# **Evaluation Best Practices and Considerations**

#### **RFP Training Workshop**



# **Putting RFP Excellence Into Practice**

- Fair
- Open
- Transparent
- Value
- Integrity

# **Strategic Objective:**

## Become a "Client of Choice" and attract High-Performing Vendors across your RFPs



## Why are these Foundations so Important?

Obvious reason is to stay out of jail or the courtroom

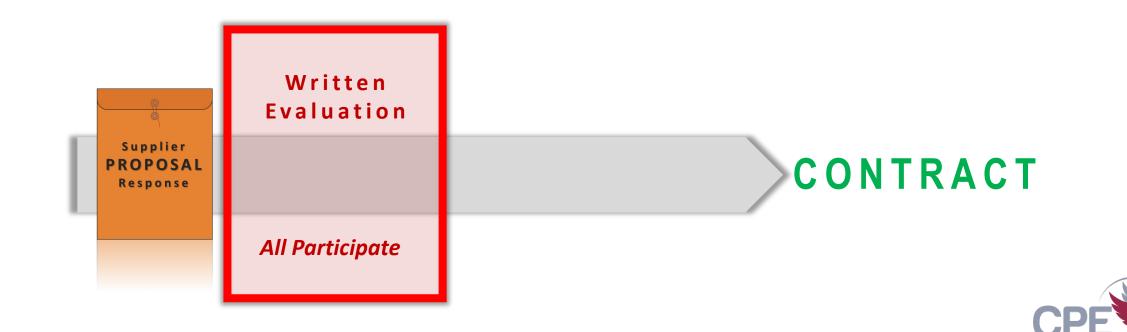
• However...

# this is what drives good vendors to your projects, and gets them to invest their time and effort

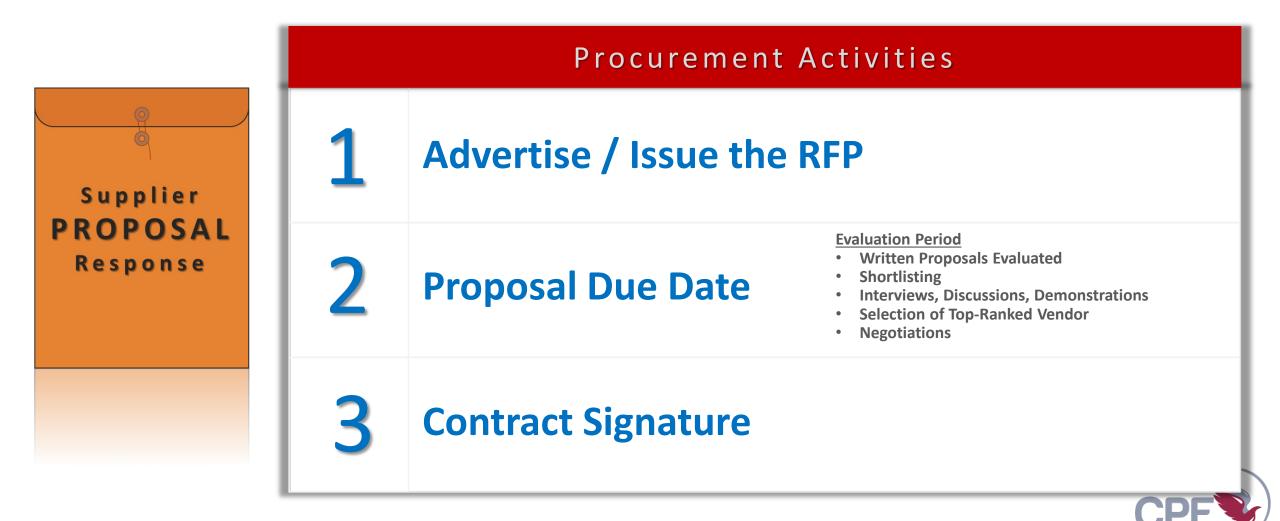


# Let's Define It: Evaluation Period

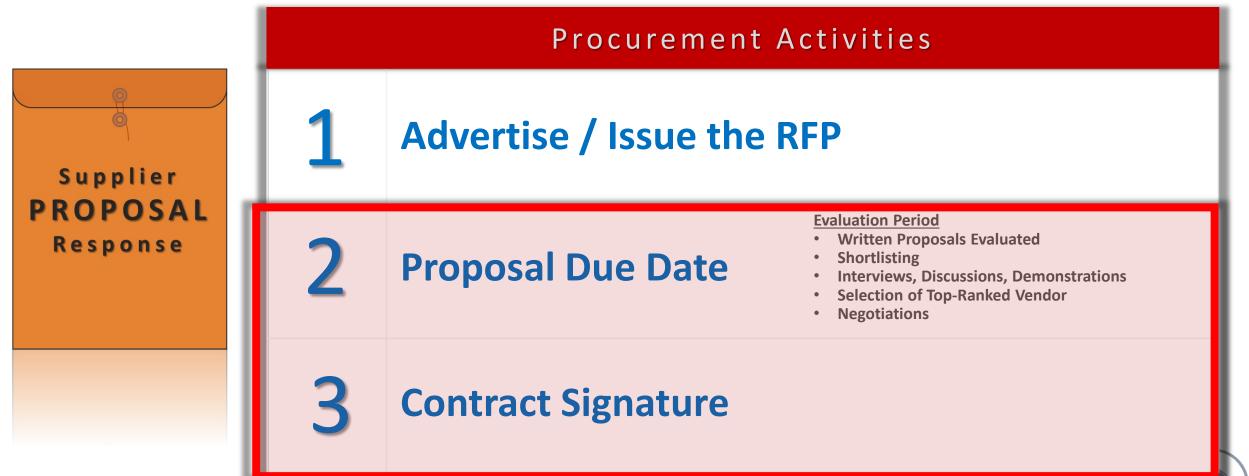
• This is an area of weakness for <u>many</u> Clients and can lose Fairness, Openness, Transparency, Value, and Integrity



## **Evaluation Period**

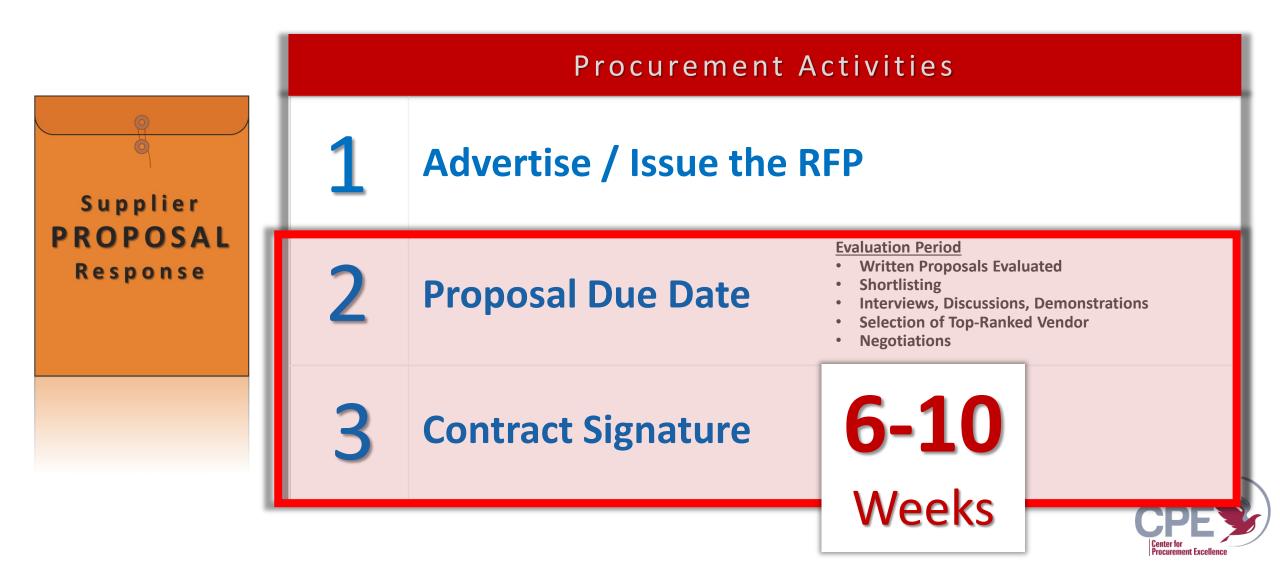


## **Evaluation Period**





#### **Evaluation Period**



# 5 Tips to Improve **Proposal Evaluations**



## Five Tips to Improve Proposal Evaluations



**1. Understand the Different Types of Evaluation Criteria** 



#### **Understand the Different Types of Evaluation Criteria**

#### Weighted

used to formally compute the "best" proposal

# Committee

**Scores** 

**Vendor Proposals** are rated by Client using an **Evaluation Scale** 

e.g. Approach, Portfolio, other Qualifications

#### **Numerical** Calculation

**Vendor Proposals** provide Quantities for the Client's **Evaluation Matrix** 

e.g. Price, Past Performance, etc.

#### Mandatory **Pass/Fail**

Vendor Information that may disqualify them from participation

e.g. Minimum Quals, Financials, Insurance, etc.

#### **Non-Weighted**

used for due diligence & minimum requirements

Reference Information

Vendor Information for the Client's review & consideration

e.g. Org Chart, History, **Reference List, etc.** 



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# Information

Vendor Information for the Client's review & consideration

Reference

e.g. Org Chart, History, **Reference List, etc.** 



#### Understand the Different Types of Evaluation Criteria: Committee Scores

#### **Written Proposal**





#### Understand the Different Types of Evaluation Criteria: Committee Scores



#### 1) Verify past experience

- -Team vs Individual experience
- **–Past Projects**
- -Resumes & References



#### Understand the Different Types of Evaluation Criteria: Committee Scores



#### 1) Verify past experience

- -Team vs Individual experience
- **–Past Projects**
- -Resumes & References

#### 2) Verify understanding of our needs

- -Approach & Methodology
- -Solution & Workplan
- -Schedule



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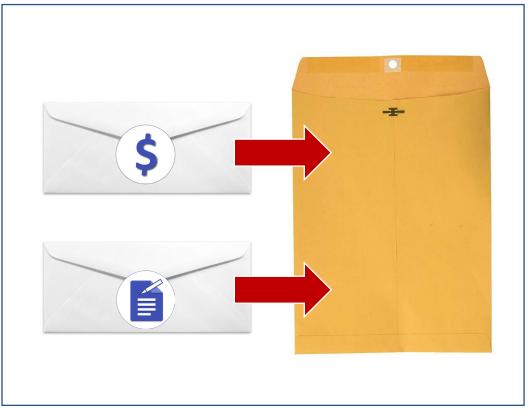
Information

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e.g. Org Chart, History, **Reference List, etc.** 



#### Understand the Different Types of Evaluation Criteria: Numerical Calculation



#### • Cost/Price should be numeric!!!

Cost is generally submitted in a separate sealed envelope

 Not revealed to the Evaluation Committee until evaluation is complete (to minimize bias)



#### **Understand the Different Types of Evaluation Criteria**

#### Weighted

used to formally compute the "best" proposal

# Committee

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Vendor Proposals are rated by Client using an Evaluation Scale

e.g. Approach, Portfolio, other Qualifications

#### Numerical Calculation

Vendor Proposals provide Quantities for the Client's Evaluation Matrix

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#### Reference Information

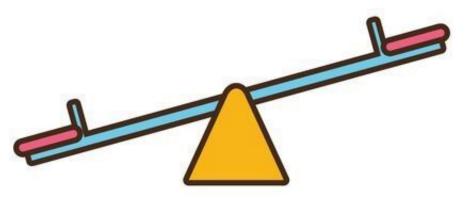
Vendor Information for the Client's review & consideration

e.g. Org Chart, History, Reference List, etc.



#### Understand the Different Types of Evaluation Criteria: Mandatory Pass/Fail + Reference Information

- Keep these <u>clear</u>, <u>concise</u>, and <u>understandable</u>!!!
- <u>Do not</u> make these a lot of work for vendors to complete!!!



- What do you <u>need</u> to make an informed selection?
  - -Will your org actually read & review this info from all proposals?
- Otherwise gather later but still <u>before</u> signing the contract!



# Five Tips to Improve Proposal Evaluations



- **1. Understand the Different Types of Evaluation Criteria**
- 2. Establish a Source Selection Plan (SSP) <u>before</u> RFP release



#### Establish the SSP Before the RFP is Released

- Describes how the evaluation and scoring of proposals will be conducted
- Serves as a guide/instructions for evaluators

- This document can also be referred to as:
  - -Source Selection Guide (SSG)
  - -Proposal Evaluation Guide (PEG)

#### **Source Selection Plan**

Project Name: CM Services Project Number: 2019-12-4548 Date:7/8/19

#### PART 1 - GENERAL INFORMATION

- 1.1 OVERVIEW
- OVENVIEW This document provides a guide regarding procedures, requirements, and instructions that are applicable to this evaluation process.
- 1.2 CONTRACTING AUTHORITY

The Department's authority to contract rests with compliance with City Charter Section 370 to Section 380 and the Los Angeles Administrative Code (Section 10.3 = Cooperative Bids). The Charter requires competitive bidding with award made to the higher trade responsible proposer representing the best overall value to LAUDVP.

#### 1.3 BUYERS ROLE

The Supply Chain Services (SSS) Buyer has the overall responsibility for all matters involving the procurement. The Buyer functions as the chair of the Proposal Fealuation Committee (PEC) and as such will Schedule the location and time for all PEC deliberations will calculate any needed interviews or oral presentations, and will guide the PEC members through their duites. Neither the Buyer nor the PEC members are allowed to deviate from the established procument process and evaluation requirements of the APP.

#### 1.4 WHO SERVES ON THE PEC?

The PCS should have at least three members who are employees of LADWP or another municipal entity. PEC members must able by all ethical considerations as outlined in Part 2 of this document. There are no restrictions on the total number of members that can participate (as long as none of them have a conflict of interest as outlined in Part 2 of this document). For most procurements a three-to-five member PEC is adequate.

1.5 WHAT DOES A PEC MEMBER DO? The PEC members (available)

The PEC immedies (ionization page) judgment in avaiding points to proposels received in response to a solid bill for the period of the process is the period of the period of the solid bill of the period of the

1.6 IMPORTANCE OF TIMELINESS The duration of the DEC's work will depend

The duration of the PEC's work will depend on the number of proposals received, the completeness and quality of each proposal, any unanticipated legal issues, and the extent of technical, cost, or legal negotiations needed to arrive at an acceptable contract.

PEC work is short-term, highly focused, highly scheduled, and may also involve out-of-town travel. It is important that PEC members make the necessary time commitments to ensure completion of proposal evaluations and



#### Establish the SSP Before the RFP is Released

- Describes how the evaluation and scoring of proposals will be conducted
  - -Roles & Responsibilities of Procurement / Buyer
  - **–Evaluation Procedures**
  - -Evaluation Instructions
  - -Ethics and Conflicts of Interest
  - -Critical Items



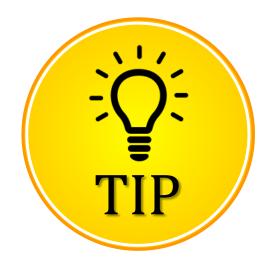
# Establish the SSP Before the RFP is Released

- Do not try to figure out the evaluation process after RFP is released....<u>TOO LATE</u>
- Create the SSP prior to releasing the RFP.
  - -This allows the evaluators and SME's time to provide input before releasing the RFP.
- Minimizes time spent trying to figure things out

   (or do something not permitted based on the RFP language)



# The SSP should <u>always</u> be documented to minimize the Risk of Protest





# Five Tips to Improve Proposal Evaluations



- **1. Understand the Different Types of Evaluation Criteria**
- 2. Establish a Source Selection Plan (SSP) <u>before</u> RFP release
- 3. Recognize that Evaluators have Bias











• Example #1





Bias is not always so "foreword" or "shocking"

- Usually, bias comes from Evaluators who:
  - -Think they "already know" the best vendor
  - -Look at logo/brand more than resources/approach
  - -Have pre-conceived notions about the "right" approach
  - -Are not open to new ideas



**Evaluator Bias:** 

# How do we detect bias during the evaluation process?

# What strategies have worked for you to minimize evaluator bias?



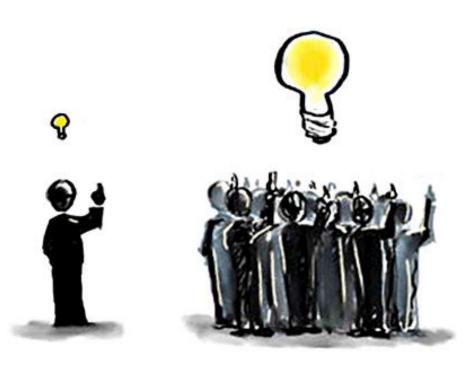
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- **1. Understand the Different Types of Evaluation Criteria**
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- 3. Recognize that Evaluators have Bias
- 4. Avoid Consensus Meetings!



#### • Avoid at all costs!!!





• Example #1: Tax-Accounting system for a State

- 3 vendors proposed. 5 evaluators.
- During consensus meeting, the internal IT "expert" stated:
  - "Vendor 1's proposal may sound great....but they actually don't have a major component of what the State needs (data warehousing)".
  - This individual had done "a lot" of background research (outside of the proposals) and determined that this vendor is not capable of doing the work.
- So the evaluators all adjusted their scores based on what their internal expert said (scores dropped by 25-35%) <u>yikes!</u> CF



- Example #1: Tax-Accounting system for a State
- However, since only 3 vendors, all were shortlisted to Interviews.
- During interviews, Vendor 1 was asked about their inability to perform 'data warehousing'.
  - The vendor laughed at the question!
  - Said that they have one of the largest data warehousing systems in North America. They went on to list major institutions that were using their systems.
- After the interviews were over...the IT expert apologized to everyone and said that they were not aware.



- It's amazing what actually happens behind the scenes!!!!
- These examples are not unique...they happen frequently.
- Which is why we NEVER recommend consensus meetings.
- They result in a lot of time being wasted, but more importantly, it encourages evaluator influence which goes against core procurement principles!
- If you want to streamline your evaluation process, and improve the fairness, just use the average evaluator scores. This is simple, takes less time, and is much easier to justify.



# **Individual Evaluations**

- Evaluations must be performed individually
- Evaluators must not discuss with anyone
- Evaluations should be non-biased
- Evaluators must be honest and fair as possible with the rating
- The Buyer reserves the right to clarify any ratings, request additional evaluator comments, or modify/reject a rating.





**Consensus Meetings:** 

# We all like to talk, review, & confirm.

# How might you introduce the idea of stopping (or limiting) consensus meetings in your organization?



## Five Tips to Improve Proposal Evaluations



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- 4. Avoid Consensus Meetings!
- 5. Conduct Effective Interviews



## **Interviews & Presentations:**

What best practices do you use to run an effective interview process?



#### **Conduct Effective Interviews**

#### **Interview Checklist:**

- Identify an exact time for each interview
- Email the shortlisted vendors (topics and time slot)
- Reserve a room with adequate space (vendor + eval)
- Ensure proper equipment (computer, screen, wifi)
- Copies of rating sheets for evaluators





#### **Traditional Presentation Process?**





#### **Key Personnel Interviews**

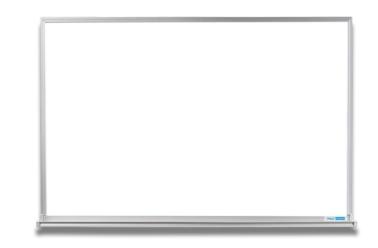


- Conduct an actual 'interview' (not presentation)
- No notes, handouts, presentation material
- Interview 2-3 key personnel (primary, secondary, other SME if critical)
  - IT Software: Project Manager, Integration Lead, Technical Lead
  - <u>Construction</u>: Project Manager & Site Superintendent
  - <u>Design</u>: Lead Architect & Lead Engineer
  - Etc.



## Whiteboard Exercise

- Lay out the project/service from start to end
- Identify areas of greatest risk/concern
- Anything that you need from us
- Opportunities for innovation







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#### Be sure to track Return on Investment!

• So... does this save money (time)?



## Seattle City Light



 Public utility providing electrical power to the Seattle metro area.

- 10<sup>th</sup> largest public utility in the U.S.
- First in the US to own and operate a hydroelectric facility.
- In 2005, it became the first electric utility in the US to fully offset all its carbon emissions and has remained carbon neutral every year since.



#### **Results of Streamlined Evaluations**



- Time Savings on City Light's Major RFPs/RFQs -50% reduction in Evaluation time (per proposal)
  - -75% reduction in Interview time (per vendor)
  - -50% reduction in total procurement duration

#### -\$20K saved in evaluator time per RFP/RFQ



## **Evaluation Training is Critical**

- Procurement / Buyers must be skilled at training their internal client teams on how to be better evaluators!
  - -Takes Soft-Skills  $\rightarrow$  essentially acting as a "Teacher"
  - -Can be difficult for younger / inexperienced Buyers
  - –Right templates and tools for RFPs = much easier to accomplish!
- Remember the "80/20" rule!!!
  - Perhaps only 20% of transactions are RFPs... but might represent 80% of the dollars!







# What are some of the challenges you've experienced when conducting evaluations?

