Thank you for coming this morning and learning about us.

Government agencies are one of the largest consumers of goods and services in the country. As you likely know, selling to government agencies is different than selling to your commercial customers. It can be a challenge to break through the red tape and make a sale as not all the steps you normally take to build a relationship with your other customers are allowed in the government process. We don’t make it easy, but after this discussion I hope you have a better understanding of why and how to be more successful.

Show of hands – Who has done business with private sector businesses? Federal govt.? state govt.? county/city? School?

Prepare you to do business with governmental entities
Introduce you to who is involved
Introduction to procurement terms
Familiarize you with general policies, rules, regulations, and statutes
Learn to navigate the governmental red tape
Discuss tips to be successful bidders and contractors
Public procurement seeks to provide:

- Equal Competitive Opportunities
- Fair and Open Competition
- Reliable Customer
- Good Payment Practices
- Transparent
- Ethical, Efficient, and Effective public procurement
- Guards against favoritism, improvidence (not providing for the future) and extravagance, fraud and corruption
- Strict laws protect the purchasing practice

Let's discuss the differences between public and private
Private Sector Purchasing

Cost Evaluation
Strategic Partnerships, long term relationships
Small group of Vendors
Select Business Partners via closed process
Can do just about anything that is not illegal
Accountable to Management
Public Sector Purchasing

Price Evaluation

Vendors are adversaries-Arms length relationship

Large group of Potential Bidders

Most of the process is in the public

Competition is the preferred method of purchase

Can only do what the rules/laws allowed

Accountable not only to management, but agency + taxpayers + press + etc.
Procurement Departments

Let's discuss the “Who” is involved

Procurement departments
Facilitate and protect procurement process
Doing more with less
Are not there to market your contract
Perform vendor training

Not every government entity is big enough to have a procurement department
Requisitioner/Specifier
Wants something that works
Doesn’t want a hassle
Prefers long working relationships with suppliers
If a product or service works well, wants to keep it
Departmental Managers

Don’t want the rules broken
Don’t want productivity of department affected
Procurement Staff – facilitators of the process
Has a multiple stakeholders in what they do - administration, elected officials, citizens, news media, vendor community
Disinterested third party – Don’t care who gets the award

Highly educated multi-disciplinary staff
Concerned with adding and documenting value to the government
Significant scrutiny over specifications
Focus on knowledge and information
Conducts market research
Documents vendor performance
Eliminates poor performing vendors
Concerned with transparency and value
May over-exhibit professionalism
Clerical Staff

Clerical Staff
Typically are clerks, push the paper
May issue the bid, send results to department for decision
Processes the PO after the decisions are made by the department
May be organized to look like one of the other types, but no decision authority
Elected and Appointed Officials

Don’t want scandals
May become overactive in the procurement process to assist a constituent
Prefer to keep the purchases local
Do not have significant knowledge of process and may be influenced by lobbying from those they trust
Responsive Bidder is a bidder whose bid meets or exceeds:
  • Administrative requirements
  • Technical specifications
  • Required terms and conditions
  • Required document signatures
  • Bonding and/or insurance requirements
  • Delivery time
  • License requirements
  • Product testing certifications to meet specifications
  • Samples
  • Reports
Vendor responsibility
• Financial and organizational capacity
• Legal authority to do business with the state
• Integrity of the owners/officers/principals/members and contract managers
• Past performance of the bidder on prior government contracts
**Successful Bidders Must:**
- Read entire bid/proposal
- Submit written clarification **prior to** bid opening.
- Review submittal for accuracy and completeness
- Submit a timely bid (bid may be deemed rejected if one minute late)
- Submit a signed bid package complete with all mandatory forms
- Price the bid competitively
- Be responsive and responsible (bid exceptions may disqualify bidder)
- Attend pre-bid and/or post award conferences, as required
Now let’s get into some of the procurement vocabulary...

Types of Purchasing

Centralized contracts – generally statewide contracts
Agency contracts - delegations granted to agencies to purchase with same procedures as Central Purchasing
Discretionary - purchases under a certain dollar threshold (authorized by law) without the need for formal competition (generally M/WBE, small business, recycled)

Sole source - item is unique and possesses specific characteristics that can be filled by only one source
Single source - products or services available from two or more sources of supply but agency chooses a single source based on the best interests of the state. (e.g. – equipment maintenance required from a certain vendor to maintain the warranty)

Sole and Single Source Contracts:
• Require Substantive Documentation
• Is product or service unique and easily established as one of a kind?
• Can program requirements be modified so that competitive products or services may be used?
• Is product available from only one source, not through wholesalers, jobbers or retailers?
• Must items be interchangeable or compatible with substantial existing inventory?
Piggyback contracts – One or more organizations bid their requirements and the bid includes language that allows the others to participate in the contract.

Cooperative contracts – Two or more governmental entities jointly combine requirements and solicit bids. Commonly used by federal, state, county, or local government entities.

Emergency contracts - used in an urgent and unexpected situation where health and public safety or the conservation of public resources is at risk.

Note: Other agencies may have authority to perform centralized procurement functions (e.g. construction or technology contracts).

Term Contracts - “source of supply” for the goods and/or services over a specified period of time.
  - Usually one or more years
  - Multi-year contracts with yearly extension options
  - Estimated purchases – no purchase guarantees
    - IDIQ - Indefinite delivery – indefinite quantity
    - Estimated - Indefinite quantity for a definite period based on prior history, surveys, vendor reports

Requirements Contracts – agency specific requirements
  - Definite quantity for a definite period (i.e. fuels)
Cooperative Agreement Benefits
Aggregate Volume
Reduces administrative expenses of one or more entities
Reduces advertisement (solicitation) & development acquisition time
Increased competition
Reduces product cost
Saves taxpayer dollars
Types of Solicitations

- Request for Quotation (RFQ)
- Request for Bid (RFB) or Invitation for Bid (IFB)
- Request for Proposal (RFP)
- Request for Information (RFI)

Request for Quotation (RFQ)
Request for Bid (RFB) or Invitation for Bid (IFB)
These are awarded based on cost
Request for Proposals (RFP): Used for procurements when factors in addition to cost are weighed. The contract is awarded to the responsive and responsible proposer offering the **best value**.
Request for Information (RFI) to survey the market
Key Words to pay attention to...

Must, shall, will – mandatory requirements
Should, could, may – recommended conditions good to have but not required
Methods of Awarding Term Contracts

• Single Award – awarded to one contractor
• Multiple Award – awarded to more than one contractors
• Award based on geographic locations within the state and/or by region
• By “Lot” based on a group of line items
Seek clarifications prior to bid opening - “Don't assume”
Avoid the need for protests by fully understanding requirements
Understand “must” versus “should” requirements
Use Freedom of Information to the extent permissible by law FOI or FOIA (limited availability prior to award)
RFB prices prior to award may be public information
If unsuccessful, request a debriefing where permissible
• A debriefing details the shortcomings of a bid submission
• Unsuccessful businesses should always request a debriefing
• During a debriefing, take notes and ask questions for future improvement opportunities
• Review winning competitor’s bid or proposal (where possible) and understand its strengths
For individual agencies with specific needs that may **not be applicable** to other state agencies.

- Golf Equip (Parks Department)
- Uniforms (Correction)
- Guard Rails (DOT)
- Advertising/Marketing (Lottery)
May include:
State authorities and public benefit corporations;
Local governments and municipalities;
Public and private elementary and secondary schools, universities and colleges;
Volunteer ambulance and fire companies;
Libraries; and
Other authorized users.
Other Contracting Methodologies

Strategic Sourcing
Reverse Auctions
Cross-organization Projects – across several organizations
E-procurement Strategies
Piggyback Contracts
GSA Contracts – ability to purchase from GSA (may require statutory authority)
Preference Programs – Find out if you qualify
Statutory Authority may include preference for:
  Correctional Facilities
  Blind, Disabled Workshops
  Targeted Small Business Program
  Certified or non-certified Minority or Women Owned Business Enterprises (M/WBE)
  Veteran Businesses
  Instate (local) Preference – (Be aware of reciprocal legislation)
You have a contract, now how to keep it.
Communicate with the contract managers and contract users.
Conduct regular contract reviews. Monthly, quarterly, yearly as appropriate.
Provide reports
Document issues and they were resolved
BE PROACTIVE AND INFORMED
Know your buyer and users – review state budget
Understand procurement laws and policies that govern the procurement
Market your firm’s qualifications and those of your subcontractors – especially small, minority or woman owned business
Market your contract – know what agencies can use it and find out who to contact at those agencies
Be active and participate in user groups and trade shows
COMMUNICATE with the agencies and their buyers
BE PREPARED — review expiring contracts and budgets
Don’t “assume,” clarify
Register with state — review state information and website
Know the Rules!

FAR – federal acquisition regulation
State administrative code and administrative rules
City ordinances
School board policies
Current Trends

Green Purchasing
   Green Building Standards and Remodeling
   Energy Saving Products
   Recycled/Recyclable Products
   Find a product or service the government wants that the large companies are not selling

Spend Analysis
Strategic Partnerships
How did your procurement budget change from 2012 to 2013?

- Increased > 10%
- Increased 6-10%
- Increased 1-5%
- No Change
- Decreased 1-5%
- Decreased 6-10%
- Decreased > 10%

5% 7% 19% 45% 15% 5% 4%

Governing magazine
Federal Vendor Registration
Sam.gov

State bid ops
Bidopportunities.iowa.gov – state agencies, Regents
County, city, school websites

Bid Aggregation Sites
Web site that searches government bid posting sites and aggregates all those to one location.
Reduces the time needed to search for bidding opportunities
Most are a paid subscription
Some are free for basic services
Free Bid Aggregation Site
Tips for working with agencies

- Do your homework.
- Who do you talk to?
- What is the law?
- Be respectful of their time.

Do your homework. Research. Most agencies have a purchasing website or department list with named contacts.
Go to websites and see who the appropriate PA is.
-some entities may have one PA or one person who has it as one of many duties.
Put these websites in your favorites. (commodity – PA)

Look at the law. Know when they have to bid.
Be respectful of their time. Persistence is fine, but be reasonable.

Meeting with CPOs. Treat as an executive. Have a purpose. Be prepared to be reassigned as sometimes the CPO isn’t the best person to speak with.
"Don't let the fear of losing be greater than the excitement of winning."

-Robert Kiyosaki

Other tips
Be wary of discussing requirements/design with public employees before a bid is posted. May disqualify you from bid.

Resist lobbying politicians.

Discuss with PA why you lost. You have the right to ask for documentation to prepare you for next time.

Ask questions. Q/A period. Bring up concerns if you have them.

Robert Kiyosaki - American investor, businessman, self-help author, motivational speaker, financial literacy activist, and financial commentator.
As a business what has been your experience in dealing with the government procurement process?