



Pre-bid Conference
Solicitation #: SW092A
Statewide Emergency and Rush
Response Services to Hazardous
Substances



Performance Based Studies Research Group (PBSRG)

The State of Oklahoma, Department of Central Services has partnered with Dr. Dean Kashiwagi, Director of PBSRG and his team. The PBSRG is a non-profit research group at Arizona State University. The Best Value Performance Information Procurement System (PIPS) is a best value delivery system that was developed by Dr. Dean Kashiwagi in 1991. Since 1994, the PBSRG has researched and tested the PIPS process on hundreds of projects, resulting in extremely high customer satisfaction (98%). The PIPS process provides clients with a tool to assist them in making an informed decision based on performance information (and not based solely on price or marketing information). The process is unlike any other best-value tool in the industry. Not only does PIPS assist in selecting a high performing vendor, but the process also has a mechanism to document and manage the vendor/service during the project. This tool has proven to be just as valuable as the selection process itself.

The PIPS process has been implemented by many different clients in both the private and public sectors (by Local, State, and Federal agencies). Due to the rules and regulations of each client, the PIPS process is easily adapted and tailored to meet the constraints of each user. Today, we are going to talk about PIPS selection process that has been adapted for this solicitation.

Performance Based Studies Research Group
#SW092A: Statewide Emergency and
Rush Response Services to Hazardous
Substances



www.pbsrg.com



PERFORMANCE BASED STUDIES RESEARCH GROUP



Meeting Agenda

- Introduction
- Education of Best Value and Bid Process
- Expectations and Requirements
- Question and Answers

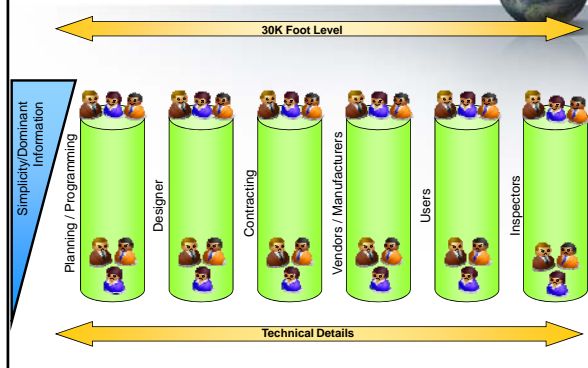
What makes this program unusual.....

- Simplistic
- Uses logic
- Efficiency: less decision making, less management, and better results (best value and high profits)
- It is more important for the vendor who does the work to know what to do than it is for client's representative to know what the vendor should do
- Measures

Industry Structure

Performance	High	III. Negotiated-Bid Qualified vendors invited Owner selects vendor Negotiates with vendor Vendor performs	II. Value Based Win-win Efficient Quality control/preplanning Vendor minimizes risk
	Low	IV. Unstable Market	I. Price Based Standards and Specifications Relationships Maximized management/inspection Technical data Confusion Client minimizes risk
		Low	High
		Competition	

Eliminating the Confusion



What is Dominant Information

- It is simple
- It is accurate
- There is minimized information
- It stands out
- It minimizes everyone's decision making
- It is easy to get, print out, someone has it very handy
- It predicts the future outcome
- It makes it clear among many parties

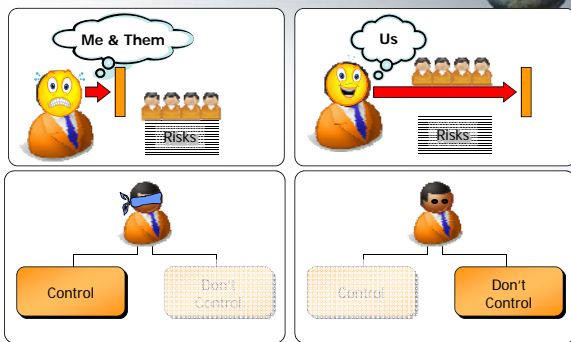
State Vendor Expectations

- Proactive and Accountable
 - Vendor has control
 - Focus on risk in the seams
 - Risk – Plans to minimize risk – impact – customer satisfaction
 - Performance measurement – uses dominate information
 - Projected vs. Actual
 - Performance information/risk identification disengages the bureaucracy
- Win-Win
 - Vendor's success is just as important as the State's success
 - Goal alignment
- "No contract" – "Vendor writes their own"
 - Vendor has control
 - Contract is a guide
 - If we have to go to the contract then everyone has already lost
 - Should never have to go the contract

Best Value Performance Information Procurement System (PIPS)

- Uses logic instead of someone's experience
- Assumes that those with risk are more expensive
- Assumes those who are good at what they do, minimize risk that they do not control
- Difference between the blind and the visionary is the ability to minimize risk that they do not control

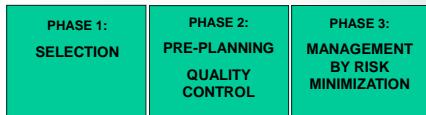
Me vs Us



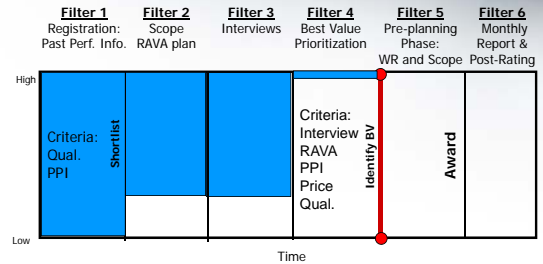
Summary of Key Points

- Let the expert take lead
- Use dominant information to show the way
- Keep it simple and logical
- Performers minimize risk that they don't control
- Minimization of Management through performance measurements
- The State will not make a decision

Best Value System



2009 State of Oklahoma Selection and Risk Management Process



Past Performance Information – Past/Current Client Surveys



- PPI will be collected on all vendors and their critical team components.
- Once the PPI is collected, it is stored in a database.
- Past performance will be used in conjunction with current performance to maintain best value for the life of the contract



Attachment: Guide to Preparing a Reference List and Sending Out Surveys



Reference list template (MS Excel)

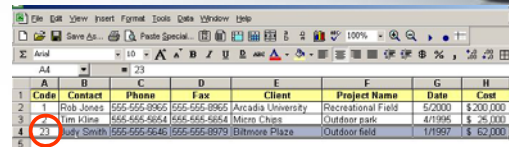
Past Performance Information

- Past Performance Information will be collected on:
 - Supplier

Reference List Summary

- Only submit **best past/current clients**
- Call ahead of time to make sure clients are satisfied
- The maximum number of past projects that will be given credit is **10**. The minimum number is **1**.

Survey Must Match Reference List



Code	Contact	Phone	Fax	Client	Project Name	Date	Cost
1	Paul Jones	555-555-5555	555-555-5555	Acadia University	Recreational Field	5/2/00	\$ 200,000
2	Tom Kline	555-555-5554	555-555-5554	Micro Chips	Outdoor park	4/1/99	\$ 25,000
23	Judy Smith	555-555-5546	555-555-5579	Bitmore Plaza	Outdoor field	1/1/97	\$ 62,000



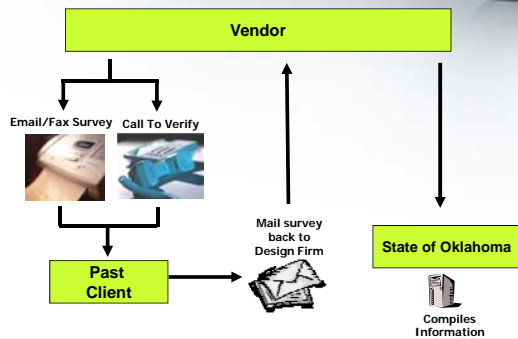
Survey Questionnaire

To: Judy Smith Survey ID: 23
(Name of person completing survey)

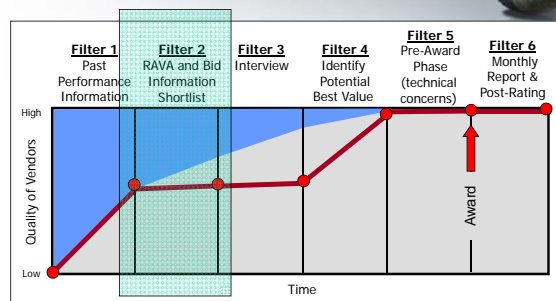
Phone: 555-555-5546 Fax: 555-555-5579

Subject: Past Performance Survey of ABC Design Builders
(Name of Company)

Past Performance Surveys/ Past Performance Sheet



PIPS Selection Filters





RAVA Plan



Risk Assessment

- The Risk Assessment section is used to identify high performing vendors that can:
 - Identify and minimize risk **before** the service has started
 - Deliver plan to minimize risk during the life of the service.
- The RA Plan should clearly address the following items:
 - [List and prioritize major risk items](#) (areas that may cause the service not to meet the expectations of State of Oklahoma).
 - Each vendor should [focus on risks it does not control](#) and
 - Explain how the vendor will [minimize the risk](#).



RAVA Plan Rated Blind



- Requirements:
 - The Risk Assessment and Value Added sections must NOT exceed **4** pages total.
- The RAVA Plan must not have **ANY NAMES** (such as vendor or manufacturer names, supplier name, personnel names, project names, product names, or company letterhead, etc.)
- Do NOT include brochures, marketing information, or product names!
- The RAVA Plans will be evaluated "blind" in order to minimize any bias.



Sample Risks & Solutions

- **Risk 1:** Design issues can impact schedule.
- **Solution:** We have determined that the drawings are exceptionally good.
- **Risk 2:** Subcontractor availability may impact cost and schedule.
- **Solution:** We do not anticipate any issues with subcontractor availability.
- **Risk 3:** The children's playground is in close proximity to the parking lot.
- **Solution:** We will perform a critical review of the existing plan for any other flaws.

Example of Solutions

Risk: **Concrete Escalation**



- **RA Plan 1**

– The owner can be assured all risks associated with material escalations will be eliminated because we offer the benefit of an experienced contractor that has the ability to source materials, prequalified and vetted local and national suppliers, from around the world.

MARKETING INFORMATION

- **RA Plan 2**

– The cost of concrete has been rising drastically. Since this project requires a substantial amount of concrete, cost is a risk. To minimize this risk, we have secured and signed a contract with a local concrete manufacturer to prevent any increase in cost during the duration of this project.

Example of Solutions

Risk: **Getting water to the site**



- **RAVA Plan 1**

– Coordination with [water company] is critical. We will coordinate and plan with [water company] as soon as the award is made to make sure that we get water to the site to irrigate the fields.

- **RAVA Plan 2**

– We will coordinate and schedule the water with [water company]. However, based on past experience there is a high risk they will not meet the schedule. We will have temporary waterlines setup and ready to connect to the nearby fire hydrant to irrigate until [water company] is ready. We will also have water trucks on-site if there is problems with connecting the lines.

Example of Solutions

Risk: **Safe Food Supply/Food Born Illness**



- **RAVA Plan 1**

– Our internal food safety standards are recognized as being far more stringent than government regulatory requirements. In the unlikely event of a food-borne illness, our strong relationships with local, state, and national health agencies will ensure a 24-hour response.

- **RAVA Plan 2**

– If a food safety issue arises, vendor will effectively minimize the client's risk of exposure by:

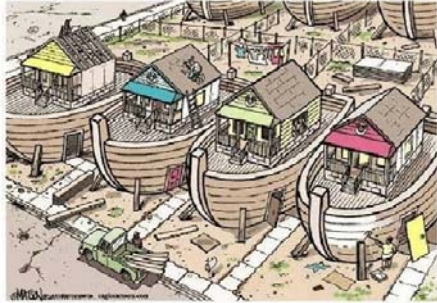
- 1) Vendor's system will issue a safety alert and related directives to 10,000+ units and all ASU email accounts in less than 15 minutes.
- 2) The vendor will place a lock within its foodservices purchasing system on any food with risk so it cannot be purchased.
- 3) The vendor will remove all potentially harmful products within the first hour of notice.
- 4) The vendor will identify as many purchasers as possible through credit receipt names and the client system to notify them individually. Warnings will be placed around campus within two hours of discovery.

Value Added Differentiation



- Answer the questions: "What value do I bring that differentiates me from my competitors?"
- The Value Added Differentiation section of the RAVA is to allow a vendor to:
 - Show how it will add value (that its competitors cannot)
 - The impact of that value in simple, provable terms
 - How the value added will be measured – must have an impact on dollars, time, and/or satisfaction of the University
- Marketing material is worthless and will negatively impact scores
- There is no "program description" in this RFP – Value Added is where vendors provide "great ideas"

Value Added Innovation



MORE REALISTIC FEMA GUIDELINES FOR REBUILDING IN NEW ORLEANS

For complete description of materials and how to build it please refer to Genesis Chapter 5:14-16 .

Example: Value Added Items



RAVA Plan Template – Risk Asses.

Major Risk Items

Risk 1:	
Solution:	
Risk 2:	
Solution:	
Risk 3:	
Solution:	
Risk 4:	
Solution:	
Risk 5:	
Solution:	
Risk 6:	
Solution:	

RAVA Plan Template – Value Added

Value Added Options or Differentials (what you will do that the others do not)

Item 1:	
Impact:	
Item 2:	
Impact:	
Item 3:	
Impact:	
Item 4:	
Impact:	
Item 5:	
Impact:	

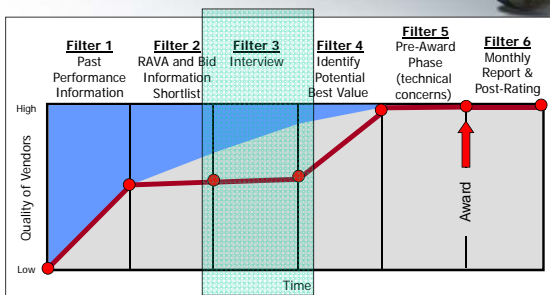
Things to Avoid

- Marketing data:
 - Our company is known worldwide as a leader in quality food services.
 - We will use our long history to make sure the project is a success.
 - We will use state-of-the-art process to make it a success.
- Technical data:
 - We propose an MXDD3 Food Star system that will increase SME's by 85%
- Transferring risk back to client:
 - We will work with the owner to resolve issues
 - We will have team meetings with the owner
 - We will have a partnering meeting with the owner
- General risks and/or general solutions:
 - Food quality
 - Communication issues
 - We will plan ahead to coordinate activities
 - We will plan ahead to increase sales
 - We will minimize turnover

Vendor Recommendations

- Do not allow the client to make decisions
- Show vision and understanding
- Show that you can minimize risk (minimize the unknown)
- Show you have expertise (know what is going to happen before it happens)
- Show that if you have the service, you will control it through performance measurement
- Use Value Added to highlight areas of differential
- Emphasize dollars, revenue, time, and quality/expectation (client's interest)
- If vendors do not differentiate, they are a commodity
- What is written in the RAVA becomes part of the final contract

PIPS Selection Filters



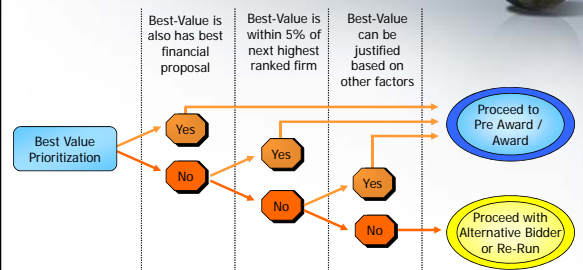
Interview

- The State will interview the key personnel. This includes:
 - Project Manager
 - On-Site Superintendent
- All individuals will be interviewed separately.
- No substitutions will be allowed after proposals are submitted unless it is for the benefit of the client (no bait and switch).
- What is said in the interview becomes part of the final contract
- Questions will be non-technical and will focus on the ability of the individual to minimize risk to the State.

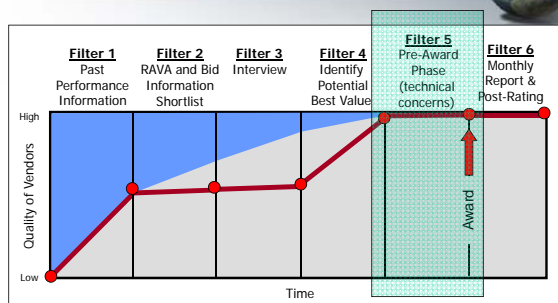
Selection

- Considering:
 - Pass/Fail Criteria (Required Forms, Qual.)
 - Scored Criteria (PPI, RAVA, Interview, Price)
- Select potential Best Value Vendors
- Two Vendors, the Potential Best Value, will move forward into the Pre-Planning Stage

Identification of Potential Best-Value (Within budget)



PIPS Selection Filters



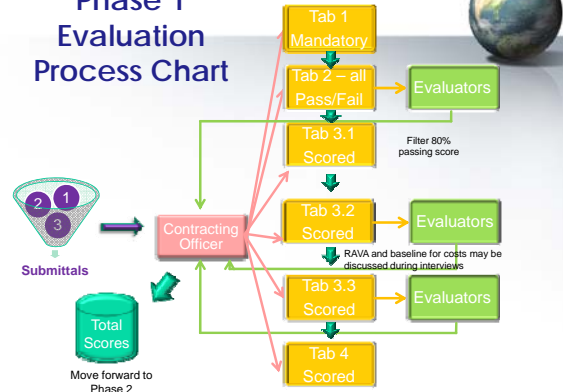
Monthly Report and Risk Management Plan

- Performance Metrics
- Risk Management Plan
- Monthly Risk Report

Estimated Schedule

Content	Date
RFP release	May 4 th , 2009
Pre-bid conference	May 13 th , 2009 at 10:00AM CST
Deadline for written questions	No later than close of business May 21 st , 2009
Deadline for written answers posted on the Web	No later than close of business May 26 th , 2009
Deadline for response submission	June 8 th , 2009 at 3:00PM CST
Evaluation period	June 9 th – June 29 th , 2009
Interview process	June 12 th , 2009 starting at 8:30 AM
Pre-award kick-off meeting	June 16 th , 2009. Time will be determined
Deadline for Risk Management Plan submission	Close of business June 19 th , 2009
Additional meeting, if needed	June 23 rd , 2009. Time will be determined
Notice of award	No later than June 30 th , 2009

Phase 1 Evaluation Process Chart



For Information and Questions
Please Write to:

Gai Hunter at
Gai_Hunter@dcs.state.ok.us



Visit the web at:
www.pbsrg.com



PERFORMANCE BASED STUDIES RESEARCH GROUP