



# Evaluating RFP Responses, Part 1 (Overview)

## Recommended Practices for Maximizing Value<sup>1</sup>

RFP evaluation instruments are designed to measure how well the proposed solution addresses the agency need. Selection should be based on the need for high-quality services, for economy and efficiency, to give all eligible consultants an opportunity to compete in providing the services, to encourage the development and use of local resources, and for transparency in the selection process.

The RFP evaluation and resulting selection can be framed as any of the following:

- Quality Cost Based selection takes into account the quality of the proposal and the cost of the services. It is the most commonly used method. It is appropriate when the scope of work of the assignment can be precisely defined.
- Quality alone based selection is based on evaluating only the quality of the technical proposals and the subsequent negotiation of the financial terms and the contract with the highest ranked consultant. It is applied to complex or highly specialized assignments for which it is difficult to define a precise statement of work.
- Quality and fixed budget based selection is appropriate only when the assignment is simple and can be precisely defined and when the budget is fixed.
- Least cost and acceptable quality is generally appropriate for selecting consultants for assignments of a standard or routine nature (audits, engineering design of non-complex works, and so forth) where well-established practices and standards exist.

## EVALUATION PROCESS OVERVIEW

The evaluation process consists of the following steps:

1. Forming the Evaluation Team
2. Responsive Determination
3. Responsible Determination
4. Technical Evaluation
5. Cost Evaluation
6. Composite Score Computation and Selection
7. Rejection of All Proposals
8. Negotiation
9. Award Notification

## 1. FORMING THE EVALUATION TEAM

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<sup>1</sup> Note: This document is provided as a summary of leading practices for educational purposes only and should not be used in place of agency or central procurement guidance.



The evaluation team is a group of individuals selected to perform the technical evaluation of submitted proposals. A team of 3-8 individuals is usually a desirable number of core team members depending on the size and complexity of the RFP. The evaluation team is responsible for reading and scoring the written proposals, reviewing functional requirement responses, reviewing cost responses, evaluating vendor finalists' demonstrations, and participating in the final vendor selection.

Each member of the evaluation team should be familiar with the statement of work, terms and conditions, and the evaluation criteria. The evaluation of proposals must be based on the professional judgment of competent and impartial evaluators. Although all the members of the evaluation team need not be experts in all specific fields covered by the project, individuals who do not have any knowledge of the areas related to the project should not be appointed. It is preferable that the members of the Evaluation Committee have experience in the evaluation of proposals.

The evaluation team should meet before the deadline for submission of proposals to confirm that there is a common understanding of the evaluation process and method for the technical proposals, including evaluation criteria, and definition of the rating system and the grade by establishing what will be considered 'Poor', 'Below Average', 'Average', 'Good' and 'Excellent'. It is important for the meeting to be held prior to the deadline for submission of proposals for ensuring that the rating system is not biased. The overall goal is to have evaluators with consistent understanding of criteria and how it will be measured. Instructions to the evaluators should include a detailed discussion of the criteria to be evaluated, what information the evaluators should look for in each proposal, definitions of general terms such as "good" and "relevant", and how references will be used to score proposals.

Individual evaluator sheets should be prepared that outline the criteria and potential scores as set forth in the criteria matrix/score key. Evaluators should record scores on these score sheets along with any notes on how these scores were determined and identify each vendor being evaluated on each score sheet. If there are any non-negotiable key requirements, those should be highlighted.

It is also helpful to appoint members to a demonstration evaluation group comprising 20 to 30 stakeholders (including the core evaluation team) to evaluate vendor finalists' demonstrations and participate in the final vendor recommendation

All team and demonstration group members must sign a non-disclosure agreement and ensure that information relating to evaluation of proposals and recommendations concerning awards is not disclosed to the consultants who submitted the proposals or to other persons not officially involved with the process, until the publication of the award of contract. During the RFP process, the evaluation team maintains complete confidentiality. No member may communicate with anyone outside of Procurement or the RFP evaluation team with any preliminary information, results, bids, or internal workings. This will remain in effect until all bidders have been officially notified by Procurement.

Vendor contact MUST be strictly through Procurement during the RFP process. If a vendor contacts a member of the team, the vendor must be referred to Procurement. Team members must not partake in any individual meetings, telephone conversations, emails or any other direct contact with vendors (unless such contact is pre-approved by Procurement).

## 2. RESPONSIVE DETERMINATION



The Procurement representative or buyer will review the proposals to confirm that they conform to the requirements outlined in the RFP, or are responsive. Non-responsive proposals (those that do not conform to the RFP requirements) are eliminated from consideration. Potential pass/fail requirements include qualifications, experience, a mandatory attendance at the bidders' conference, and a minimum technical score.

### 3. QUALIFIED DETERMINATION

In determining whether an offer is qualified, the evaluation team may evaluate various factors such as financial resources; experience; organization; technical qualifications; available resources; record of performance; integrity; judgment; ability to perform successfully under the terms and conditions of the contract; etc. The team should be confident that the vendor has the know-how and industry expertise to complete the project. Proposals from vendors found to not be responsible will be eliminated from consideration.

As a part of the determination of qualified offers, a member of the team should check the vendor's references. Typically, vendors are asked in the RFP to provide a list of 3–5 references of size, complexity, and purpose similar to the project outlined in the RFP. To provide both quantitative and qualitative data from the reference checks, each of the implementation areas could be given a score (e.g. 5 – Excellent 4 – Very Good 3 – Average 2 – Fair 1 – Poor). The quantitative data can then be entered into a spreadsheet and the results displayed in multiple formats.

**Reference Checks:** One effective strategy for reference checks is to send a short questionnaire to be completed by the contact person at each reference site. That person would answer the questions and email them back to the team at the agency, who would then schedule a follow-up teleconference. For the questionnaire, two or three questions should be developed for a number of implementation areas. These areas could include background (scope of work, modules purchased, length of use), the quality of planning (agency and vendor processes), stakeholder communications (process, vendor participation, effectiveness), execution of the overall plan (issue resolution, agency advice), the quality and effectiveness of the training plan (type of training, extent of training, agency recommendations), adherence to project benchmarks and timeline (including lessons learned), adherence to budget (any cost overruns, required agency personnel, total cost of ownership), customer support (vendor responsiveness, type of support, hours of operation), system performance (performance issues, software deficiencies, concerns), and overall satisfaction (agency level, school level, individual level).

### 4. TECHNICAL EVALUATION

Once the RFP is graded for responsiveness and the vendor evaluated for responsibility, the RFP team evaluates the proposals using the criteria listed in the solicitation. This is called a technical evaluation.

#### ***What is a technical evaluation?***

During the technical evaluation, the team seeks to determine how the vendor's proposal shows that the vendor can meet agency or state technical requirements or technical and performance specifications as listed in the RFP.

The criteria for the evaluation of technical proposals normally includes:

- Experience of the consultants (consultant's general experience and record in the field covered by the RFP)
- Adequacy of methodology and work plan (adequacy of the proposed approach, methodology and work plan)



- Qualifications and competence of staff (experience and resume of the staff members to be assigned to the work)

As a component of the technical evaluation, the team conducts an evaluation of the functional requirements of the RFP. Normally, there are hundreds of these requirements subdivided into the major areas that the proposed solution is to address. Because there are too many of these discrete requirements to evaluate individually, this portion of the proposal becomes more of a self-evaluation by the vendor of their products' ability to meet each requirement. To foster accurate reporting by the vendors, two things should be made clear: each requirement response will become part of the contract of the successful vendor and the vendor must stipulate the extent to which it meets the requirement.

A proposal can be rejected at the stage of evaluation of the technical proposals, if the technical proposal fails to achieve a previously-determined minimum technical score (a benchmark that proposals must meet to continue with the evaluation) or is considered non-responsive to the invitation requirements. When no proposal meets the minimum technical score, the procurement is fatally flawed. Any bidder disqualified for not meeting a Minimum Technical Score is not included in the cost evaluation or any further step of the evaluation process.

### ***What is the evaluation team's role in the technical evaluation?***

Each team member should have a RFP evaluation score sheet for each proposal being evaluated. The technical evaluation scoring sheet should include criteria that closely represents the objectives, scopes and services as set forth in the RFP. Additionally, values consistent with the relative weight for the technical proposal as indicated in the RFP must be assigned to each criteria.

Further, each team member evaluates each proposal individually, making brief notes on the score sheet to justifying the ratings given. After evaluating and rating all of the proposals, the committee should decide if the proposals received provided enough information to make an award or if more information needs to be gathered.

If the team decides to meet with vendors, it must work with the Procurement representative to setup the meetings. If more than two stages are included in the RFP, passing the required criteria for each stage allows the proposal to continue to the next stage culminating in a cost evaluation. The technical evaluations for each proposal are combined to form a technical score for each proposal. If the committee decides to request best and final offers, the buyer will prepare a request for best and final offers.

After each team member has scored the responses, the evaluation team meets to review all the evaluation results. In case the scores given by each member for each proposal are different, the team should examine the differences and some members may revise their scores, if necessary. The team then calculates the average of the scores allocated by all members under each of the criteria and establish the ranking of the technical proposals. The above process should be meticulously recorded.

## **5. COST EVALUATION**

After the technical evaluations have been completed, the team performs a cost evaluation of each proposal and assign a cost score to each proposal. The lowest-cost evaluated financial proposal should receive the highest score and the score for each other financial proposal is inversely proportional to its evaluated total price.



This is one of the hardest areas to structure in order to compare “apples to apples”. Each vendor may have a different approach, pricing scheme or volume discount incentives. Models for solutions deployment continue to evolve to include hosted solutions and software-as-a-service beyond the traditional, agency-hosted solutions. When designing the RFP, the cost forms can be designed in a modular fashion by asking the vendor to provide discrete pricing for each module of the proposal. This allows unbundling of the proposed solution.

A single calculated cost for each vendor will be required to compare that vendor to the others. When appropriate, the agency may wish to compare 5- or 10-year cost of ownership for this purpose. Once that cost is determined for each vendor, the same algorithm that is used to give prorated cost points should be followed and the figures recorded for consideration. The weight for the “cost” is normally 20% of the total score. Ohio also requires bidders to present and evaluators to score an MBE participation rate (usually around 15% of the RFP costs) which are ranked during the cost evaluation.

Other concepts to consider in evaluating the cost proposal component of the RFP responses:

- Are all phases that would impact cost included? (e.g. design, development, implementation and acceptance.)
- Are the projected number of hours known or not?
- Are there multiple components to the total cost?
- Will there be parts, materials, equipment or maintenance?
- Are cost formats in keeping with the industry?
- Are you deploying core set of modules but may do additional ones?
- Does the proposal include pricing tiers if number of users/sites may grow over time?
- Are there other hardware considerations that might impact costs?
- What is the likelihood of adoption and acceptance by the users?

## 6. COMPOSITE SCORE COMPUTATION AND SELECTION

The Procurement representative and evaluation team combines the technical score and the cost score to create a composite score for each proposal. The Procurement representative uses the results of the evaluation team to create a list of all the proposals and scores in order from highest to lowest. The list and the cost proposals are distributed to the committee for confirmation. Once the cost proposals have been distributed to the committee, no changes should be made to the technical evaluation. Before finalizing the selection, the team should examine the total scores and the “killer criteria”. In practice evaluation scores often are close together and, in this case, the price and general vendor impression can be the determining factor. Also, after reviewing cost, the committee may decide, if they have not previously done so, to request Best and Final offers.

If the highest scoring offer is not the low cost offer, a written cost-benefit-analysis may be prudent to complete. The evaluation team may perform this analysis which can include:

- An explanation in general terms of the advantage to the institution.
- The estimated added financial value to the institution, or a description of the advantages to the institution using nonfinancial terms, if more appropriate.

Finally, the Evaluation Team prepares the final evaluation report and determines the recommendation for award. This becomes the award letter. However, the final award is not signed until negotiations have been completed.



## *Value Management Framework*



## **7. REJECTION OF ALL PROPOSALS**

The agency is justified in rejecting all proposals if all proposals are nonresponsive because they fail to respond to important aspects of the SOW or present major deficiencies in complying with the RFP; all proposals fail to achieve the minimum technical score specified in the RFP; or the offered price of the successful proposal is substantially higher than the available budget or a recently updated cost estimate. In the latter case, as an alternative to re-invitation, the feasibility of increasing the budget should be considered. If cost is a factor in the evaluation for a time-based contract, the number of person-months proposed by the consultant may be negotiated, provided that it does not compromise quality or adversely affect the assignment. Before re-inviting proposals, the new process may include revising the RFP, including the SOW, the shortlist, and the budget.

## **8. NEGOTIATION**

State Procurement or the agency buyer invites the highest-ranked vendor to enter into negotiations on the conditions of a contract between them. During negotiations, the agency may not change the substance of the contract but should be sure that the final RFP/contract reflects its desired outcomes and standard project processes. Clarity, unambiguity, and organization are of vital importance for the later management of the contract.

## **9. AWARD NOTIFICATION**

Award is made, usually through State Procurement, to the vendor whose proposal received the highest composite score and, if applicable, passed the cost-benefit analysis.