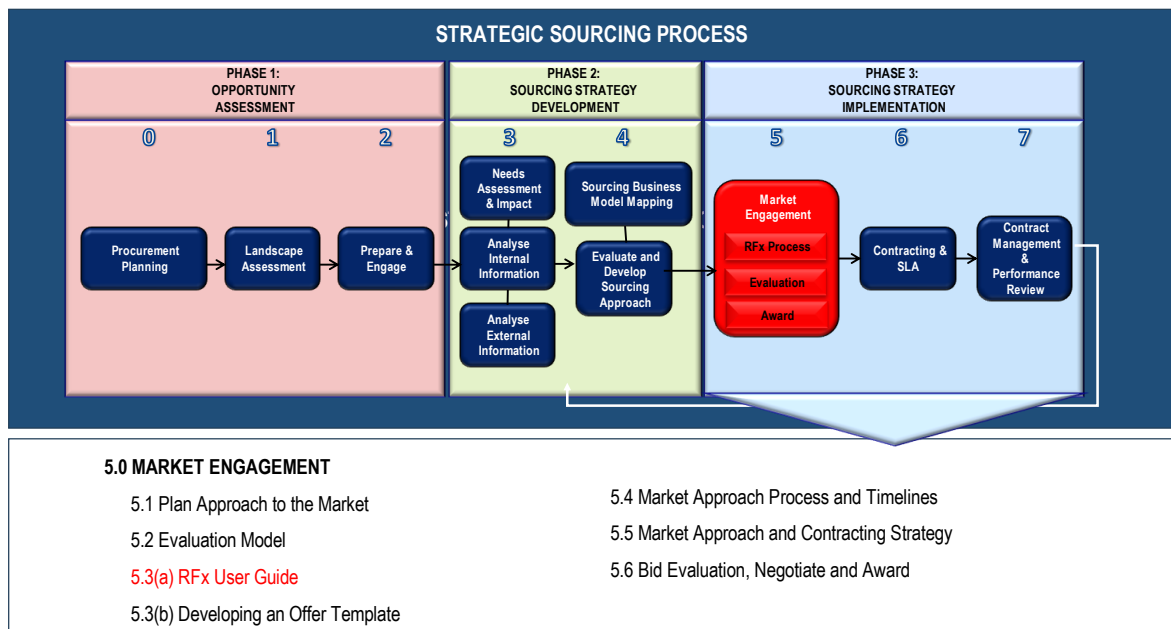**Using this guide**
This guide accompanies the National Treasury's Strategic Procurement Framework (SPF) for Strategic Sourcing in the Public Sector.  For more information, visit the National Treasury website at http://ocpo.treasury.gov.za/
The SPF can be found here:
http://ocpo.treasury.gov.za/Resource_Centre/Documents/1A.%20Strategic%20Procurement%20Framework.pdf

## RFx USER GUIDE



**STRATEGIC SOURCING PROCESS**

| PHASE 1: OPPORTUNITY ASSESSMENT | PHASE 2: SOURCING STRATEGY DEVELOPMENT | PHASE 3: SOURCING STRATEGY IMPLEMENTATION |

0 — Procurement Planning; 1 — Landscape Assessment; 2 — Prepare & Engage; 3 — Needs Assessment & Impact / Analyse Internal Information / Analyse External Information; 4 — Sourcing Business Model Mapping / Evaluate and Develop Sourcing Approach; 5 — Market Engagement (RFx Process, Evaluation, Award); 6 — Contracting & SLA; 7 — Contract Management & Performance Review

**5.0 MARKET ENGAGEMENT**

5.1 Plan Approach to the Market

5.2 Evaluation Model

5.3(a) RFx User Guide

5.3(b) Developing an Offer Template

5.4 Market Approach Process and Timelines

5.5 Market Approach and Contracting Strategy

5.6 Bid Evaluation, Negotiate and Award

## 1.0 Introduction

i.  The process of soliciting bids from suppliers is complex, particularly in government institutions that must adhere to the government procurement legislative requirements.

ii. For the customer (internal end-user), managing much of this complexity falls to the Supply Chain Management (SCM) unit within the Government Institution.

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iii. While there are a relatively small number of areas where the customer will need to focus his or her energies, these areas are critical for the success of the bid.

iv. This guide provides a broad outline of the bid process and highlights some key issues to focus on.

v. This document is not intended as a substitute for working closely with the SCM Unit, as their professional expertise and experience will go a long way toward achieving a successful outcome.

vi. The SCM Unit and other subject matter experts should be brought into the process as early as possible.

vii. The following good practice guides apply to the RFx user guide:

   a. Roles and responsibilities
   b. High-level RFx process overview

## 1.1 The objective

i. This stage is intended for those who have identified a need to solicit bids from suppliers but may be unclear on the different types of documents, the roles various participants play, and the broad steps in the process.

## 1.2 Output

i. Appropriate RFx document

## 2.0 Good practice guides

## 2.1 Roles and responsibilities

i. Generally, there are three types of stakeholders in an RFx Process: user/customer, SCM Unit, and Subject Matter Experts (SMEs).

### 2.1.1 Users

i.    Users represent the units within the procuring institution that have a need for a solution. The solution is expected to be addressed by a supplier that will be selected as a result of the RFx process.

ii.   Users focus on identifying:

a.   **Development of the scope and or the specific requirements:** What do I need a supplier to provide (including when, where and how many)? What are additional elements I would like the supplier to provide?

b.   **Development of the functional price and socio-economic objectives evaluation criteria:** How will I select the winning bid? What areas do I want the suppliers to provide responses to and what weight will be assigned to each response?

c.   **Establish the Bid Evaluation Committee (BEC):** Be sure that the BEC members have read the RFx and understand the need that the RFx addresses.

d.   **Establishment of budgetary requirements:** Do I have the funding in place?

e.   **Establish the project timeline:** This will be included in the RFx document. The RFx timeline will be established by the SCM Unit in consultation with the user/customer.

f.   **Management approval:** Do I have all the required management approval to move forward?

### 2.1.2 The SCM Unit

i.    The SCM Unit represents the relevant procuring institution and seeks to obtain, for the user, what they need, when they need it, at the best value possible, while protecting the interest of the procuring institution.

ii.   The SCM Unit is responsible for:

a.   **Managing** the RFx process in a fair and unbiased manner to the supplier community.

b.   **Finalising** the agreement with the supplier.

### 2.1.3 Subject Matter Experts (SMEs)

i.    **Subject Matter Experts (SMEs)** are individuals or groups of individuals that may be brought in by either the user or the SCM Unit, depending on the situation.

ii.   Some common SMEs engaged by the user for technology acquisitions include project managers and technologists.

iii.  For acquisitions of strategic importance to the procuring institution, the Accounting Officer (AO) may request a project management and/or strategic technology acquisition resource.

### 2.2 High-level RFx process overview

i.    Broadly, the RFx process has the following phases:

    a.  Decision to source

    b.  RFx development

    c.  RFx publication

    d.  RFx evaluation

    e.  RFx award, contract negotiation and execution

### 2.2.1 Decision to source

i.    The decision to source phase is where the user identifies a requirement that they are either unable to meet with their existing resources or which they believe could be addressed better (cheaper, quicker, higher quality, etc.) by engaging an outside supplier.

ii.   This is also the phase where many RFxs are set up for failure. This happens when the user does not adequately define the business requirements that must be met.

iii.  Without well-defined requirements, it is difficult to know what a successful outcome looks like and the chances of achieving success diminish.

iv.   Specifically, two key questions need to be addressed before advancing to the second phase:

v.    What am I attempting to achieve and is it in line with my strategic objective?

vi.   Do I know what my budget is and do I have enough approved funding?

vii.   Develop a project scope statement that outlines the expected results, measurable success criteria, and key constraints at this stage.

viii.  If you are having difficulty defining what success looks like or are not sure how to broadly estimate the costs of a likely solution, an RFI may be a good way to gather this information.

ix.    During this phase, the user will make his or her first contact with the SCM Unit and will likely engage any relevant SMEs.

x.     While it is common for the user to communicate with suppliers at this stage to explore capabilities and/or solicit preliminary price estimates for budgeting, it is important not to 'negotiate' with suppliers.

### 2.2.2 RFx development

i.     The RFx development phase is where the user, SCM Unit and any relevant SMEs collaborate to develop an RFx for publication to the market.

ii.    The primary focus of the user in this phase should be on detailing their requirements and deciding how they want to evaluate the responses.

iii.   While the SCM Unit will likely need to solicit information from the user to generate the remaining elements of the RFx, the user should allow the SCM Unit to take ownership of preparing the RFx document and integrate the user-defined requirements and scoring methodology into the RFx.

iv.    A common source of confusion and duplicate effort occurs when well-meaning users seek to drive the development of the RFx document.

v.     When defining the requirements for an RFx, distinguish between 'mandatory requirements' (those that a supplier must meet to be considered), and 'scoring requirements', (those elements that will determine the supplier's capability to deliver the goods/services).

vi.    Other elements that must be considered during this phase are the socio-economic requirements, specific goals and price.

vii.   If all requirements are 'mandatory requirements' and all suppliers can meet them, then it is likely that an RFQ/RFB will be the most appropriate document. The decision

would be made based on price, socio-economic needs and any identified specific goals and requirements only.

viii.   If there are 'scoring requirements' in addition to 'mandatory requirements', then it is likely that the most appropriate document would be an RFP.

### 2.2.3 RFx publication

i.   Once an RFx document, including an agreed-upon scoring methodology, has been created by the SCM Unit, and reviewed and approved by the stakeholders, the RFx is ready for publication.

ii.   The SCM practitioner is solely responsible for this publication process and for managing all subsequent supplier interactions related to this effort.

iii.   The public procurement principles require that all bidders be treated equally throughout the process.

iv.   Any communication that the user might have with a potential bidder after RFx publication could be perceived as a violation of this requirement with potential negative impacts including project delays or even cancellation of the RFx. This brings the team back to the start again.

### 2.2.4 RFx evaluation

i.   The RFx evaluation phase is simply the phase where RFx responses are evaluated against the requirements defined in the RFx.

ii.   It is important to note that issues or requirements that were not included in the RFx before bid opening cannot be considered during the evaluation phase.

iii.   The complexity of the evaluation phase varies greatly.

iv.   In some cases, particularly with RFQ/RFBs, the evaluation will be relatively straightforward, consisting of identifying the bidder who scores the highest points and meets the 'mandatory requirements'.

v.   In other cases, this phase may be quite complex including review against 'mandatory requirements', review and scoring of 'scoring requirements', supplier presentations/demonstrations, conducting reference checks and including them in

the scoring process, as well as any other evaluation criteria or process that was defined in the RFx before publication.

vi.    Bids that are not responsive are set aside and receive no further consideration.

vii.   There are two methods of determining the winning bid:

   a.  Selecting the bid that meets all mandatory requirements, complies with all relevant specifications/standards and scores the highest points in terms of socio-economic requirements.

   b.  Using the functionality evaluation method to shortlist the bids that pass a pre-defined threshold. To arrive at the functionality score, weights would be assigned to each 'scoring requirement' (this could include written responses, supplier presentations, references, etc.) and through the evaluation phase, each supplier would receive a score relating to these requirements. All bidders that pass the pre-defined threshold will be evaluated further in terms of the socio-economic requirements.

### 2.2.5 RFx Award, Contract Negotiation and Execution

i.    Once the RFx responses have been evaluated against the RFx, the winning bidder will be determined and may be allowed to enter into negotiations on a contract for the business.

ii.   In some cases, all terms and conditions will be identified in the RFx and there may be little or nothing to negotiate.

iii.  In other cases, typically with more complex engagements, there may be a need to enter into a Service Level Agreement (SLA) before contract execution.

iv.   Depending on the complexity of the negotiations, the SCM Unit may work with the stakeholders to identify a negotiation team, work with this team to develop a negotiation strategy and coordinate the negotiation sessions.

v.    In most cases the SCM Unit will take the lead role in these negotiations, though another member of the negotiation team may take the lead depending on the circumstances.

vi.    It is important to note that SCM can only be involved in post-award negotiations, after permission from the chairperson of the Bid Adjudication Committee.

vii.    Once the negotiation team has concluded negotiations, the stakeholders will review and approve the results.

viii.    Once this step is completed the SCM Unit will execute the appropriate documentation and issue the order to the supplier.

### 2.2.6 Post-contract execution

i.    While the focus of this document is on the RFx process through contract execution, it is important to note the necessity of managing the supplier to ensure delivery against the contract.

ii.    Typically the user will have a functional or project manager identified to fill this role.

iii.    If the supplier does not deliver against the contract as expected, it is important for this contact to engage the SCM Unit as soon as an issue surfaces, as this will allow the SCM Unit to work with the user to develop a proactive plan for managing the Supplier.

### 3.0 Templates

Not applicable