

Session 2 of 4: High-Performing SOWs and Current Conditions
center4procurement.org/rfp-training-course

Developing a High-Performing Statement of Work and Current Conditions

RFP Training Course



Agenda

- Overview
- Workshop
- Content & Structure of a High-Performing SOW
- The Importance of Current Conditions
- Summary & SOW Assessment Handout



Overview



Organizing a High-Performing RFP

RFP

Request for Proposal



Information Technology (IT)
Software Implementation Template

RFP Number: #####
RFP Release Date: MM/DD/YYYY
RFP Due Date: MM/DD/YYYY



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Take A Quick Step Back...



RFP

Request for Proposal



Information Technology (IT)
Software Implementation Template

RFP Number: #####
RFP Release Date: MM/DD/YYYY
RFP Due Date: MM/DD/YYYY

*What is the
Goal
of the RFP?*



Goals of the RFP?

- Make it difficult to determine your needs?
- Confuse vendors?
- Frustrate vendors?
- Increase the odds of missing a requirement?

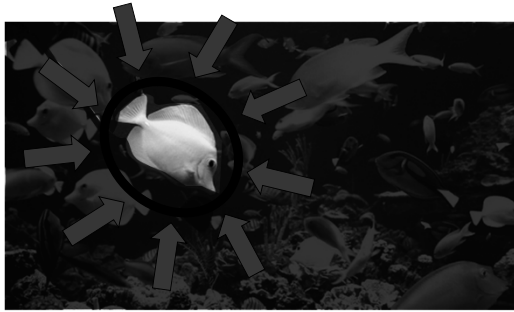


Always Remember...Vendors Have Options!



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**You Want To Look More Attractive Than All Other
Current Owners!!!**



If You Look Dangerous....



So how do we attract more
High-Performing Vendors?

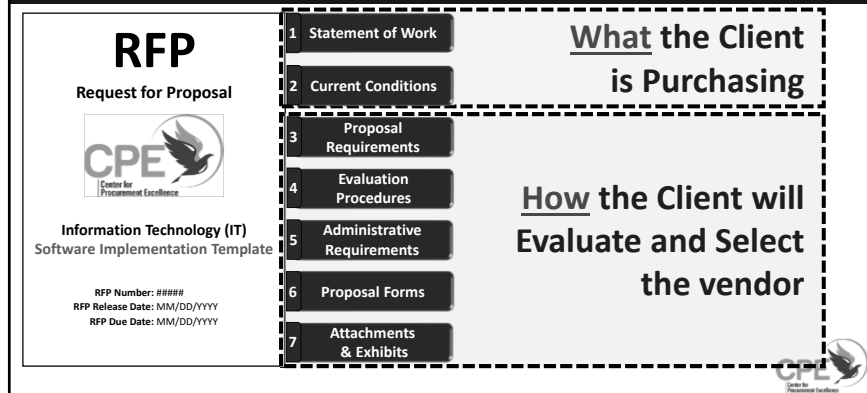


**Starts With
Your
Solicitation!**



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Organizing a High-Performing RFP



DEFINITION: Statement of Work (SOW)

- The Statement of Work (SOW) is an essential part of any solicitation.
- Describes what you are looking to purchase, acquire, or achieve.

Terminology

All are Included...

- Statement of Work (SOW)
- Scope of Work (SOW)
- Specifications or Minimum Specifications
- Requirements or Minimum Requirements
 - Business Requirements
 - Technical Requirements
 - Functional Requirements
- Minimum Qualifications



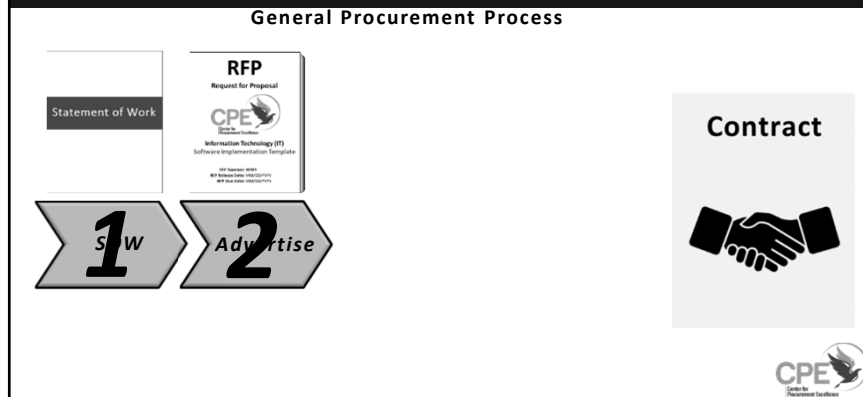
1) Define the Project SOW

General Procurement Process

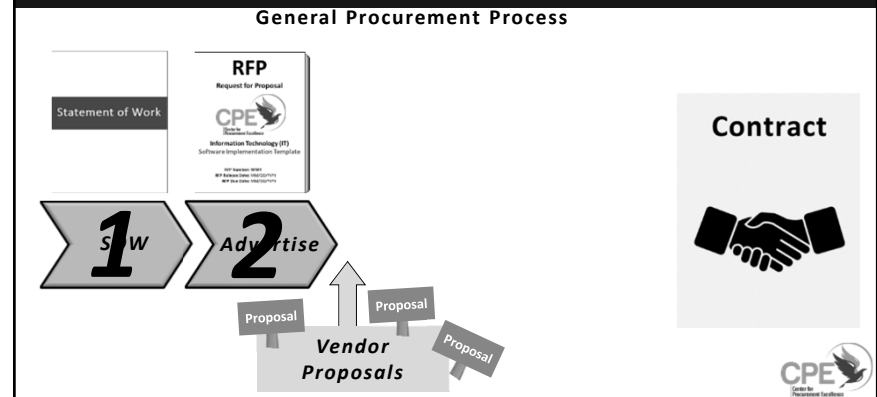


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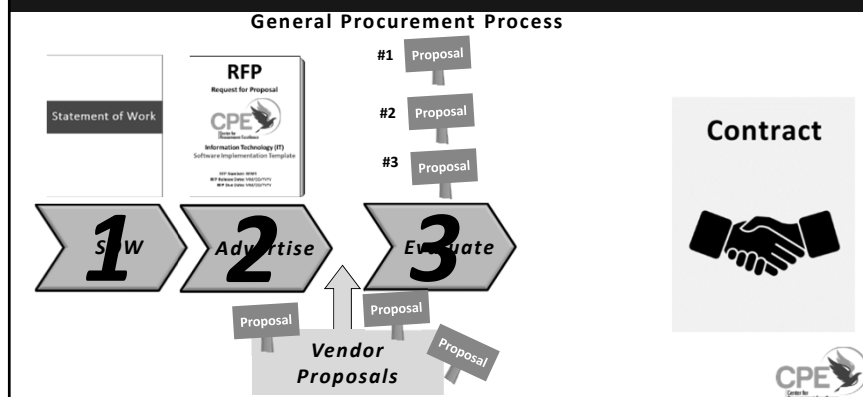
2) Advertise the RFP (and SOW)



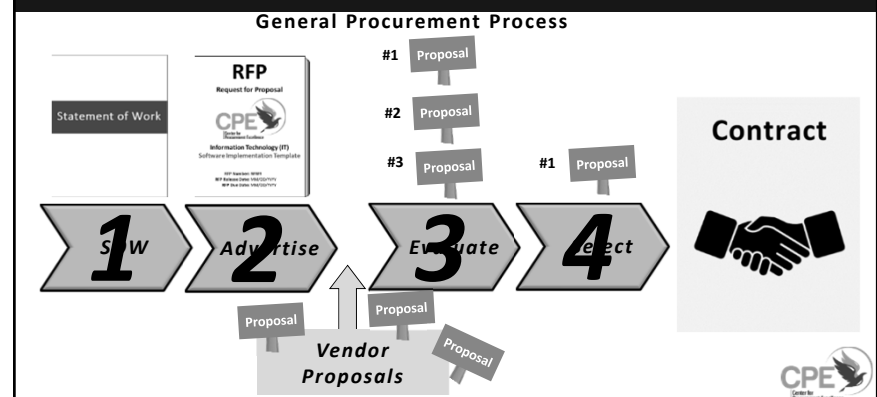
Vendors Respond with Proposals



3) Evaluate the Proposals



4) Select the Top-Evaluated Vendor(s)



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ITB **RFP** **SOQ**
RFQ **RFT**
SOI **IFB** **RFSQ**

Solicitation


Contents:

- Section 1 - Request of Work
- Section 2 - Instructions to Bidders
- Section 3 - Bid Form and Instructions
- Section 4 - Contract Documents
- Section 5 - Addendum (Questions & Answers)


**Whatever
Type of
Solicitation
You Issue...
... A High-
Performing
SOW is
Crucial!**




The Goal of the SOW



- Paint the picture of what success looks like
- Describe what it will take to make you 100% satisfied (what are the outcomes & achievements)
- A good SOW assures that all of the vendors propose a proper solution (that meets your needs)





Workshop Purchasing a Vehicle

Turn to the “SOW Workshop” Tab of your Handbook

SOW Workshop Form

TEAM MEMBERS:

VEHICLES:

VEHICLE	MAKE	MODEL	YEAR	TYPE	PRICE
SEDAN	1	Ria	2010	Used	\$14,000
	2	Toyota	2010	Used	\$14,000
	3	Ford	2010	Used	\$14,000
	4	Chrysler	2010	Used	\$14,000
SUV	5	Toyota	2010	Used	\$14,000
	6	Ford	2010	Used	\$14,000
	7	Dodge	2010	Used	\$14,000
	8	Chrysler	2010	Used	\$14,000
LUXURY	9	Audi	2010	Used	\$14,000
	10	BMW	2010	Used	\$14,000
	11	Porsche	2010	Used	\$14,000
	12	Ferrari	2010	Used	\$14,000

FEEDBACK:


Level of satisfaction with your results (1-100)

100 = Excellent 50 = Fair 10 = Poor

REMARKS:

CATEGORY	MAKE	TYPE	MILEAGE	COLOR	OPTIONS										MSRP
					SEATS	BACKUP CAMERA	REMOVABLE SEATS	TOW PACKAGE	SAFETY	W B I R S					
SEDAN	1	Ria	Used	35,000	01	01	4						5 Stars	\$14,000	
	2	Toyota	Used	40,000	02	02	4						5 Stars	\$14,000	
	3	Ford	New	11	01	01	4						5 Stars	\$21,000	
	4	Chrysler	New	11	01	01	4						5 Stars	\$23,000	
SUV	5	Honda	Used	35,000	02	02	5					5 Stars	\$18,000		
	6	Toyota	New	8	01	01	5					5 Stars	\$28,000		
	7	Dodge	New	12	01	01	7					5 Stars	\$29,000		
	8	Chrysler	New	8	01	01	7					5 Stars	\$18,000		
LUXURY	9	Audi	New	11	01	01	4					5 Stars	\$20,000		
	10	BMW	New	12	01	01	4					5 Stars	\$60,000		
	11	Porsche	New	7	01	01	2					5 Stars	\$105,000		
	12	Ferrari	New	2	01	01	2					5 Stars	\$125,000		
TRUCK	13	Toyota	Used	74,000	01	01	8					5 Stars	\$18,000		
	14	Dodge	New	11	01	01	5					5 Stars	\$22,000		
	15	Ford	Used	18,000	01	01	5					5 Stars	\$15,000		
	16	Chrysler	New	24	01	01	5					5 Stars	\$28,000		
VAN	17	Ria	Used	47,000	01	01	7					5 Stars	\$22,000		
	18	Dodge	New	23	01	01	7					5 Stars	\$24,000		
	19	Chrysler	New	17	01	01	7					5 Stars	\$25,000		
	20	Honda	New	19	01	01	7					5 Stars	\$35,000		

01 = White 02 = Blue 03 = Red 04 = Silver



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Workshop Form

The Workshop Form is divided into two main sections. The left section, titled 'Vehicles Selected (#):', contains a grid for selecting vehicles across seven scenarios (SCENARIO #1 to #7) and a 'Level of Satisfaction with requirements (1-10)' scale. The right section, titled 'Evaluation Form', contains a 'TEAM MEMBERS' table, a 'VEHICLES' table with columns for vehicle type, make, model, year, and price, and a 'FEEDBACK' table with columns for scenario number and satisfaction level. An arrow points from the 'Vehicles Selected' grid to the 'FEEDBACK' table.

Sharing the Budget



Should We Share the Budget?

- Let's look at the scenarios and the data.

There are two possible scenarios:

- Scenario #1 = More Budget than We Need
- Scenario #2 = We Don't Have Enough Budget



Which is more common?

- Scenario #1 = More Budget than We Need
- Scenario #2 = We Don't Have Enough Budget



How often do we have
more money
than we need?



Scenario #1: More Budget than We Need

- Not the most common scenario
- Experience = our budgets are “tight” most of the time.
- Therefore, price gouging is more perceived than reality.



Scenario #1: More Budget than We Need

- But let's say we do have more money than we need.
- Price gouging is a possibility in these scenarios.



Scenario #1: More Budget than We Need

- Potential Risk:

Client's Budget (\$\$) _____

Vendor Proposals? _____

↑ (+\$ inflated cost?)

Client's SOW _____



Scenario #1: More Budget than We Need

- But let's say we do have more money than we need.
- Price gouging is a possibility in these scenarios.

Your Budget
\$100,000



Think About...

- *What type of vendors would do that?*
- *What can throw-off this strategy?*
- *Who do low-performers care about?*
- *What is a low-performers greatest advantage?*



It Only Takes 1 Vendor To Be Honest!!!

Your Budget
\$100,000



Can A "Low-Performer" Give You High Performance?

No

(by definition, they are a low performer)



If they cannot give you high performance, what is a low-performer's only other strategy?

Be cheap!

(Since they can't change their current level of performance, they must strive to be the cheapest)



What does the data say?



New Health & Education Building (DBB)

(1st time this organization ever shared their budget!)

- Budget: \$21 Million
- Average Proposal: 13% below budget (\$17½ to \$20M)

Total Score 87 55 44 69 42 95 58

No	Criteria	Detailed Weight	Vendor 1	Vendor 2	Vendor 3	Vendor 4	Vendor 5	Vendor 6	Vendor 7
1	Lump Sum	30	\$ 18,044,000	\$ 18,043,000	\$ 19,675,000	\$ 17,490,000	\$ 18,570,000	\$ 17,778,000	\$ 17,710,000
2	Project Capability	10	6.4	1.5	1.5	5.2	1.0	8.0	2.8
3	Risk Assessment	15	6.6	4.0	4.6	2.0	3.6	8.0	2.4
4	Value Added	10	9.0	3.4	1.4	4.2	1.2	5.6	5.0
5	Interview - Project Manager	15	6.8	1.8	0.0	6.8	0.0	6.6	3.4
6	Interview - Site Superintendent	15	5.4	2.6	0.0	3.0	0.0	10.0	1.8
7	PPI Average Rating (all entities)	5	9.95	9.46	9.74	8.61	9.69	9.44	9.67



Research Does Not Prove That Providing Budgets Will Result In Higher Costs

In Summary...

- Analyzed 248 RFPs that shared their Budgets
- Shared Budget = \$222 Million
- Average Proposals = \$143 Million (36% below budget)



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Scenario #1: More Budget than We Need

- Not the most common scenario.
- Lots of reasons why price gouging may not occur.
 - Still have price competition.
 - Only takes 1 honest vendor to negate price gouging.
 - Low performers may be tempted, but their advantage is price.
- Data shows that price gouging does not occur very often.
- Budget information is only an advantage to High Performers.
- Vendors are much more likely to raise prices due to...
 - Their perceived level of risk
 - How much they need the work
 - And their perception of the Client!



Scenario #2: We Don't Have Enough Budget

Client's SOW

Client's Budget (\$\$)  (-\$ fake prices?)



Scenario #2: We Don't Have Enough Budget

- Now the budget is critical – whole project is at risk!
- What happens if we don't share the budget:
 - Vendors can't offer solutions to a problem they don't know
 - Increases the chance of cancelling the project
 - “blame game” and frustrations (prices are too high and we don't have options!”)
 - Gives advantage to low performers who “promise” a low cost (initially)
 - Slows everything down!



Scenario #2: We Don't Have Enough Budget

- Now the budget is critical – whole project is at risk!
- What happens if we do share the budget:
 - High-Performing Vendors can help minimize the risk.
 - Gives High-Performing Vendors a chance to stand out.
 - Helps all Vendors better understand the intent of the SOW.
 - Helps you learn why the budget is “off” (vendors can explain in detail by their estimate differs from your budget)
 - Speeds things up (you have options, ideas, and “proof”)



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Should We Share the Budget?

- **Yes! It is a best practice because it...**
 - Minimizes risk
 - Helps high-performing vendors stand out
 - Makes you a more attractive client
 - Is supported by the data
- **Of course, not every organization is comfortable.**
 - That is normal! Training & awareness helps!



Handout: The Budget

To Share or Not to Share? That is the Question!

The Budget

To Share or Not to Share? That is the Question!

Your recommendation

When you're in charge of a budget, it's important to get information from all the right people. A budget can be a sensitive subject, so you need to be sure you're getting the right information. You should also be sure you're getting the right information from the right people. You should also be sure you're getting the right information from the right people.

Share your budget

First, some context

While there's no one-size-fits-all answer to this question, it's important to consider the context of your budget. For example, if you're a small business owner, you may want to share your budget with your employees. If you're a large corporation, you may want to share your budget with your shareholders.

95% of people who share their budget are more likely to be successful.

5% of people who don't share their budget are more likely to be successful.

The 95% of Projects

Question 1 What happens if I don't share the budget?

Problem 1 If you don't share the budget, you're more likely to be successful. This is because you're more likely to be successful if you don't share the budget. This is because you're more likely to be successful if you don't share the budget.

Problem 2 If you don't share the budget, you're more likely to be successful. This is because you're more likely to be successful if you don't share the budget. This is because you're more likely to be successful if you don't share the budget.

**Review the
major
Pros & Cons
of releasing the
budget.**



https://pdt.engineering.asu.edu/procurement_certificate/

Learn More!

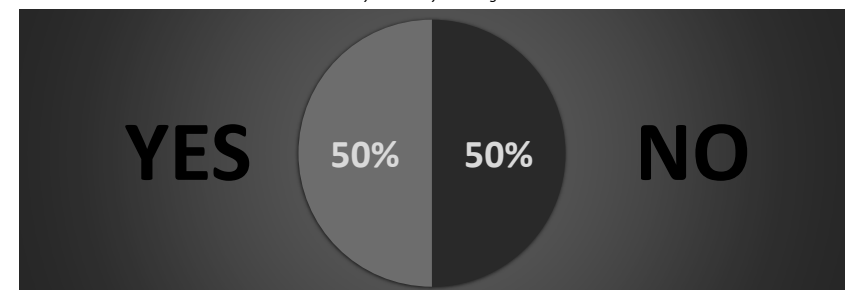


There is an entire class on *Budgets*...



Research Shows That...

Do you share your budget?



Content & Structure of a High-Performing Statement of Work



Content & Structure of a High-Performing SOW

Statement of Work

- 1 Overview & Purpose
- 2 Future State
- 3 Itemized Requirements
- 4 Schedule & Budget
- 5 Unique Considerations



Important in all areas of the SOW + CC

1
Clear &
Concise

2
Accurate

3
Complete



Content & Structure of a High-Performing SOW

Statement of Work

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Concisely Describe
"What" & "Why"



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Content & Structure of a High-Performing SOW Overview & Purpose

- **Project Overview:** high-level summary that is easily understandable (**1-2 sentences up to 1-2 paragraphs max**)
 - Avoid technical language, jargon, details, or specifics.



Foundations of a High-Performing SOW

- **Clear, Concise, Complete:** comprehensively describe needs

EXAMPLE:

1. I'm looking to buy a 4-wheel drive truck.

Accurate?
Clear?
Concise?
Complete?



Content & Structure of a High-Performing SOW Overview & Purpose

- **Project Overview:** high-level summary that is easily understandable (**1-2 sentences up to 1-2 paragraphs max**)
 - Avoid technical language, jargon, details, or specifics.

- **Goals, Objectives & Motivation:** primary business drivers and purpose



Goals or Objectives

- **Install a new singles on my roof....or waterproof my building?**



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Goals or Objectives

- Provide food to students...or ensure that the students are happy and keep buying more food



Goals or Objectives

- Goal = transport 5 children
- Goal = haul construction material and tow a trailer



Content & Structure of a High-Performing SOW Overview & Purpose

- **Project Overview:** high-level summary that is easily understandable (**1-2 sentences up to 1-2 paragraphs max**)
 - Avoid technical language, jargon, details, or specifics.
- **Goals, Objectives & Motivation:** primary business drivers and purpose
- **Key Measures of Success:** top 3-5 quantifiable metrics (cost, time, quality, functionality)



Key Measures of Success


- **Key Measures of Success:** top 3-5 quantifiable metrics (cost, time, quality, functionality)
- **Difficult for Business Units to do!**
 - They often focus on activities rather than outcomes.
 - Takes intense questioning.



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Organizing a High-Performing RFP

RFP
Request for Proposal




Information Technology (IT)
Software Implementation Template

RFP Number: #####
RFP Release Date: MM/DD/YYYY
RFP Due Date: MM/DD/YYYY

- 1 Statement of Work
- 2 Current Conditions
- 3 Proposal Requirements
- 4 Evaluation Procedures
- 5 Administrative Requirements
- 6 Proposal Forms
- 7 Attachments & Exhibits

What the Client is Purchasing

Overview & Purpose are right up front, so must be easy to find & understand!




Content & Structure of a High-Performing SOW

Statement of Work

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Departures from Current Conditions



Content & Structure of a High-Performing SOW Future State

- Describe each of the deliverables/services to be provided by the selected vendor for this Statement of work
- Describe the minimum requirements that must be performed to achieve a 100% satisfaction
- Attach exhibits to make this easier to follow (i.e. drawings, specs, pictures, site plans, etc.)



Content & Structure of a High-Performing SOW Future State

- **Overview:** clear, concise, & easily understandable description
- **Project Deliverables:** tangible outcomes to be produced by vendor
- **Figures, Diagrams, & References:** supporting explanation
- **Transition/Migration:** efforts to bring legacy data forward



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Content & Structure of a High-Performing SOW

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Mandatory & Desired
Items



Content & Structure of a High-Performing SOW Itemized Requirements

Organization:

- Itemized
- Organized into major categories
- Attach (and reference) Exhibits to make this easier to follow (i.e. drawings, specs, pictures, diagrams, site plans, reference files, etc.)
- Do NOT need a written commentary for each requirement



Content & Structure of a High-Performing SOW Itemized Requirements

• Drawings & Specs (Construction)



• Requirements (IT/Software)

#	Requirement	Requirement	Requirement	Requirement
1401	Customer and Technical	Functional	Approval / Denial	Customer shall provide ability to review multiple approved items for electronic transactions / documents / business events processing.
1402	Customer and Technical	Functional	Approval / Denial	Customer shall provide ability to review processing of electronic transactions / documents / business events and the ability to upload, download, delete.
1403	Customer and Technical	Functional	Approval / Denial	Customer shall provide ability to set up a system through associated with electronic transactions / documents / business events processing.
1404	Customer and Technical	Functional	Approval / Denial	Customer shall provide the ability to define a unique approval process for each type of document/business event.
1405	Customer and Technical	Functional	Approval / Denial	Customer shall provide the ability to specify multiple approvers for a document/business event where only one of the approvers listed must approve the document in order to consider the document approved.
1406	Customer and Technical	Functional	Approval / Denial	Customer shall provide or audit that all data, changes, and status to workflow rules.
1407	Customer and Technical	Functional	Approval / Denial	Customer shall ensure that any transaction, document or business event entered into the system is immediately available to its originator / processor / consumer.
1408	Customer and Technical	Functional	Approval / Denial	Customer shall provide the ability to review, control, process transactions, documents and business events.
1409	Customer and Technical	Functional	Approval / Denial	Customer shall provide a minimum of 10 levels of approval that may be established for each type of document/business event.
1410	Customer and Technical	Functional	Approval / Denial	Customer shall allow all documents used to view the approval status of a document/business event.
1411	Customer and Technical	Functional	Approval / Denial	Customer shall ensure that an employee is removed from and added to the workflow process based on staffing needs (e.g. temporary hire or agreement to agency, or transfer to another organization within the agency).
1412	Customer and Technical	Functional	Approval / Denial	If a user modifies or deletes a document/business event, the system shall allow approvals to be reprocessed in accordance with business rules.
1413	Customer and Technical	Functional	Approval / Denial	Customer shall provide the ability to reprocess documents/business events based upon user defined workflow rules.
1414	Customer and Technical	Functional	Approval / Denial	Customer shall include a workflow process, with notification options, for business events and documents.
1415	Customer and Technical	Functional	Approval / Denial	Customer shall provide the ability to create transactions/documents/business events for approval based upon user defined criteria such as date thresholds or action selection for individual workflow process.
1416	Customer and Technical	Functional	Approval / Denial	Customer shall ensure document management function shall be integrated with the State's electronic mail system or provide other means to alert "owners" of documents pending approval.
1417	Customer and Technical	Functional	Approval / Denial	Customer shall provide ability to track the progress of documents / business events.
1418	Customer and Technical	Functional	Approval / Denial	Customer shall provide ability to track the progress of documents / business events.



Content & Structure of a High-Performing SOW Itemized Requirements

• Mandatory Requirements (minimum, pass/fail):

- vendors **MUST** meet these or be disqualified.
- itemized, organized, and categorized

• Desired Requirements (value proposition):

- vendors **NOT** disqualified for missing any individual item.
- But the Client's goal is to achieve as many as possible.
- itemized, organized, and categorized



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Content & Structure of a High-Performing SOW

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- 5 Unique Considerations

Time & Financial
Constraints



Content & Structure of a High-Performing SOW Schedule & Budget

- **Schedule:** clear & transparent identification of timing needs and constraints
- **Budget:** clear & transparent identification of financial needs and constraints



Learn More!



There is an entire
class on *Budgets*...
...but in summary...



Research Does Not Prove That Providing Budgets Will Result In Higher Costs

In Summary...

- Analyzed 248 RFPs that shared their Budgets
- Shared Budget = \$222 Million
- Average Proposals = \$143 Million (36% below budget)



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Content & Structure of a High-Performing SOW Schedule & Budget

- The Budget is crucial (one of the most important SOW elements)
- Clarifies your technical Statement (what you can afford)
- Clearly define any financial constraints or expectations that you have (not ranges or “fuzzy” information → don’t cause confusion!)
- Be direct, such as:
 - The construction budget for this Project is \$150,000
 - The estimated spend for this Project is \$2 Million
 - The project budget is \$3,000,000 over 5 years, of which \$500,000 is allocated for implementation and \$500,000 for annual subscription/support.
- (same for Schedule expectations, constraints, critical dates, phasing, etc.)



Content & Structure of a High-Performing SOW

Statement of Work

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Supplemental
Information



Content & Structure of a High-Performing SOW Unique Considerations

- **Unique:** what may be unusual in your environment?
(vs. the vendor’s other clients)
- **Unknowns & Assumptions:** list any conditions that are unknown or assumed
- **Attachments & Exhibits:** pertinent supplemental information



Content & Structure of a High-Performing SOW Unique Considerations

- Building will house a cyclotron (radioactive material)



- Building is on an island 6 hours from mainland

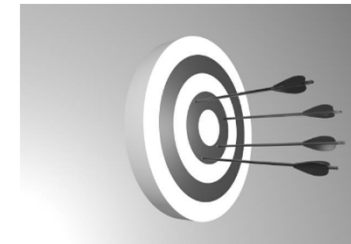


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Keep in Mind...



***Goal Is Not
Perfection!***



***Do Our Best
Within Resource
Constraints***



***...But We
Can't Totally
Miss The
Target!!!***

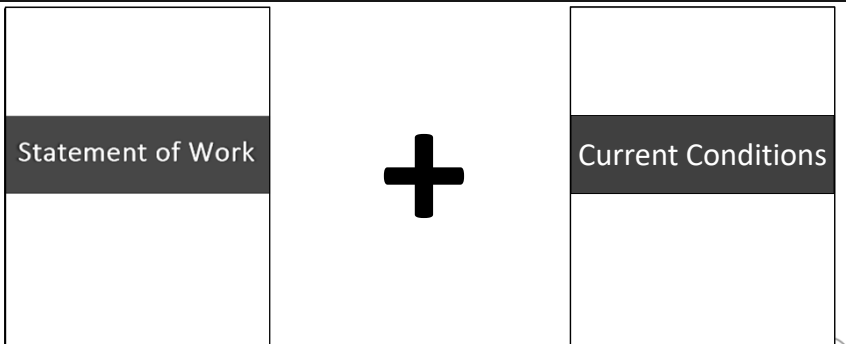
The Importance of
Current Conditions



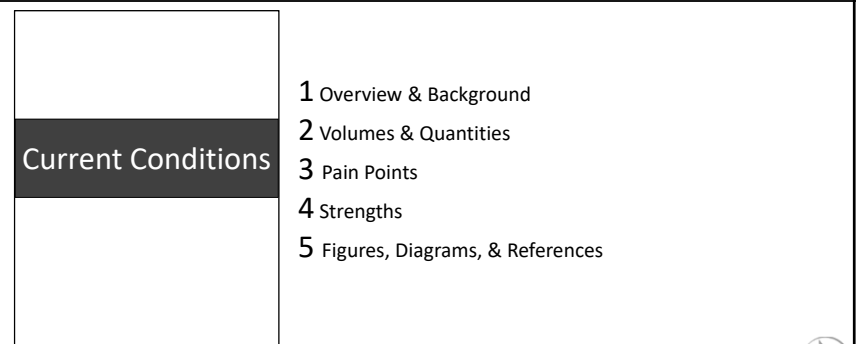
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Content & Structure of a High-Performing SOW



Content & Structure of a High-Performing SOW



Current Conditions



- Easiest to document
- Often skipped, ignored, missed
- Most common request from vendors!!!



Painting-The-Picture (Statement of Work)

We spend a lot of time focusing on the SOW...

- What success looks like
- What will make you happy at the end of the contract
- What you want to look like
- What you want to achieve



Painting-The-Picture (Current Conditions)

...But we forget to describe what we look like right now



Do Your Current Conditions Really Matter?



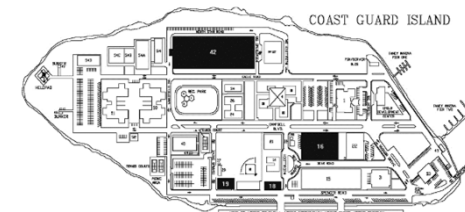
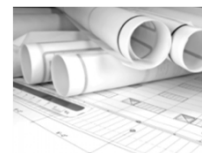
Importance of Current Conditions

- Allows the vendors to understand the impact of the change
- Allows the vendor to confirm if SOW is achievable
- Allows the vendor to identify & address challenges
- Allows the vendor to verify the accuracy of your SOW

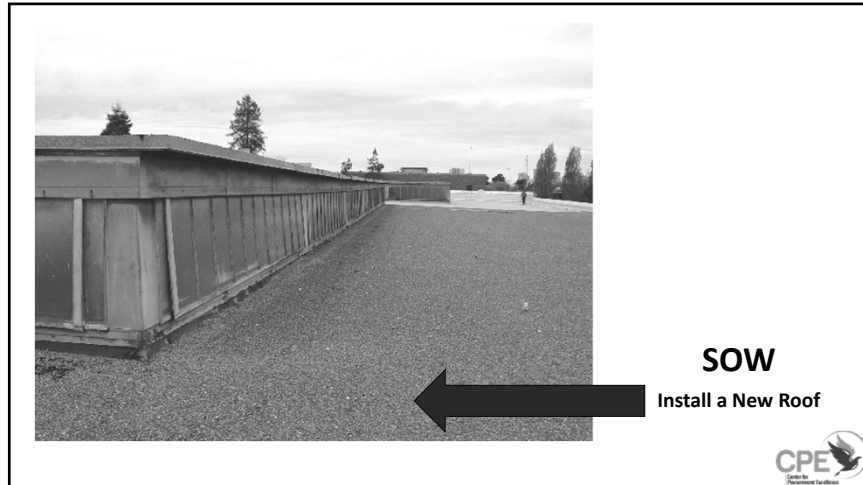


Current Conditions in Re-Roofing

- **Statement of Work:** Remove and replace existing roofing system and replace with a new built-up roofing system as shown in the drawings and specifications.



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As a Vendor...

*Is There Anything You Would Like To Know??
(About The Current Conditions)*



Why are you really doing this project?

Current Conditions

- What activities occur in the building / building use?
- What issues or concerns do you currently have?

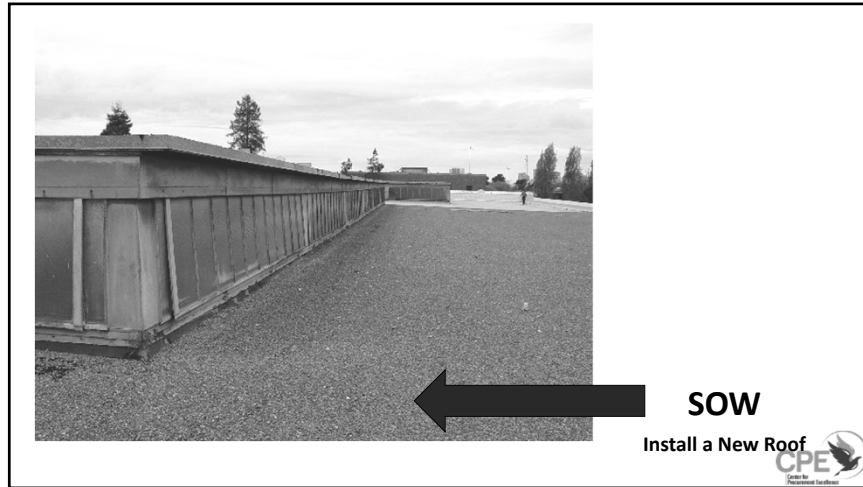


Current Conditions

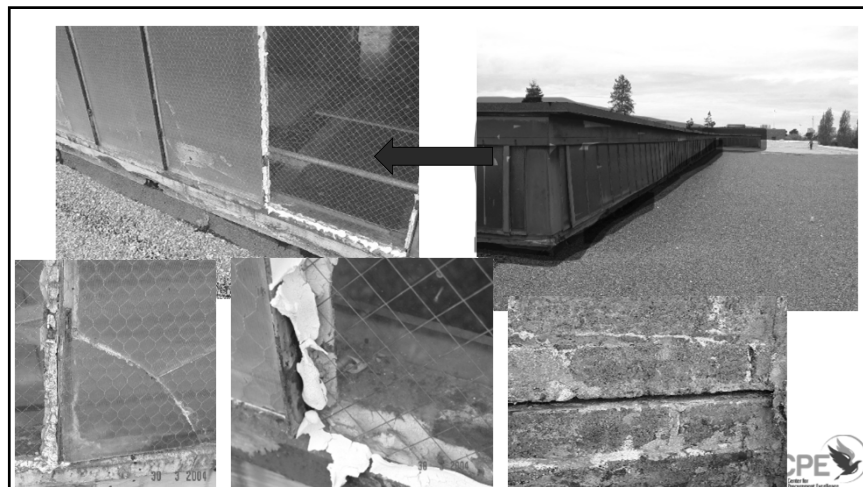
- Building use = employee rec center (gym and basketball courts)
- Issue 1: we have leaks every time it rains
- Issue 2: we are worried about our wood basketball courts
- Issue 3: we don't want to have people monitor the gym during storms



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***“The building leaks
aren’t just coming
from the roof...”***



**Current Conditions
Can Allow An Expert vendor To
Address Your Needs**



The Importance of Leadership



Who is Responsible for Writing the SOW?

**Procurement
/ Buyer**



**Must work with
internal client/user**

Client / User



SOWs (and RFPs) Require Leadership Skills!

**Procurement
/ Buyer**



**Must be a
Facilitator (Leader!!!)**

Client / User



Be Aware of Your Internal Clients / Users

Common Questions from Internal Clients / Users

- Where do we start?
- What should we include?
- What should we exclude?
- How much detail?
- What if we don't know what we want?
- What if we don't know what we don't know?



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Facilitation Procedures – CC's + SOW

1. Buyer should educate/train the Internal Client on importance of Current Conditions and SOW
2. Buyer should prepare a template of questions that may apply to the Internal Client's project or service
3. Buyer should walk the Internal Client through the questions, template, assessment and respond to any questions.
4. Buyer should support & "coach" the Internal Client (but they do the details) as they draft the content.
 - Don't wait! Check in regularly.



Most clients assume that you (and the vendors)...



... can read their minds!!!



SOW Assessment



SOW Assessment

Statement of Work Assessment

Client: _____
Project: _____
Date: _____

WARNING: A high-performing SOW must contain specific information needed to produce an accurate proposal response. This checklist provides a list of common elements to consider when developing an effective SOW.

Assessment Criteria	Excellent	Good	Fair	Poor	Very Poor
GENERAL INFORMATION					
Clearly identifies the project, its purpose, and its objectives	5	4	3	2	1
Identifies the project manager, sponsor, and steering committee	5	4	3	2	1
Identifies the project's location, start and end dates	5	4	3	2	1
Identifies the project's budget, funding source, and other financial information	5	4	3	2	1
SCOPE					
Clearly defines the project's scope, including all deliverables and milestones	5	4	3	2	1
Identifies the project's key deliverables and milestones	5	4	3	2	1
Identifies the project's key risks and mitigation strategies	5	4	3	2	1
Identifies the project's key stakeholders and their roles	5	4	3	2	1
ORGANIZATION					
Identifies the project's organizational structure and reporting lines	5	4	3	2	1
Identifies the project's key roles and responsibilities	5	4	3	2	1
Identifies the project's key resources and their availability	5	4	3	2	1
CONTRACT					
Identifies the project's contract type and terms	5	4	3	2	1
Identifies the project's key contract clauses and conditions	5	4	3	2	1
Identifies the project's key contract risks and mitigation strategies	5	4	3	2	1
Identifies the project's key contract stakeholders and their roles	5	4	3	2	1
CONCLUSION					
Clearly identifies the project's overall status and recommendations	5	4	3	2	1
Identifies the project's key conclusions and recommendations	5	4	3	2	1
Identifies the project's key next steps and action items	5	4	3	2	1

Available in your
Handouts &
Templates Section



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Advanced SOW Strategies



- Market Research
- Facilitating Challenging SOWs
 - IT Software / Hardware
 - FM Operations, Maintenance, other Services
 - Business Services
 - Professional Services & Consulting
- Request for Needs (RFN) Process

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Summary



Balancing Act:

Too Open-Ended
vs.
Overly Prescriptive



Public Sector Agency

- Full Technical Specification: “Pls dig a hol”



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Construction Example: Site Excavation & Remediation



"Silt and sand soil, mixed with debris from the demolition of the hospital, and often underlain by a concrete slab or footings ranging from 1.8 to 3m thick."

Contaminants: petroleum hydrocarbons, metals (arsenic, lead & iron), PAHs, & asbestos-containing materials, etc.

➤ No benchmark to propose to...
(Contractors caught between a "no bid"
or adding contingency for unknowns)

"Primarily dark brown/grey silty sand with gravel."



Set a Benchmark to Propose to!!!!

- **Client's SOW must:**

- Make it easy for Vendors to **find & understand** the benchmark.

- **Example: Reviewing 4 Cost Proposals for an ERP System**

- Quoted licenses ranged from 0 – 2,200.

- 0 (TBD later after they are awarded the contract)
- 1,260 to 1,450
- 1,300
- 2,200

How can you compare the Cost Proposals?



Set a Benchmark to Propose to!!!!

- **Ensure proposals are apples-to-apples (as much as possible)**

EXAMPLE

Question: What is the existing water pressure?

Answer:

For the purposes of the proposal, Proposers should assume that the existing water pressure is adequate. The waterline (described in RFI #4) is the main line for the CLIENT's main building and currently cover all fire suppression and other needs.



Set a Benchmark to Propose to!!!!

- **Ensure proposals are apples-to-apples (as much as possible)**

- **This is the answer to...**

"How do I know if I am too Open-Ended?"

- *If you've established a solid benchmark to bid to...*
- *... you have probably provided "enough" SOW info to avoid being open-ended.*



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Impact of Open-Ended or Unclear SOW

- Open to interpretation
- Encourages the minimum
- Less consistency in pricing (*wider range in cost proposals*)
- Less competitive pricing (*increased contingency*)
- Discourages vendors from submitting
- Brings Risk to the Project!



Waste Hauling SOW



5,000+ tons of waste collection across urban area

- “An adequate fleet of collection vehicles should be used and maintained by the Vendor...”
- “It is the [Owner’s] expectation that collection vehicles designated for service should at a minimum be less than two years old at the start of the contract”



Waste Hauling SOW



5,000+ tons of waste collection across urban area

- “In order to support accurate measurements towards the [Client’s] sustainability goals, all vehicles must be solely dedicated to [the Client] and cannot be used for other sites.”



Waste Hauling SOW



5,000+ tons of waste collection across urban area

- Average Proposal Price: +46% over the Budget
- Maximum Proposal Price: +106% Over the Budget
- SOW was put together with great intentions
 - Seeking high quality services & impressive sustainability goals.
- Over-emphasis on the inputs (restricting vendor means & methods) can detract from the outcomes (results)!



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Elevator Maintenance (campus-wide)



- The Proponent shall assign a dedicated maintenance technician to this contract.
 - This individual must be solely assigned to this contract and will perform all preventative maintenance & major repairs within the building zone.
- Over-emphasis on the inputs (vendor resources) can detract from the outcomes (results)!



Major Overhaul for a Power Plant (Minimum Qualifications)

- Minimum 10 years experience
 - At least 10 projects in Design-Build (DB) contracts.
 - Experience in working on behalf of both owners and DB contractors.
 - Minimum of 5 DB projects in [specific State]
 - Must have completed 1 DB project working on behalf of a public owner.
 - Have completed 1 DB project that was not new construction, but was a refurbishment, remodel, or addition in a secure operating facility.
 - And more...
- Over-emphasis on pre-qualifications can restrict the pool (or worse...)

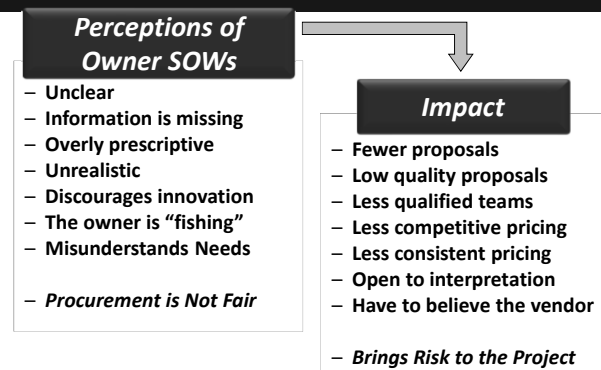


Impact of Overly Prescriptive SOW

- Can significantly increase cost & schedule
 - Removes flexibility to offer strategies & innovations for the specific environment
 - “tie the hands” of vendors regarding the work and manner in which it is undertaken
 - Limits the maximum accountability & responsibility vendors have to perform
- Brings Risk to the Project!

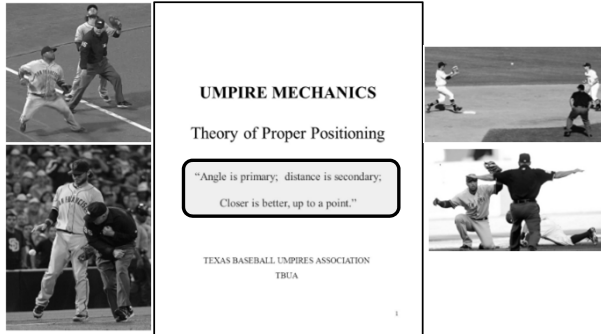


Impact of a Poor SOW



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A “High-Performing” Statement of Work
requires the appropriate perspective...



What is a High Performing SOW?

Core Objective: What would a High-Performing Vendor need (or want) to know?

ALWAYS question whether the SOW....

- Allows vendors to provide the best price?
- Gives vendors information to plan their approach?
- Enables vendors to minimize contingency?
- Prevents vendors from walking away?



Foundations of a High-Performing SOW

- **Apples-to-Apples:** clear & reasonable proposal benchmark
- **Current Conditions:** align expectations on the starting point
- **Realistic:** understand the norms of industry structure
- **Clear, Concise, Complete:** comprehensively describe needs
- **Not Perfect:** High-Performing does not mean Flawless



Goal:
Become a
“Client of Choice”



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What is a Client of Choice?

- Vendors want to propose on your project...
 - With their best people
 - In a thoughtful manner
 - With their most competitive pricing
- Internal Clients see RFPs as a Value-Creator...
 - Bring innovation
 - Identify the best approach
 - Bring solutions to minimize risk in execution

Because you are fast, efficient, organized, and professional!



Look Ahead



Course Structure for “Better RFPs, Better Projects”

- Session 1: RFPs as Part of Procurement Excellence
- Session 2: High-Performing SOW (and Current Conditions)
- Session 3: Proposal Submission Protocols & Evaluation Best Practices
- Session 4: Procurement Ethics, Conflicts of Interest, and Vendor Debriefings... Oh My!



Thank You!

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