

PROCUREMENT TOOLBOX

SOLICITATION METHODS

WHAT IS A SOLICITATION?

A solicitation is a method for procurement offices to select a supplier for their contract. It includes how the office chooses to announce, request, and receive responses from potential suppliers¹. The American Bar Association (ABA) classifies source selection methods into three categories: formal competition, informal competition, and non-competitive procurement.



TYPES OF SOLICITATION METHODS

FORMAL COMPETITION SOLICITATION METHOD

Open and competitive process; all suppliers are invited to participate.

Suppliers compete through a formal process to win the contract. Typically, state or local procurement laws will set a certain monetary threshold at which point the contract must use a formal competition method.

INFORMAL COMPETITION SOLICITATION METHOD

Unlike formal competition solicitations, informal competition solicitations are expected to cost below a certain monetary threshold set forth in statute or regulation. Therefore they do not require the same formal methods with which to award the contract².

¹ NASPO (2019). *State and Local Government Procurement: A Practical Guide*, 3rd Ed. Lexington, KY, 106.

² NASPO, *State and Local Government Procurement: A Practical Guide*, 107.

NON-COMPETITIVE PROCUREMENTS METHOD

Used when circumstances arise where competition is limited or not practical and therefore procurement officials turn to non-competitive methods to obtain goods or services. The laws that govern public procurement usually authorize the use of these methods when appropriate.

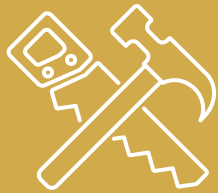
The chart below outlines the different methods that fall into these three categories of solicitation methods:

	PRIMARY SOURCE SELECTION	DEFINITION
FORMAL COMPETITION	Invitation for Bids (IFB)	Method used to solicit competitive sealed bid responses, and where the decision is made based on the lowest responsive bid and responsible bidder.
	Request for Proposal (RFP)	Method used to solicit proposals from potential providers for goods and services where decision is made through discussions and negotiations. Award is determined as which provider meets all the criteria for the project ³ .
INFORMAL COMPETITION	Small Purchases	Method used in which the procurement meets the minimum dollar threshold required for formal competition. These purchases may be too small to justify time and expense in soliciting competition. While formal competition is not required, this method should still preserve the openness of the procurement system.
	Request for Quotation (RFQ)	Method used for small purchases usually under a \$1000.000 threshold, where a request is sent to suppliers with a description of the service or good needed and they are asked to respond with a price and other information by a certain date. Evaluation and recommendation of award based on quote that best meets price, quality, delivery, service, past performance, and reliability ⁴ .
NON-COMPETITIVE PROCUREMENT	Sole Source Procurement	Method used when competition is not available because there is only a single source for the good or service or no reasonable alternative source exists. The equipment having no comparable competitor, or a component or replacement part for which there is no commercially available substitute are examples of sole source procurement. The purchasing authority may require justification from the department or agency why this supplier is the only source for requirement.
	Emergency Procurement	Another method used when competition may be limited or not practical. The lack of competition or non-practicality is not due to the uniqueness of the product or service, but expediency with which the product or service is needed. This procurement may be done in response to an unexpected event where health and safety is at risk ⁵ .

³ NASPO. *State and Local Government Procurement: A Practical Guide*. 107.

⁴ National Institute of Governmental Purchasing's'. (2012). NIGP Dictionary of Procurement Terms. <https://www.nigp.org/home/find-procurement-resources/dictionary-of-terms>.

⁵ NASPO. *State and Local Government Procurement: A Practical Guide*. 130 – 131.



TOOLS TO LEARN MORE

Take Procurement U's [Introduction to Request for Proposals \(RFP\)](#) course to learn more about this type of competitive solicitation.

Procurement U's [Introduction to Sole Source Procurement](#) course will take you further into how this type of non-competitive procurement works.

Check out this [guide](#) on sole source procurement from NASPO's Emerging Issues Sole Source Procurement Working Group.

Check out [NASPO's Emergency Preparedness Guide](#) For more information about emergency procurement.

Check out this NASPO [blog](#) post on a Roadmap to Reverse Auctions.

Read [this issue briefing paper](#) on the 7 questions surrounding noncompetitive / sole source procurements



REQUESTS FOR PROPOSALS (RFPS) & INVITATION FOR BIDS (IFBS)

In the world of procurement, RFPs and IFBs are considered the supporting cast of the competitive sealed proposal and competitive sealed bidding processes.⁶ These two methods are considered the most commonly used solicitation methods.

The chart below is a comparison of RFPs and IFBs pre and post award.

REQUESTS FOR PROPOSAL (RFP)	INVITATION FOR BID (IFB)
Competitive sealed proposal process	Competitive sealed bidding process
PRE-AWARD	
Discussion permitted after proposals have been opened to allow for clarification and changes, provided that steps are taken to treat each proposer fairly, and to ensure that trade sensitive information in each proposal is not revealed to competitors.	No change in bids once they have been opened except for correction of errors in limited circumstances.
<p><i>Per ABA Model Procurement Code:⁷</i></p> <p>Judgmental factors may be used to determine not only if the items being proposed meet the purchase description, but also may be used to evaluate the relative merits of competing proposals.</p>	<p><i>Per ABA Model Procurement Code:⁸</i></p> <p>Judgmental factors/discretion may only be used to determine if supply, service or construction item meets purchase description.</p>
POST AWARD	
Quality of competing products/services may be compared or in trade-off of price or quality of product/service.	Once judgmental evaluation is completed, award is made on a purely objective basis to lowest responsive and responsible bidder
Contract is awarded to the responsible offeror whose proposal best meets the specifications and requirements of the RFP and is most advantageous to the state.	Price is the basis for contract award.
WHEN TO USE RFP/IFB?	
The rules and regulations surrounding RFPs and IFBs can vary state by state. Due to this, make sure to review your state's laws, regulations, and code handbooks to assist you in determining which solicitation method is best fit for your particular project. ⁹	

⁶ From NASPO (2019). State and Local Government Procurement: A Practical Guide (3rd Ed.). Lexington, KY: NASPO

⁷ American Bar Association., & American Bar Association. (2000). The 2000 model procurement code for state and local governments. Chicago: American Bar Association, Section of Public Contract Law [and] Section of State and Local Government Law.

⁸ American Bar Association., & American Bar Association. (2000). The 2000 model procurement code for state and local governments. Chicago: American Bar Association, Section of Public Contract Law [and] Section of State and Local Government Law.

⁹ From NASPO (2020). Procurement 101: Foundations of Public Procurement. Web Course.



TOOLS TO LEARN MORE

Understand the nuances of technology RFPs by reading this joint research brief by NASPO and NASCIO, [Getting What You Need on the Way to the WinWin! Leveraging the RFP in State Technology Procurements.](#)

Review Article III, Source Selection and Contract Formation, of the [ABA Model Procurement Code.](#)

Read Chapter 7, Competition: Solicitations and Methods of [State and Local Government Procurement: A Practical Guide.](#)

REQUEST FOR INFORMATION (RFI)

A Request for Information (RFI) is defined as non-binding in nature to all parties and involve the publication of a notice requesting input from interested parties for a future solicitation.¹⁰ Procurement officials using an RFI can obtain feedback, comments, or reactions from the potential supplier community. RFI's do not typically require price or cost from suppliers and operate as a type of focus group, allowing procurement officials to gain information prior to issuing a solicitation.¹¹



TOOLS TO LEARN MORE

Read the NASPO white paper, [Effective Communication between State Procurement and the Industry](#) which discusses how different states use RFI's and other pre-solicitation methods to improve their vendor communication and supplier relations.

Read this [blog](#) post about Effective Sourcing Strategies to learn how other states are innovating their sourcing methods.

The world of procurement is making innovations in the way they produce solicitations. [Watch this webinar](#) from the 2019 George Cronin Awards for Procurement Excellence webinar series about the innovative way the state of Minnesota was able to produce a solicitation for their Department of Transportation.

¹⁰ National Institute of Governmental Purchasing's'. (2012). NIGP Dictionary of Procurement Terms. <https://www.nigp.org/home/find-procurement-resources/dictionary-of-terms>

¹¹ From NASPO (2019). *State and Local Government Procurement: A Practical Guide* (3rd Ed.). Lexington, KY: NASPO