

REQUEST FOR PROPOSAL DEVELOPMENT



LEADERSHIP ACADEMY
CLASS 4- TEAM E

INTRODUCTION

There is possibly no topic met by more groans and disinterest than that of Request for Proposal (RFP) development in state government. Those that have not been through an RFP project haven't experienced it firsthand, but are aware of the reputation of RFPs as slow, inefficient, and painful.

While RFPs may have a negative reputation and may not spark much interest, they are a vital vehicle for the procurement of goods and services for state agencies. Recent challenges associated with COVID-19 have accelerated procurement projects and reduced a months-long process to a couple weeks.

Simplifying and streamlining the process is possible. Our team took on this topic with the vision of creating a positive change for the State of Missouri.

BACKGROUND

Procurement authority is given to the Commissioner of Administration by statute and the OA Division of Purchasing carries out this responsibility. Procurement authority is delegated by the Commissioner of Administration to Departments through a formal agreement. As a result, the procurement process typically involves procedures performed at both state agencies and the Division of Purchasing, especially on large purchases. The table below describes the standard procurement authority. IT projects and special circumstance projects may have a different procurement authority.

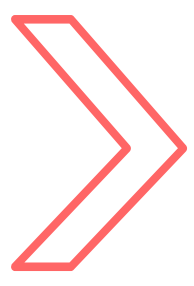
STANDARD PROCUREMENT AUTHORITY

\$0 to 10,000	\$10,000 to 49,999	\$50,000+
<ul style="list-style-type: none">• Authority: Department• Bidding not required• Bids may be informal or formal	<ul style="list-style-type: none">• Authority: Department• Bidding is required• Bids may be informal or formal	<ul style="list-style-type: none">• Authority: OA Purchasing• Bidding is required• Formal bids for \$100,000+

A Request for Proposal is a specific type of procurement document used when the exact specification or solution to a business problem is unknown. The OA Procurement Manual states an RFP is to be used for complex requirements that preclude the use of specifications or requirements. Subjective evaluation criteria may be used and negotiations may be conducted.

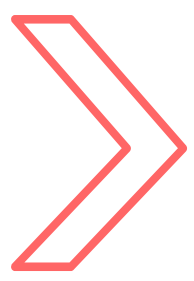
THE PROBLEM

After initial brainstorming and hypothesizing, the team narrowed down the problem to one question:



How can the State of Missouri improve the quality of business owner's initial RFP specifications to OA Purchasing to streamline the RFP process within the next 12 months?

Evidence gained through a survey of business owners, agency procurement officers, and OA Purchasing staff led the team to refine the problem into a simple statement:



The State of Missouri must improve the quality of business owner's initial RFP specifications to OA Purchasing through the use of targeted training and coaching resources within the next 12 months to streamline the RFP process.

THE SCOPE

Recommendations to improve the quality of business owner's initial RFP specifications for submission to OA Purchasing will focus on projects to procure goods and services requiring competitive bidding. The entire process from RFP specification development to the start of public issue of the specifications is in scope for this project. All state agencies and departments are included in this effort to analyze and understand the existing processes.

This project will not include an analysis of commodity procurement projects. The steps of the procurement processes beyond the publishing of specifications are also out of scope. These steps include the evaluation of bids, negotiation and contract award, and the administration of a final contract. Any change in legislation beyond the project time period and any purchasing entities outside of state agencies are not in scope for this project.

THE ISSUES

Why is the process inefficient?

As the team began to explore the topic of inefficient RFPs, we developed a few hypotheses on the origin of these inefficiencies.

Possible issues occurring within OA Purchasing:

- Aversion to risk leads to slow and meticulous processes.
- OA may not coach business owners to correct mistakes and may accept poorly defined and low quality specifications from business owners.
- OA may not follow best practices set by national professional organizations.

Possible issues occurring at state agencies:

- Business owners may not be properly defining the problem to be solved, leading to poor RFP development.
- Business owners may not know they should conduct research and communicate with vendors during the development of specifications. If they don't know what is available and possible, their specifications may not be attainable.
- Business owners may not be able to translate their business need into the RFP documents, leading to unclear deliverables and possible project failure.

Based on our research and after speaking with users involved in the procurement process, we have found individuals fear the RFP process because of a history of bad experiences. They feel it takes too long and it is a difficult process. When the process is completed, the deliverables are unclear and lead to insufficient results. This can be attributed to a lack of guidance in the process.

People do not know what is expected of them when they go to purchasing. OA provides limited coaching, however they handle over 2,000 contracts per year with only 21 buyers. With the experts spread thin across all state agencies, OA Purchasing staff cannot successfully address problems with RFP specifications before they are submitted.

Three Basic Components of a Successful Procurement Project: The right goods or services, the right time, and the right price

To procure the right goods or services, ask yourself “Are we solving the right problem?” If your business problem is not clearly defined, the initial RFP will be written to solve the wrong problem. The process experts at OA Purchasing do not have the business knowledge to know if a certain vendor can meet an agency’s needs, only if the specifications submitted by the agency are being met by a vendor bid. The quality and clarity of the business owner’s RFP specifications determine the quality of the procurement project.

RFP specifications should be broad enough to elicit input from multiple vendors that may be able to address the business need. Specific deliverables should be included in a contract after the RFP is awarded to a bidder. RFPs should not be considered contractually binding and should not be written as such.

Doing proper market research, ensuring business leaders are a part of the process, and ensuring executive leadership support the project are essential to the success of a procurement project. Business owners feel they are not supposed to do market research, they fear they are not allowed to speak with others. However, this is a necessary part of the process.

Agencies should also pursue more frequent use of the Request for Information (RFI) process. Releasing an RFI is a faster way to gauge the interest and capabilities of the market. Respondents can provide a scope for a possible project that could inform the development of RFP specifications and contract deliverables.

Timely procurement projects include reasonable timeframes for processing, bidding, and evaluation. The right time for the delivery of a vendor’s goods or services is determined by the business owner. It is the responsibility of the agency to deliver RFP specifications to OA Purchasing within a reasonable timeframe to ensure the project is successful.

The business owner must also develop a project budget and develop specifications to ensure that vendor bids can meet the scope of the project within a successful budget range.

After investigating issues within the RFP process and interviewing OA Procurement staff, we decided not to pursue the issues associated with timing and price. Anecdotal and survey evidence indicated that most issues that create bottlenecks and slow down RFP submissions are associated with projects that did not have a clearly defined business need.

What we Heard

A survey of state agencies and discussions with OA Purchasing staff identified a theme of several common problems with the RFP process. Common problems identified include a lack of commitment from management, lack of communication with vendors and between the agency and OA Purchasing, and the need for additional education. The following are statements taken from the survey and interviews on the themes of commitment, communication, and education:

"Although documents have been developed for the state agency...to help speed the process, much of the information is lacking in specificity."

"Agency training would be great. None was provided when I took this position and not coming from a background in procurement was very challenging."

"Step by step (for first time RFP developers) training instead of just utilizing a template to decipher what needs to be inputted into an RFP."

"We need to educate the agencies on what should be included in a bid packet that is sent to OA to start the bid process."

OA Purchasing is aware of inefficiencies and bottlenecks within the RFP process and has a desire to serve their "customers" with an improved process and additional training. However OA Purchasing has limited resources and would benefit from a more efficient RFP process. Staff turnover and an extensive training process has left the Division short-staffed. The Division's 21 procurement staff typically have 10-15 dedicated purchasing projects assigned simultaneously. RFP subject matter experts stretched thin across multiple projects are not able to coach the business owners or problem solve as they should. This leads to an overall lower quality of RFP specifications that are sent back to the agency for re-writes multiple times.

Best Practices, Best Results

Purchasing is a common process across local, state, and federal government organizations with numerous professional resources available. All governments face similar challenges in managing an efficient and effective purchasing process. Industry best practices need to be integrated into state of Missouri RFP procedures. The State of Missouri needs to better utilize resources from professional organizations. OA Purchasing can provide agencies with the same resources or membership in professional organizations.

Professional Organizations:

- National Association of State Procurement Officials (NASPO)
- National Association of State Chief Administrators (NASCA)
- National Institute of Government Procurement (NIGP)

Government Agencies:

- General Service Administration (GSA)
- Government Accountability Office (GAO)

Consulting Firms:

- Alix Partners
- McKinsey & Company
- Deloitte & Touche

These resources include, but are not limited to:

Literature:

- “State and Local Government Procurement: A Practical Guide”
 - Chapters contain list of best practices by specific topic.

Peer states as resources:

- NASPO has contacts for every state available to share best practices.

Webinars:

- YouTube videos on specific topics hosted by industry experts.

Training courses:

- Variety of courses available including “Introduction to RFP” on MoLearning.

THE RECOMMENDATIONS

Training

The team recommends a series of tailored trainings to cover each part of the RFP and procurement process, personalized to the user's role in the process and their learning style. Training materials can then be distributed to all agencies and be used to educate all parties on their role in the procurement process.

Training should be offered for all users in the procurement process, at each level of staffing. A business user should be provided training on how to write and develop an RFP for their area. Each agency procurement officer should be educated on when to use each procurement vehicle (RFP, RFQ, or RFI). A standardized training will level the playing field and create transparency at all levels. If the business owners, agency procurement officers, and OA Purchasing are all trained on the same material, catered to their positions, the business and purchasing teams can speak the same language to rapidly problem solve and improve to quality of RFP specifications.

Providing training in multiple formats will meet the needs for a diverse group of users with varied learning styles:

- **In-Person:** Prior to the COVID-19 pandemic, OA purchasing had started in person training to help develop state agencies' understanding of the procurement process. They stressed agency readiness and how important market research is to understand what is available, which in turn developed the project's scope. The team recommends that this training continue to be offered and possibly required for staff new to RFP projects. While in-person sessions may not be possible during the COVID-19 response, live presentations via WebEx will deliver the material and allow for valuable question and answer sessions with the subject matter experts.
- **MoLearning:** The State of Missouri's existing LinkedIn Learning license offers a two-hour course with a high level overview of the RFP process. This tool could be utilized to familiarize individuals with the process. The State of Missouri could develop their own online training through MoLearning and tailor it to state procurements.

THE RECOMMENDATIONS

- **Static online resources:** A checklist and sample project Gantt chart outlining the process steps and responsibilities of each user type would help to ensure steps of the process are not missed. These will establish the standards for each process step, including how long each step should take. For instance, scheduling a session for business owners to review the vendor bids should be put on the calendar as the RFP is made available to vendors to ensure all parties are available to keep the process moving. Following the suggested timeline on a Gantt chart will eliminate needless delays and establish expectations for each team member to meet their goals.
- **Integrate Best Practices:** Purchasing is a common process across local, state, and federal government organizations with numerous professional resources available. All governments face similar challenges in managing an efficient and effective purchasing process. Industry best practices need to be integrated into state of Missouri RFP procedures.

Coaching: you promote what you permit

Though training of agency staff will create a baseline understanding of the procurement process, coaching business owner's on common issues and mistakes in RFP specifications will lead to higher quality submissions in the future. If OA Purchasing does not point out mistakes and ask for corrections, the RFP will either go out for bid with flaws or OA Purchasing will have to guess at the agency's intentions and make the changes themselves. This leads to a slower process that may end with the wrong goods or services; a failed project.

Consistency in coaching is critical to the success of projects. If OA Purchasing allows mistakes the first time a business owner submits their specifications, they will not prioritize quality for any future submissions. Sending back submissions for corrections by the business owner will establish a standard that all future RFP specification documents must meet before they are published.

THE RECOMMENDATIONS

The team recommends that OA Purchasing establish a layer of coaching within each agency. We heard from OA Purchasing staff that business owners are engaging the statewide purchasing staff on petty questions that should be filtered through their agency's procurement staff first. Since agencies are the "customer", OA staff must take time away from other projects to answer these questions.

Each agency has dedicated procurement staff, but the quality and quantity of their training is inconsistent. Through tailored trainings based on Missouri standards, these procurement officers can become subject matter experts for their agency to serve as the first layer of review for business owner's specifications. This first layer will find issues and direct corrections before the specifications are sent to OA.

Other Recommendations

Our analysis of the RFP process identified several other areas for process improvements. Agencies do not always require market research and agencies rarely use Request for Information (RFI) to better understand the marketplace. Interviews of department leadership and survey of procurement staff identified that many people who are not regularly involved with RFPs lack any guidance or direction when beginning an RFP. Each agency needs an "expert" to help guide fellow employees through the RFP process and be available as a resource.

The following recommendations will help improve the quality of our RFPs and help streamline the process:

- Agencies should communicate with the market so they have an understanding of potential vendors and the types of solutions they are able to provide.
- Agencies should utilize Request for Information (RFIs) when there is a lack of understanding of the products and service offered by the marketplace.
- OA Division of Purchasing should develop simple checklists and flowcharts, based on the team's drafts, to help guide agencies through the procurement process.
- A procurement "expert" should be established at each agency as a go to resource for procurement questions.

THE IMPACT

Improvements will lead to reduction in FTE hours dedicated to RFP Process. Responses from our survey showed that 96% believe that RFP writing and development is very time consuming (56%) or somewhat time consuming (40%). 100% of responses believe that agency review of RFP is either very time consuming (28%) or somewhat time consuming (72%). Overall, based on survey ratings, it appears state employees are spending significant time on the RFP process.

Significant dollars are spent on contracted goods and services. In fiscal year 2019, OA Division of Purchasing handled 512 competitive bids and expenditures on vendor contracts totalled \$3.4 billion. A better process will lead to better business outcomes.

The State of Missouri has an amazing team of experts across all state agencies that are capable of great work. The same is true for RFP development. When staff at the agencies and at OA Purchasing are on the same page with the knowledge, the standards, and the contacts necessary to write a great RFP specification, the process will be efficient and effective.

THANK YOU

The team would like to thank the cabinet for the opportunity to research this topic and influence real change.



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