

# A Pilot Project in Automated Services Procurement

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The BC Ministry of Management Services undertook to change the way government services were delivered in several communities throughout BC by sharing office buildings and other service delivery facilities and equipment in one location, where practicable, to better serve the needs of citizens and businesses. In each community, the Ministry established a cross-ministry work team (CMWT) to plan the various activities necessary to enhance client-centred service delivery.

On completion of the planning phase, the Ministry wished to select a consultant to work with the CMWT in each of eleven communities to co-ordinate the implementation process. The Ministry wished to automate the vendor solicitation, assessment and selection processes to simplify the process for both the vendors and the program managers, yet meet all government requirements. Proposals were to be solicited by means of a single RFP issued on BC Bid, the British Columbia government's web based system for publicising and soliciting service delivery opportunities.

## Approach and methodology

The Ministry chose ProGrid® decision support methodology to assist in the solicitation, evaluation and selection of vendor proposals. ProGrid® is an automated decision support methodology that relies on carefully designed and explicit performance/evaluation criteria, a unique proposal format and a rigorous and disciplined approach. It also has a comprehensive vendor reporting function.

## Vendor Performance Criteria

Once the general engagement requirements were identified, the ministry identified three overarching criteria that vendors would be asked to address in their proposals:

1. The relevance of their proposal to the Ministry's stated requirements;
2. Qualifications of the vendor; and
3. The vendor's proposed approach and methodology.

For each of these three overarching criteria, explicit performance criteria were identified to further define the particular requirements. For example, the qualifications of the vendor were expressed in terms of four performance criteria - formal education, work experience, specific skills (as specified by the CMWTs) and experience in working in smaller communities.<sup>1</sup>

The resulting Performance Criteria Matrix is shown in **Figure 1**.

## The RFP

The RFP contained two parts. The first part contained the engagement description, legal requirements and an example of a standard contract. The second part was a form which, when completed, became the vendor's proposal. This part also contained detailed completion instructions to the vendors.

The methodology required each vendor to respond to each of the eleven criteria in the matrix, in a standardised format, in two ways. The first response was a short, written piece that addressed one of the specific

performance criterion in the matrix above. The response was typed into a text box in the proposal form with a specified word limitation. For example, in response to Criterion 1, the vendor was asked to write 200 words or less on his/her understanding of the vision and purpose of the program.

For the second part, the vendors were asked to "self assess" their response to each criterion by indicating in a "Language Ladder™" the statement that most closely reflected their response. For example, for Performance Criterion 1, "Understanding of the vision and purpose of this program", the following Language Ladder was included in the RFP form. ProGrid uses this "self assessment" process not only to report feedback to the vendors on the merits of their proposals, but also to allow a vendor to consider fully the quality of their response before submitting it.<sup>2</sup>

**Figure 1 – Vendor Performance Criteria**

Relevance to Requirements	Qualifications of the Vendor	Proposed Approach and Methodology
1. Understanding of the vision and purpose of this program	5. Formal education qualifications	9. Approach to the implementation process
2. Understanding of the background situation leading up to the issues addressed by the engagement	6. Directly related working experience	10. Project management
3. Understanding of the needs and objectives of the program	7. Specific experience and skills	11. Communications plan
4. Understanding of the project's expected outcomes, results and deliverables	8. Experience of working in smaller communities	

**Figure 2 - Example of a Language Ladder Statement**

**Criterion 1 - Understanding of the Vision and Purpose of this Program**

This vendor's response shows a limited understanding of the vision and purpose of the program	A
This vendor's response shows a good understanding of the vision and purpose of the program	B
This vendor's response shows an excellent understanding of the vision and purpose of the program	C
This vendor's response shows an excellent understanding of the vision and purpose of the program and, in addition, the vendor has provided insight beyond what would normally be expected	D

An example of a "Language Ladder" is depicted in **Figure 2** above. Note that the responses are in English, and explicit. Point scores are not used.

The vendors assessed their own responses by circling one of the four letters A to D. The highest "normal" expected ranking was a C. However, if a vendor realistically felt

that his/her response warranted extra consideration, a D could be indicated. For the reviewer to agree, this would have to be properly substantiated in the preceding text box. Vendors were advised that a low ranking for an individual criterion should not be considered an indicator of failure, as only the combined rankings would be taken into account.

The vendors repeated the process for each of the eleven performance criteria. The proposals could thus be judged on the basis of four measurements for each of the eleven performance criteria, a total of 44 measurements in all.

The format gives vendors no opportunity to stray outside the explicit RFP requirements, no superfluous material needs to be submitted, the proposals were written in exactly the same order and format, and there were no detail-laden appendices. The proposal writing process was simple and effective, and extra marks could not be awarded for information that was not explicitly requested by the Ministry.

**Proposal Review**

*Initial Assessment*

Four evaluators, each of whom first received training in the review and evaluation process, evaluated each of the 32 proposals received. The format of each proposal was identical. ProGrid's standard single page Proposal Review Form (**Figure 3**) was used at the computer screen to assess the proposals. For each proposal, the reviewer read the response to a performance criterion inserted by the vendor and marked it A to D in the scoring box provided. The reviewer then typed in a short comment if necessary; for example, when a reviewer's assessment varied substantially from that of the vendor or a justification statement was required to support a D rating.

Each proposal took some 20 to 25 minutes to assess and capture the assessment data, rather less than with the traditional proposal review process. No re-review was necessary and there was no need to refer to wordy proposal appendices, since all the requested information was contained in the eleven text boxes. Importantly, using this approach, the reviewers were not obliged to read and consider information superfluous to the explicit requirements.

**Figure 3 - Proposal Assessment and Input Form**

**Analysis of Reviewer's Ratings:**

The following table provides the statement set selections made by the Reviewers.

	Performance Factor										
	1	2	3	4	5	6	7	8	9	10	11
Reviewer 1	C	C	B	C	D	B	D	C	C	B	B
Reviewer 2	B	B	C	B	D	B	D	C	C	B	B
Reviewer 3	B	B	B	A	D	B	D	C	C	B	B
Reviewer 4	B	A	A	A	D	B	D	C	D	B	C
Reviewer Ave.	42%	34%	34%	27%	100%	33%	100%	67%	75%	33%	42%

The flags below are based on the standard deviation of the reviewers' ratings and whether all performance factors were assessed.

Standard Deviation Flag	*	***	***	***	*	*	*	*	*	*	*	*
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The Flags below are based on the Reviewers not assessing one or more performance factors

Reviewer Score												
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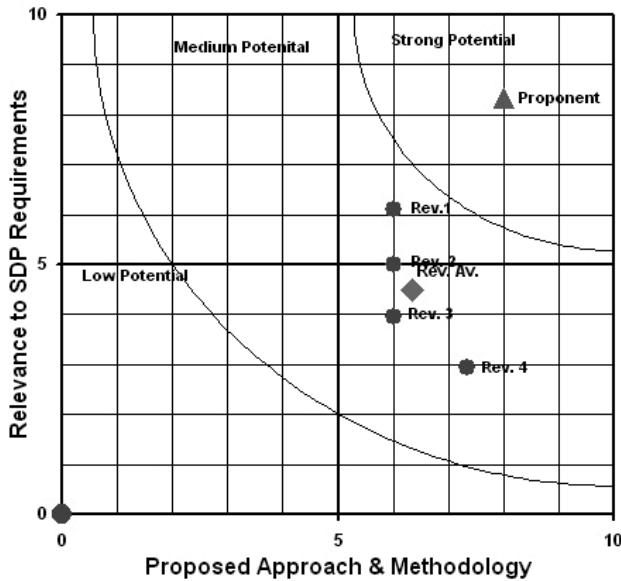
**Reviewers Standard Deviation Flags:**

- \*\*\*\* Variation is unusually high
- \*\*\* Variation is beyond what would normally be desired and should be discussed further.
- \*\* Variation is within normal expectations and would not usually require any further attention.
- \* A high level of consensus among Reviewers

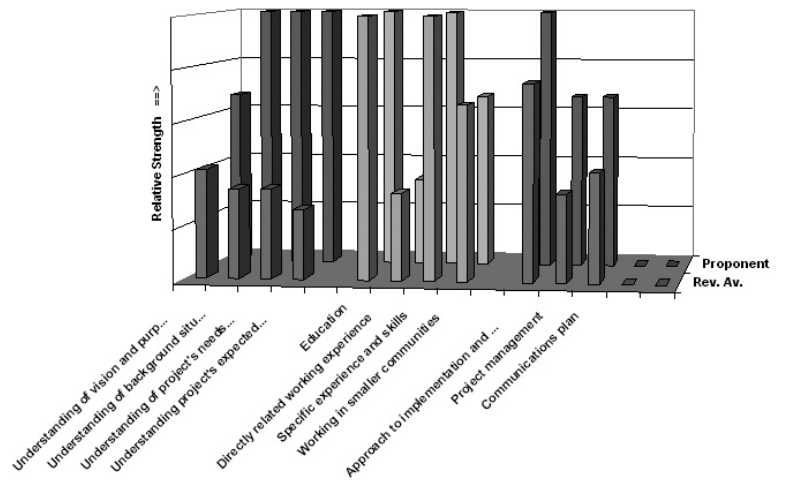
**Missing Score (E) Cautions:**

- # One or more of the Reviewers did not record a rating for this performance factor.

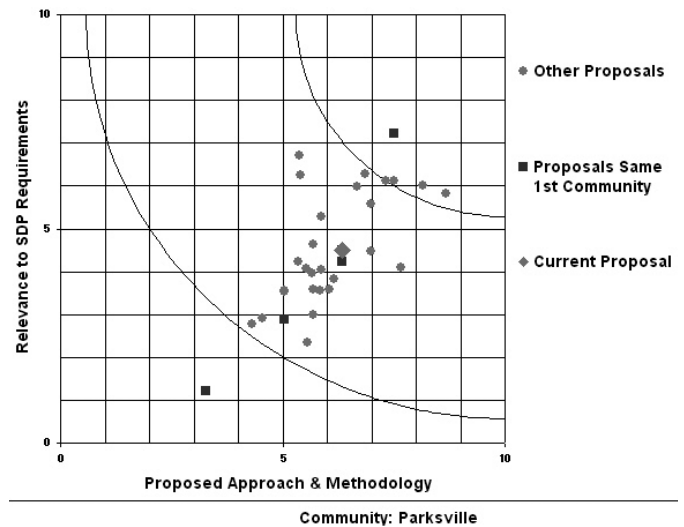
**Chart 1 - Project Grid**



**Chart 2 - Project Profile**



**Chart 3 - The Database**



**Figure 4 - Proposal Evaluation Report**

The reviewers' assessments were processed by the ProGrid software and a Proposal Ranking List was prepared showing the pro-

posals ranked 1 to 32 in order of the reviewers' combined qualitative assessments. For each proposal, the software also produced a

Proposal Evaluation Report (Figure 4) that summarised the individual reviewer assessments and comments. This latter report

also highlighted the differences between the individual reviewer assessments, which enabled subsequent discussion to focus immediately on areas of reviewer variance.

#### *The Reviewer Meeting*

The evaluation team met to discuss the results. The comparative qualitative assessment listing immediately focussed reviewer discussion on those of the 32 proposals ranked most highly and those nearest to the cut-off line. Discussion took place on the individual proposal assessments using the Proposal Evaluation Reports that were projected on the screen in the meeting room.

The top part of **Figure 4** shows where reviewer rankings for individual performance criteria varied and facilitated discussion on the rankings. Discussion was focussed mainly on the proposals ranked near the cut-off line, from about the seventh to fifteenth positions (eleven were to be chosen). In a small number of cases, reviewer rankings were changed in the meeting on the basis of the discussion. The effects of the changes were projected immediately on the screen at the meeting.

**Chart 1** of **Figure 4** shows how the reviewers ranked a single proposal. It shows the ranking of each reviewer, the reviewer average, and the vendor's ranking. In this case, the vendor's ranking exceeded those of the reviewers. In **Chart 2**, this proposal is compared with all the other proposals on a grid. It shows that this proposal ranked overall in the middle of the pack. **Chart 3** compares the reviewer and self-assessment rankings for each of the eleven performance criteria. This chart shows how the reviewers saw the vendor's proposal in respect of each criterion, and how their view compared with the vendor's self-assessment.

By the end of a short meeting, the reviewers had selected the eleven most highly ranked vendor proposals and assigned them to the communities where the work was required. The review team then checked the references of the successful vendors and contracts were put in place. Had the references not turned out satisfactorily, the next highest ranked vendors from the list would have been substituted.

#### *Evaluating the Price*

In effect, this methodology asks three

questions:

1. Does this vendor meet the buyer's explicit qualitative requirements?
2. Which of the qualified vendors best meets the buyer's requirements?
3. How does the cost of qualified vendors compare with one another?

Obviously, vendor price is an important consideration. But if a vendor *cannot* explicitly meet the ministry's qualitative requirements, cost is not an issue since a contract should not be awarded to the vendor at any price. The costs of the vendors that demonstrably failed to meet the Ministry's explicit qualitative requirements were not considered.

#### *Vendor Reporting*

After the selection decision was made, each vendor, successful or not, received a Vendor Assessment Report containing charts which indicated how their proposal was assessed by the reviewers. The charts in the report (similar to those in **Figure 4**) indicated where their proposal was ranked by comparison with the total population of proposals submitted, how their self assessment compared with the reviewers' assessments; and the reviewers' written comments.

The importance of the self-assessment comparison is that the vendors are always striving to match their clients' requirements and are entitled to know where they have done so. The Vendor Report function indicates the extent to which they were successful in doing so in respect of each of the eleven performance criteria specified by the Ministry. This provides the vendors with valuable performance information that they might take into account in subsequent proposals.

#### **Process Evaluation**

##### *Proposal Reviewers*

The proposal reviewers indicated that:

- The performance criteria outlined in the RFP could be tuned precisely to the Ministry's explicit requirements. As a result, the vendors' proposals were better focussed on the Ministry's specific needs.
- The use of an explicit language based assessment instead of a point scoring methodology removed several inherent sources of potential reviewer disagreement.
- The standardised proposal format pro-

vided more relevant information, in a more easily reviewable package, than the traditional proposal format typically favoured by government.

- It took less time to evaluate the proposals. The review process was less demanding, yet at the same time rigorous, disciplined and objective.
- The process resulted in clear and well documented qualitative differentiations between the vendor proposals.
- The rigour of the process enabled a high degree of confidence in the selection decisions.

ProGrid dealt particularly well with the "qualitative" selection criteria, which are especially important in the assessment of services proposals, and typically give proposal reviewers the most headaches. The Vendor Assessment Reports eliminated the time-consuming complaints, appeals and de-briefings. In fact, none were received.

One of the Ministry proposal reviewers wrote - "*We have now used this decision support approach for our entire request for proposal process on two occasions. The selection criteria are clear, the vendors focus on providing the specific information we need, and evaluating the proposals is easy and efficient. Not having to wade through pages of sometimes irrelevant vendor material is a bonus for any program manager. ProGrid provided a variety of informative reports, a streamlined process, is cost effective and produces great results.*"

And another - "*This new process greatly facilitates the most sensitive and challenging component of services procurement, selecting the winners on the basis of the intangible information contained in the vendor proposals.*"

##### *Vendors*

A vendor survey was conducted using the *SurveyMonkey* web-based survey process ([www.surveymonkey.com](http://www.surveymonkey.com)). Despite not being exposed to the ProGrid methodology before, the vendors were pleased with the new process and criticism was minimal. Most of the consultants who participated indicated that the Ministry's requirements were clear, the proposal writing format process was quick and easy and the reports they received afterwards were useful. None were discouraged by the new process and most believed that methodology should

result in better vendor selection decisions.

**Comparative Procurement Costs**

It is difficult to compare the comparative costs of a procurement process since ministries do not normally maintain internal project time and cost records on their procurement activities. However, it is known that the administrative costs of procurement can be very substantial, even if they remain hidden, and that senior (and expensive) management staff are usually involved.

The major savings in this case were a reduction in the hours dedicated to the proposal review process by four senior staff members.

**Summary and Conclusions**

The effectiveness of the ProGrid methodology in a small but relatively complex procurement situation was clearly demonstrated though this pilot. The Ministry successfully completed a complex and sensitive procurement process for the engagement of eleven consultants in eleven different communities with a single RFP and evaluation process. It also succeeded in awarding the contracts almost exclusively on the basis of

the vendors' ability to meet the Ministry's *explicit qualitative requirements*, rather than price. Price was appropriately taken into account only after the qualitative requirements were properly addressed.

The differences between the traditional process and the ProGrid process included a unique and standardised RFP design, based on explicit performance criteria, which was easy for vendors to complete and for reviewers to review. It also demonstrated that the important qualitative characteristics (understanding, skills, knowledge, experience, etc.) of a vendor proposal can be assessed easily, rigorously and objectively by using ProGrid's Language Ladder approach.

As proposal reviews and appeals have to be undertaken by relatively senior government staff, the more proposals received, the more ProGrid results in staff time and cost savings. This represents a potentially significant benefit to the program manager.

The innovative vendor selection process provides many qualitative benefits which traditional procurement methodologies do not provide, including:

- A more disciplined, objective, effective

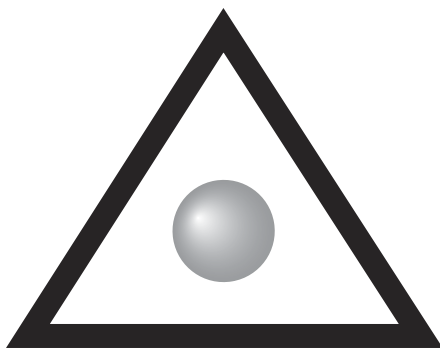
and efficient procurement process;

- A more rigorous means of selecting the successful vendors, with less demands on the proposal reviewers and program managers;
- A fully defensible and auditable result in which government can have exceptional confidence; and
- Increased accountability to the vendors through the simple proposal format and the vendor reporting process.

Further, it leaves program managers and vendors more time to get on with their jobs. ■

**References**

1. The client identified eleven performance criteria for the matrix. Some clients find it convenient to use less criteria, especially after their first experience with the methodology.
2. Although this "self assessment" is not used in the proposal evaluation process, experience shows that vendors are usually quite realistic in their assessments and generally mark themselves quite close to the evaluators' assessments. The difference in the assessments provides the basis for the Vendor Assessment Report which compares the vendor's self-assessment with that of the proposal evaluation team. This tells the vendor *why* the proposal was accepted or not and usually eliminates the time-consuming and potentially expensive vendor debriefing process.



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