BEST VALUE SOURCE SELECTION TRADE OFFS

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PLAN

- Acquisition Plan captures the requirement, market research, and business arrangement in a single document
  - Approved by SSA Provides the plan of action for the procurement
- Source Selection Plan outlines the details of the source selection
  - Organization
  - Approach
  - Trade-offs
  - Also approved by the SSA

SELECTION STRATEGIES FOR CONTRACT AWARD

- Price Based Selection Methods
  - Invitation for Bid (IFB)

- Value Based Selection Methods (RFP)
  - Low Price Technically Acceptable
  - Trade Off

INVITATION FOR BID

- Requires a rock solid requirement, NOT subject to interpretation
- Used when price is the only issue and there is expectation of conducting discussions
  - Bid must be responsive to all elements of the solicitation
  - No discussions after bid opening, must stand on its own
  - Non responsive bids can be eliminated from consideration
  - Bids due at the time and place stated in the invitation
  - Late bids are not considered
- Process is straight forward
- No subjectivity to the selection decision, low, responsive bid gets the contract

REQUEST FOR PROPOSAL LPTA

- Low Price Technically Acceptable
- Used when Price is the determining factor, but there are specific technical criteria that must be met before a contractor's proposal is determined to be acceptable
  - Requirements specified in the RFP
  - Government conducts a technical assessment of contractors technical proposal against the criteria specified in the RFP
  - Assessments are pass or fail
  - No consideration given for "degrees of goodness"
  - Discussions can be held during evaluation phase to clarify contractors proposal
  - Award is based on the lowest price offer from among those determined to pass the technical evaluation criteria

REQUEST FOR PROPOSAL TRADE-OFF (NON-PRICE FACTORS)

- Allows selection of a contractor on factors other than lowest price.
  - Evaluation factors are spelled out in RFP
  - Evaluation factors are tailored to the needs of specific requirement
  - Price is always considered but it may be less important than other factors specified in the RFP
  - Provides more flexibility for industry in responding to government requirements
  - Requires objective assessment of proposals against evaluation factors

REQUEST FOR PROPOSAL TRADE-OFF (NON-PRICE FACTORS)

CONTRACTING OFFICER

Responsible For Determining The Evaluation Factors & Their Importance?

TECHNICAL TEAM

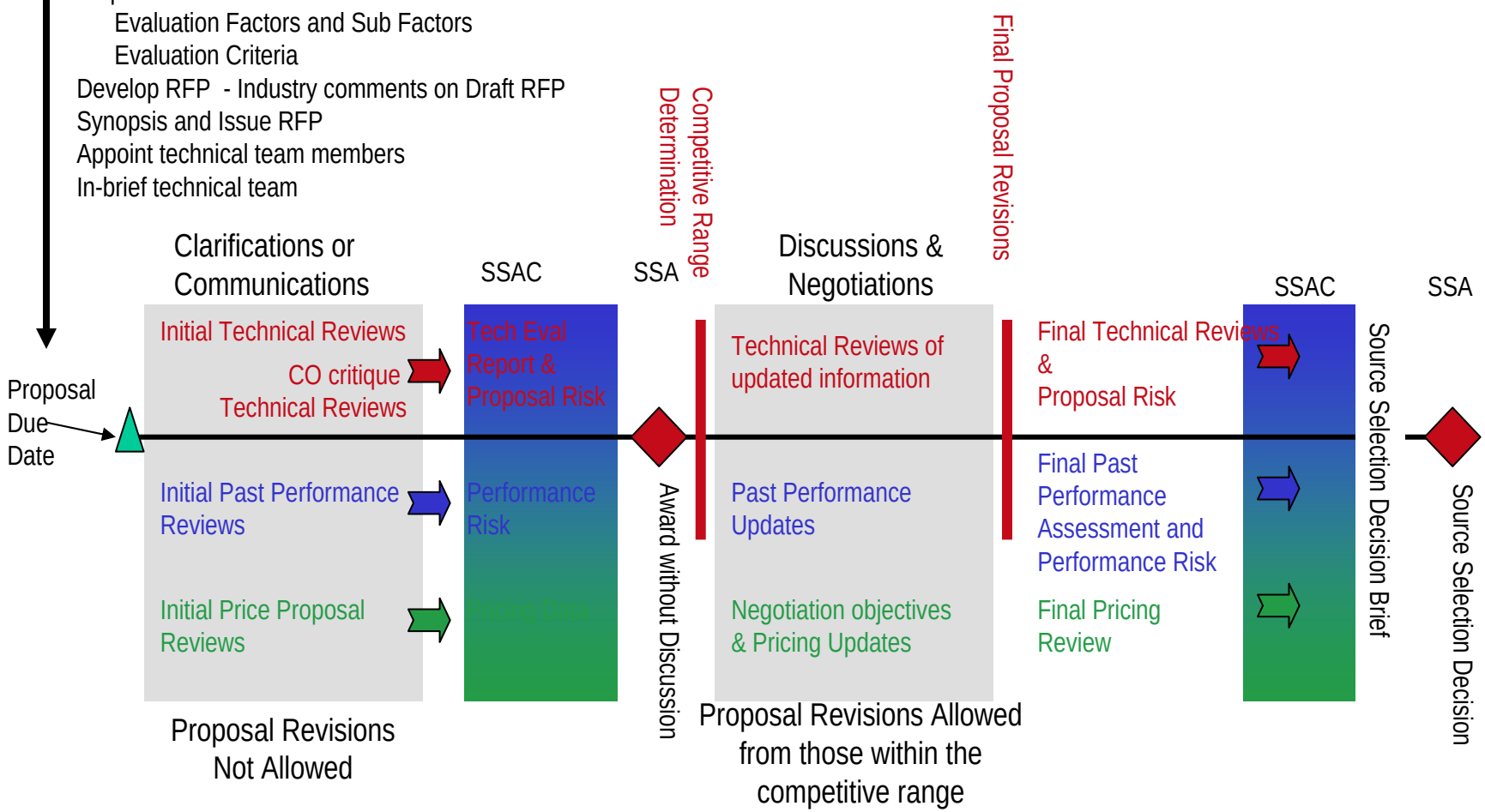
SOURCE SELECTION TEAM

REQUIRING ACTIVITY

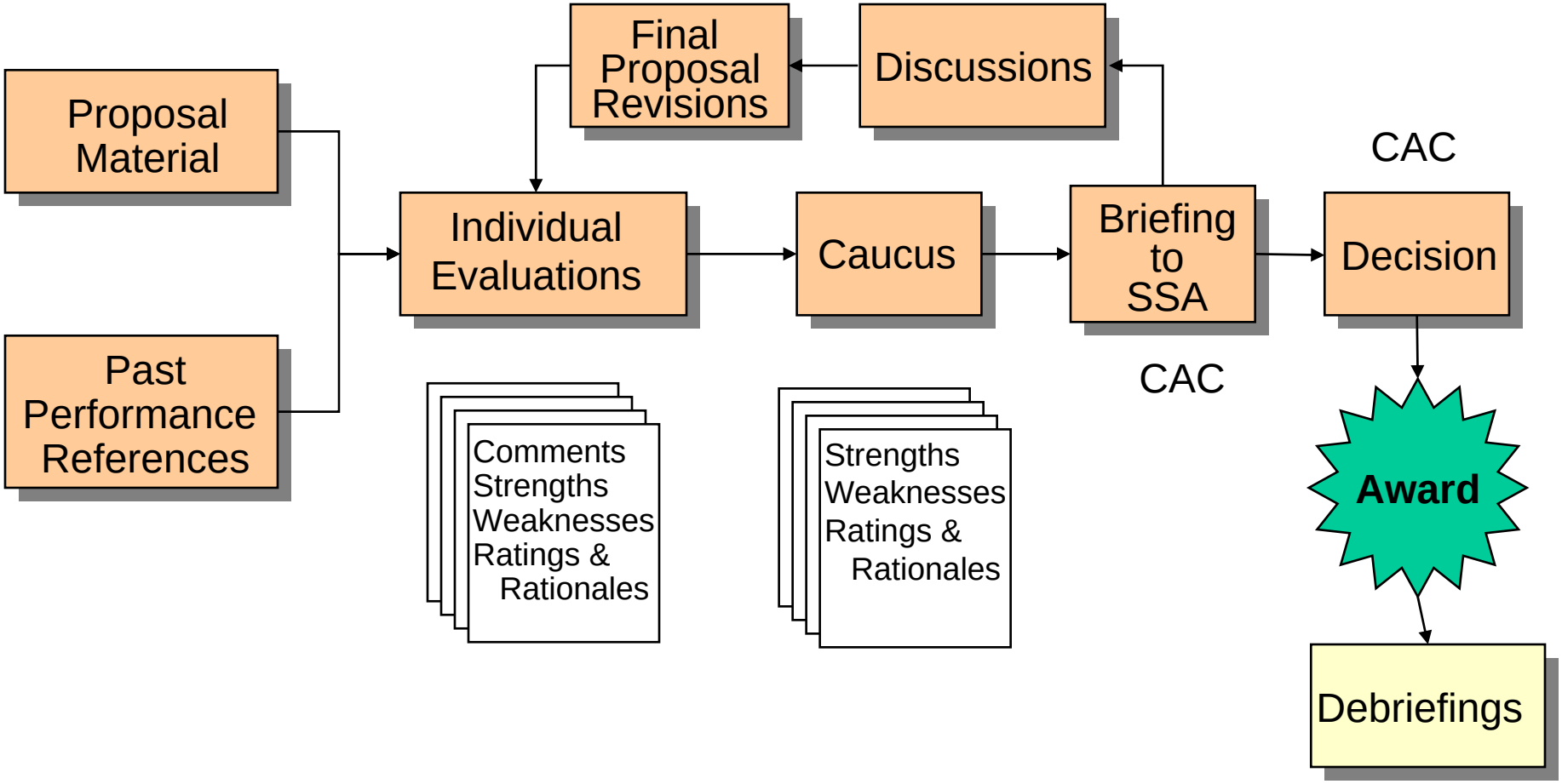
TRADE OFF PROCESS

Early requirement involvement
Market Research -- Develop/Refine requirements document PWS or SOO and QASP
Early Industry feedback on Draft requirements document
Acquisition Plan -- Source Selection Plan
- Evaluation Factors and Sub Factors
- Evaluation Criteria

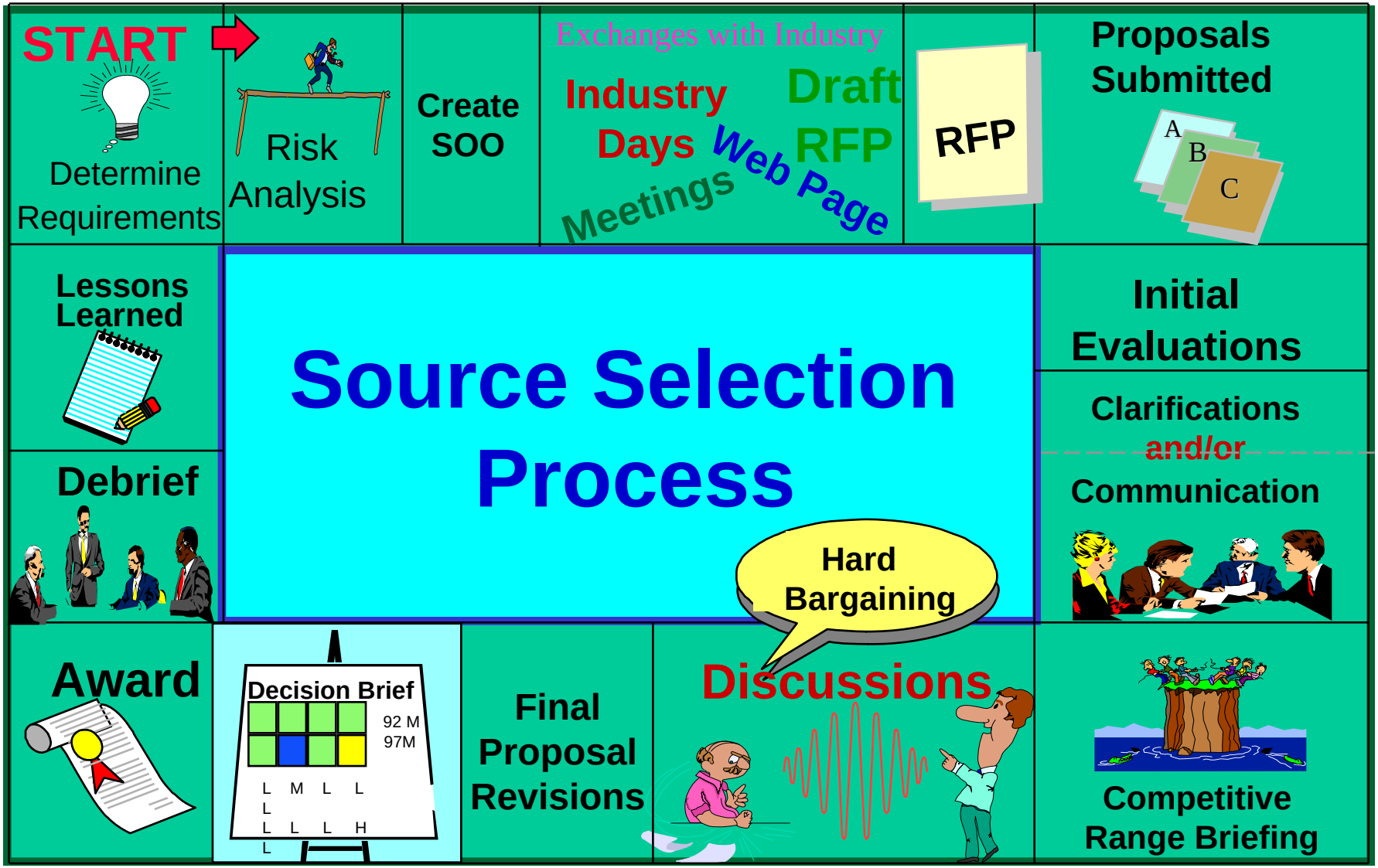
Develop RFP - Industry comments on Draft RFP
Synopsis and Issue RFP
Appoint technical team members
In-brief technical team



STEPS IN THE EVALUATION PROCESS



SOURCE SELECTION PROCESS



Acquisition Center of Excellence (SMC/AXD)

“Go back to sleep Bernie. You’re just havin’ a nightmare--of course, we are still in the source selection room.”

SOURCE SELECTION OBJECTIVE

- The term “Best Value” procurement does not have an agreed definition, and often is used interchangeably with the term “greatest value”.
- Competitive, negotiated procurements in which the Government reserves the right to select the most advantageous offer to the Government by evaluating and comparing factors in addition to cost or price. A Best Value procurement enables the Government to purchase technical superiority even if it means paying a premium price. A “premium” is the difference between the price of the lowest priced proposal and the one which the Government believes offers the best value.

BENEFITS

- Procurement driven by outputs and results
- Generate an advantageous balance of quality and cost
- Timely delivery
- Minimize the burden on administrative and monitoring resources
- Expedite simple or routine transactions
- Allow flexibility in developing alternative procurement partnership arrangements
- Encourage competition
- Encourage high quality business partners

WHEN TO CONDUCT BEST VALUE PROCUREMENT

- Two Factors to Consider
  - Type of specifications
    - Brand-Name Requirement
    - Limiting Contractor Options
  - Degree of Contractor Responsibility
    - Perform IAW with Specific Direction
    - Performance Based Specifications

WHEN TO CONDUCT BEST VALUE PROCUREMENT

	Clear	Mixed	Unclear
Services	Easy to specify Easy to monitor Unambiguous definition for success or failure	Some tasks easy to specify Some tasks easy to monitor	Difficult to specify Inputs, processes and outputs Difficult to monitor Ad-hoc or partial monitoring Success or failure has subjective definition
Relationships	Competition to find the lowest price Focuses on suppliers efficiency Contractors involvement in solution is limited	Contractor relationship necessary Competition takes account of both cost and quality	Competition based on staff competence Mgt is a mixture of control and coordination Partnerships are essential for success

Relationships and Value

Strategic Importance (Poor performance puts mission at risk)

High

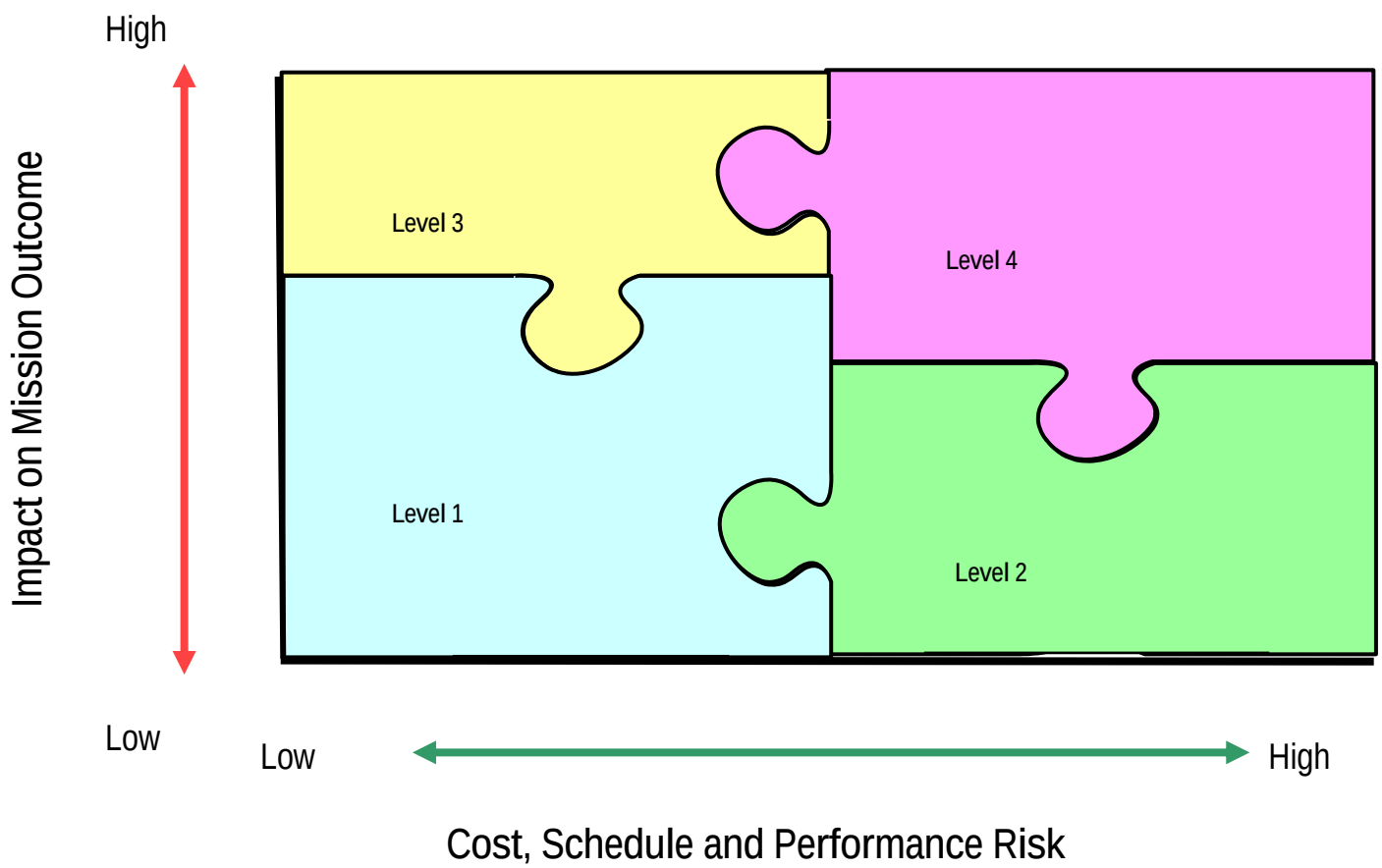
Medium to long term relationship with Contractor Multiple suppliers Low value strategic items	Long term relationship, strategic partner Incentives for improved performance High value strategic items
Short term relationship Cost is primary factor E-business etc.. Low value routine items	High value routine items

Low

High

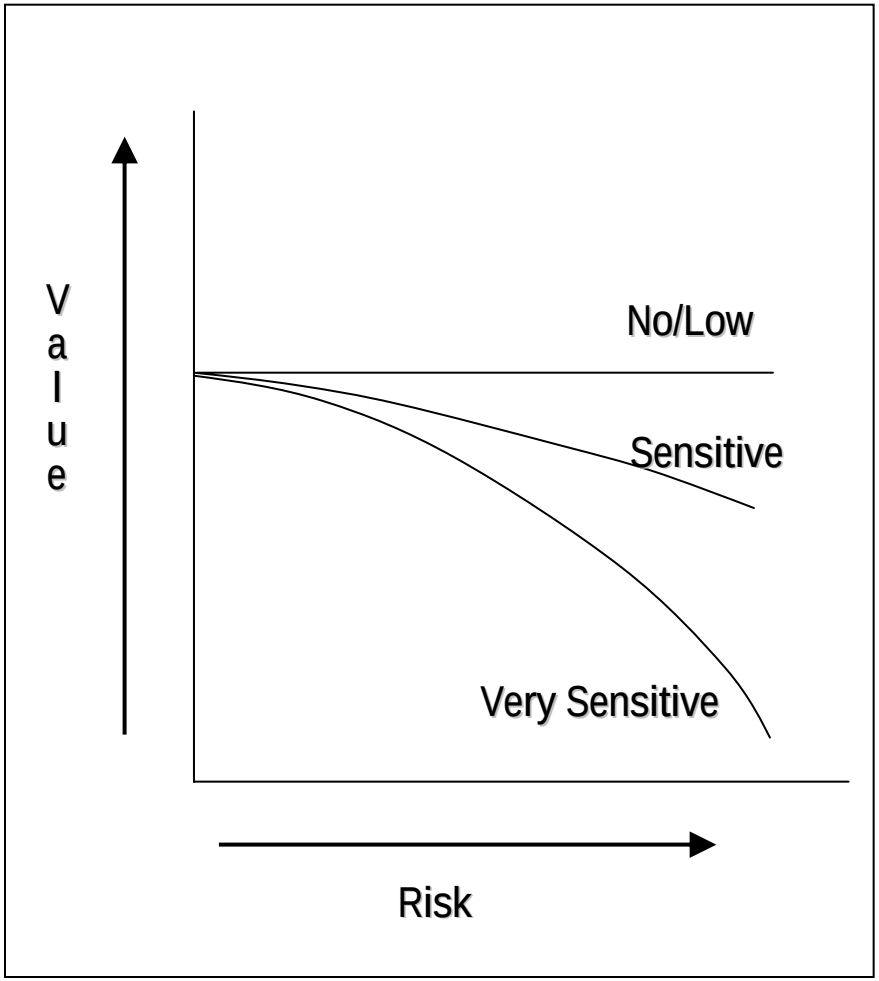
Value--Price

MISSION OUTCOMES AND RISK



VALUE/COST AND RISK

- Customer's sense of value will decrease as risk increases
- Customer's sense of value may not change as risk increases
- Customer's sense of value may change slightly as risk increases



RISK

At minimum, assess risk in three areas

- Acquisition Planning
- Proposal Evaluation
- Contract Execution

RISK

- Planning
  - Performance Risk--What elements of the project are sensitive to risk?
- Evaluation
  - Proposal Risk--How has the offeror dealt with the sensitive areas and are there additional risks inherent with their proposal?

LESSONS LEARNED

(If it stinks today it will be unbearable tomorrow)

- Track and manage your risks
- Capture your lessons learned
- Evaluate and address risks both off and on the critical path
- Consider risks within and outside your control
- Consider risks beyond short-term and high costs/schedule impact
- Update your risk schedules regularly
- Explore formal training for integrating risk management
- Include risk reporting in your program and management updates
- Utilize stop light charts for risk management…default is red unless risk is successfully mitigated, adequately addressed or retired within the program

SOURCE SELECTION LESSONS LEARNED

- Mandate necessary time to plan and train
  - "It pays to plan ahead. It wasn't raining when Noah built the ark." Anonymous
- Evaluation team selection and training is critical
- Market research and understanding your requirement is critical
  - Is a phase in plan/period necessary?
  - How does the market price this product or service?
  - Is there a competitive base, and does your market contain the experts?
- Limit evaluation factors and significant sub-factors to areas that reveal substantive differences or risk levels
- Be consistent in applying your selection criteria
- Make sure your narratives are adequate and support the ratings
- Track written RFIs and Responses to the RFP and make sure they are properly addressed in amendments to RFP

SOURCE SELECTION LESSONS LEARNED

- Before exchanging information with offerors, establish ground rules (what not to do!)
  - Favor one offeror over another
  - Reveal an offeror's solution, technology or intellectual property to another
  - Reveal an offeror's price without the offeror's permission
  - Reveal the name of individuals providing past performance information
  - Knowingly furnish source selection information

SOURCE SELECTION LESSONS LEARNED

- Ensure clarifications do not give offeror opportunity to revise or modify its proposal
  - Robotics Systems Technology, GAO B278195.2, 1/7/98
- Neutral past performance rating should not be used to disqualify an offeror
  - Phillips Industry Inc., GAO, B-280645, 9/12/98
- Document the decision to show the SSA considered all information specified in the solicitation
  - FC Business Systems, Inc., GAO, B-278730, 3/6/98
- SSDD must reflect sound rationale for the SSA's judgments in making the decision
  - SSA not bound by the recommendations by the SSEB providing decision is documented, reflects good business judgment, is prudent, rational, consistent with RFP and in the best interest of the government

SOURCE SELECTION LESSONS LEARNED

- Retaining individual evaluator's notes and scoring sheets is not necessary
  - Structural Preservation Systems, Inc., GAO, B285085
- Maintain a SS library safeguarding, organizing and controlling all SS sensitive information
  - Technical or bidders library and evaluators library
  - Include tracking mechanism for positive control
- Consider technical and management evaluations separate from the cost volume…first time at SSA brief

SOURCE SELECTION LESSONS LEARNED PAST PEFORMANCE EVALUATIONS

- Contractor's propensity to file protests, claims or for deciding whether or not to use ADR should not be used to affect PP rating
  - OMB Letter April 1, 2002 to Senior Procurement Executives
- A contracting agency may consider evidence obtained outside of the proposals, if this is consistent with established procedures
- An agency should consider PP information, negative/positive, that "is simply to close at hand to ignore" (Int Bus Systems Inc., GAO B-275554 and GTS Duratek, Inc., GAO B-280511.2)
  - All federal agencies/personnel should respond to PP questionnaires
- Err on the side of discussing any arguably adverse performance information with offerors
  - Especially if they are considered for exclusion from competition

SOURCE SELECTION LESSONS LEARNED

- Competitive range determinations should consider only those most likely to receive an award; do not string offerors along
- Pre-proposal conference and early frank and open communication is essential for source selections
  - Dry run presentations may even help
    - NASA Academy Sharing Knowledge, Issue 16, Lynda Rutledge and the Small Diameter Bomb (SDB) program

SOURCE SELECTION LESSONS LEARNED DEBRIEFINGS

- Debriefings should be open frank conversations that…
  - Explain the rationale for exclusion from the competitive range
  - Instill confidence in the offeror that it was treated fairly
  - Assure the offeror that proposals were evaluated IAW the solicitation
  - Identify weaknesses in the offeror's proposal so he can prepare better offers in the future
  - Reduce misunderstandings and protests
  - Give the offeror opportunity to provide feedback regarding solicitation, discussions, evaluation and SS

- Debriefings should not be a conversation that…
  - Presents a page-by-page analysis of the offeror's proposal
  - Provides a comprehensive point-by-point comparison of the proposals of the debriefed and the successful offeror(s)
  - Allows a debate or defense of the Government's award decision or evaluation results

POSITIVE RESULTS FROM BEST VALUE TRADE OFF CONTRACTING

- Mission Success and Mission Enhancement
  - Runway renovation in 100 days vs 2 years
    - Limited number of planes diverted
    - Project 24/7
    - Reduced cost to Government and increased profit for Contractor
  - Refuse and custodial services
    - Online schedule adjustments and customer complaints
    - President notified immediately of customer complaints
    - Reduced cost and traffic flow
    - Flexible scheduling and quantity
  - Construction Programs
    - Application of alternate solutions
    - Reduced cost (project & administrative) and mission creep

POSITIVE RESULTS FROM BEST VALUE TRADE OFF CONTRACTING

- Mission Success and Mission Enhancement
  - Vehicles delivered to Iraq in minimal time
    - Shipping alternatives and contractor financing
  - Commercial solutions and comparable standards for MFH
  - Expo display systems
    - Evaluated several options each with different benefits
    - Delivery and capability
- Improved customer/contractor relationships