

Enhanced Procurement Techniques

Non-Software Services

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Simplar Sourcing Solutions



Wide Array of Experience

IT & Software Industry
 Construction Industry
 Business Services
 Facility Services
 Healthcare Services
 Utility Services



BEST






<ul style="list-style-type: none">  U.S. General Services Administration (GSA)  US Army Medical Command  Arizona State University  Canon  State of Oklahoma  City of Phoenix, AZ  University of Minnesota  State of Alaska  Rijkswaterstaat (Dutch public works & water management)  Aramark  State of Oregon  State of Idaho  University of Alberta  Boise State University  United Airlines  Neogard / Jones-Blair  Tremco  Bank of Botswana  General Dynamics C4 Systems  Salt River Project (SRP) 	<ul style="list-style-type: none">  US Air Force Logistics Command  US Coast Guard  US Embassy (Botswana)  US Army Corps of Engineers  Federal Aviation Administration  IBM  Brunsfield  Qwest  Honeywell  City of Peoria, AZ  University of Idaho  University of Hawaii  University of New Mexico  Entergy  Sodexo  Chartwells  Dallas Independent School Dist.  Olmstead County, MN  City of Roseville, MN  Hennepin County, MN  Scenter  Abengoa Solar  City of Sitka, Alaska  US Solar  Rochester Public Utilities 	<ul style="list-style-type: none">  Harvard University  Denver Health & Hospital Authority  State of Missouri  State of Washington  Idaho Transportation Department  State of Georgia  Arizona State Parks  United Excel  East Valley Institute of Technology  Arizona Public Service (APS)  Rochester School District  Fann Environmental  Idaho State University  On Semiconductor  Pearson  State of Wyoming  Idaho Department of Corrections  City of Miami Beach, FL  Lewis & Clark State College  Hawaii Department of Transportation  Baptist Health  City of Columbia, SC  PECO Energy  Intermediate District 287
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PROJECT PARTNERS AND PARTICIPANTS:

PARTNERS

support

Industry Topics

- Better **scopes** = better performance
- Better **contracts** = better performance
- Better **negotiations** = better performance
- Better **partnering** = better performance

Industry Topics

- Better **scope** = better p
- Better **contracts** = bette
- Better **negotiations** = k
- Better **partnering** = be



Procurement

- **Procurement cannot add value by itself**

Procurement

- **Procurement cannot add value by itself**
- **Procurement can create an environment that can maximize your opportunity to attract the best people to your solicitation**

XPD

Expertise-Project-Delivery

Enhanced Procurement Techniques



XPD Approach

- **RFP (structure, format, contents, etc.)**
- **SOW (clear, concise, accurate)**
- **Budget and Schedule**
- **Procurement process is not time consuming**
- **Procurement process provides an advantage for expertise**
- **Interview Structure**
- **Pre-Award Planning**
- **Post award characteristics – value expertise**

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1

Proposal Contents

Evaluation Criteria / Proposal Contents

- *Schedule / Duration*
- *Past experience*
- *Resumes of staff*
- *Methodology & Approach*
- *Service approach*
- *MWBE requirements*
- *Technical requirements*
- *Financial capabilities*
- *Depth of resources*
- *Quality Control Plan*
- *Subcontractor plan*
- *Staffing plan*
- *Safety plan*
- *BIM experience*
- *Bonding and Insurance*
- *Warranty's*
- *Claims and litigation history*



Who Do You Want Involved In Proposal?

- **Business Development**
- **Administrators**
- **Sales & Marketing**
- **Executives**
- **On-Site Personnel**

Who Do You Want Involved In Proposal?

- ~~Business Development~~
- ~~Administrators~~
- ~~Sales & Marketing~~
- ~~Executives~~
- **On-Site Personnel**

Proposal Contents

- **Cut and Paste material?**
- **Marketing and Sales material?**

Proposal Contents

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- **Marketing and Sales material?**

Who Prepares?

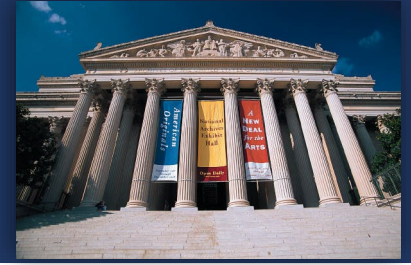
Questions

- **What information will help us differentiate?**
- **What information will be difficult for Sales, Marketing, or Business Development to prepare?**
- **What information will require input from their site personnel?**

Item #1: Risk Plan

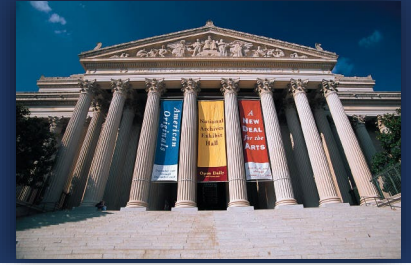
- **Risks, issues, challenges, concerns, worries**

Construction Renovation



- **RISK:** Hiring a contractor without adequate experience in library renovations can be a risk.
- **Solution:** Partnering is a key to success on any project. We will work with the user to develop the best strategies that can be implemented to minimize the impact of disruptions from demolition.

Construction Renovation



- **RISK:** Hiring a contractor without adequate experience in library renovations can be a risk.
- **Solution:** Partnering is a key to success on any project. We will work with the user to develop the best strategies that can be implemented to minimize the impact of disruptions from demolition.
- **RISK:** Noise from our demolition may result in student/staff complaints (since we will be doing demo in an in-operational library during finals week).
- **Solution:** To minimize this risk, we have planned to demolition during off hours and weekends. We will also install rubber sheets on the floors and foam pads around the wall to diminish noise and vibrations.

United Airlines Maintenance Facility



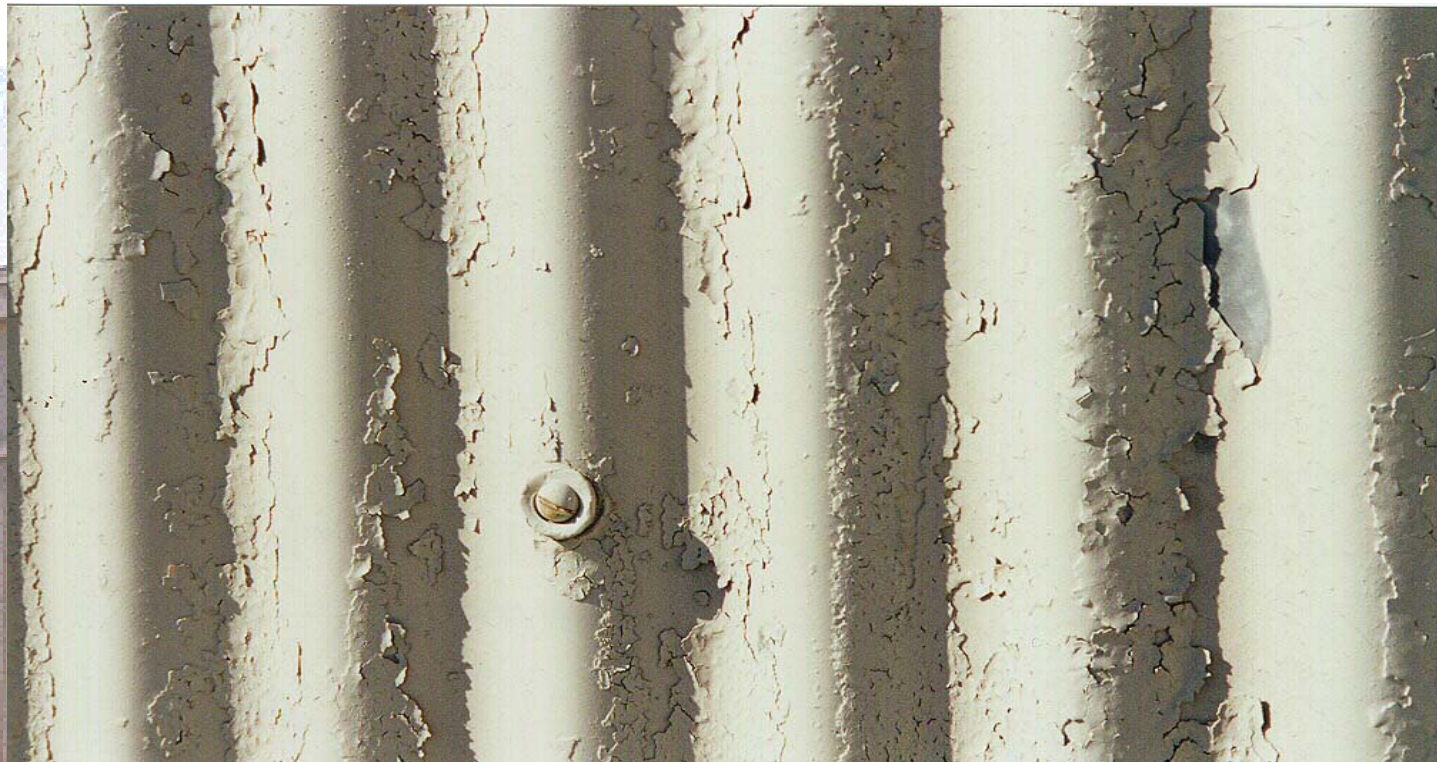
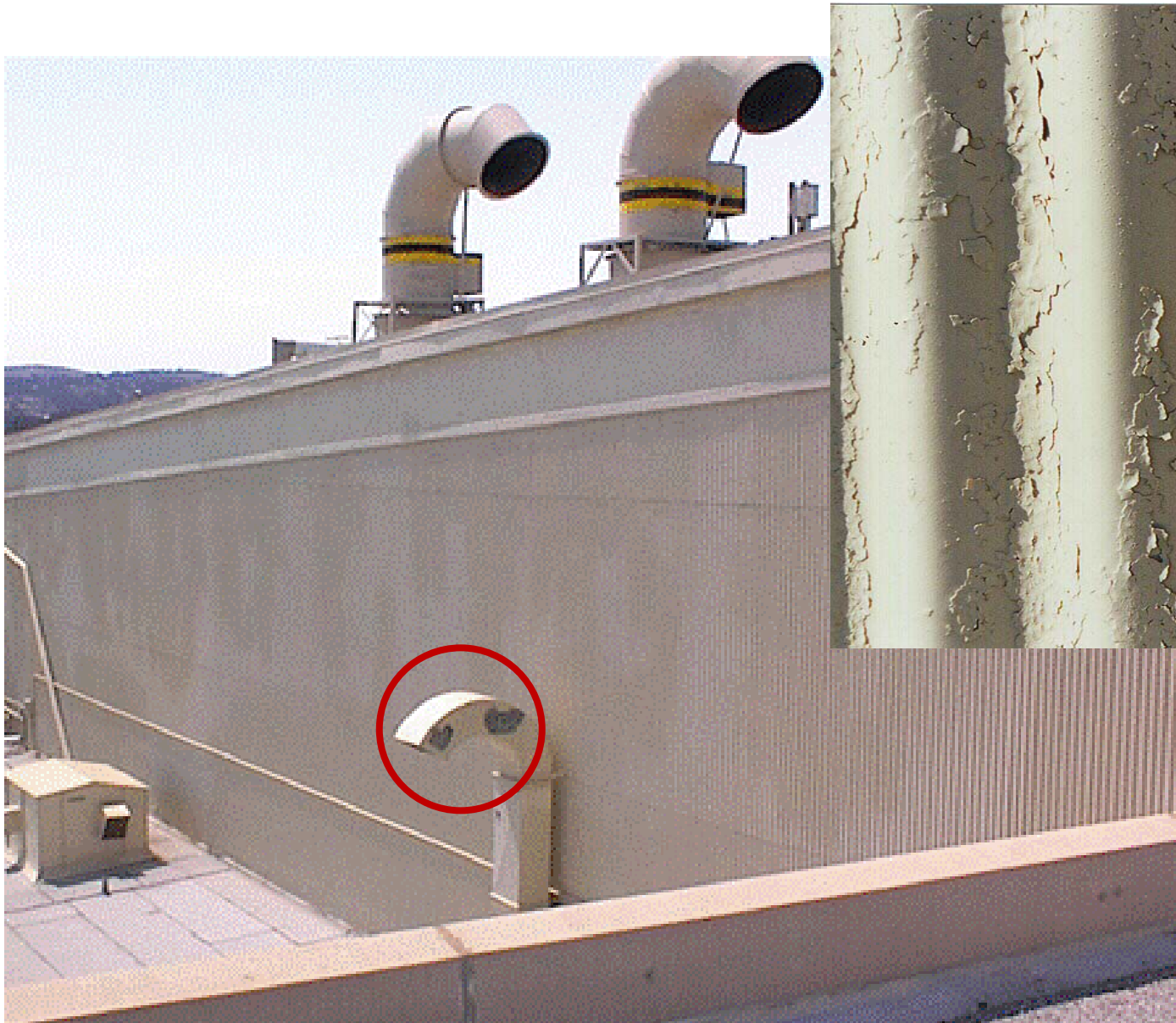
- **135 Acres & 5.6 Million**
- **Workforce of 14,000**
- **Facility has Performs “high risk” operations & maintenance on aircraft**

Existing Environment

Construction Awarded Via Low-Bid

- **Poor quality work**
- **No contractor liability (finger pointing)**
- **Unmotivated contractors**
- **Contractors issue change orders**
- **FM forced to watch and manage contractors on how to do their work**
- **Projects needed to be repaired / maintained soon after they were complete**

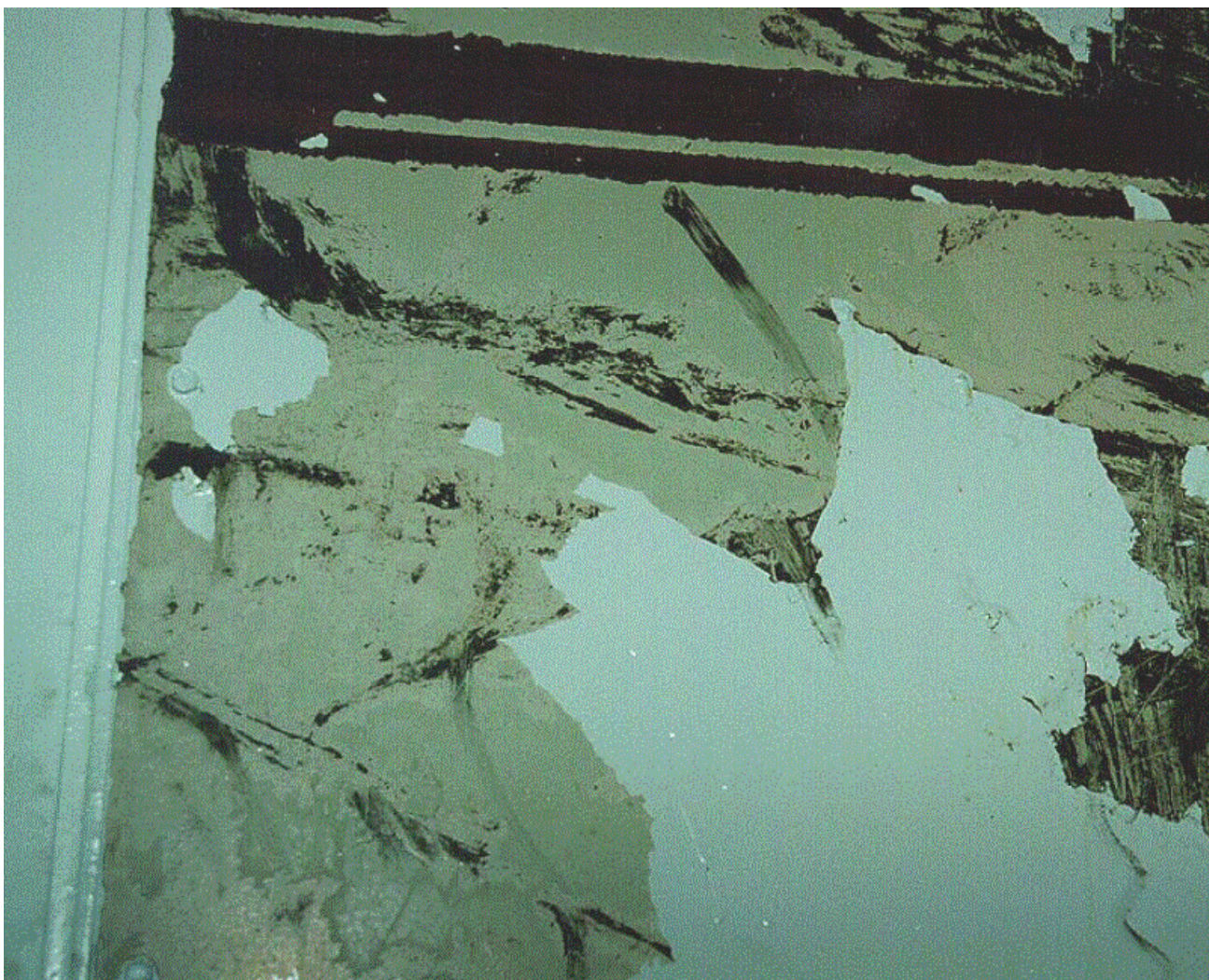




Deterioration (Less than 2-Years old)



Paint chips and oil under coating



Can You Help Us Write Better Specs That Describe How To “Prep Surfaces” Better?

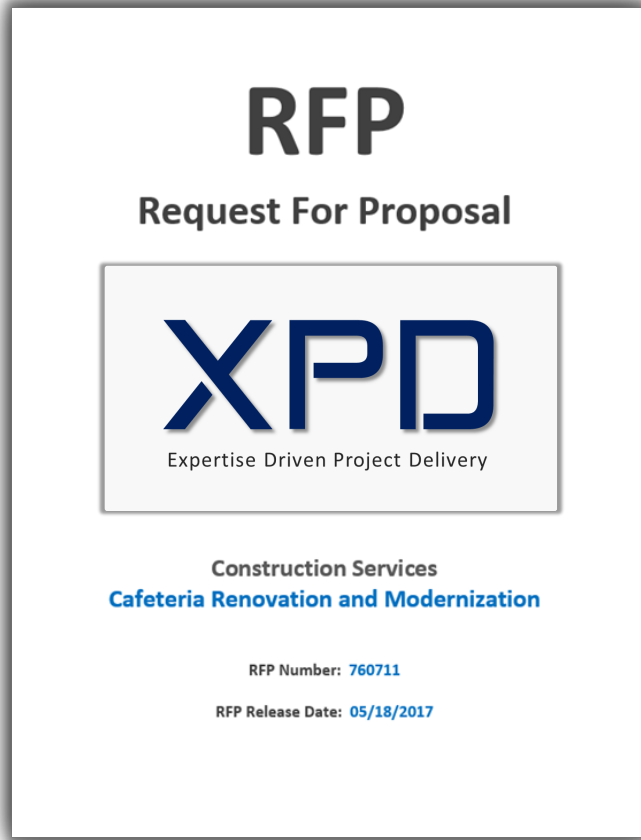


Reroof Hanger

B29 Hangar Roof



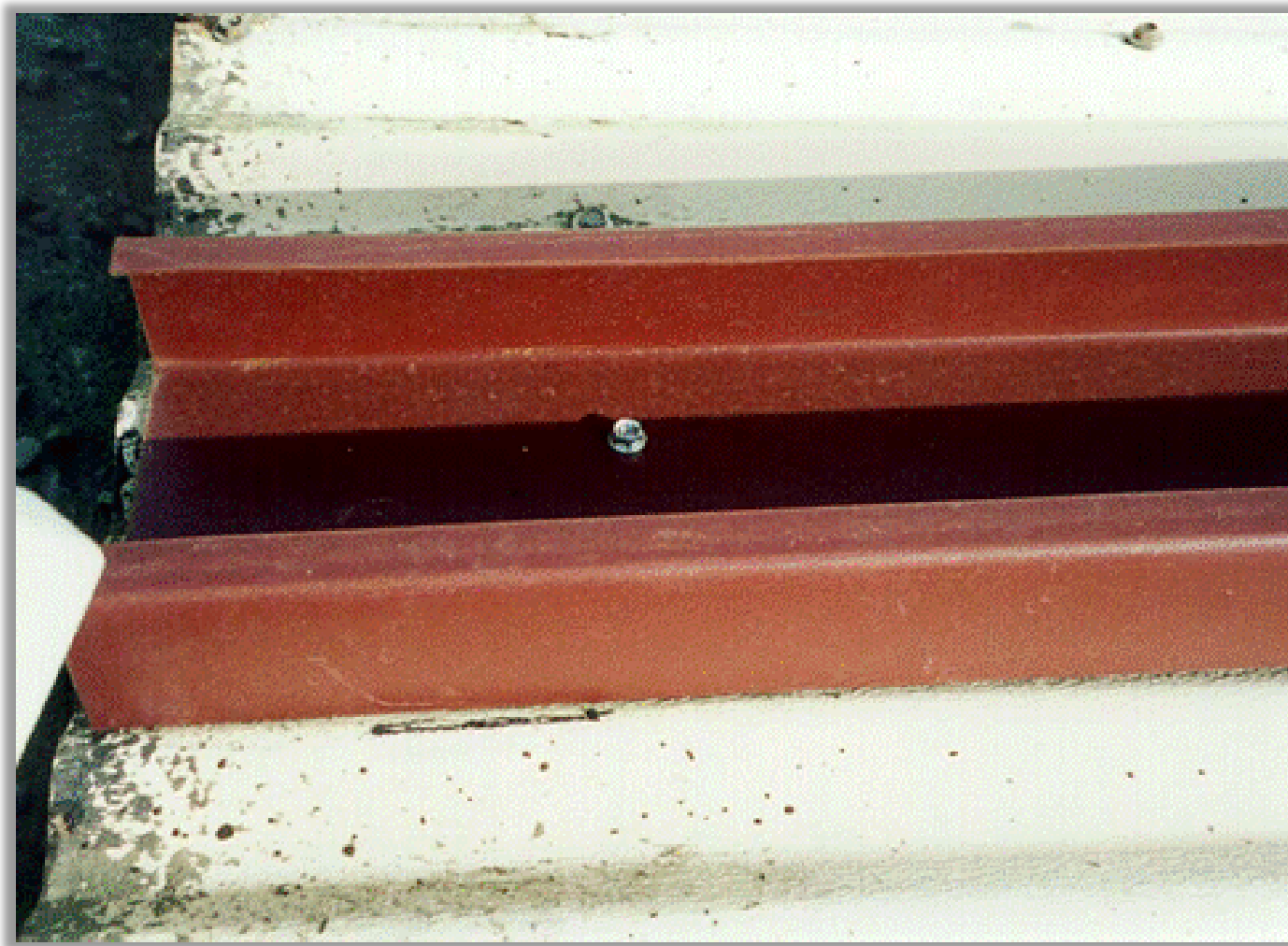
XPD RFP

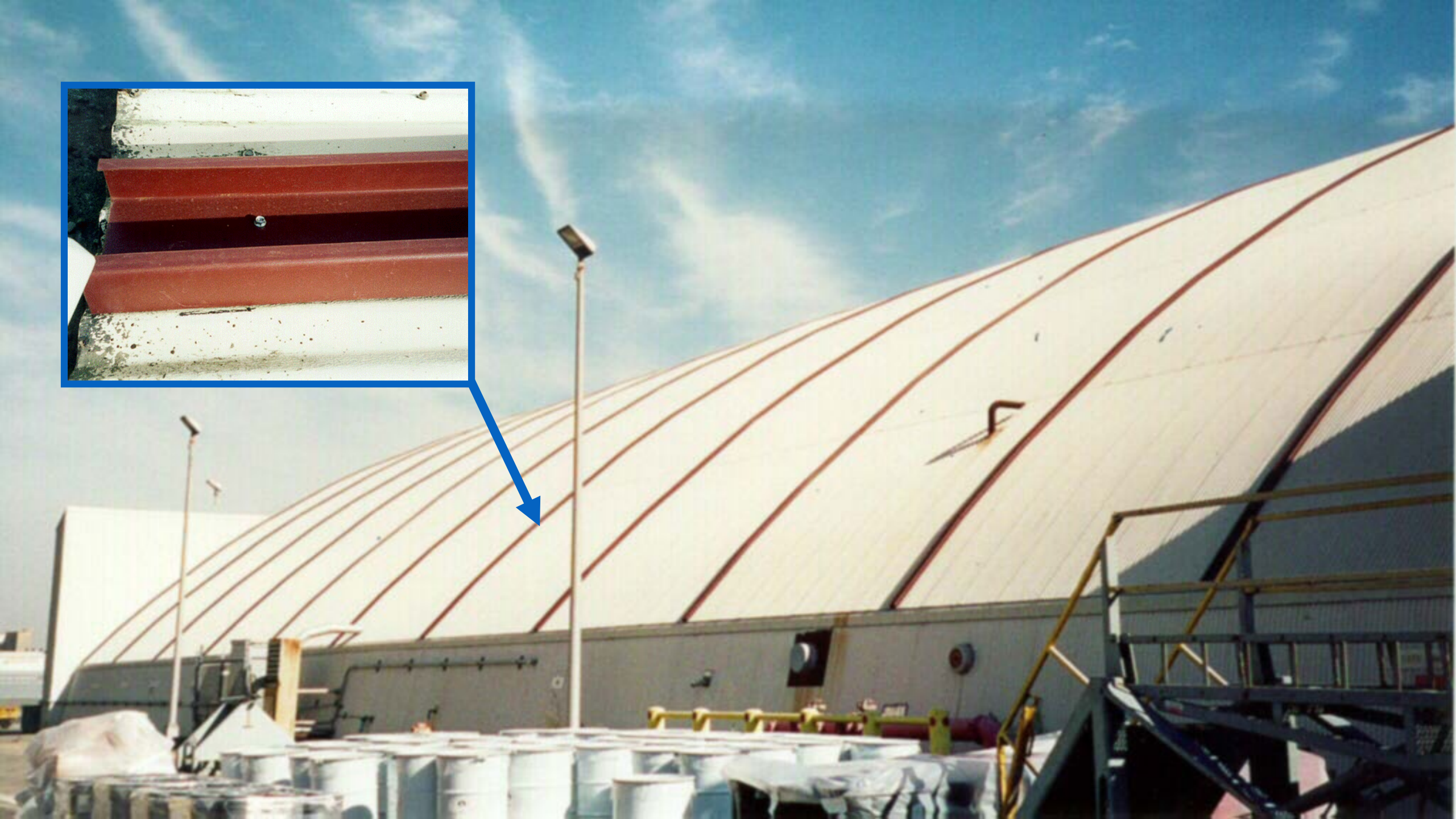


- **Provided the issues and challenges**
- **Did not provide a solution (traditional design approach)**
- **Waterproof our building for the longest possible period of time, for the best cost, that minimizes our risks**

B29 Hangar Roof - Solutions

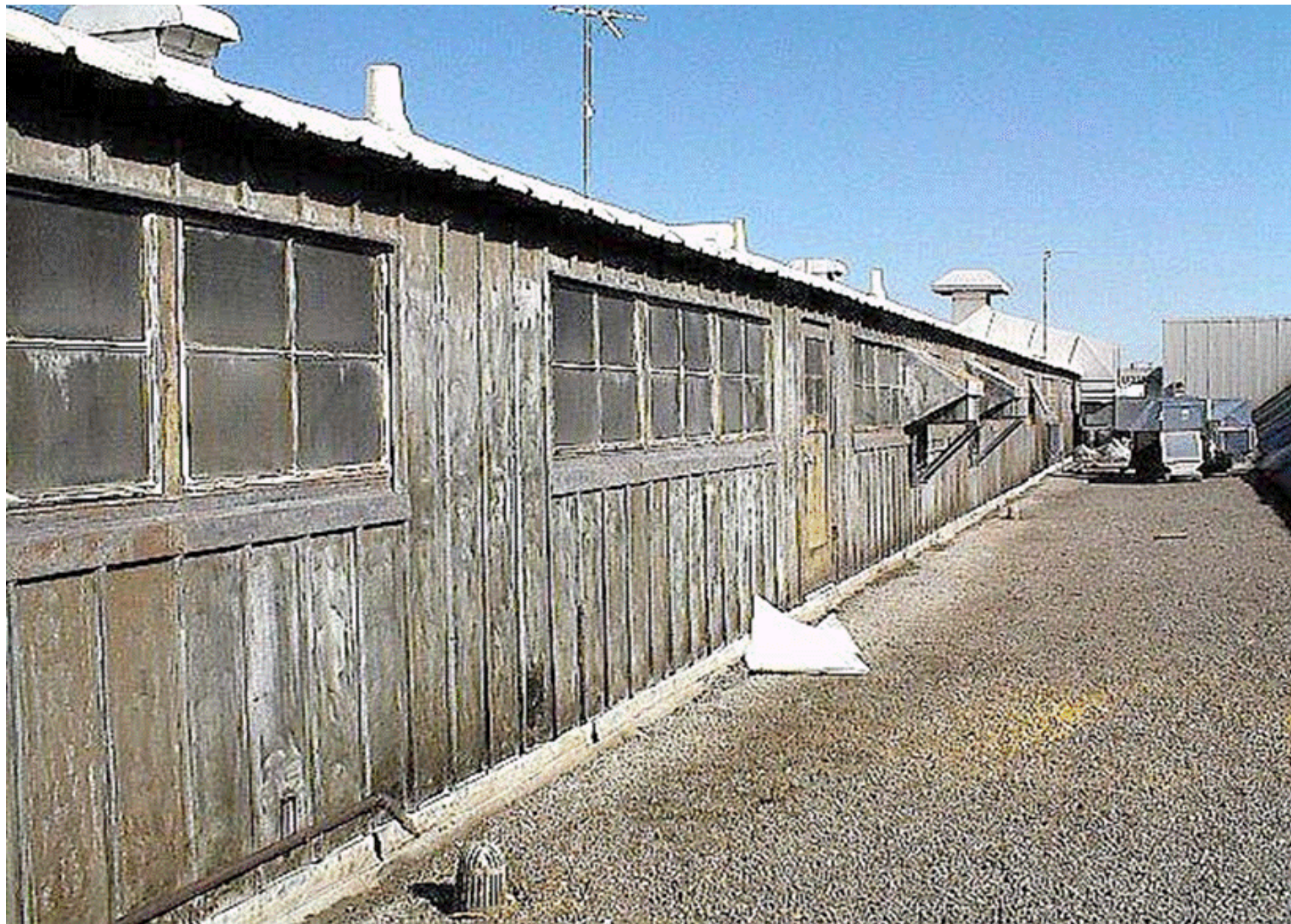
- **5 proposals**
- **Devised a system that included an enclosed application booth that moved along tracks (no over-spray & work can be performed in windier conditions)**
- **No disruption of UAL activities.**





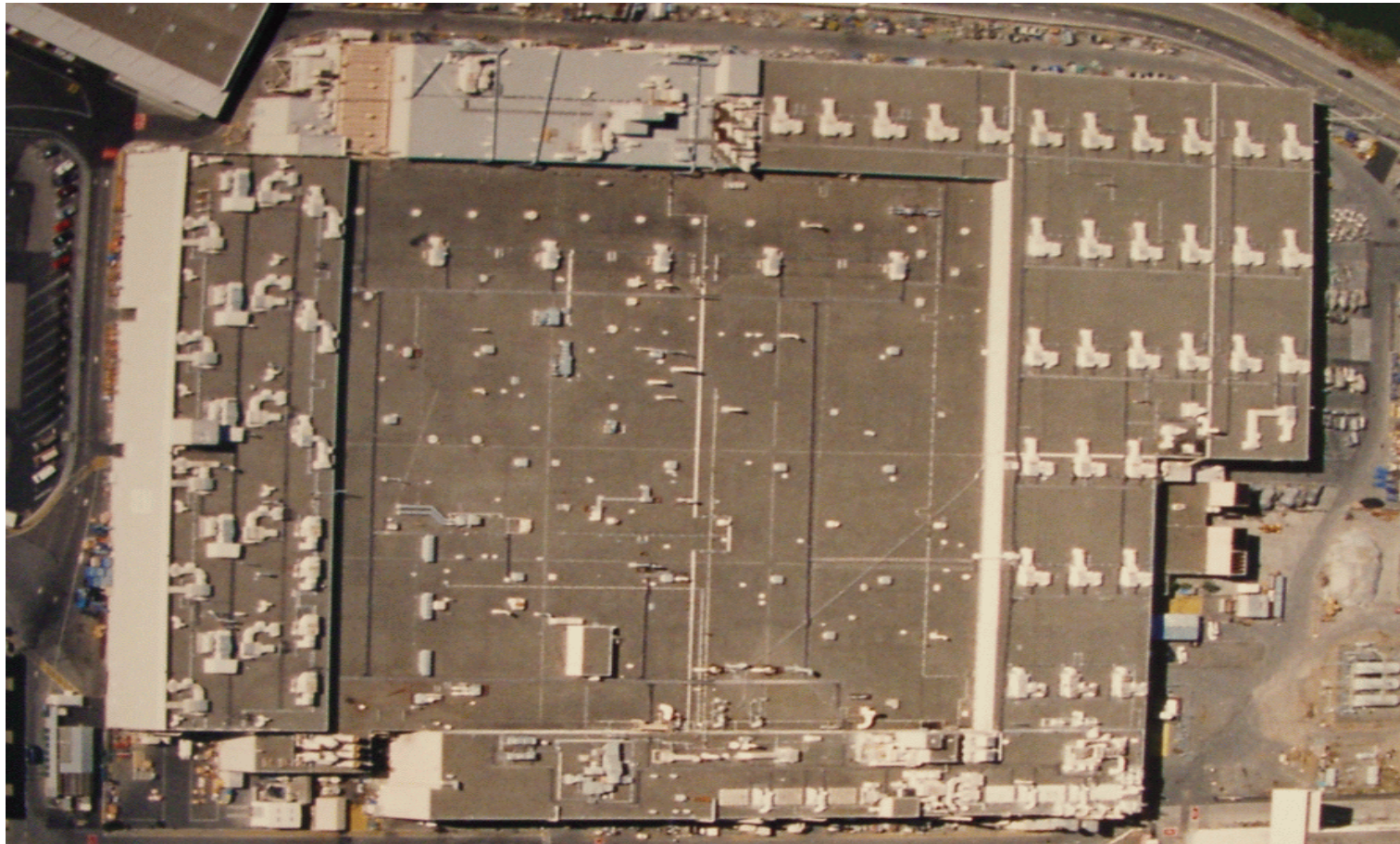






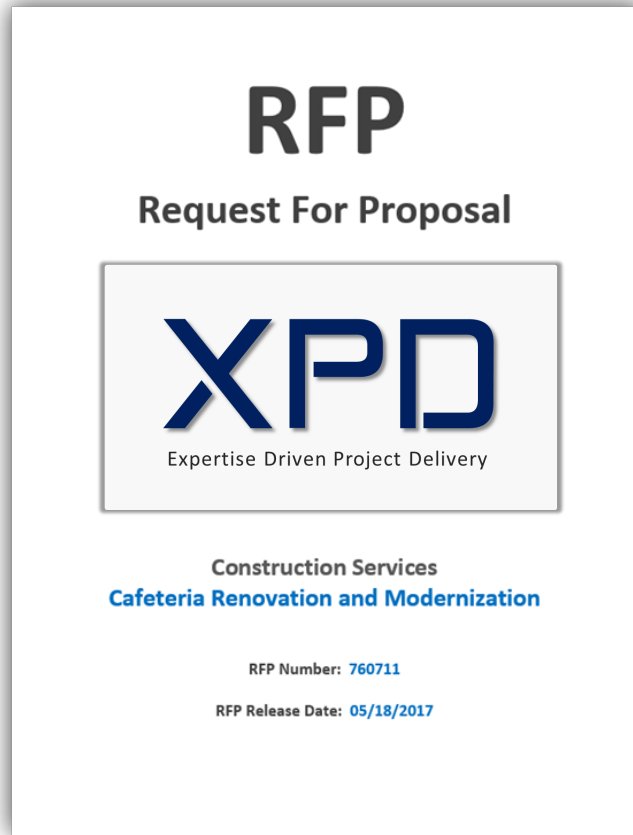


Large Building



- **115,000 SF**
- **\$1.4 Million**

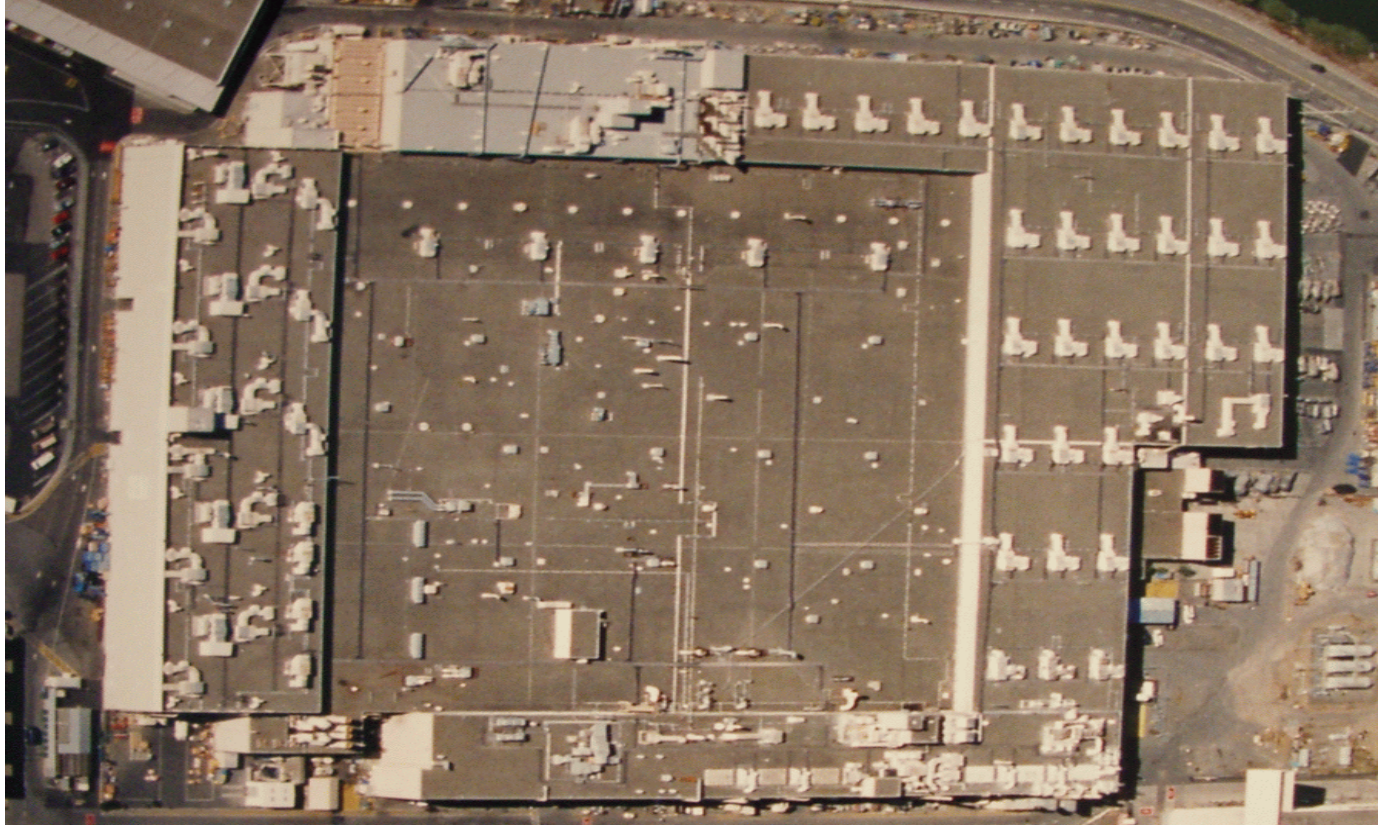
XPD RFP



- No design
- Best roof/system
- Evaluated:
 - Cost
 - Performance of System
 - Performance of Contractor
 - Warranty
 - Schedule

Proposal Responses

- **5 Roofers**
- **Best-Value:**
 - **One of the fastest schedules**
 - **Very high performing system**
 - **Very high performing installer**
 - **Best Price**











United Airlines Results

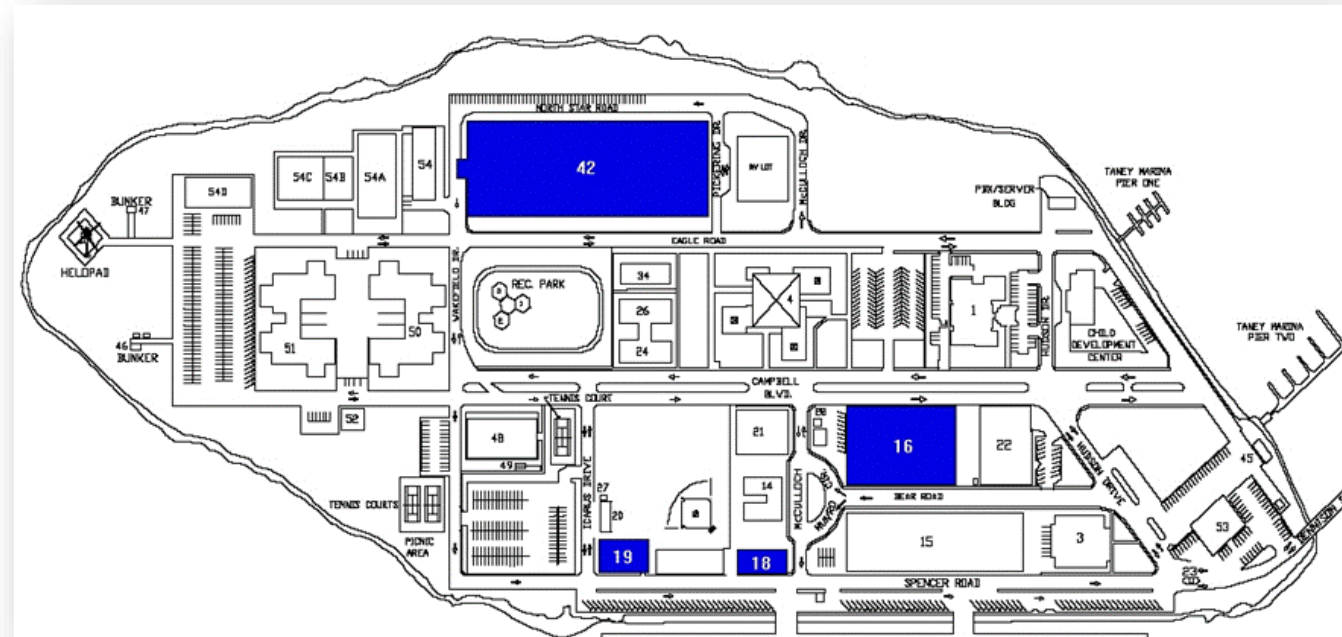
- 32 projects | \$13 Million in construction
- Significant **increase in quality**
 - Best contractors FM had ever seen (past 20 years)
 - 100% no change orders
 - 98% completed on-time
 - 98% customer satisfaction
 - Highly motivated contractors
- Management / inspection was **reduced by 75%**
- Site was revisited after **7 years** of service:
 - Painted hangers show no signs of deterioration
 - No roofs leaking
 - FM's were still extremely satisfied with the work

Item #2: Value Plan

- **Value, innovation, opportunities**

Example: Value Added Items

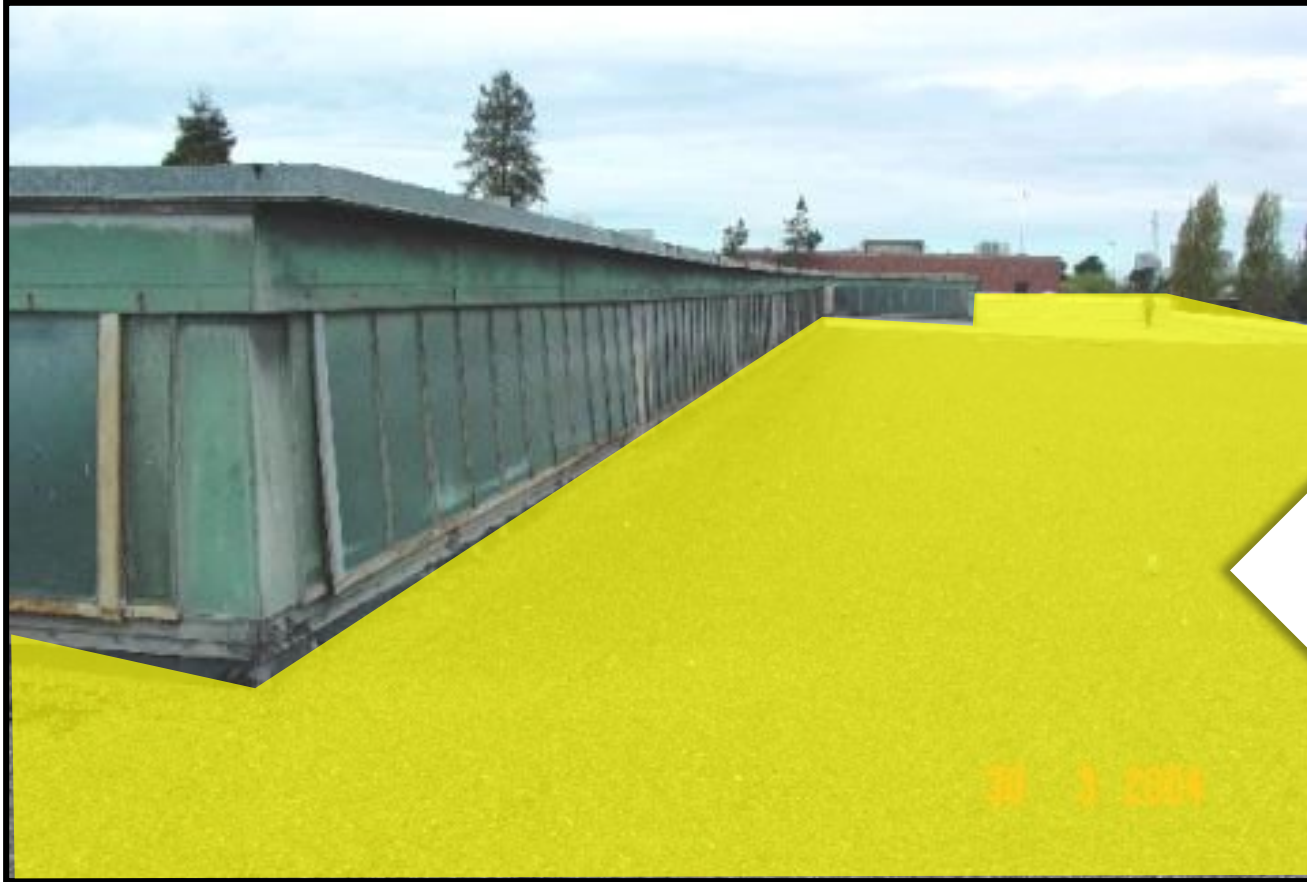
- **Scope of Work:** Remove and replace existing roofing system and replace with a new built-up roofing system as shown in the drawings and specifications.



Example: Value Added Items



Example: Value Added Items



“This will not stop all your leaks!”







Suggestion #1: Reroofing this building will not stop all water leaks. The majority of the leaks are caused by cracks in the parapet walls, broken/missing glass, and poor caulking.

We can repair/replace all of these issues to minimize all water leaks, for a minimal impact to time/funding.

Value-Added Examples

Gym Equipment



Value-Added Examples

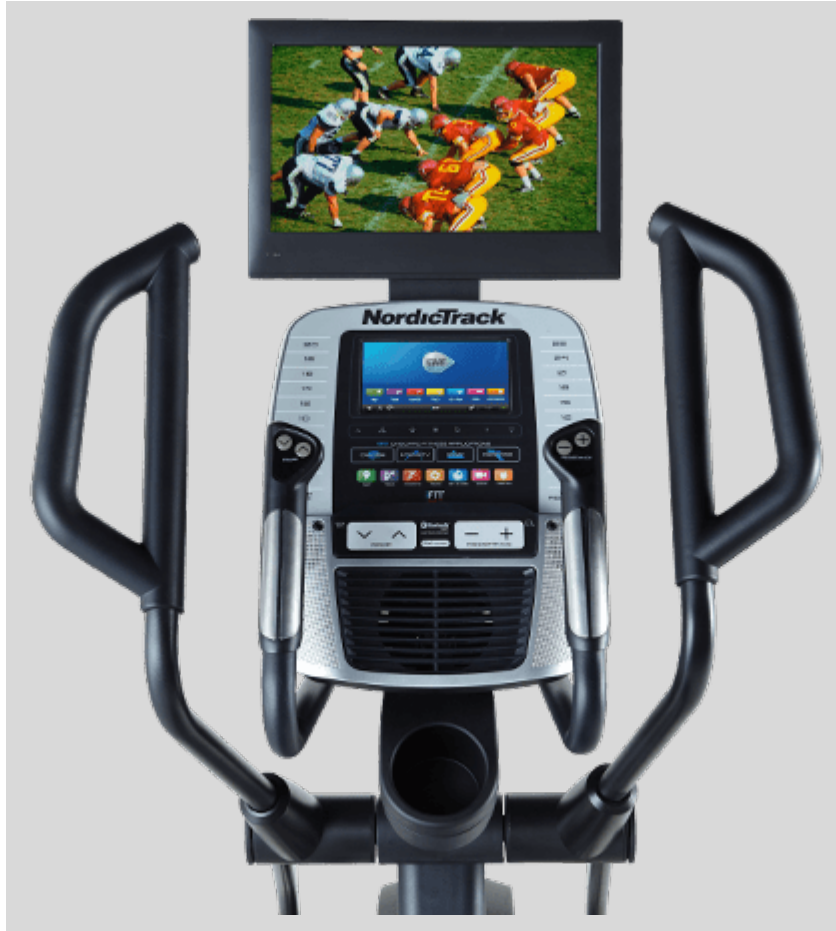
Gym Equipment

- Since the University is installing overhead televisions on the third floor of the Student Rec Center, the University may want to consider deleting all of the equipment mounted televisions on the cardio equipment on that floor.



Value-Added Examples

Gym Equipment



Value-Added Examples

Gym Equipment

- Since the University is installing overhead televisions on the third floor of the Student Rec Center, the University may want to consider deleting all of the equipment mounted televisions on the cardio equipment on that floor.
- This can result in significant savings, or we can use these savings to potentially provide 5 additional machines in lieu of the TV screens.



Zorinsky Federal Courthouse

- Negative publicity due to previous renovation
- Project ended up with **\$18 Million** in cost increases and was completed **4-years** behind schedule
- Criticized the delays and increased costs as an example of the GSA's inability to competently build a building









Zorinsky Federal Courthouse Canopy Upgrade

- *Scope:* Install a new pedestrian canopy around building
- *Budget:* **\$2.8 Million**

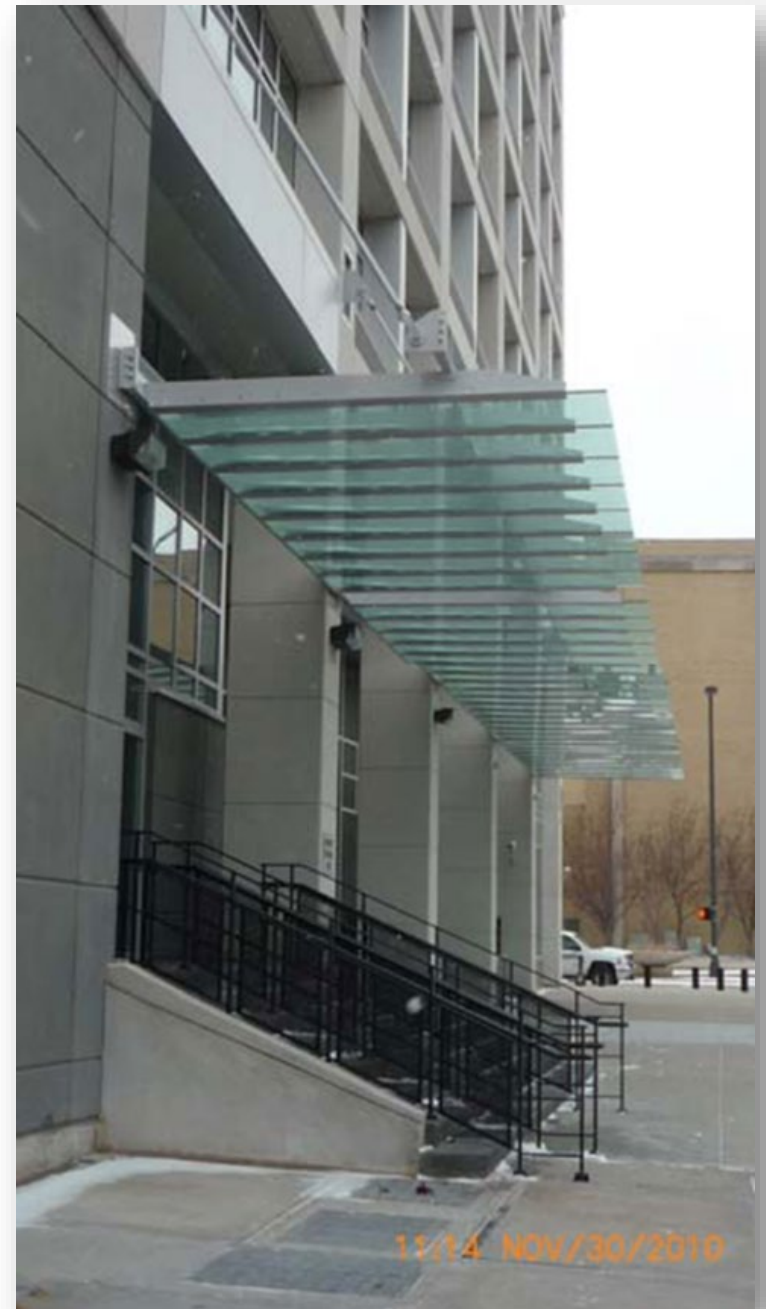












Final Results

- Only 5 risks occurred during the project
- Awarded Cost = \$2,276,097 (19% below budget)
 - Total Contractor Change Orders = \$0 (0%)
 - Total Owner Change Orders = \$28,240 (1.2%)
- GSA PM Close Out Rating = 9.9 (10 max)



2

Proposal Size

Proposal Resources

Iowa City

- **\$1.4 Million**
- **9 Months**

County of Iowa

- **\$1.1 Million**
- **11 Months**

City of Des Moines

- **\$1 Million**
- **12 Months**

Proposal Resources

Iowa City

- \$1.4 Million
- 9 Months
- 50 Page Proposal



County of Iowa

- \$1.1 Million
- 11 Months
- 30 Page Proposal

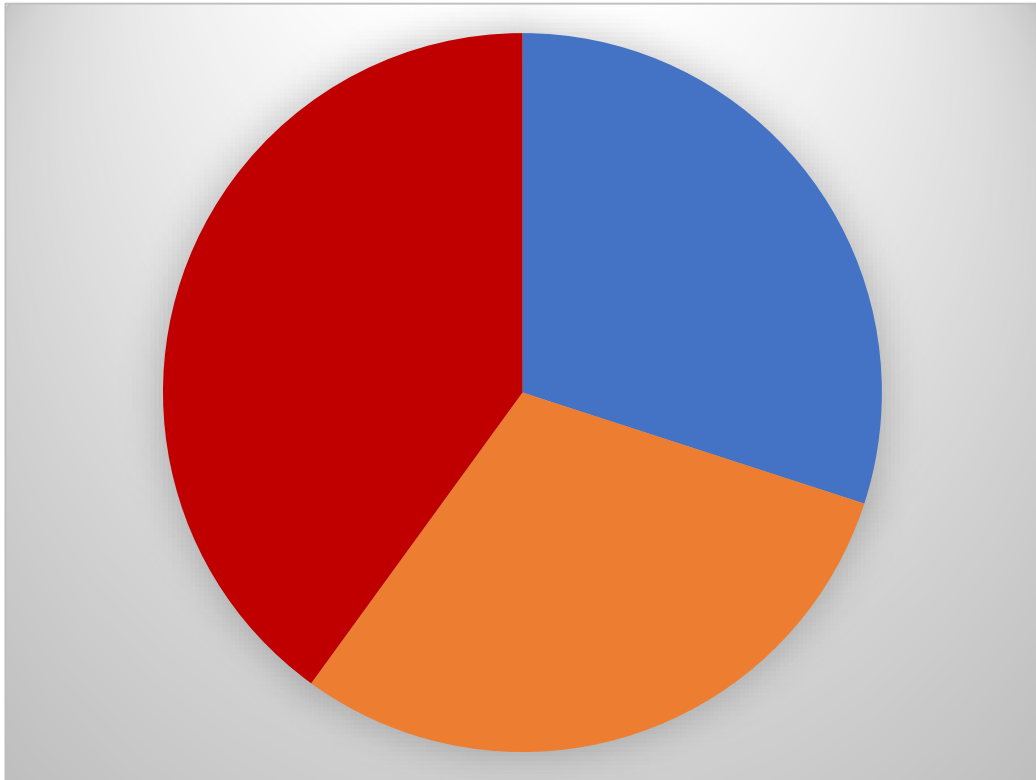


City of Des Moines

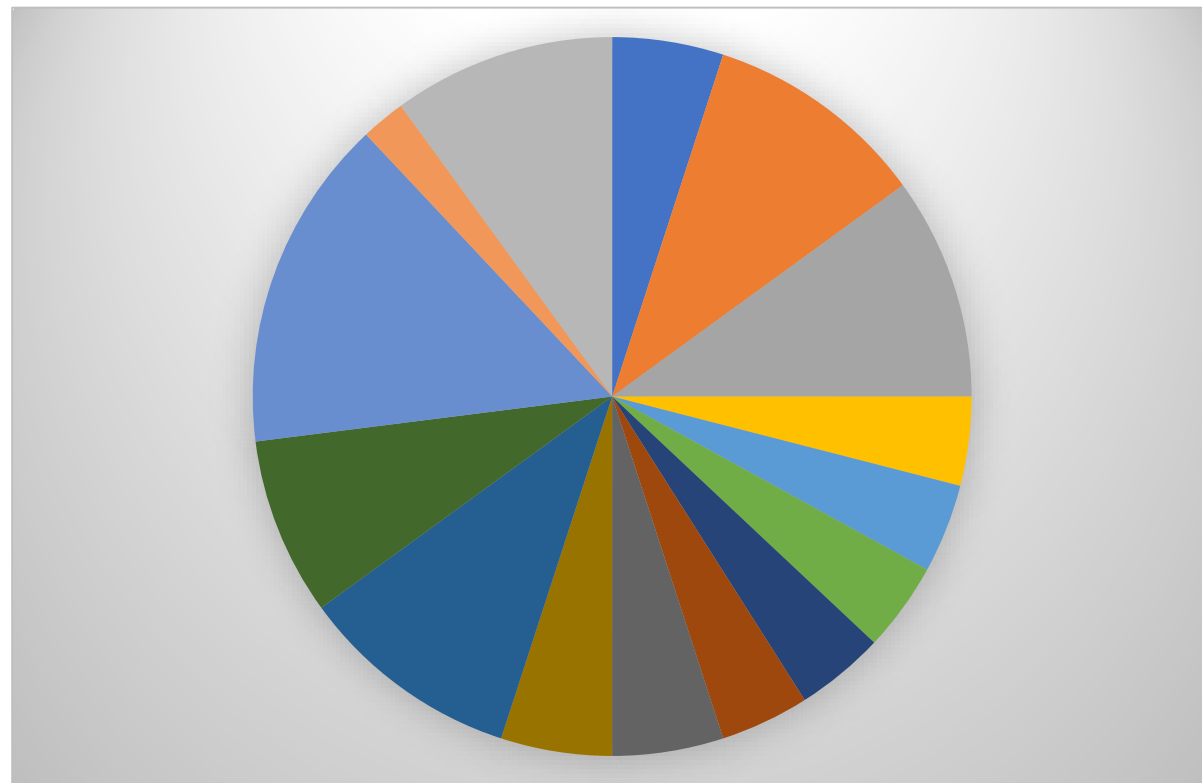
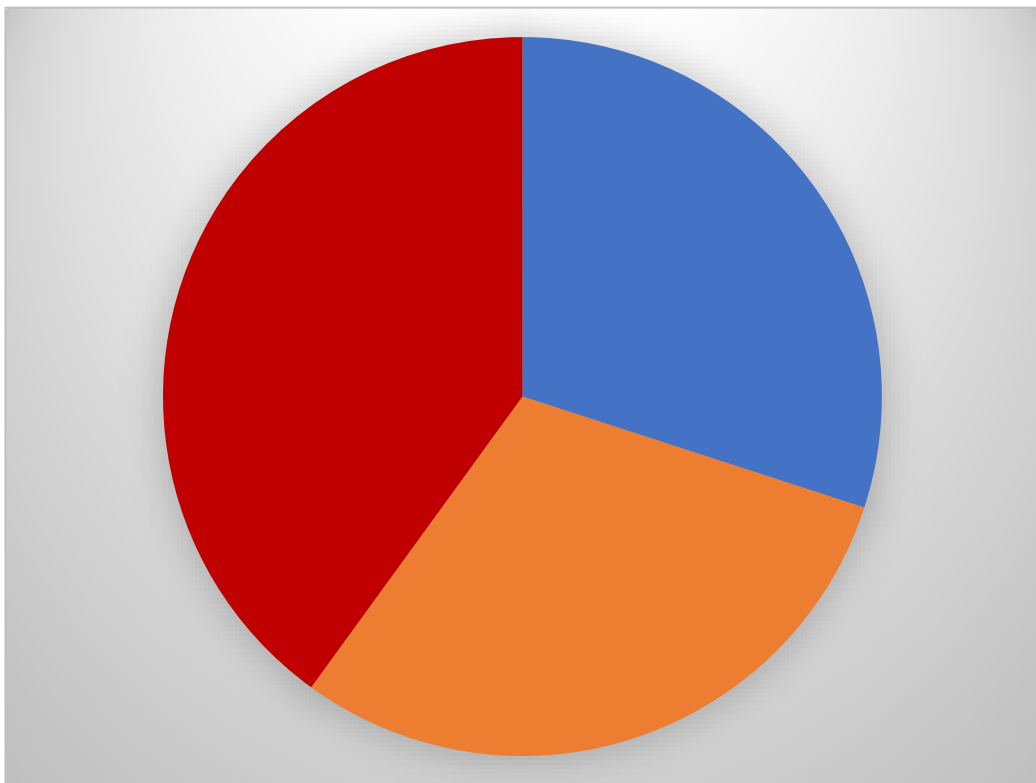
- \$1 Million
- 12 Months
- 5 Page Proposal



Time Management



Time Management



Recommendation

2-Pages

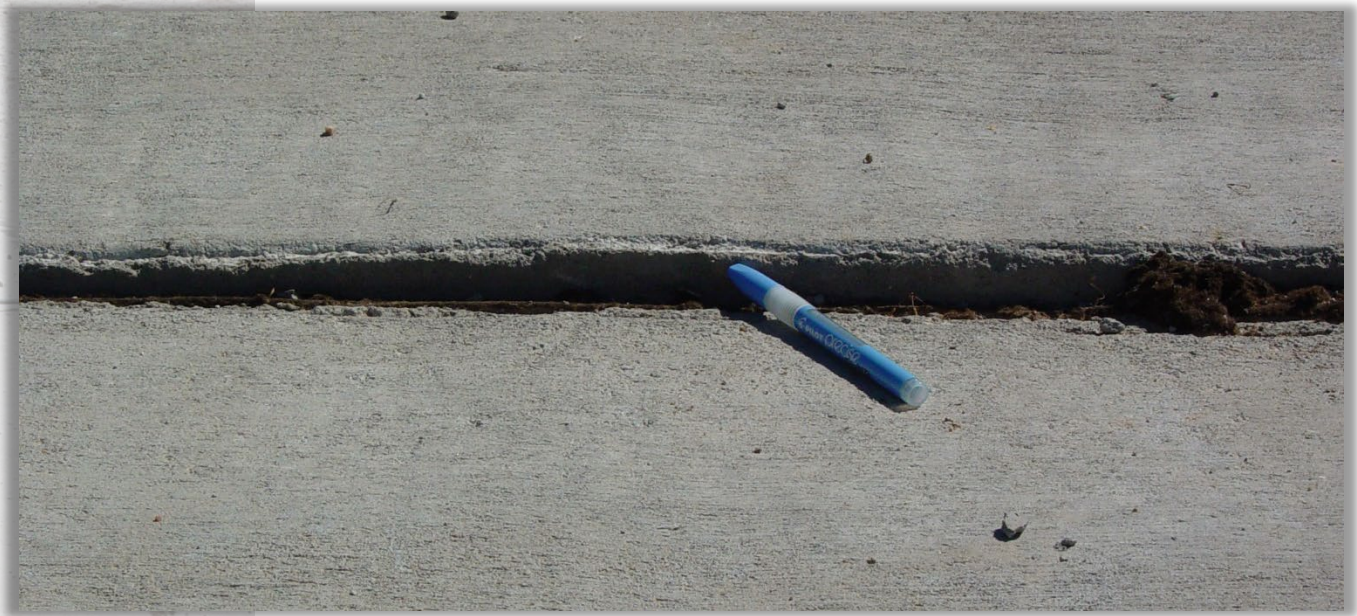
Background

- **Poor contractor performance and quality (20% Satisfaction)**
- **35% project delay rate**
- **14% cost change-order rate**
- **Projects completed with claims / disputes / litigation**





8 3 2004











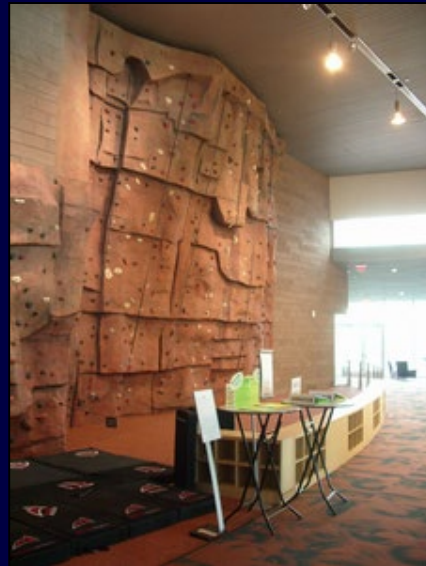
COAA Construction Owners
Association of America

Top Award

2007 Gold Award

for

Project Leadership
Rio Vista Recreation Center







“Gold Medal Design Excellence”

“Design Excellence Merit Award”

“Masonry Guild Design Excellence Award”



5-Page Limit

- **After the first 7 projects were procured, evaluators began noticing a theme**
- **Analysis was performed by researchers from the Simplar Institute**
- **Results illustrated that nearly 60% of the material that had been submitted was considered marketing or general information.**

COMMON RISKS:

- *Lack of communication / coordination is a risk*
- *Safety of individuals is a risk*
- *Site security is a risk*
- *Expansion of scope beyond the project budget is a risk*

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COMMON SOLUTIONS:

- *We will plan ahead to coordinate activities*
- *We will work with the owner to resolve issues*
- *We will plan ahead to get permits*
- *We will keep a detailed log of all activities*
- *We will hold regular meetings to discuss key issues*
- *We will order material early in the project*
- *We will use our past knowledge and experience to increase the quality of the project*
- *Our company has a long history of success*

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60%

120/200 pages were marketing!

5-Page Limit vs 2-Page Limit

60%

120 pages were marketing!

30%

18 pages were marketing!

Internal Benchmark of Traditional Approach

(5 DWP Projects)

- **Average Number of Proposals Per Project: 6.8 Proposals**
- **Average Proposal Size = 650 Pages per Vendor**
- **Average Time To Evaluate Proposals = 33 Days**
- **Average Number of Evaluators Per Project: 4.4 Evaluators**

Consider The Resources Spent...

5 Projects

6.8 Proposals (per project)

650 Pages (per proposal)

22,114 Pages

(Consider that a ream of paper is 500 pages...This is over 44 reams of paper to read!)



4.4 Evaluators (per project)

163 Days to Evaluate

717 Days Spent Evaluating

(\$1 Million in resources)

Comparison

Traditional Approach vs. Best-Value XPD Approach

Traditional Approach

(5 Projects)

34 Proposals

650 Pages per Proposal



22,114 Pages

163 Days

XPD Approach

(6 Projects)

62 Proposals

7 Pages per Proposal



389 Pages

12 Days

LADWP Evaluator Feedback

- **91%** Satisfaction with the amount of time and effort spent evaluating proposals
- **92%** Overall satisfaction with the vendor(s) that were selected for this project
- **88%** Overall satisfaction with the Expertise Project Delivery (XPD) Best-Value Procurement Process
- **93%** Satisfaction with receiving limited proposal sizes
- **88%** Satisfaction with using a streamlined (1-5-10) rating scale
- **90%** Believe that receiving 'anonymous' proposals was not detrimental to the selection process



Procure.

3

Key Personnel

Notable Differences

- Key personnel interviews





Steps
1. Determine
2. Develop
3. Design
4. Create

Question - How should we define our mission?
- Individual level (e.g. long-term)
- Institutional level (e.g. short-term)

Process & Methods - ongoing process

- Top-down (or bottom-up)
- Open process (or closed)
- Inclusive (or exclusive)
- (e.g. design thinking - iterative, user-centered)
- Inclusive participation (e.g. co-creation)
- Budget & Resources

Key
- Success
- Risk

Community Process & Planning

- Community-driven process
- Collaborative process of key stakeholders
- Shared vision and goals
- Shared responsibility and accountability
- Shared decision-making
- Shared resources
- Shared risk

RESOLUTION

THINKING
TRADING
RELATIONSHIP



Steps & Deliverables

1. Define the problem
2. Set objectives
3. Develop a plan
4. Execute the plan
5. Monitor and evaluate

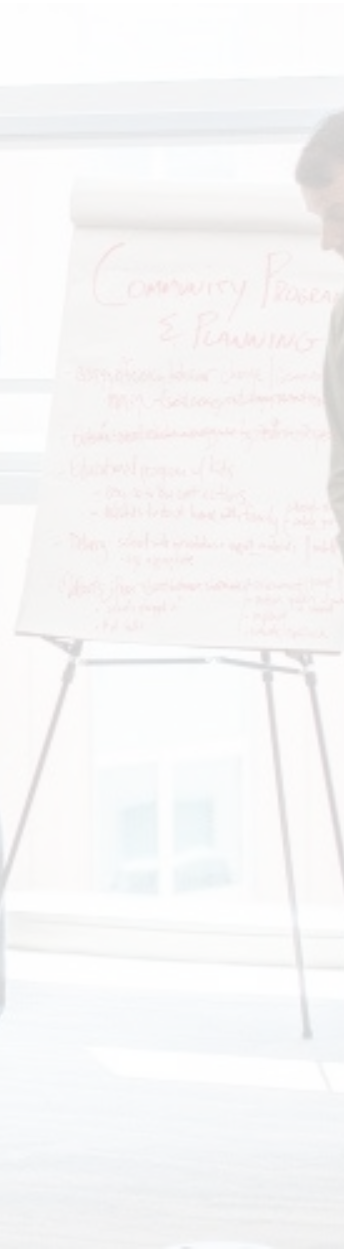
Community Power & Planning

- Community power is the ability of a community to influence decisions that affect its future.
- Community power is a key component of community development.
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Community Power & Planning

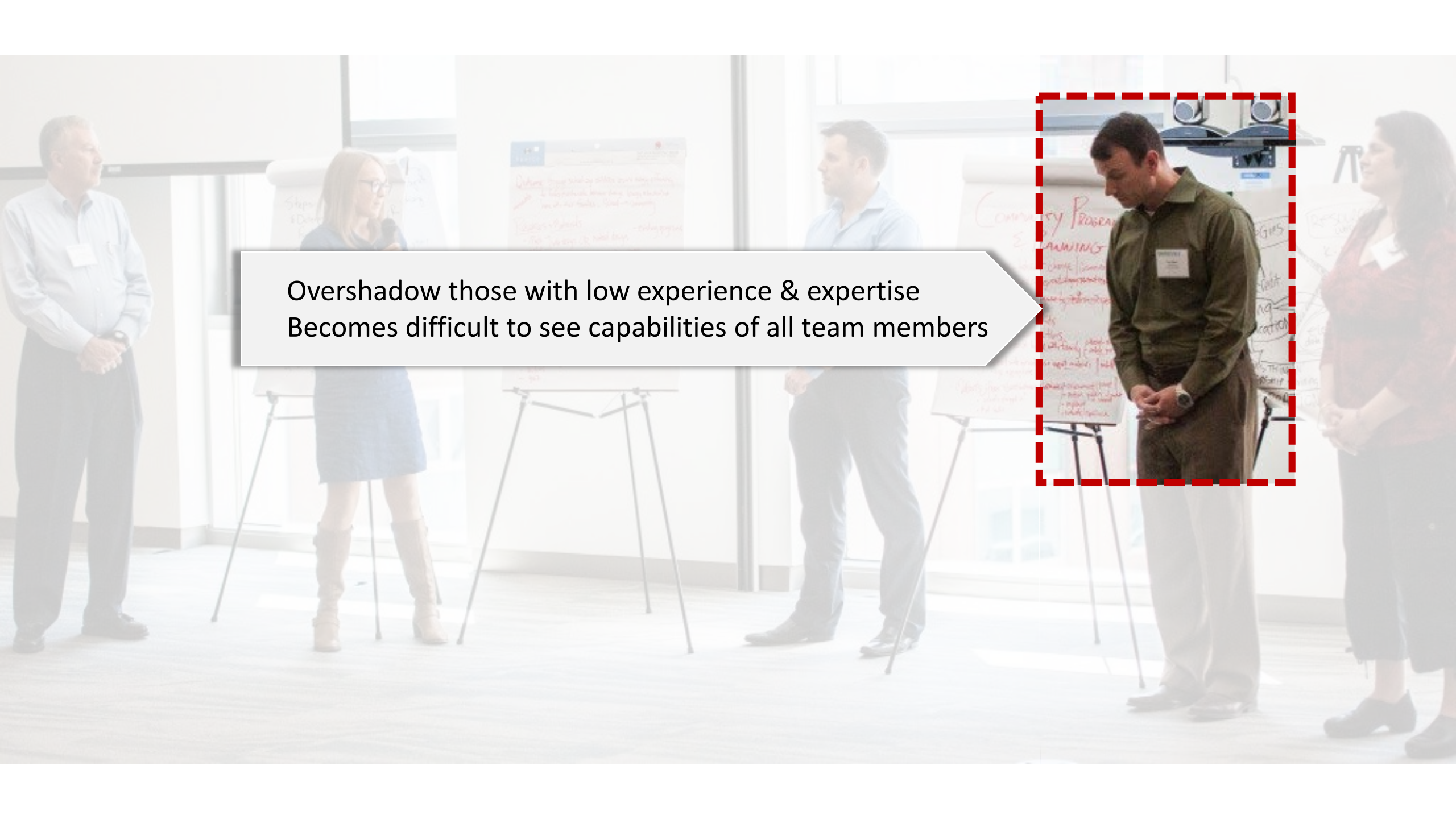
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**Individual
With Expertise**





- Greater expertise*
- More knowledgeable*
- Does majority of talking*



Overshadow those with low experience & expertise
Becomes difficult to see capabilities of all team members

Advanced Interview Techniques

- **Key personnel interviews**

- PM
- HR Lead
- FIN Lead
- Integration Lead

- **Performed individually**

- **30-Minutes per interview**



Questions

- **Thought about our project**
- **Leadership qualities**



Case Study

- **Construct a new highway**
- **4 vendors were shortlisted and interviewed**
- **The client interviewed the PM and SS from each firm**
- **All 4 ss had over 20 years of construction experience**



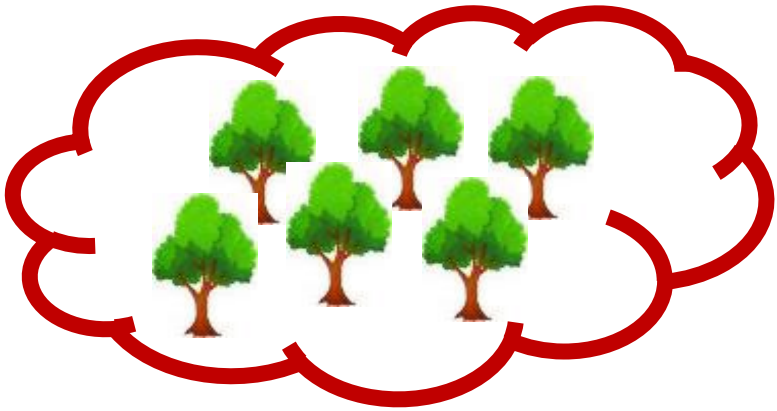
Road



Road

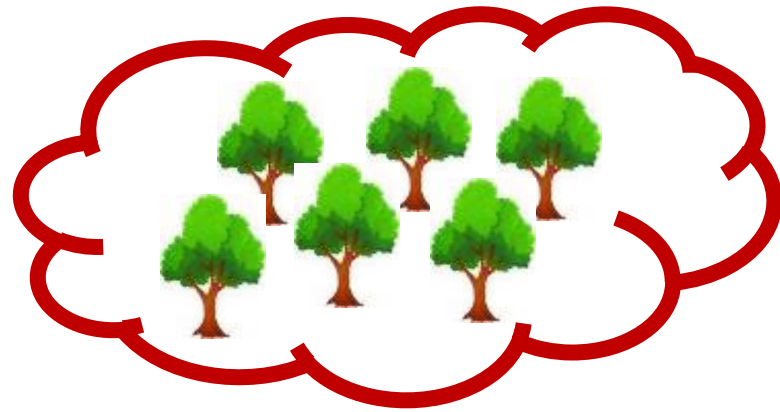


Road





Road



Example

	FIRM A	FIRM B	FIRM C	FIRM D	FIRM E
Program Manager	4.2	4.2	3.4	9.0	7.0
Design Lead	6.0	7.0	5.2	8.0	7.0
Preconstruction Lead	5.0	6.0	3.4	9.0	6.0
System/Equipment Lead	7.0	6.0	6.2	8.0	3.4
Site Superintendent	1.8	6.0	7.2	9.0	6.2
Overall Average	4.8	5.8	5.1	8.6	5.9

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4

Clarification

Traditional Negotiation Period

- **Goal = Get contract signed**
- **Focus on contract T&C's**

How Can We Minimize Surprises

1. Detailed Plan & Approach
2. Client Schedule / Action Item List
3. Align Expectations
4. Roles & Responsibilities
5. Risk Mitigation Plan
6. Provide Critical Documentation
7. Cost & License Verification

B. REQUIRED ACTIVITIES / DELIVERABLES

You will be required to preplan the project in detail to ensure that there are no surprises. You will be required to perform the following (including, but not limited to):

1. Verify the Cost Proposal:
 - a. Provide a detailed cost breakdown (major areas, phases, components, etc.)
 - b. Clarify any 'big-ticket' items
 - c. Clarify all value added options (what is accepted or rejected)
 - d. Clarify why the cost proposal may be significantly different from competitors
2. Provide Proposed Project Schedule:
 - a. Prepare a high level schedule of the project (with major milestones or tasks)
 - b. If requested, prepare (or provide a plan to prepare) a detailed milestone schedule
3. Provide a Client Action Item Schedule:
 - a. Identify the roles and responsibilities of the Owner or Owner personnel
 - b. Prepare a detailed schedule of any/all activities, actions, or decisions needed from the Owner (including specific due dates and client names responsible for the activities)
4. Align Expectations:
 - a. Coordinate with all critical parties (subcontractors, consultants, suppliers, etc.)
 - b. Provide a complete list of all proposal assumptions
 - c. Identify any potential 'deal breakers'
 - d. Identify what is excluded from the proposal (tasks, activities, deliverables, etc.)
 - e. Review any unique technical requirements with the Owner
 - f. Review statements made during interviews
 - g. Revisit the sites to do any additional investigating
5. Provide All Documentation (if Not Required as a Part of this RFP Response):
 - a. Provide a detailed project/work plan (if requested)
 - b. Acceptance of contract terms and conditions (if requested)
 - c. Provide a detailed safety plan (if requested)
 - d. Provide a detailed staffing plan (if requested)
6. Risk Mitigation Plan:
 - a. Identify all risks, activities, or concerns that may be unforeseen or not within the control of your company. This should include everything (realistically) that may prevent you from being successful on this project.
 - b. Identify if there are any strategies to mitigate these items
 - c. Provide a plan of how unforeseen risks will be managed
 - d. Identify what (if anything) concerns you the most, or is very unique about this project

A "Mishap" Occurs

(August 2014)



Proposal Analysis

- **Proposal Analysis:**
 - **5 Proposals**
 - **Average Cost was \$3.4 Million**
 - **Highest Ranked Vendors Proposed Cost was \$2.1 Million**

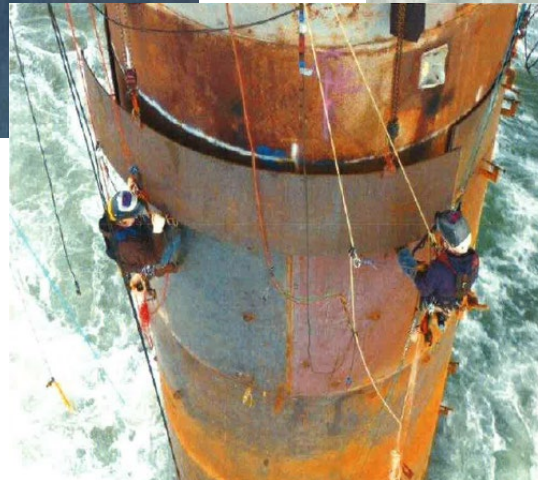
Value Plan

- **Is There Anything You Would Do Differently?**

- *(If you had complete control of this project)*
- *(If you could change anything)*



Vendor's Past Performance



Final Results

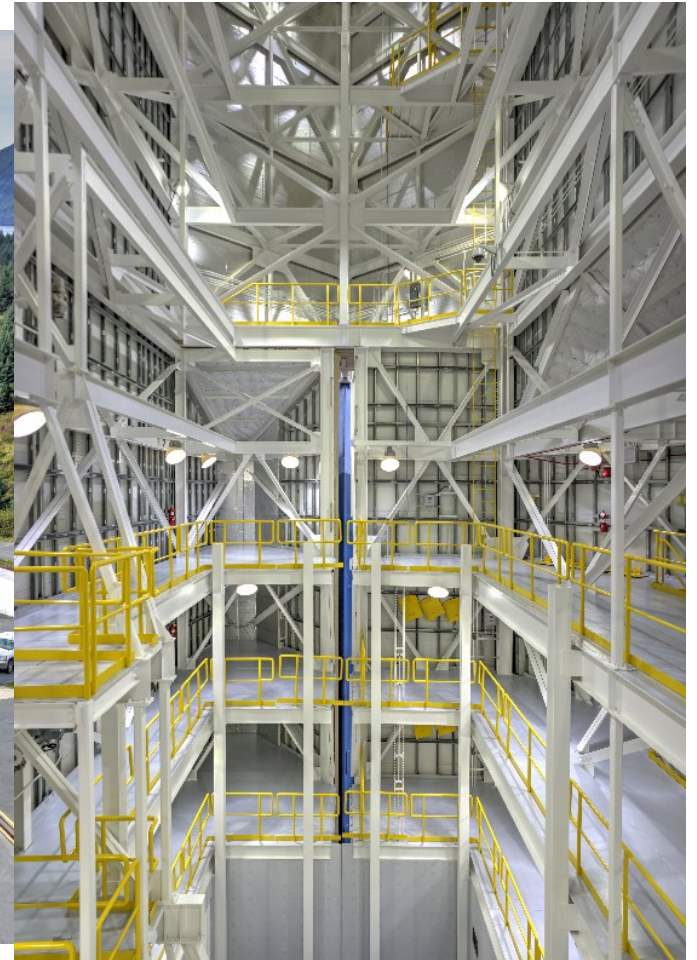
- Impact of Clarification: **\$755,000 Savings**

- Final Outcome:

- **0%** Change Orders
- **0%** Delays
- **0** Accidents or Incidents
- **61%** Savings (**\$2 Million**)



Final Results



Particle Accelerator / Cyclotron Facility

(University of Alberta)

- **SCOPE:** Renovate an existing curling-rink facility into a specialized radiopharmaceuticals research facility that houses a 24MeV cyclotron. The cyclotron will be housed in a specialized vault that will house the particle accelerator. The facility will produce and provide a steady supply of isotopes (including clinical-quality technetium-99m - isotope used for 80% of nuclear medicine diagnostic procedures) used to help patients with cancer, cardiac, neurological and other diseases.
- **BUDGET:** \$30 Million
- **Note:** University hired A/E consultant to design new facility



Proposals

- **4 contractors proposed**
- **Best-valued contractor was not the lowest or highest bid, but was **5.3% below** average cost**
- **Best-valued contractor had a technical proposal that was rated **81% higher** than the competitors**

Impact of Best-Value Planning

- The contractor caught and identified the issue *prior* to award
- This allowed the owner to address and resolve the issues prior to awarding the contract
- In the traditional procurement approach, auditors determined that these issues would not have been caught until 5 months into the project (and would have resulted in *significant* delays and cost increases)

Specialized Equipment and Vault



Project Results

- **Performance:**

- **0%** project delays
- **0%** cost increases
- **10** out of 10 customer satisfaction rating



*“Through this unique best-value approach, the contractor was able to save **14-18 months** in schedule and **\$8-12 Million** in cost (when compared with the traditional approach)”*

- Hugh Warren | Executive Director Operations & Maintenance at University of Alberta – as measured by the governmental Auditors Office.

Summary

- **The strongest correlation to project success lies with the people**
- **Procurement can create an environment that attracts the best people, and gives them the greatest opportunity to win the work**
- **Enhanced Procurement Tips**
 - **Limit proposal contents**
 - **Limit proposal size**
 - **Interview the key personnel**
 - **Pre-plan prior to award**