



State of Wisconsin

Department of Administration
State Bureau of Procurement

2019 George Cronin Awards for Procurement Excellence

Professional Development in Request for Proposal (RFP) Management

Executive Summary

Research on public procurement over the years has evaluated trends in how states conduct business and, in those evaluations, we continue to be challenged to embrace more solution-based contracting so agencies can get the best value from innovative supplier solutions, rather than continuing to focus on lowest cost. Specifically, the Governing Institute recently found¹:

“Although hundreds of billions of taxpayer dollars are spent each year on everything from printer paper to snowplows, many state procurement offices remain stuck using old-fashioned methods...But there are signs of change. There is a growing shift away from buying the ‘best of the cheapest’ toward buying smart. That is, taking into account the whole experience, from before a product or service is chosen to long after it’s purchased.”

Under Wisconsin procurement laws, solution-based contracting is done through the use of a Request for Proposal (RFP), where cost is a material factor but the expertise of an evaluation committee scoring technical capabilities drives contract awards, rather than awards based on low cost only. While solution-based procurement methods, like RFPs, have the potential to drive more long-term value in state contracts, there is inherent risk in awarding public contracts on a basis other than price. The public understands low-cost contracts. Saving taxpayer dollars is most compelling in a bid scenario where it is easy to show that the agency is paying the lowest amount for what appears to be an equivalent good or service. Further, the subjectivity of solution-based methods open those awards up to more scrutiny, where the risk of a protest or appeal is much greater as the method tends to involve more complex scoring formulas, in-person negotiation and short-listing activities. As such, doing an RFP the right way and training agencies on how to do that is critical for any state procurement operation.

Wisconsin has a strong procurement training program, including a full-day class, *Writing and Conducting Request for Proposals*. This nomination focuses on a complete overhaul of the RFP class, completed in early 2018 to align it with current best practices and provide hands-on opportunities for learners to understand the most difficult parts of an RFP to manage: requirement development, benchmarking and managing the proposal evaluation process. Our main goals when creating the new course were to instill more confidence in students, leave them with a toolkit to walk away with and to offer a course that is both a solid foundation for RFPs for new learners and that adds value for the experienced procurement professional.

Innovation: We enhanced the class by adding more progressive approaches and practical, hands-on class exercises. For example, we focused most content on the three areas identified as most challenging by those doing RFPs: benchmarking, requirement identification and scoring.

Transferability: Our course was given to our staff instructors in the beginning of 2018 and within a week they were providing a training to students. The materials are based on sound, generally accepted, best practices and are only partially specific to Wisconsin state statutes.

Service Improvement: The overhaul of the RFP class incorporated templates and practices from a delegated agency as well as the central office. In addition, the new in-class exercises made the class more effective.

Cost Reduction: This course helps our customers realize efficiency improvements which result in cost reductions. The more educated and prepared state procurement staff are in regards to RFP development and implementation, the greater the savings that can be achieved.

Innovation

The RFP class offers an innovative approach to professional development in the state procurement field because it is a mix of traditional lecture and fully interactive in-class exercises, offering a workshop “feel” for learners to practice their new skills.

Specifically, the class features a scenario-based series of exercises called “Scoop Up a Contract for a Campus Ice Cream Shop.” The scenario, written from the perspective of an RFP lead, features a university campus (“University of Awesome”) doing an RFP for an on-campus ice cream shop situated in a larger campus food court. The RFP is for a managed service shop provider, contracting with the university to source ice cream and run the operation. This scenario was written to be relatable to those learners who are new to procurement, but was also designed to be

¹ Governing Institute, *Buying Better*, July 2019

rooted in a real-world situation (in Wisconsin, one of our major UW campuses contracts out for a full-service ice cream shop operator).

The exercise is in 3-parts (materials submitted as Supplement 1; see Table 1). Part 1 teaches an RFP manager how to develop specifications using feedback from subject matter experts and the principles they learn in class.

Part 2 of the exercise takes the final RFP requirements and teaches the RFP lead how to manage the same team of subject matter experts toward agreement on the benchmarks and evaluation criteria they will use to score proposal responses to those final requirements.

Part 3 of the exercise then takes the scores from the evaluators of this RFP and teaches the RFP lead various ways to identify anomalies in scores and ways, again using the principles learned in lecture, to resolve those anomalies through facilitated group discussion.

The scenario itself is innovative in that it takes a fun approach to introducing learners to an RFP process. It is also hands-on application of a complex procurement training topic, which can be quite difficult to master through many traditional means, both in-class and online.

This class is also innovative in that it provides templates and practical examples of running an RFP in an agency, not just teaching best practices from the enterprise or central office’s perspective. Specifically, we worked closely with the Wisconsin Department of Health Services and with a representative from our Consolidated Agency Purchasing Services section to develop curricula and add tools from their operations to make the entire course more relatable to attendees from all agencies and the university system.

While RFPs are certainly not a new solicitation method, Wisconsin’s refreshed RFP class is a unique approach to delivering a practical and comprehensive training on how to properly run a solutions-based procurement.

Transferability

The target of this course redesign was to prepare our attendees for real world RFPs as much as possible. RFPs are particularly complicated, yet vitally important, and need to be well understood to be performed well. Rather than lecture-style teaching, as you’d normally receive, we utilize frequent open discussions and breakaway activities.

While our RFP class contains references to Wisconsin-specific policy and rules, it is only to reinforce which practices are required by law and which are optional or conducted at the discretion of the RFP manager. The principles of the class mirror the practices of comprehensive RFP management that would be relevant and portable to any other state.

This RFP class emphasizes the importance of planning and of using a balanced, informed team approach to the development of an RFP and the proper evaluation of proposals. The class also includes an emphasis on the soft skills of a successful RFP lead, such as communication, facilitation and negotiation, as these are used

Table 1

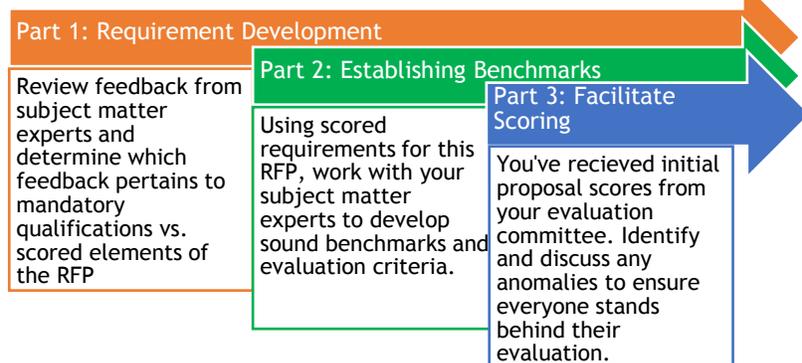


Table 2



Agency Feedback on Refreshed RFP Class

“I took this course when I first started 4 years ago. I came from private sector so this was pretty Greek to me. I learned a lot more the second time around.”

“The instructors were great in explaining the nuances which can cause problems in the RFP process if you’re not aware of them. I have a better understanding of the “whys” of RFPs.”

“This class was tremendously well done. The combination of lecture, large group discussions, and small group activities was perfect. The material was taught in a very logical and easy-to-follow manner.”

“[The highlight of the class] was the practical application exercises. It was helpful to have one scenario, revisited throughout the day.”

during the internal development and evaluation activities and through interaction with suppliers. These skills and processes would be similar to those needed in virtually any state.

To illustrate what is covered in this one-day class, our content is summarized in Table 2 and the slide deck is appended to this nomination as Supplement 2.

We estimate that implementation of this class in another state would require similar resources as the State of Wisconsin expends, starting with sharing the PowerPoint presentations and related material. Regarding instructors, our practice is to use two facilitators per class, with one additional facilitator trained in the material to serve as a back-up. There are nominal costs associated with hard copy materials, as this class requires only a modest quantity of paper for handouts.

The re-development of this RFP class involved significant collaboration with one of our larger delegated agencies (Department of Health Services), as well as a representative for our small to mid-size agencies whose procurement runs through a consolidated office. To ensure that the RFP class was also relevant to our university campuses (as they are governed by our procurement rules), we centered the three-part in-class exercises around a scenario from higher education. As such, the content and perspective of this class is transferable to any state, regardless of their delegation structure and whether or not they manage procurement operations for their university campuses.

For states that leverage computer-based training, this class is delivered following the order of events that occur from the development to the award of an RFP, making it an ideal candidate for a modular series of online trainings. However, through our surveying, the majority of those surveyed reported they still prefer this class to be presented in person so they have an opportunity to bring real life examples and ask complicated, situational questions.

Service Improvement

In Wisconsin, you cannot run an RFP for any agency or campus until you have completed the RFP class offered by the central office. We understand that many students are compelled to take this class, and as such, it is even more important to make it a valuable use of their time.

To better serve all participants, the Bureau worked with other agencies to redevelop the class to ensure the course would adequately address the greatest challenges agencies faced throughout the process. Specifically, 93% of attendees shared via survey that they felt there was collaboration/open discussion between the DOA trainers and the agencies/campuses.

This class also represents an active, participatory “workshop” style, rather than the passive, lecture style the class utilized before it was modified. Specifically, the previous RFP class led with statutory citations; text-heavy presentation materials; and passive exercises, which included a review of a sample RFP and score sheets and one facilitated small group exercise with “best practice” scenarios. Based on attendee feedback from prior classes, the exercises were all replaced with the three-part ice cream shop exercises, which addressed the most complex topics our attendees asked to learn more about. Best practice scenarios were then “sprinkled” throughout the class, posed to the large group to break up the lecture sections.

Table 3

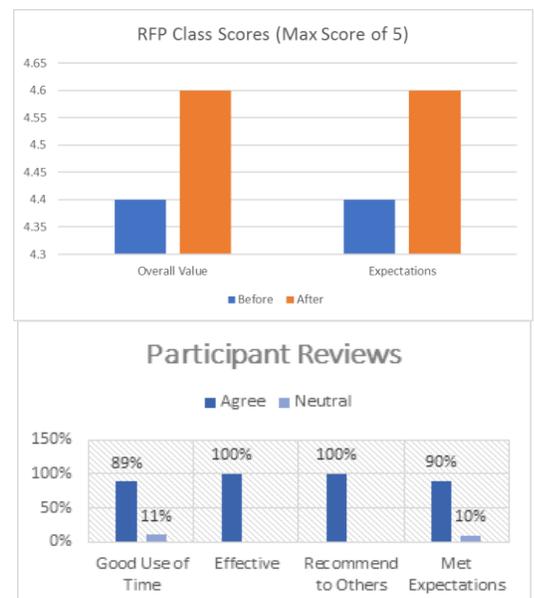


Table 4

RFP Class Resource Toolkit

Wisconsin's RFP class offers a toolkit that participants walk away with for future reference. In a recent survey, over 93% of attendees cited the toolkit as something that helps them manage their RFPs better:

Samples

- ❖ RFP Project Timeline/Tracking Tool
- ❖ RFP Evaluation Criteria with Definitions
- ❖ General Benchmark Language (excellent vs. good vs. poor proposal designations)
- ❖ RFP Point Scoring Methods using Raw Points vs. Weighted Points
- ❖ RFP Scoring Abstract (Raw and Weighted)

Templates

- ❖ Enterprise RFP Template
- ❖ Proposer Outreach Letter
- ❖ Reference Check Questions

Examples

- ❖ Evaluation Criteria from Real RFP
- ❖ Proposal Review Checklist (used by an agency to determine basic responsiveness)
- ❖ RFP Technical Demonstration Script (used by central office for IT security services RFP)
- ❖ Invitation Letter to Proposer for Best and Final Offers (BAFOs)
- ❖ Final Scoring Summary Abstract for RFP with Multiple Rounds

Based on agency feedback, all handouts were replaced (one full RFP file from an example done in 2008, plus required forms) with an RFP Toolkit (Table 4) that features illustrative examples of key templates and tools from agencies and the central office. The course materials address the different needs of all learners—increased graphs and an illustrative RFP process map to aid the visual learners (Supplement 3), lecture components aid auditory learners and the class exercises and small group examples aid both kinesthetic learners and learners with a reading/writing preference. The results of class satisfaction rates are displayed in Table 3.

Cost Reduction

Cost reduction is achieved in two ways: cost savings realized by using the skills from this class in RFP practice and cost avoidance in reducing the price to the customer to obtain this training.

Demonstrated Savings

It is difficult to measure cost reduction because RFPs vary so greatly in size and outcome. However, using skills and principles taught in class, we have seen successful RFPs result in savings. For example, a recent RFP for four categories of debt collection services resulted in multiple contracts where costs were either held or rates were reduced, despite market research indicating that this service category increased in cost by 1%. On a contract with spend over \$1 million annually, we project the annual cost avoidance to be at least \$10,000.

Another RFP for compensation claims services reduced costs proposed from multiple suppliers between 1.8%-5.2% through a BAFO, a method taught thoroughly in the class.

Training Cost Avoidance

The Bureau offers the RFP class three times per year to agencies and campuses, including several municipal attendees who have taken the class. The costs of our training program are part of the Bureau's annual budget and are not charged based on a per-person model.

While there are other classes available on this topic, they typically all require expensive travel (for attendees), expenses to hire an outside resource to train at a state facility or are only available online. Based on our research, taking the cost of a non-member participant, outside

training classes for RFP management range from \$105 to \$975² on average. State of Wisconsin agencies do not have the resources to pay for such training. By providing in-house professional development opportunities in this subject area, the Bureau has helped its agencies and campuses avoid costs between \$8,610 to \$79,950 (82 attended since the new RFP class debuted x \$105 and \$975 respectively).

Conclusion

This project stands out as a notable contribution to the procurement function because it offers practical and tested solutions for the majority of NASPO states' top 10 priorities of 2019: Agency Relations/Customer Service (1); Continuous Improvement (2); Central Office as Strategic Leader (6); and Promoting Training and Certification (8). This class has greatly benefitted procurement operations in Wisconsin and we believe it can do the same for other states as well. We are thankful for the opportunity to submit this application for the consideration of NASPO.

² NASPO Procurement U RFP Intro class: \$105; NIGP Developing and Managing RFPs class: \$945; ICN Caucus "Do Better Deals" with RFPs class: \$975