Move Your RFP from a C to an A+

Five Things you Can do TODAY

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Just because something is written in a contract does not make it so
Simplar Institute

- Group of researchers and educators

- Integrated within the parties (clients/buyers and vendors)

- Developed tools, methods, & training to enhance:
  - Organizational Transformation
  - Procurement & Sourcing
  - Project & Risk Management
  - Performance Measurements

- We integrate with organizations and provide hands-on education and support to develop organizational mastery and XPD
Current FM Efforts

$1.5B Mainline / Trunkline (100+ projects, 6-10 years)
$400M+ Groundwater Treatment
$100M ERP IT
$30M Smart Grid Consultants
$30M Smart Grid Change Management
$900M Smart Grid/Meter Replacement (1.5M Electric/700 Water)
$100M Office Building
$3.1M Design + $60M Turbine Replacement (Design-Build)
$400K Design + $2.5M Solar Microgrid (Design-Build)
$15M GIS IT
$4.5M IT Projects x3 (Asset Management System for Electrical Assets, Demand-Side Management (DSM), and Business Analytics System & Database)
$6M Substation + $3M Substation CM Program/VOR Program
$1.2M Annual Audit Consultant
Other various consultant contracts
Problems?
• **Only 2.5%** of projects defined as successful (scope, cost, schedule, & business)
  – *PricewaterhouseCoopers, 2009*

• **Only 30%** of projects completed **within 10%** of the planned cost & schedule
  – *Construction Industry Institute Performance Assessment Committee, 2015 edition*

• **24%** growth in owner’s construction indirect costs since 1995 (net of inflation and escalation)
  – *Construction Industry Institute Performance Assessment Committee, 2015 edition*
THERE WILL ALWAYS BE SOMEONE WHO SAYS THAT THEY CAN DO IT CHEAPER... BUT AT WHAT COST?
What Percent of Solicitations Are 100% Accurate?
Who Should Know More About Performing/Delivering the Services Required?
It Is More Important For The **Vendor** To Know What To Do Than It Is For Client To Know What The Vendor Should Do
Which of these teams brings your project the most risk?
What are IFMA members doing currently?

- We measured/evaluated:
  - 400+ RFPs
  - 3000+ eval criteria
  - North America Focus
  - Scope & RFP report cards

IFMA RFPs:

- Focus on Marketing/Qualifications
- Thick Proposals
- Money
What do we need to do?

Better RFPs

Become a Client of Choice
Why is the RFP so Important?

Where do innovation, risk minimization, value creation, cost reduction (commission) begin?
Five Things you Can do TODAY

1. Compete Expertise: Risk and Value
2. Blind Evaluations – Make it Fair
3. Focus on the People
4. Keep it Short (Proposal Page Limits)
5. Plan Before you Sign
Results @ Your Peers

- AMI Change Management Consultant
- Boundary Hydro Generating Units Overhaul
- Annual Audit Consultant
- Continuous Improvement Program (on call roster)
- Solar Microgrid

50% reduction in *proposal review*

75% reduction in *interviews*

Elimination of marketing “fluff” results in strong selection outcomes

50% reduction in total procurement duration
(3 months from RFQ release to contract award)

Enhanced Scope of Work (SOW)

Operational plan within the contract
What we have seen...
What we have seen...
What we have seen...

Client PM & Team  Vendor PM & Team
1. Compete Expertise: Risk & Value

• Focus on what shows differences

• Who does this favor?
RFP Risks

• How are you deciding who wins?
• Do you have a favorite? Is it Fair?
• It is confusing?
• Will you let me optimize my profit?
Recommendation:
*Risk & Value as the Primary Written Submittals*

- **Risk Assessment**
  = risks you control and risks you don’t control

- **Value Added**
  = additional expertise beyond requirements
**Example of Solutions**

**Risk:** Owner’s Budget (DB Residence Hall)

**Type:** Non-Controllable Risk

• Team 1’s Plan

**Generic Marketing Information**

NOT a Plan

• Team 2’s Plan

**Will say whatever they think the client wants to hear in order to get the job**
Example of Solutions
Risk: Owner’s Budget (DB Residence Hall)
Type: Non-Controllable Risk

• Team 3’s Plan
  • The Owner’s budget cannot accommodate the building program per the requirements. See the Value Added Plan for cost saving options.

From the Value Plan
• We have identified multiple Value Added options that enable us to meet the budget and still deliver the required number of beds (in order to maximize owner revenue streams):
  • Removal of underground parkade – $2,054,717 savings
  • Reduction in certain finishes (wall panels vs. dry wall) – $67,000 savings
  • Design efficiency opportunities: Adjust net-to-gross ratios in targeted areas of building program (hallways, common spaces). Reduction in building footprint results in significant material savings – net savings $1,686,149
2. Blind Evaluation – Make it Fair

- The evaluated proposal documents **MUST NOT** contain any names that can be used to identify who the Proposer is.

- Including: company names, personnel names, project names, or product names.
3. Focus on the People

1. Get Team Members Up Front (ID in Proposal)

2. 15-25min Interview

3. Interview is One-on-One, No Notes

4. Key Question:

*On the whiteboard: Quickly layout the project/service (from start to end) with the following:*

- Identify the major activities with approximate durations
- Identify the greatest risks and where they are on the timeline
- Identify what you need from the client & when you need it
“The Greatest Risk we always face is how to accomplish all the things that our sales team promised we could do.”
4. Keep it Short

Blind Evaluations: standard templates, no modifications, and no names.

1-2 pages each, 2-6 pages in total + 20min Interview
5. Plan before you Sign

High Level Overview

1. SELECTION
- Proposal ($)
- Schedule
- Past Performance
- Interviews
- Risk Assessment
- Value Assessment

2. CLARIFICATION
- Clarification
- Pre-Planning

3. MANAGEMENT & METRICS
- Award
- Weekly Reporting
- Post Award Metrics
Selecting...

Client

RFP

P/P/P

Vendor

Vendor

Vendor

Vendor

Vendor
...Leveraging = Plan before you Sign
Impact of Clarification/Planning

Reduced cost increases and schedule delays by 70%
Damage to Rocket-Launch Structure

Is There Anything You’d Do Differently?
The contractor proposed an alternative procedure for removing damaged steel panels that was:

- **$1 Million cheaper** than the specified process
- **Faster** than the specified process
- **Safer** than the specified process
Final Result

• Finished **ahead of schedule**
• 0 **change orders** or cost increases
• User saved **60% in cost** compared to the ave.
Update Jan 2017
BONUS: Should you release the budget?

YES
Proven Solution To Increase Odds of Success On ANY Project:

Hire Experts

(High Performing Individuals & Teams That Actually Know How To Create Value & Mitigate Risk)
Being a Client of Choice Can’t Be Faked
Takes Education, Measurement, and Org. Transformation
PURPOSE

• Advocate for public purchasing policy promoting the use of expertise & risk minimization
• Standards & best practice templates for solicitations
• Certify & educate procurement professionals
• Conduct advanced research in procurement & project delivery

MEMBERS

• Owners (public & private)
• Design/Engineer Professionals
• Contractors / service providers
• Researchers

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