we do have more money than we need.
- Price gouging is a possibility in these scenarios.

Your Budget
\$100,000



1 = **\$99,999**



2 = **\$99,900**



3 = **\$99,975**



4 = **\$99,500**



5 = **\$99,986**

Think About...

- *What type of vendors would do that?*
- *What can throw-off this strategy?*
- *Who do low-performers care about?*
- *What is a low-performers greatest advantage?*



1 = \$99,999



2 = \$99,900



3 = \$99,975



4 = \$99,500



5 = \$99,986

It Only Takes **1** Vendor To Be Honest!!!

Your Budget
\$100,000



1 = **\$99,999**



2 = **\$99,900**



3 = **\$59,975**



4 = **\$99,500**



5 = **\$99,986**

Can A “Low-Performer” Give You High Performance?

No

(by definition, they are a low performer)

If they cannot give you high performance, what is a low-performer's only other strategy?

Be cheap!

(Since they can't change their current level of performance, they must strive to be the cheapest)

What does the data say?

New Health & Education Building (DBB)

(1st time this organization ever shared their budget!)

- Budget: **\$21 Million**
- Average Proposal: **13% below budget (\$17½ to \$20M)**

Total Score

87

55

44

69

42

95

58

No	Criteria	Detailed Weight	Vendor 1	Vendor 2	Vendor 3	Vendor 4	Vendor 5	Vendor 6	Vendor 7
1	Lump Sum	30	\$ 18,044,000	\$ 18,043,000	\$ 19,675,000	\$ 17,490,000	\$ 18,570,000	\$ 17,778,000	\$ 17,710,000
2	Project Capability	10	6.4	1.6	1.6	5.2	1.0	8.0	2.8
3	Risk Assessment	15	6.6	4.0	4.6	2.0	3.6	8.0	2.4
4	Value Added	10	9.0	3.4	1.4	4.2	1.2	5.6	5.0
5	Interview - Project Manager	15	6.8	1.8	0.0	6.8	0.0	6.6	3.4
6	Interview - Site Superintendent	15	5.4	2.6	0.0	3.0	0.0	10.0	1.8
7	PPI Average Rating (all entities)	5	9.85	9.46	9.74	8.61	9.69	9.44	9.67



Research Does **Not** Prove That Providing Budgets Will Result In Higher Costs

In Summary...


- Analyzed **248 RFPs** that shared their Budgets
- Shared Budget = \$222 Million
- Average Proposals = \$143 Million (**36% below** budget)

Scenario #1: More Budget than We Need

- Not the most common scenario.
- Lots of reasons why price gouging may not occur.
 - Still have price competition.
 - Only takes 1 honest vendor to negate price gouging.
 - Low performers may be tempted, but their advantage is price.
- Data shows that price gouging does not occur very often.
- Budget information is only an advantage to High Performers.
- Vendors are much more likely to raise prices due to...
 - Their perceived level of risk
 - How much they need the work
 - **And their perception of the Client!**

Scenario #2: We Don't Have Enough Budget

Client's SOW

Client's Budget (\$\$)  (-\$ fake prices?)

Scenario #2: We Don't Have Enough Budget

- Now the budget is critical – whole project is at risk!

Scenario #2: We Don't Have Enough Budget

- Now the budget is critical – whole project is at risk!
 - What happens if we **do** (or **don't**) share the budget?

Scenario #2: We Don't Have Enough Budget

- Now the budget is critical – whole project is at risk!
- What happens if we don't share the budget:
 - Vendors can't offer solutions to a problem they don't know
 - Increases the chance of cancelling the project
 - “blame game” and frustrations (prices are too high and we don't have options!”)
 - Gives advantage to low performers who “promise” a low cost (initially)
 - Slows everything down!

Scenario #2: We Don't Have Enough Budget

- Now the budget is critical – whole project is at risk!
- What happens if we do share the budget:
 - High-Performing Vendors can help minimize the risk.
 - Gives High-Performing Vendors a chance to stand out.
 - Helps all Vendors better understand the intent of the SOW.
 - Helps you learn why the budget is “off” (vendors can explain in detail by their estimate differs from your budget)
 - Speeds things up (you have options, ideas, and “proof”)

Should We Share the Budget?

- Yes! It is a best practice because it...
 - Minimizes risk
 - Helps high-performing vendors stand out
 - Makes you a more attractive client
 - Is supported by the data
- Of course, not every organization is comfortable.
 - That is normal! Training & awareness helps!

Handout: The Budget To Share or Not to Share? That is the Question!

The Budget

To Share or Not to Share? That is the Question!

Our recommendation

If your project has a budget, share it. Put it right into the RFP/solicitation docs. Not a budget range or approximation, but the actual budget. The amount of money you, as the client, actually have that you can actually spend. No tricks, no hidden contingency, but the actual number, raw and exposed. Let the vendors know how much money you have...

Share your budget

...but of course, you have to do this in the **right way**, and with the **right procurement process**, and with the **right training** for both your project team AND especially the proposing vendors.



Nevertheless, you may be thinking right now: "Share my budget? That's crazy talk!" Let us explain.

First, some context

Initially, the big fear most clients have in sharing their budget is: "Won't vendors artificially raise their prices to meet my budget? They'll turn my money into their profit!" But first ask yourself this: "How often do I have more money than I need? How often is my budget bigger than my scope?"

For most organizations the answer is almost always Never. But it does happen sometimes, so let's say that on 5% of your projects your budget isn't "tight." This means that 95% of projects have tight budgets, essentially more scope than budget. When this occurs, you are asking vendors for more scope than you are able to afford.

For those times when the budget is tight, let's look at both options:

The 95% of Projects



Option 1 What happens if I don't share the budget?



Problem #1:
The budget is commonly the single biggest risk to the project. If it is not shared, your high performing vendors cannot use their expertise to help you minimize your biggest risk.



Problem #2:
Withholding your budget, gives low performers an advantage. A low performer's only competitive advantage is that they're cheap (initially).

Taking the biggest risk out of consideration in your evaluations makes it more difficult for high performers to differentiate themselves and easier for lower performers to look more attractive. A "good deal" may just be the beginning of problems on your project.



Problem #3:
If the prices come in too high, it causes frustration, the blame-game, the potential of canceling the project, etc.

It can lead to inappropriate scope shaving, "value-engineering," and aggressive negotiating. These all cause inefficiency and waste additional time & effort.



Advantage:
The advantage is we don't have to worry about price gouging from vendors. But if you don't have enough money to begin with, this potential advantage doesn't exist.

Option 2 Benefits to Sharing the Budget



Advantage #1:
High performing vendors can use their expertise to help you minimize your budget risk within their proposals. This may come in the form of cost-saving ideas, innovative scope alternatives, etc. It makes the proposals more valuable & your interviews more productive.



Advantage #2:
It is easier for high performers to differentiate themselves in your evaluation process. High performing vendors can use their expertise to provide cost-savings and value-adding innovations. Any such ideas that are contained within a proposal will inherently need to be specific to your project. Thus, it even helps minimize the boilerplate nature of many proposals.



Advantage #3:
It helps the vendors better understand the intent of your scope and purpose. A scope with a budget not only defines the needs and desires of the client, it does so within the framework of their constraints and resources.



Advantage #4:
If your evaluations are set up properly, vendors can explain, in detail, why your budget and their estimated pricing differ.

Often, client project teams are under pressure to make a project happen, even when the project team feels the budget is inadequate. They try to convince their superiors that the budget is wrong, but often to no avail. The evaluation process can be used to help clarify reality and provide the project team with more, and better, cost information that can be used in discussions with supervisors and executives.

Problem:

If you share your budget, and you have more money than you need, vendors may raise their prices up to your budget. But if 95% of the time you are tight on money, then this risk is not a possibility... it is largely imaginary.

In our experience, there are more advantages to sharing the budget.

The other 5% of Projects

If you share your budget and you do have more money than you need, then price gouging is now an actual possibility. The good thing is that it just takes one honest vendor to keep the competition in check. In other words, it only takes one vendor to submit a fair and realistic price to negate ALL potential price gouging of other vendors. Vendors know this and rarely artificially raise their prices based upon a client's budget. They are more likely to raise prices based upon perceived risk and how badly their company needs the work.

Vendors are always looking to gain evaluation points everywhere they can, which means a lower price. Price is still heavily weighted in Simplar's XPD selection process with additional cost controls and protections in place. You will never get "burned" on price if you run the right procurement process. In any solicitation process, it is optimal to share your budget 100% of the time.



The Reality

There is no real risk in sharing your budget. Only perceived risk. We recommend always sharing your project budget and using XPD.



The Simplar XPD approach gets you faster procurements, more competition, higher performance, and better project and service outcomes.

Sharing the budget is just one concept that the best clients use to get the best vendors with the best pricing. Simplar helps your organization become a "Client of Choice."

Review the
major
Pros & Cons
of releasing the
budget.

https://pdt.engineering.asu.edu/procurement_certificate/

Learn More!



PRO-Cert
CERTIFICATE PROGRAM

PRO 100

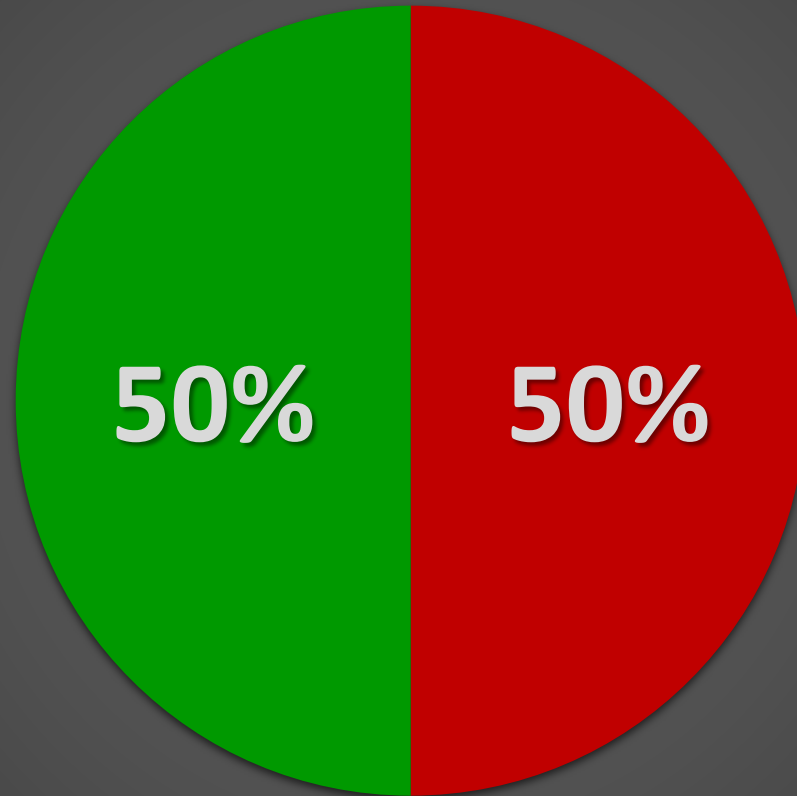
Procurement
Foundation &
Fundamentals

There is an entire
class on *Budgets...*

ASU Prof Dev Training

Research Shows That...

YES



NO

Content & Structure of a High-Performing Statement of Work

Organizing a High-Performing RFP

RFP

Request for Proposal



Information Technology (IT)
Software Implementation Template

RFP Number: #####

RFP Release Date: MM/DD/YYYY

RFP Due Date: MM/DD/YYYY

1 Statement of Work

2 Current Conditions

3 Proposal
Requirements

4 Evaluation
Procedures

5 Administrative
Requirements

6 Proposal Forms

7 Attachments
& Exhibits

What the Client
is Purchasing



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& Exhibits

What the Client
is Purchasing

How the Client will
Evaluate and Select
the vendor

Content & Structure of a High-Performing SOW

Statement of Work

- 1 Overview & Purpose
- 2 Future State
- 3 Itemized Requirements
- 4 Schedule & Budget
- 5 Unique Considerations

Important in all areas of the SOW + CC

1
Clear &
Concise

2
Accurate

3
Complete

Content & Structure of a High-Performing SOW

Statement of Work

1 Overview & Purpose

2 Future State

3 Itemized Requirements

4 Schedule & Budget

5 Unique Considerations

**Concisely Describe
“What” & “Why”**

Content & Structure of a High-Performing SOW

Overview & Purpose

- **Project Overview:** high-level summary that is easily understandable (**1-2 sentences up to 1-2 paragraphs max**)

Content & Structure of a High-Performing SOW

Overview & Purpose

- **Project Overview:** high-level summary that is easily understandable (**1-2 sentences up to 1-2 paragraphs max**)
 - **Avoid technical language, jargon, details, or specifics.**

Foundations of a High-Performing SOW

- **Clear, Concise, Complete:** comprehensively describe needs

EXAMPLE:

1. I'm looking to buy a 4-wheel drive truck.

Accurate?

Clear?

Concise?

Complete?

Content & Structure of a High-Performing SOW

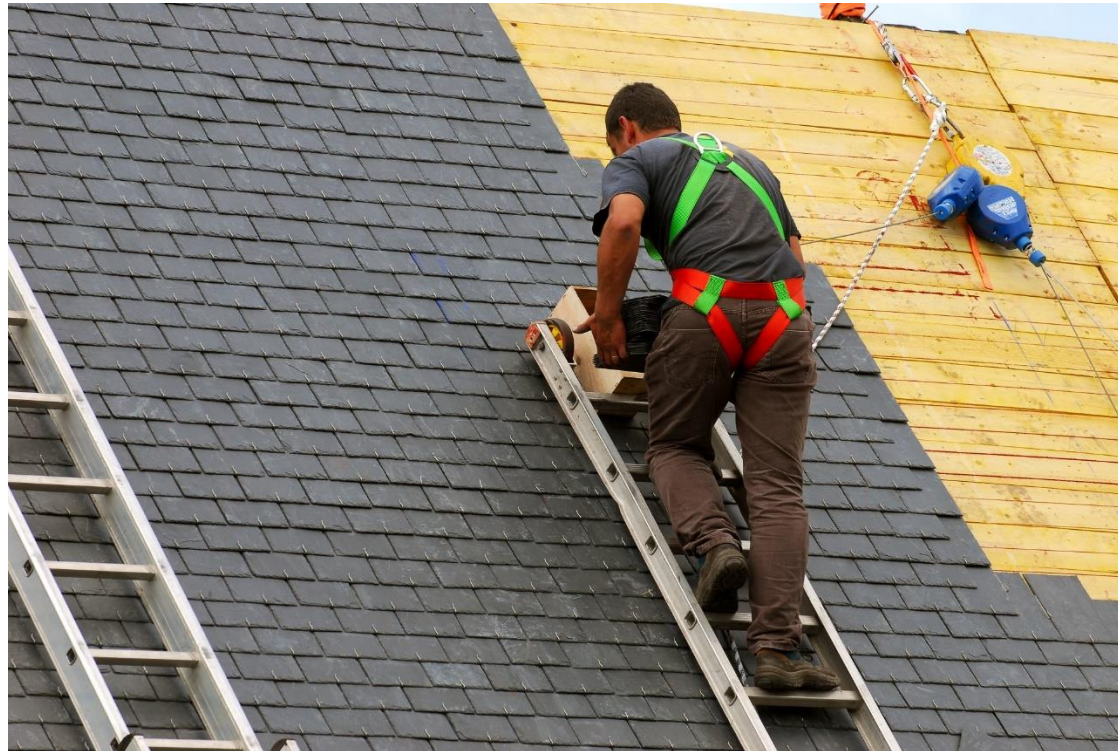
Overview & Purpose

- **Project Overview:** high-level summary that is easily understandable (**1-2 sentences up to 1-2 paragraphs max**)
 - **Avoid technical language, jargon, details, or specifics.**

- **Goals, Objectives & Motivation:** primary business drivers and purpose

Goals or Objectives

- **Install a new singles on my roof...or waterproof my building?**



Goals or Objectives

- **Provide food to students...or ensure that the students are happy and keep buying more food**



Goals or Objectives

- Goal = transport 5 children
- Goal = haul construction material and tow a trailer



Content & Structure of a High-Performing SOW

Overview & Purpose

- **Project Overview:** high-level summary that is easily understandable (**1-2 sentences up to 1-2 paragraphs max**)
 - **Avoid technical language, jargon, details, or specifics.**
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- **Key Measures of Success:** top 3-5 quantifiable metrics (cost, time, quality, functionality)

Key Measures of Success

- **Key Measures of Success:** top 3-5 quantifiable metrics (cost, time, quality, functionality)
- **Difficult for Business Units to do!**
 - They often focus on activities rather than outcomes.
 - Takes intense questioning.

Organizing a High-Performing RFP

RFP

Request for Proposal



Information Technology (IT)
Software Implementation Template

RFP Number: #####

RFP Release Date: MM/DD/YYYY

RFP Due Date: MM/DD/YYYY

1 Statement of Work

2 Current Conditions

3 Proposal Requirements

4 Evaluation Procedures

5 Administrative Requirements

6 Proposal Forms

7 Attachments & Exhibits

What the Client
is Purchasing

Overview &
Purpose are right
up front, so must
be easy to find &
understand!

Content & Structure of a High-Performing SOW

Statement of Work

- 1 Overview & Purpose
- 2 Future State**
- 3 Itemized Requirements
- 4 Schedule & Budget
- 5 Unique Considerations

**Departures from
Current Conditions**

Content & Structure of a High-Performing SOW

Future State

- **Describe each of the deliverables/services to be provided by the selected vendor for this Statement of work**
- **Describe the minimum requirements that must be performed to achieve a 100% satisfaction**
- **Attach exhibits to make this easier to follow (i.e. drawings, specs, pictures, site plans, etc.)**

Content & Structure of a High-Performing SOW

Future State

- **Overview:** clear, concise, & easily understandable description
- **Project Deliverables:** tangible outcomes to be produced by vendor
- **Figures, Diagrams, & References:** supporting explanation
- **Transition/Migration:** efforts to bring legacy data forward

Content & Structure of a High-Performing SOW

Statement of Work

- 1 Overview & Purpose
- 2 Future State
- 3 Itemized Requirements**
- 4 Schedule & Budget
- 5 Unique Considerations

**Mandatory & Desired
Items**

Content & Structure of a High-Performing SOW

Itemized Requirements

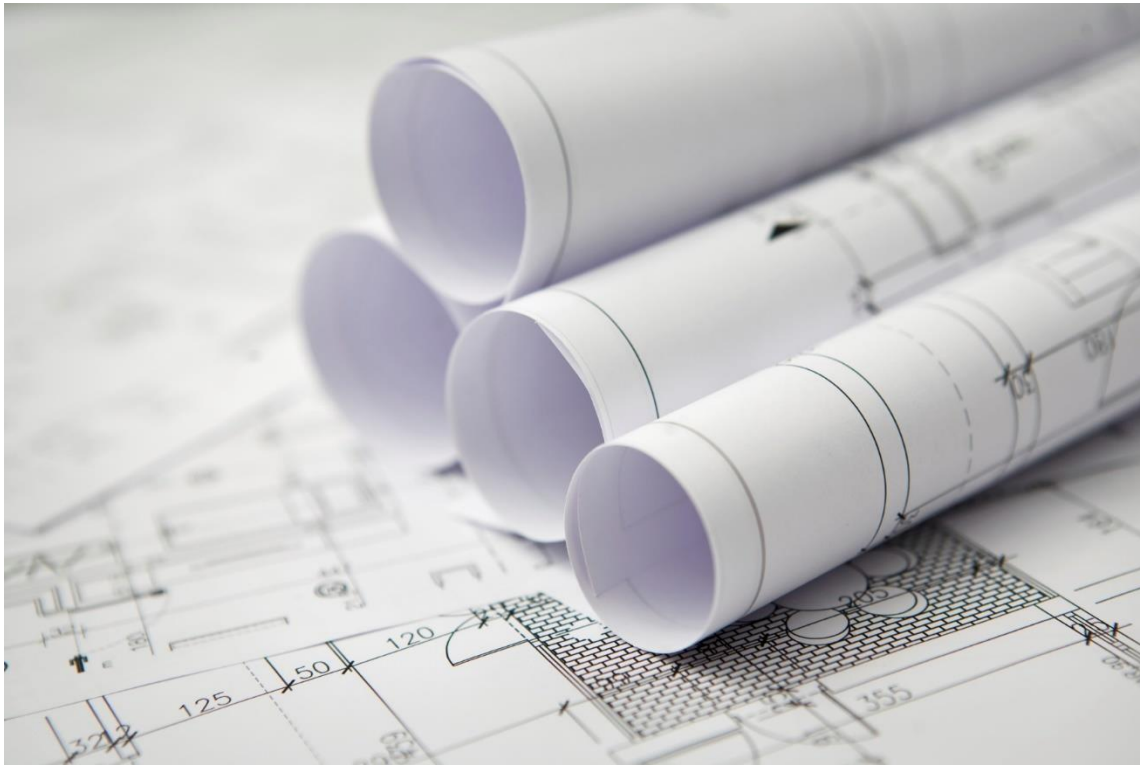
Organization:

- Itemized
- Organized into major categories
- Attach (and reference) Exhibits to make this easier to follow (i.e. drawings, specs, pictures, diagrams, site plans, reference files, etc.)
- Do NOT need a written commentary for each requirement

Content & Structure of a High-Performing SOW

Itemized Requirements

- Drawings & Specs (Construction)



- Requirements (IT/Software)

ID Num	Requirement Area	Requirement Subcategory	Requirement Name	Requirement
5402	System and Technical	Workflow	Approval / Denial	System shall provide ability to define multiple approval levels for electronic transactions / documents / business events processing.
5403	System and Technical	Workflow	Approval / Denial	System shall provide ability to restrict processing of electronic transactions / documents / business events until they pass all required approval levels.
5404	System and Technical	Workflow	Approval / Denial	System shall provide ability to set up Approver Groups associated with electronic transaction / document / business event processing.
5405	System and Technical	Workflow	Approval / Denial	System shall provide the ability to define a unique approval process for each user and type of document/business event.
5406	System and Technical	Workflow	Approval / Denial	System shall provide the ability to specify multiple approvers for a document/business event where only one of the approvers listed must approve the document in order to consider the document approved.
5407	System and Technical	Workflow	Audit Trail	System shall provide an audit trail of all adds, changes, and deletes to workflow rules.
5408	System and Technical	Workflow	General	System shall ensure that any transaction, document or business event entered into the on-line system is reviewable prior to its saving / processing / commitment.
5409	System and Technical	Workflow	General	System shall provide the ability to reverse / unwind processed transactions, documents and business events.
5410	System and Technical	Workflow	General	System shall permit a minimum of 10 levels of approval that may be established for each type of electronic document/business event.
5411	System and Technical	Workflow	General	System shall allow all authorized users to see the approval status of a document/business event.
5412	System and Technical	Workflow	General	System shall assure that an employee is removed from and added to the workflow process based on qualifying events (e.g., termination from or appointment to agency, or transfer to another organization entity within the agency).
5413	System and Technical	Workflow	General	If a user modifies an electronic document/business event, the system shall allow approvals to be reprocessed in accordance with business rules.
5414	System and Technical	Workflow	General	System shall provide the ability to search/retrieve documents/records based upon user defined criteria.
5415	System and Technical	Workflow	Notification	System shall include a workflow process, with notification options, for business events and documents.
5416	System and Technical	Workflow	Notification	System shall provide the ability to re-route transaction/document/business event for approval based upon user defined criteria such as dollar thresholds or random selection for statistical sampling purposes.
5417	System and Technical	Workflow	Notification	System electronic document management function shall be integrated with the State's electronic mail system or provide other means to alert "reviewer" of documents awaiting approval.
5418	System and Technical	Workflow	Tracking Document(s)	System shall provide ability to track (e.g., identify, record, inquire, report) the progress of electronic transactions / documents / business events.

Content & Structure of a High-Performing SOW

Itemized Requirements

- **Mandatory Requirements (minimum, pass/fail):**
 - vendors **MUST** meet these or be disqualified.
itemized, organized, and categorized
- **Desired Requirements (value proposition):**
 - vendors **NOT disqualified** for missing any individual item.
 - But the Client's goal is to achieve as many as possible.
itemized, organized, and categorized

Content & Structure of a High-Performing SOW

Statement of Work

- 1 Overview & Purpose
- 2 Future State
- 3 Itemized Requirements
- 4 Schedule & Budget**
- 5 Unique Considerations

**Time & Financial
Constraints**

Content & Structure of a High-Performing SOW

Schedule & Budget

- **Schedule:** clear & transparent identification of timing needs and constraints
- **Budget:** clear & transparent identification of financial needs and constraints

Research Does **Not** Prove That Providing Budgets Will Result In Higher Costs

In Summary...

- Analyzed **248 RFPs** that shared their Budgets
- Shared Budget = \$222 Million
- Average Proposals = \$143 Million (**36% below** budget)

Content & Structure of a High-Performing SOW

Schedule & Budget

- The Budget is crucial (one of the most important SOW elements)
- Clarifies your technical Statement (what you can afford)
- Clearly define any financial constraints or expectations that you have (**not ranges or “fuzzy” information → don’t cause confusion!**)
- Be direct, such as:
 - The construction budget for this Project is \$150,000
 - The estimated spend for this Project is \$2 Million
 - The project budget is \$3,000,000 over 5 years, of which \$500,000 is allocated for implementation and \$500,000 for annual subscription/support.
- (same for Schedule expectations, constraints, critical dates, phasing, etc.)

Content & Structure of a High-Performing SOW

Statement of Work

- 1 Overview & Purpose
- 2 Future State
- 3 Itemized Requirements
- 4 Schedule & Budget
- 5 Unique Considerations**

**Supplemental
Information**

Content & Structure of a High-Performing SOW

Unique Considerations

- **Unique:** what may be unusual in your environment?
(vs. the vendor's other clients)
- **Unknowns & Assumptions:** list any conditions that are unknown or assumed
- **Attachments & Exhibits:** pertinent supplemental information

Content & Structure of a High-Performing SOW

Unique Considerations

- Building will house a cyclotron (radioactive material)



Content & Structure of a High-Performing SOW

Unique Considerations

- Building will house a cyclotron (radioactive material)



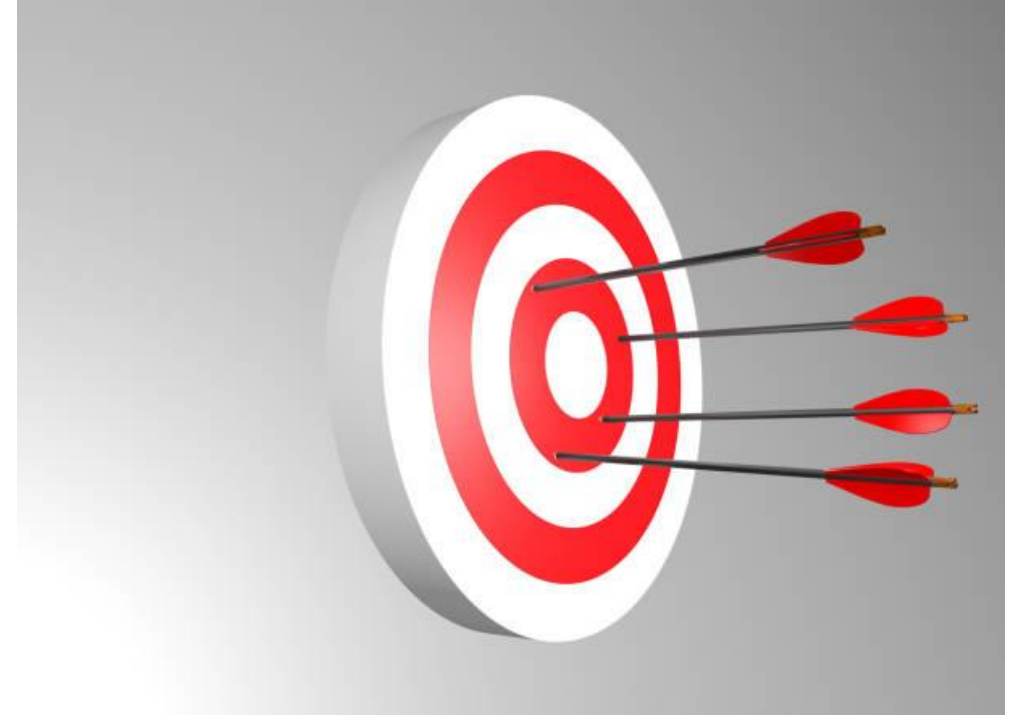
- Building is on an island 6 hours from mainland

Keep in Mind...

***Goal Is Not
Perfection!***



***Goal Is Not
Perfection!***



***Do Our Best
Within Resource
Constraints***

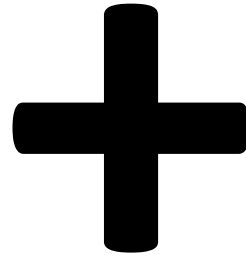


***...But We
Can't Totally
Miss The
Target!!!***

The Importance of Current Conditions

Content & Structure of a High-Performing SOW

Statement of Work



Current Conditions

Content & Structure of a High-Performing SOW

Current Conditions

- 1 Overview & Background
- 2 Volumes & Quantities
- 3 Pain Points
- 4 Strengths
- 5 Figures, Diagrams, & References

Current Conditions



- Easiest to document
- Often skipped, ignored, missed
- **Most common request from vendors!!!**

Painting-The-Picture (Statement of Work)

We spend a lot of time focusing on the SOW...

- What success looks like**
- What will make you happy at the end of the contract**
- What you want to look like**
- What you want to achieve**



Painting-The-Picture (Current Conditions)

...But we forget to describe what we look like right now



Do Your Current Conditions Really Matter?



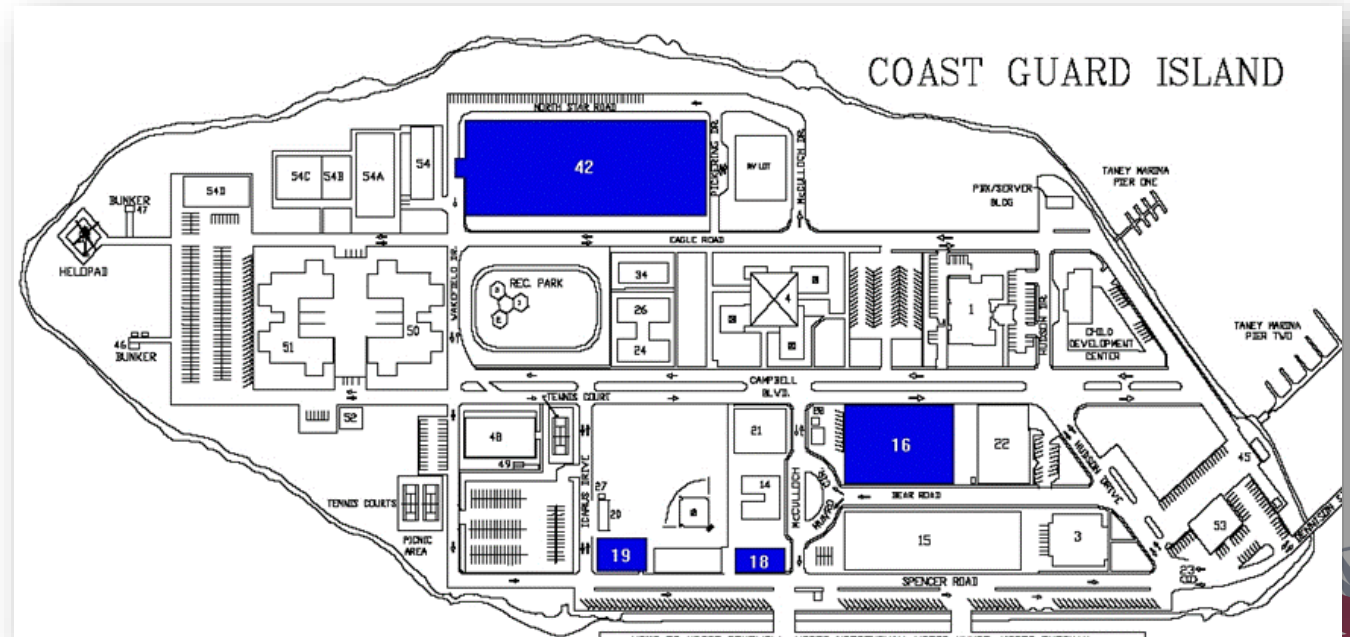
Importance of Current Conditions

- Allows the vendors to understand the impact of the change
- Allows the vendor to confirm if SOW is achievable
- Allows the vendor to identify & address challenges
- Allows the vendor to verify the accuracy of your SOW



Current Conditions in Re-Roofing

- **Statement of Work:** Remove and replace existing roofing system and replace with a new built-up roofing system as shown in the drawings and specifications.





SOW

Install a New Roof

As a Vendor...

***Is There Anything You Would Like To Know??
(About The Current Conditions)***

Why are you really doing this project?

Current Conditions

- **What activities occur in the building / building use?**
- **What issues or concerns do you currently have?**

Current Conditions

- **Building use = employee rec center (gym and basketball courts)**
- **Issue 1: we have leaks every time it rains**
- **Issue 2: we are worried about our wood basketball courts**
- **Issue 3: we don't want to have people monitor the gym during storms**



SOW

Install a New Roof

***“The building leaks
aren’t just coming
from the roof...”***







Current Conditions Can Allow An Expert vendor To Address Your Needs

The Importance of Leadership

Who is Responsible for **Writing** the SOW?

**Procurement
/ Buyer**



?????

Statement of Work

- 1 Overview & Purpose
- 2 Future State
- 3 Itemized Requirements
- 4 Schedule & Budget
- 5 Unique Considerations

Who is Responsible for **Writing** the SOW?

**Procurement
/ Buyer**



**Must work with
internal client/user**

Client / User



SOWs (and RFPs) Require **Leadership Skills!**

**Procurement
/ Buyer**



**Must be a
Facilitator (**Leader!!!**)**

Client / User



Be Aware of Your Internal Clients / Users

Common Questions from Internal Clients / Users

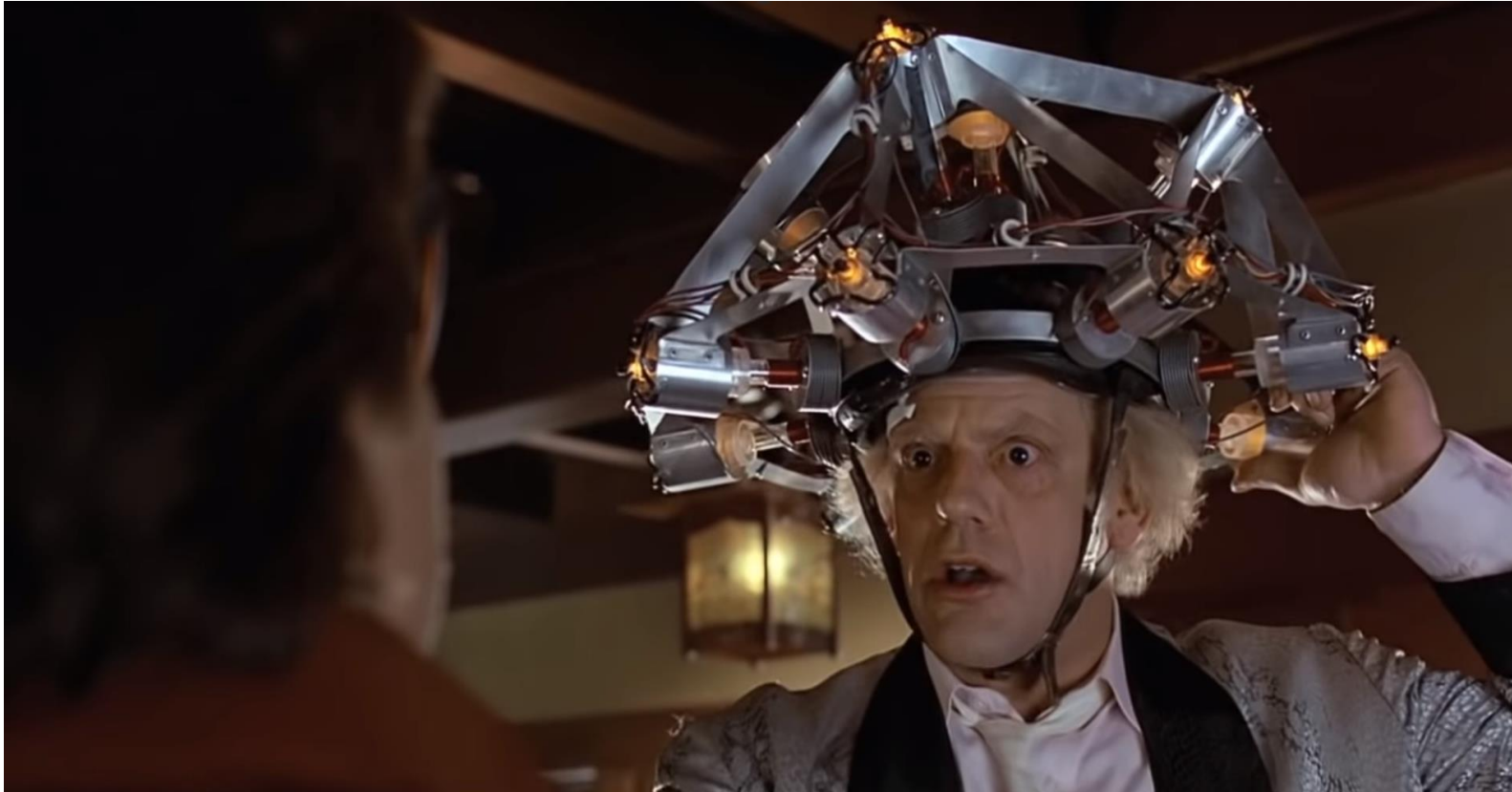
- Where do we start?
- What should we include?
- What should we exclude?
- How much detail?
- What if we don't know what we want?
- What if we don't know what we don't know?



Facilitation Procedures – CC's + SOW

1. **Buyer** should educate/train the **Internal Client** on importance of Current Conditions and SOW
2. **Buyer** should prepare a template of questions that may apply to the **Internal Client's** project or service
3. **Buyer** should walk the **Internal Client** through the questions, template, assessment and respond to any questions.
4. **Buyer** should support & “coach” the **Internal Client** (but they do the details) as they draft the content.
 - **Don't wait! Check in regularly.**

Most clients assume that you (and the vendors)...



... can read their minds!!!

Advanced SOW Strategies



- **Market Research**
- **Facilitating Challenging SOWs**
 - IT Software / Hardware
 - FM Operations, Maintenance, other Services
 - Business Services
 - Professional Services & Consulting
- **Request for Needs (RFN) Process**

www.simplar.com



Summary

Balancing Act:

Too Open-Ended

VS.

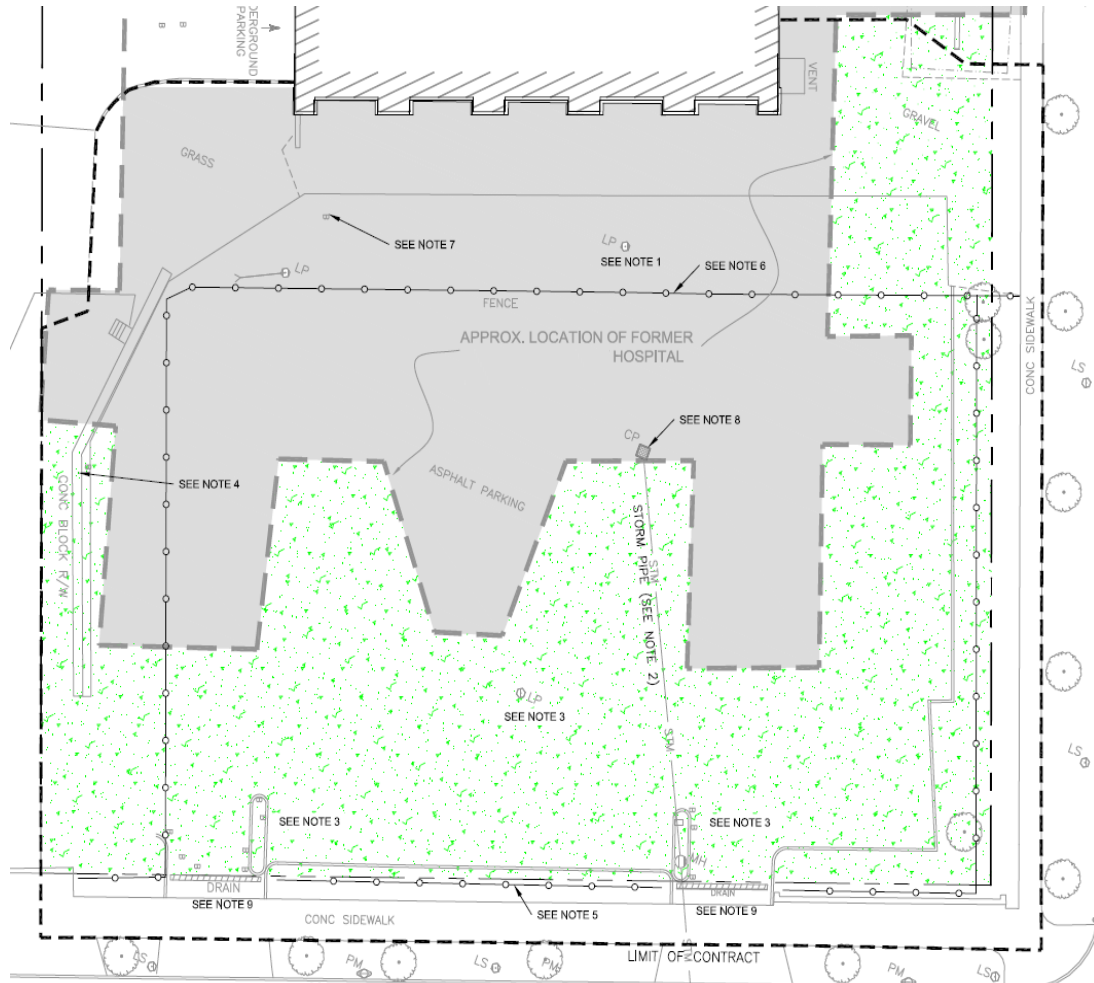
Overly Prescriptive

Public Sector Agency

- Full Technical Specification: “Pls dig a hol”



Construction Example: Site Excavation & Remediation



Construction Example: Site Excavation & Remediation



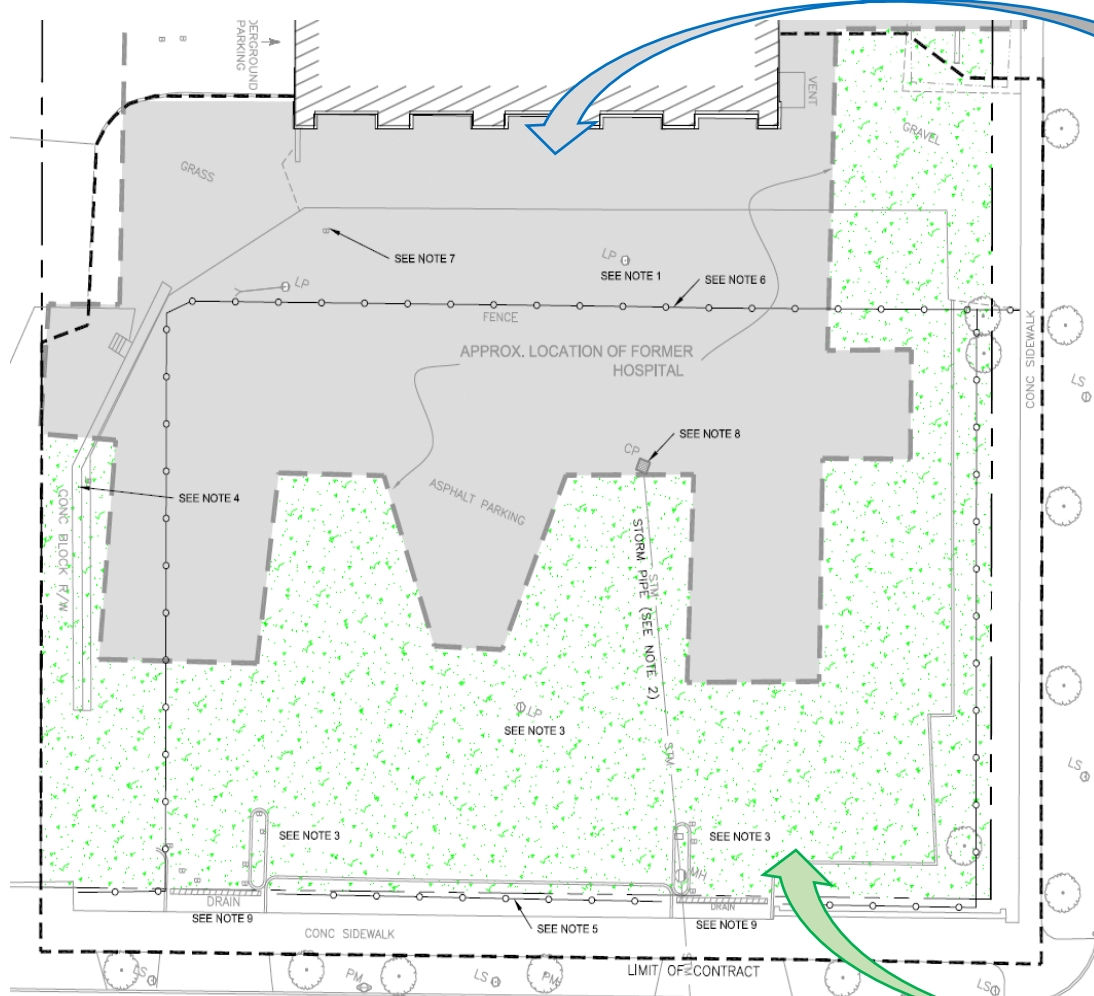
Construction Example: Site Excavation & Remediation



Construction Example: Site Excavation & Remediation



Construction Example: Site Excavation & Remediation



“Silt and sand soil, mixed with debris from the demolition of the hospital, and often underlain by a concrete slab or footings ranging from 1.8 to 3m thick.”

Contaminants: petroleum hydrocarbons, metals (arsenic, lead & iron), PAHs, & asbestos-containing materials, etc.

➤ No benchmark to propose to...
(Contractors caught between a “no bid”
or adding contingency for unknowns)

“Primarily dark brown/grey silty sand with gravel.”

Set a Benchmark to Propose to!!!!

- Ensure proposals are apples-to-apples (**as much as possible**)

Set a Benchmark to Propose to!!!!

- **Client's SOW must:**

- Make it easy for Vendors to find & understand the benchmark.

Example: Reviewing 4 Cost Proposals for an ERP System

- Quoted licenses ranged from **0 – 2,200**.
 - 0 (TBD later **after they are awarded** the contract)
 - 1,260 to 1,450
 - 1,300
 - 2,200

How can you compare the Cost Proposals?

Set a Benchmark to Propose to!!!!

- Ensure proposals are apples-to-apples (**as much as possible**)

EXAMPLE

Set a Benchmark to Propose to!!!!

- Ensure proposals are apples-to-apples (**as much as possible**)

EXAMPLE

Question: What is the existing water pressure?

Set a Benchmark to Propose to!!!!

- Ensure proposals are apples-to-apples (**as much as possible**)

EXAMPLE

Question: What is the existing water pressure?

Answer:

For the purposes of the proposal, Proposers should assume that the existing water pressure is adequate. The waterline (described in RFI #4) is the main line for the CLIENT's main building and currently cover all fire suppression and other needs.

Set a Benchmark to Propose to!!!!

- Ensure proposals are apples-to-apples (**as much as possible**)
- This is the answer to...
“How do I know if I am too Open-Ended?”
- *If you’ve established a solid benchmark to bid to...*
- *... you have probably provided “enough” SOW info to avoid being open-ended.*

Impact of Open-Ended or Unclear SOW

- Open to interpretation
 - Encourages the minimum
 - Less consistency in pricing (*wider range in cost proposals*)
 - Less competitive pricing (*increased contingency*)
 - Discourages vendors from submitting
- **Brings Risk to the Project!**

Waste Hauling SOW



5,000+ tons of waste collection across urban area

- “An adequate fleet of collection vehicles should be used and maintained by the Vendor...”
- “It is the [Owner’s] expectation that collection vehicles designated for service should at a **minimum be less than two years old at the start of the contract**”

Waste Hauling SOW



5,000+ tons of waste collection across urban area

- “In order to support accurate measurements towards the [Client’s] sustainability goals, all vehicles must be solely dedicated to [the Client] and cannot be used for other sites.”

Waste Hauling SOW



5,000+ tons of waste collection across urban area

- Average Proposal Price: **+46% over the Budget**
 - Maximum Proposal Price: **+106% Over the Budget**
 - SOW was put together with great intentions
 - Seeking high quality services & impressive sustainability goals.
- **Over-emphasis on the inputs (restricting vendor means & methods) can detract from the outcomes (results)!**

Elevator Maintenance (campus-wide)



- The Proponent shall assign a **dedicated maintenance technician** to this contract.
 - This individual must be **solely assigned** to this contract and will perform all preventative maintenance & major repairs within the building zone.
- Over-emphasis on the inputs (vendor resources) can detract from the outcomes (results)!

Major Overhaul for a Power Plant (Minimum Qualifications)

- Minimum 10 years experience
 - At least 10 projects in Design-Build (DB) contracts.
 - Experience in working on behalf of both owners and DB contractors.
 - Minimum of 5 DB projects in [specific State]
 - Must have completed 1 DB project working on behalf of a public owner.
 - Have completed 1 DB project that was not new construction, but was a refurbishment, remodel, or addition in a secure operating facility.
 - And more...
- Over-emphasis on pre-qualifications can restrict the pool (or worse...)

Impact of Overly Prescriptive SOW

- Can significantly increase cost & schedule
- Removes flexibility to offer strategies & innovations for the specific environment
- “tie the hands” of vendors regarding the work and manner in which it is undertaken
- Limits the maximum accountability & responsibility vendors have to perform

➤ **Brings Risk to the Project!**

Impact of a Poor SOW

Perceptions of Owner SOWs

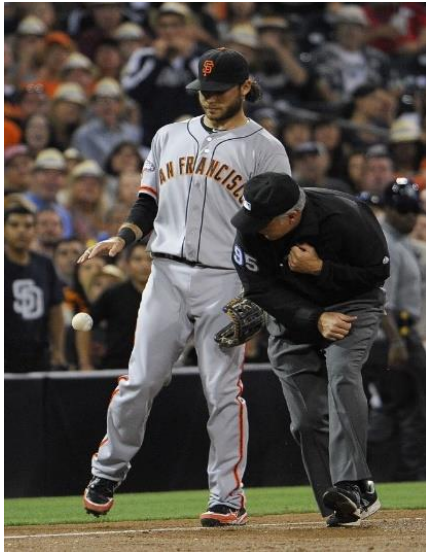
- **Unclear**
- Information is missing
- **Overly prescriptive**
- Unrealistic
- **Discourages innovation**
- The owner is “fishing”
- **Misunderstands Needs**
- *Procurement is Not Fair*



Impact

- **Fewer proposals**
- Low quality proposals
- **Less qualified teams**
- Less competitive pricing
- **Less consistent pricing**
- Open to interpretation
- **Have to believe the vendor**
- *Brings Risk to the Project*

A “High-Performing” Statement of Work requires the appropriate perspective...



UMPIRE MECHANICS

Theory of Proper Positioning

“Angle is primary; distance is secondary;
Closer is better, up to a point.”

TEXAS BASEBALL UMPIRES ASSOCIATION
TBUA



What is a **High Performing** SOW?

Core Objective: What would a **High-Performing Vendor** need (or want) to know?

ALWAYS question whether the SOW....

- Allows vendors to provide the **best price**?
- Gives vendors **information to plan** their approach?
- Enables vendors to **minimize contingency**?
- Prevents vendors from **walking away**?

Foundations of a High-Performing SOW

- **Apples-to-Apples:** clear & reasonable proposal benchmark
- **Current Conditions:** align expectations on the starting point
- **Realistic:** understand the norms of industry structure
- **Clear, Concise, Complete:** comprehensively describe needs
- **Not Perfect:** High-Performing does not mean Flawless

Goal:
Become a
“Client of Choice”

What is a Client of Choice?

- Vendors want to propose on your project...
 - With their **best people**
 - In a **thoughtful** manner
 - With their most **competitive pricing**
- Internal Clients see RFPs as a Value-Creator...
 - Bring **innovation**
 - Identify the **best approach**
 - Bring **solutions** to minimize risk in execution

Because you are fast, efficient, organized, and professional!

Look Ahead

Free Webinar Series!

3rd Thursdays every month

@ 12pm Central

AGENDA

15min Teaching Moment

(learn a new tip, trick, or tool)

30min Virtual Peer Group

(network with professionals across the world)

Office Hours

(open Q&A until the questions run out!)



center4procurement.org/rfp-doctor

Previous
Recordings
Online!

@

center4procurement.org



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JOIN US FOR OUR NEW WEB SERIES

The Center for Procurement Excellence is pleased to announce a free new interactive web series, "Ask of the RFP Doctor". In this first-of-its-kind virtual discussion, procurement experts provide practical advice in addressing today's purchasing, supply chain, and acquisition challenges. Here's how it works:

- **Teaching Moment (15 minutes):** the RFP Doctor will kick things off with a brief presentation targeted at a specific topic
- **CPE Virtual Peer Group (30 minutes):** next, we will split up into small groups and give attendees an opportunity to network with each other and have a discussion on a relevant topic. [Learn More](#)
- **Ask the RFP Doctor – Office Hours (15 minutes or until the questions run out!):** we'll come back together for an open Q&A session. Have a challenging RFP ahead? Have a unique situation? Bring your questions and let's get it figured out!

**Third Thursdays of every month
starting at 12:00pm Central**

[TEACHING MOMENT ARCHIVE VIDEOS](#)



Previous Recordings Available Online!

How Do You Ask For
(& Evaluate) Cost Proposals
In Software RFPs?

April 15, 2021



Simpliar's Evaluation
Criteria to Minimize
Budget Risk

May 20, 2021



Current State of Practice
In Software RFPs

June 17, 2021



How to do Market
Research More
Effectively

July 15, 2021



"Don't Worry, the
Contract Will
Save Us"

August 19, 2021



The Value of
Debriefings

September 16, 2021



Handling Large IT
Hardware Buys
With Different Scope Packages

October 21, 2021



Vendor of
Record Programs

November 18, 2021



7 Most Deadly
Marketing Phrases

December 16, 2021



It's a New Year -
Ready for the
Next Level?

January 20, 2022



Best Practices for
Evaluator Training

February 17, 2022



Got RFP Soft Skills?

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starting at 12:00pm Central**

TEACHING MOMENT ARCHIVE VIDEOS

Register For Ask The RFP Doctor Event

We will send you your personal admission credentials via email.

Name

Organization

Email

REGISTER NOW!

20
October

← Next Month!

Announcing CPE's New RFP Library

Our RFP Library contains more than 3,000 RFPs & SOWs issued in the last 15 years. We'll showcase how to navigate the RFP Library, which is organized into 4 collections of IT, AEC, FM, and Business Services.

✓ Add to Calendar

20
October

Announcing CPE's New RFP Library

Our RFP Library contains more than 3,000 RFPs & SOWs issued in the last 15 years. We'll showcase how to navigate the RFP Library, which is organized into 4 collections of IT, AEC, FM, and Business Services.

✓ Add to Calendar

17
November

The Administrative Burdens of Reference Checks

There are many ways to perform reference checks on proposing firms... so how can we do this as efficiently as possible? We'll recommend ways to streamline your procedures.

✓ Add to Calendar

15
December

Document Deficiencies During the RFP Process

Research shows that contractors discover nearly two-thirds of document deficiencies during the proposal phase. Yet owners usually don't learn of these until after the contract is signed. So what can we do in the RFP phase to encourage earlier—and more transparent—feedback from our contractors?

✓ Add to Calendar

19
January

Can you evaluate Fee in A/E Procurements?

Architecture & engineering (A/E) professionals have traditionally been procured by QBS, yet clients are increasingly seeking to evaluate fees. Is this OK? Let's scratch the surface of this hot-button topic!

✓ Add to Calendar

16
February

What is Cost Worth?

Remember the joys of mathematical proofs from grade school? The RFP Doctors are whipping out their calculators to PROVE the fundamental equation of cost evaluations (Cost > 35% = LOW BID)

✓ Add to Calendar

16
March

What are the "Best" Evaluation Criteria?

The fundamental purpose of evaluation criteria is to differentiate between competing proposals. But which criteria do this the best? We'll breakdown a study that investigated this question across 1,850 proposals.

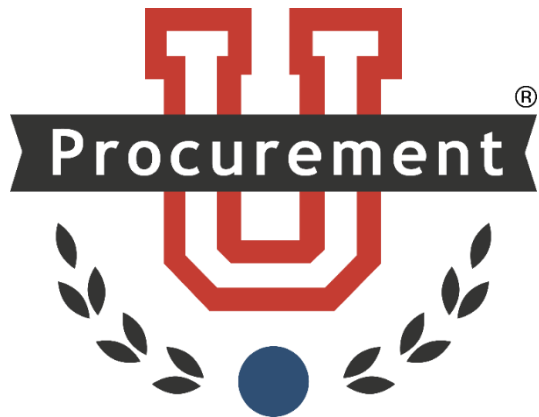
✓ Add to Calendar



Upcoming Topics!
Register at: center4procurement.org/rfp-doctor



***FREE* Online Course! Coming in 2023!**



Better RFPs = Better Projects

- Session #1 = Organizing a High-Performing RFP
- Session #2 = Effective Statements of Work (SOWs)
- Session #3 = Evaluation Best Practices & RFP Admin
- Session #4 = RFP Ethics & Vendor Debriefings

Register via NASPO's Procurement U

- Log on to the Procurement U Learning Management System (LMS) to register, access the course and materials.
 - www.naspo.org/procurement-u/
- Open to all (even non-members of NASPO)
- Limited to first 100 participants.



CPE Speakers Bureau

Providing Presentation to Regional, State and National Events

Upcoming Presentations

- **CPE procurement innovators are available (free of charge) to speak at your regional / national events**
- **Topics:**
 - RFPs as Part of Procurement Excellence
 - The Practical Guide to Effective Supplier Evaluations
 - Share your Project Budget
 - Practical Leadership Skills for Procurement Professionals
 - *...and many more!*



center4procurement.org/speakers-bureau/

CPE Speaker's Bureau

Presentations in 2022 (so far!)

- Maryland Public Procurement Association MPPA (DC area)
- NIGP Copper Chapter, Tucson, AZ (Virtual)
- Richland Hills, Texas (Dallas-Forth Worth Area)
- Oklahoma (OMES) Procurement Training (Virtual)
- Rocky Mountain NIGP (Denver)
- Maryland ASBO (Ocean City, MD)
- Ontario University Professional Procurement Management Association, OUPPMA (virtual)
- Texas Public Purchasing Association (TxPPA) (Galveston, TX)
- NASPO REACH (Kansas City, MO)
- East Tennessee Purchasing Association (Johnson City, TN)
- Washington Finance Officers Association (Virtual)
- Central Ohio IFMA (Virtual)
- Iowa Public Procurement Association (Virtual)
- Washington NIGP (Virtual)
- Emerging Leaders / TX Council of Government (Dallas-Fort Worth)

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Thank You!

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