

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**

Simpliar 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



20+ Years | 100+ Owners

2,500+ Projects | \$11+ Billion Procured

Information Technology

Networking
Data centers
Hardware
COTS software
ERP systems

Help desk services
eProcurement

Facility Management

maintenance
landscaping
security service
building systems
industrial moving
waste management
energy management

custodial
conveyance
pest control

Health Insurance/ Medical Services

Manufacturing

Business / Municipal / University Services

dining
multi-media rights
fitness equipment
online education
document management
property management
audiovisual
communications systems
emergency response systems
laundry

retirement fund
material recycling
bookstores
furniture

Construction / Design / Engineering

Infrastructure	Renovation	DBB
Municipal	Repair	CMAR
Laboratory	Maintenance	DB
Education	Roofing	IDIQ
Hospital	Demolition	JOC
Financial	Development	Low Bid
Specialty	Supply chain	IPD

Google



TREMCO



Georgia-Pacific



IFMA International Facility Management Association
Empowering Facility Professionals Worldwide



BRITISH COLUMBIA



City of Lawrence
KANSAS



UNIVERSITY OF CALIFORNIA
UC RIVERSIDE



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?



Built Environment Project Performance Research

- **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*



EVI

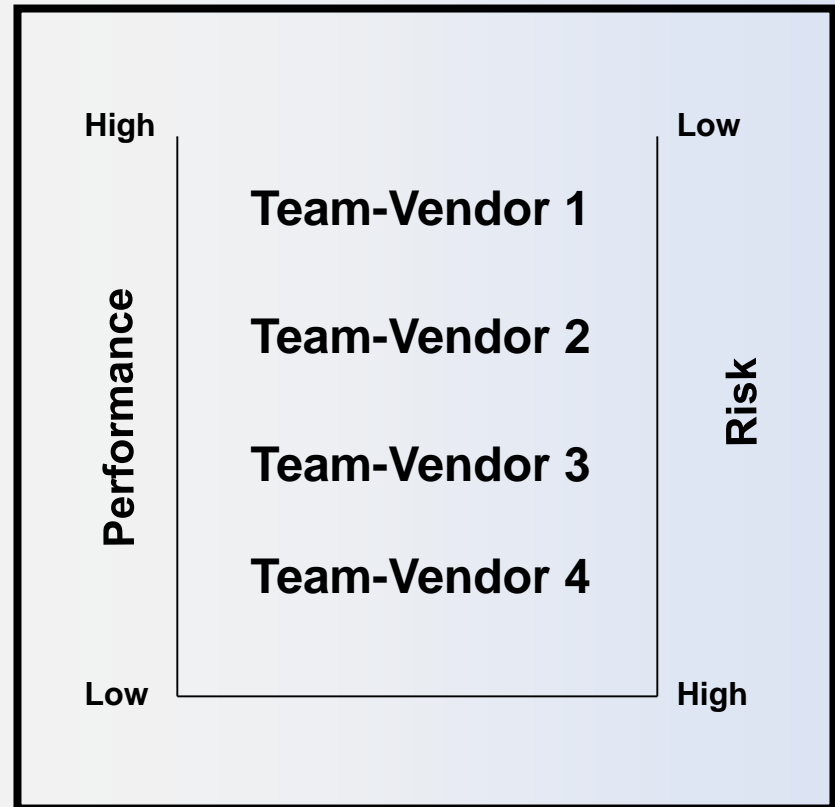
THERE WILL ALWAYS BE SOMEONE WHO
SAYS THAT THEY CAN DO IT CHEAPER...
BUT AT WHAT COST?

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

RFP REPORT CARD

Overall: 4.5

Key:

- Good Performance
- Needs Improvement
- Needs Significant Improvement

Criteria	Rating	Comments
General Criteria	<input type="checkbox"/>	
Scope	<input type="checkbox"/>	
Proposed Solution	<input type="checkbox"/>	
Team	<input type="checkbox"/>	
Financials	<input type="checkbox"/>	

Overall: 4.5

Comments:

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

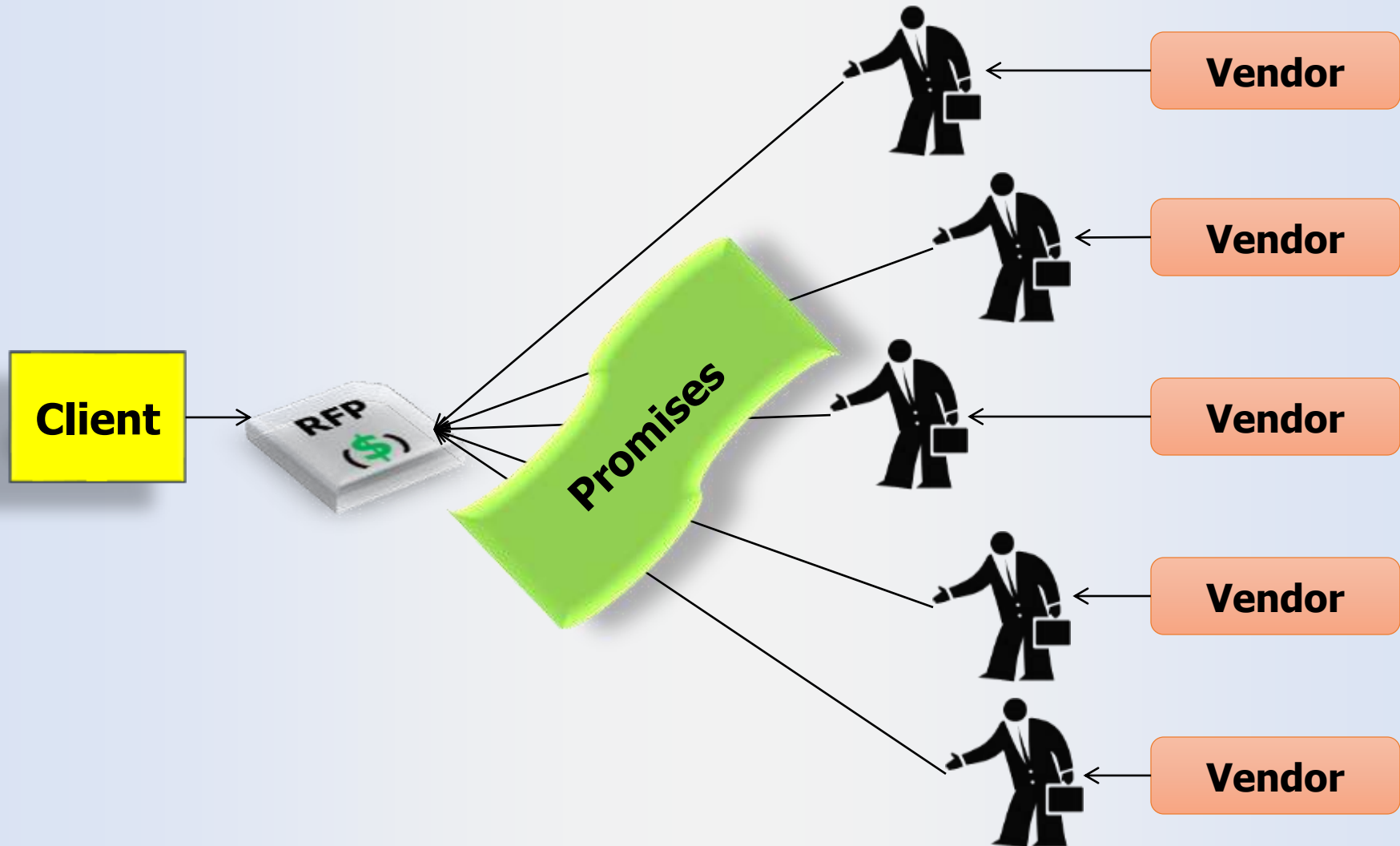
Elimination of marketing “fluff” results in strong selection outcomes

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

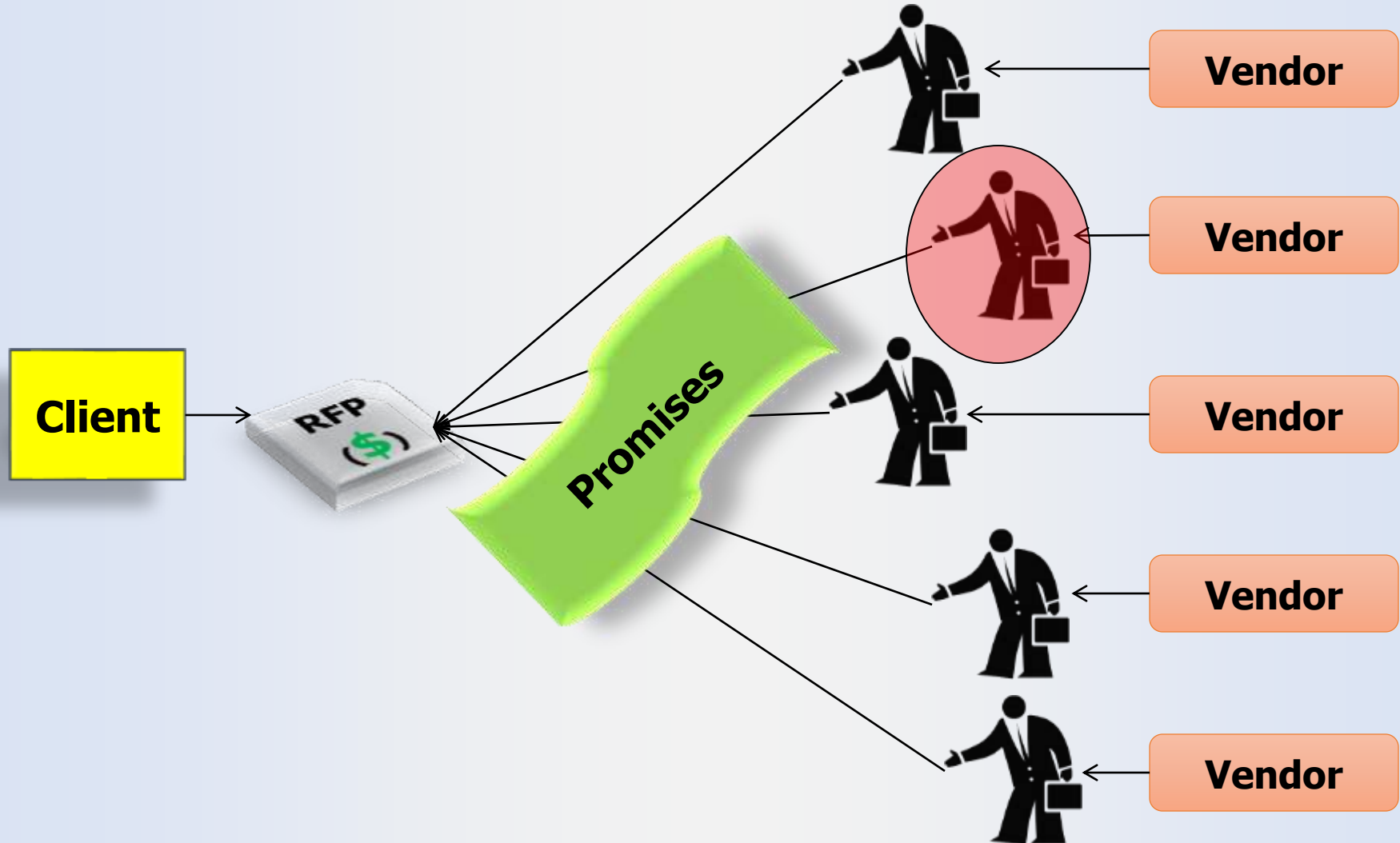
Enhanced Scope of Work (SOW)

Operational plan within the contract

What we have seen...



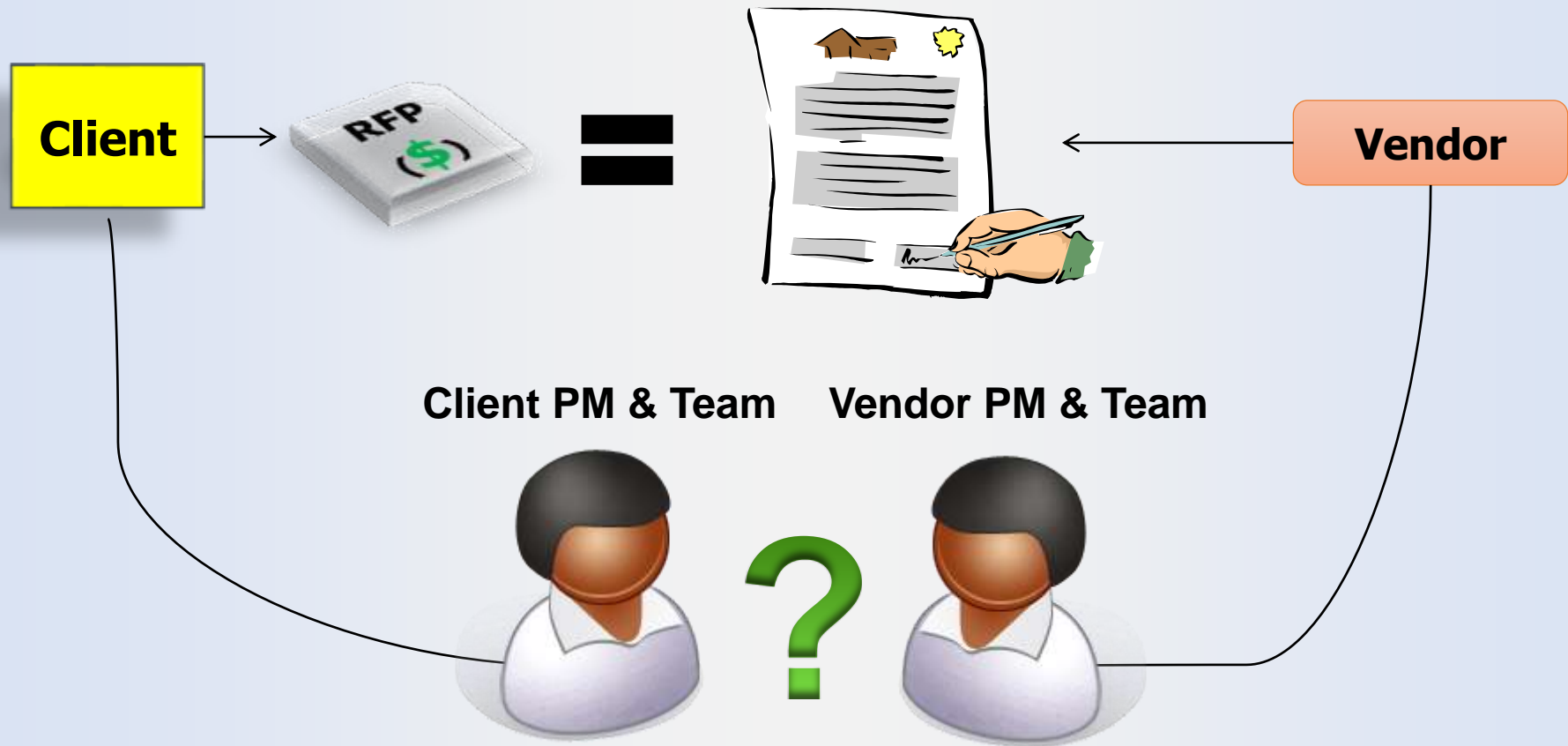
What we have seen...



What we have seen...



What we have seen...



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.

**Risk
Assessment**

Value Added

**1-2 pages each,
2-6 pages in total
+ 20min Interview**

5. Plan before you Sign

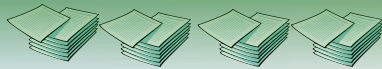
High Level Overview

Details

1
SELECTION

2
CLARIFICATION

3
MANAGEMENT
& METRICS

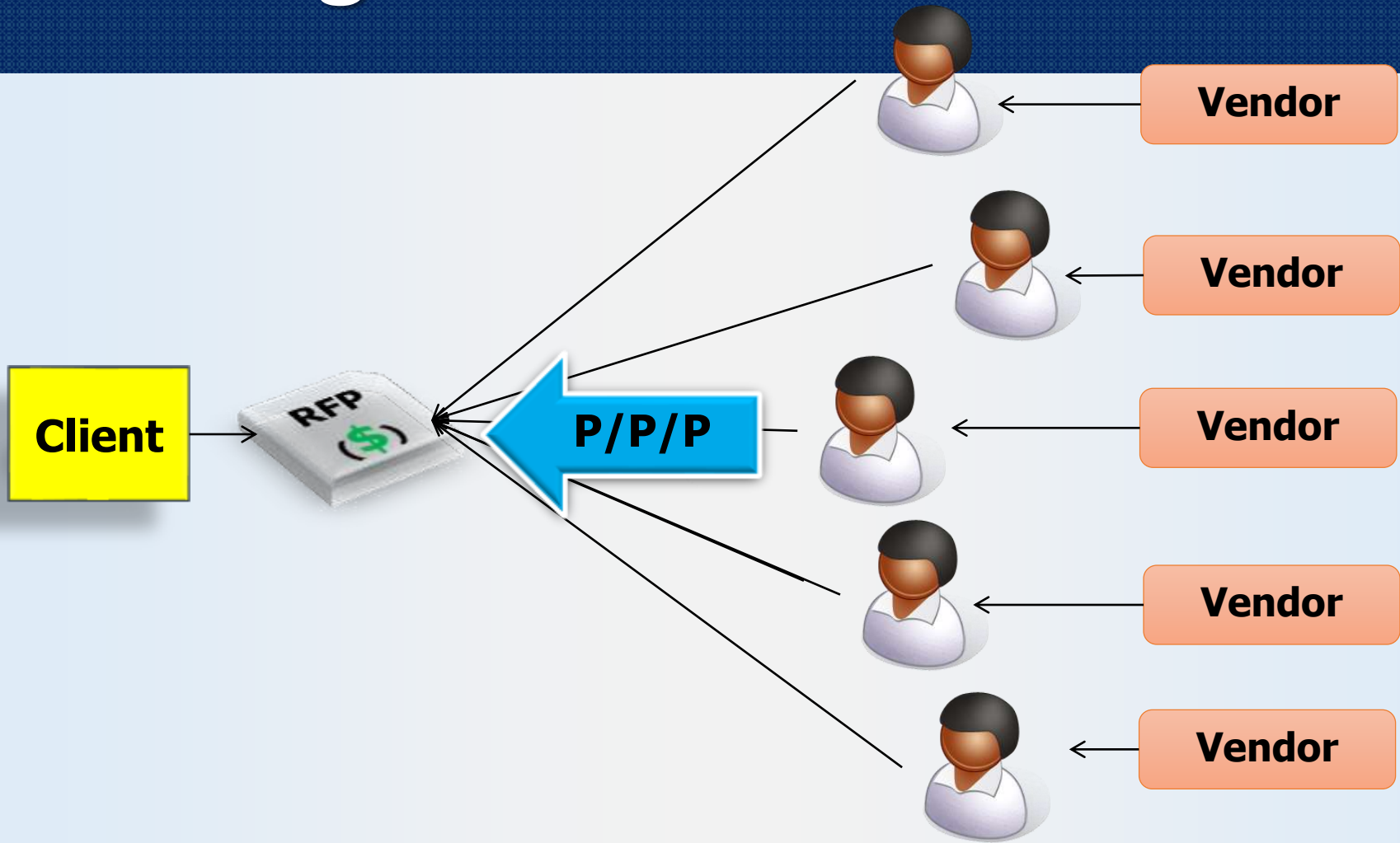


- Proposal (\$)
- Schedule
- Past Performance
- Interviews
- Risk Assessment
- Value Assessment

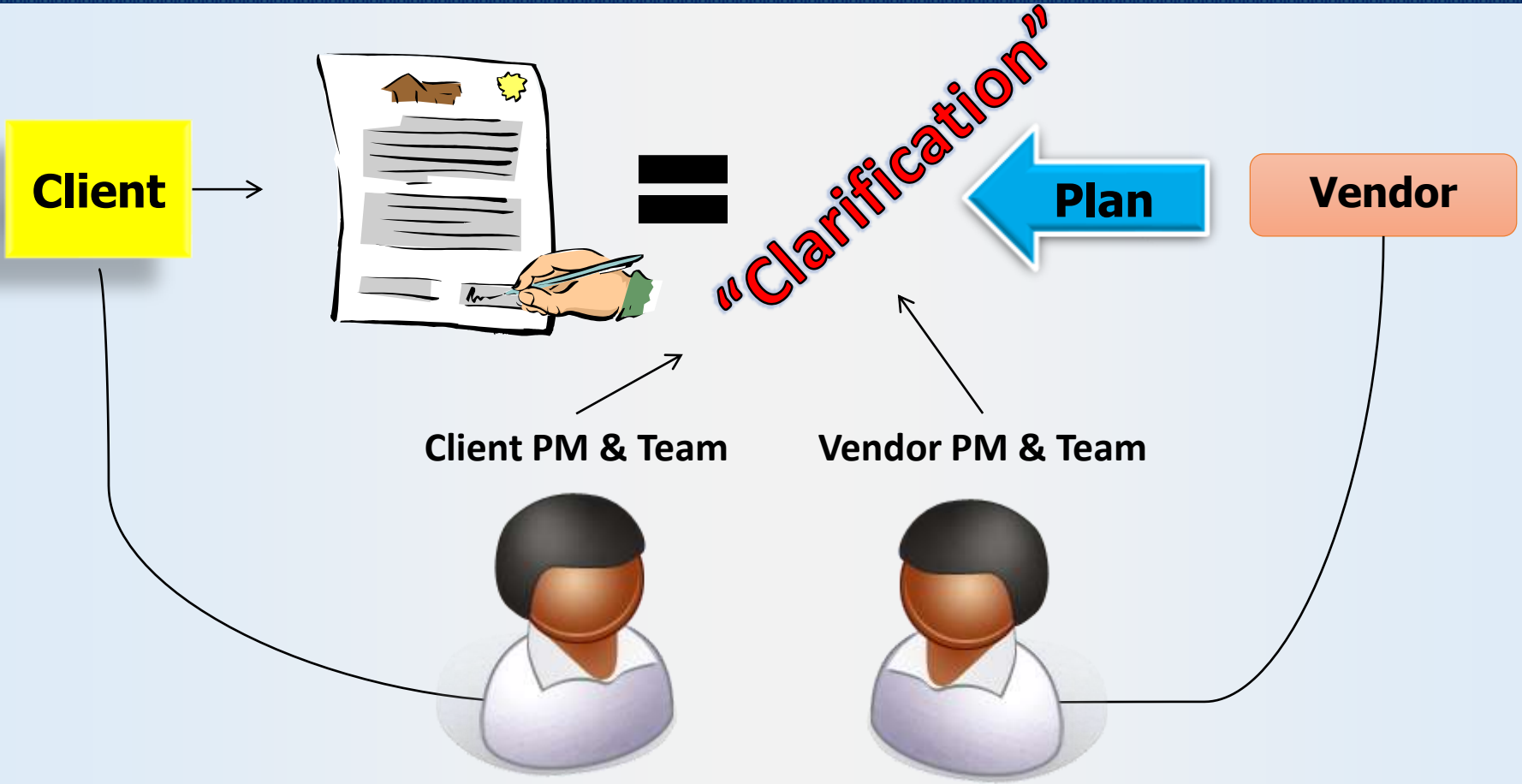
- Clarification
- Pre-Planning

- Award
- Weekly Reporting
- Post Award Metrics

Selecting...



...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?



Kickoff Planning – Increasing Transparency

(Demolition & Site Prep)

- 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



www.center4procurement.org

Want a free RFP assessment?

**Pass me your business card after
today's presentation**

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