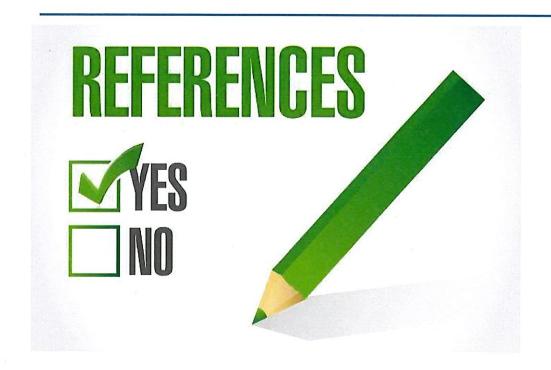
REFERENCE CHECKS





INTRODUCTIONS

- Steve Slawny CAPS Section Chief
- Cynda Solberg DOC Procurement Director
- Jacob Webb-White DHS Procurement Section Chief
- Susanne Matschull CAPS Senior Procurement Specialist
- Kurtis Bock DWD Procurement Director



Solving the Procurement Puzzle

State Bureau of Procurement Conferen

Reference Checks

- 1. Why was this session included?
- 2. Is there/should there be a method for standardization?
- 3. State Procurement Manual references
 - PRO-C30
 - PRO-C40



Section - PRO-C30

State Procurement Manual		Number PRO-C-30
DOA-3449 N(R06/94) Formerly AD-P-12		Effective 5-1-92
Section	Agencies Affected	Replaces
THE PROCUREMENT PROCESS	ALL	12-1-83
Title		Page
COMMUNICATIONS WITH PROPOSERS (REQUEST FOR PROPOSAL)		2 of 2

C. Opportunities to make changes, presentations, or submissions will be given equally to all <u>remaining</u> proposers in the evaluation process. <u>The agency may consider the reference checks</u>, oral presentations, demonstrations, etc. of these proposers only.

VendorNet System



Section PRO - C40

Number **State Procurement Manual** PRO-C-40 Effective DOA-3449 N(R06/94) Formerly AD-P-12 3-27-07 Section Agencies Affected Replaces NEW THE PROCUREMENT PROCESS ALL Title Page **EVALUATION COMMITTEE REPORTS** of

- E. A concise summary of each component of the evaluation process (evaluation of the written proposals, oral demonstrations, best and final solicitations) must be included in the report.
- F. Any anomaly in scores must be identified and explained.
- G. An abstract of the final technical evaluation and cost scores must be attached to the report.
- H. The results of reference checks on the recommended proposer must be attached to the report.

VendorNet System







Wisconsin Department of Corrections

- Language is in all RFB/RFP
- Usually checked for service contracts (vendors working with sometimes not)
- Sometimes used for commodities (time sensitive, quality, life/safety)
- Sometimes ask for the entire customer list

Can get to be too many

Might have to narrow it down

Product line (contracted canteen example)

Location (Wisconsin only, Midwest Region, Wisconsin Region)

We pick who to contact instead of the vendor

- Sometimes ask for a rating
- Sometimes ask more "open ended" questions
- References contacted by Purchasing
- Scored/evaluated by committee (RFP)
- Program with Purchasing looks at pass/fail situations (RFB)

EXAMPLES of RATING Questions

Rating $1 = \text{poor to } 5 = \text{excellent}$. You may provide any comments in the box provided after each item. Rate operational errors (late reports or reporting errors, invoicing errors, etc.) Check One:12345 Note for Rating item b: $1 = \text{poor } (\text{many errors}) \text{ to } 5 = \text{excellent } (\text{no errors or insignificant amount of errors})$ Please enter comment here:
Rate staff retention and service coverage/backup
Check One:12345
Please enter comment here:
Rate contract issue resolution
Check One:12345
Please enter comment here:
Solving the Procurement Puzzle
How would you rate this company's ability to learn new processes and/or adapt to changes? Check One:12345Not applicable Please enter comment here:

Examples of open ended questions

- 1. What would you describe as this company's key strengths?
- 2. What is this company's greatest weakness or area needing most improvement?
- 3. If this company is awarded a contract by DOC, what would be a key piece(s) of advice you would share with us based your experience with this company?
- 4. Does this company have qualified staff assigned to work on your contract with them?

 Solving the Procurement Puzzle
- 5. Are there any other comments you would like to share?

UNIQUE/OUT OF THE NORM EXAMPLE

DOC and DOR cafeteria services

DOC Cafeteria RFP

- Cafeteria in DOC and DOR buildings
- Operate the Cafeteria with no subsidy
- Cost was not a factor
- Evaluation of proposals
- Demonstrations from four vendors
- Site Visits Conducted
- Top two vendors .65% difference in points



Reference Check Process

- Performance Survey
 - Sent to three references for each vendor
 - Identifying information redacted
 - Twenty questions and a comments section for the vendors
- References Scoring
 - Surveys given to the RFP committees
 - Value of 50 points (total for the RFP is 1050)
 - Made the variance even smaller, .2
- Did not get a protest
- Good process but should have given it more weight

Reference Check Thresholds

At DHS, reference checks are mandatory on all procurements that meet the following thresholds:

- 1) All RFPs
- 2) All RFBs for Services >\$50,000
- 3) All RFBs for Commodities >\$250,000





REFERENCE CHECKS AS DUE DILLIGENCE

- As stewards of the State of Wisconsin's funds, it is important that
 procurement managers conduct as much due diligence as reasonably possible
 when managing a procurement.
- Reference checks provide the procurement manager with an additional layer of insight into the Vendor's proposal by validating, supplementing, and clarifying information conveyed therein.
- This can be used to defend the outcome of the solicitation in the event that it is questioned.
- Reference checks require a relatively low level of effort from the procurement manager, but can provide a valuable and sometimes critical insight into the Bidder/Proposer.

2 0 | 6 State Bureau of Procurement Conference

Reference checks: DHS Case Study

- Vaporware is software or hardware that has been advertised but is not yet available to buy, either because it is only a concept or because it is still being written or designed.
- Highly niche IT systems are especially susceptible to Vaporware sales techniques because vendors do not want to conduct development on a product until they know it has a buyer.
- RFPs, and even demos, can include great screenshots and abundant promises that are nothing more than a façade.
- Reference checks are a good way to verify that demos, screenshots, and product promises are actually in use, rather than simply a concept.

Solving the Procurement Puzzle

2 0 | 6 State Bureau of Procurement Conference

Reference checks conclusion

- Conducting reference checks can help bridge the gap between a proposal sounding good "on paper" and how the vendor performs in reality.
- Making connections with other agencies who have experience with prospective vendors gives the procurement manager the opportunity to benefit from their "lessons learned".
- Reference checks must be used correctly to provide value. They have the
 potential to provide the procurement manager with valuable insight and
 information into a vendor and their ability to perform that may have
 otherwise been unavailable.



Reference Checks

- References are used to validate the information you have received, similar to references used in a job search.
- They can affirm the decision or if they are negative, can cause you to go in a different direction.
- Consistency is important, need to ensure that references are all asked the same questions.
- Recommend asking service questions, as that will be important in assessing how the vendor will treat your end users.
- Evaluators can adjust scores for references based on the sections that are affected.



STATE BUREAU OF PROCUREMENT

Reference Check Example Questions

- 1. Does the contractor have staff that is dedicated to your account? Are they knowledgeable and responsive to your service needs?
- 2. Have you run into any problems with this contractor? How have they handled resolving those problems?
- 3. Have you encountered an event that the contractor was not able to fix; or a problem that was not properly addressed by the contractor?
- 4. Were workflow and timeframes met to your satisfactions?
- 5. Please rate the items below using the following performance scale:

5= Excellent, very limited service problems, hard to imagine much better

- 4= Good, limited service problems
- 3= Fair, more frequent service problems
- 2= Poor, frequent and significant service problems
- 1= Failing



Reference Check Examples

RFP for Barbering and Cosmetology Examination Services for Department of Safety and Professional Services

- The team hadn't worked with the highest scoring vendor before, so we checked references to confirm their service levels.
- Discovered that references believed the company had grown too fast, and wasn't providing the level of services they needed: for example, Test Applicants had long wait time, were given incorrect information, etc.
- The team went back and re-scored questions based on the new information in areas that applied (customer service, proposer experience, etc.)
- The original highest scoring vendor wasn't awarded the contract, and protested, but it was resolved explaining the issues with the references.

State Bureau of Procurement Conference

Reference Check Examples

Request for Bid for Coordination of Newspaper Publishing of Unclaimed Property Legal Notices for Department of Revenue

- One of the bid qualifications was that Bidders provide one reference that can verify the Bidder can meet all of the Technical Requirements.
- In the Bidder References section, added language, "Failure to obtain verification of previously performed work through references may be grounds for disqualification."
- References were checked via e-mail, and the technical requirements were sent as a separate attachment. Also, the reference questions corresponded with the requirements.
- A vendor was disqualified based on the references. Since the language was clear in the Request for Bid document, there weren't any issues with the disqualification.

The value of a reference check

- WHO SHOULD DO IT?
- DETERMINING QUESTIONS





The Value of a Reference Check

Who?

The procurement agent or person conducting the bid/proposal is responsible for all components of due diligence.

<u>Due Diligence</u>

- -Functional evaluation factors
- -Quality of equipment or service is critical
- -Qualified and responsible





The value of a reference check

Questions

- The questions should help you qualify the bidder to ensure they are responsive, responsible and provide quality
 - Questions should be developed with input of the program area that answer questions and concerns that they may have.
- Use open ended questions





The value of a reference check

- Examples:

- Did [vendor] fully meet your expectations? If yes, how and if no, why not?
- On a scale of 1 5, with 5 being the highest, how satisfied are you with the quality of the [product, people, etc.]? Why did you rate them or the product in this way?
- Was the [vendor] responsive to any issues that arose, how was their communications with you or the project team?
- Would you use [vendor] again? If yes, why and if no, why not?
- How did [vendor] handle conflict-resolution?





Wrap Up

- When scoring reference checks or using them to re-score evaluation criteria in an RFP, it is critical that only those requirements that pertain to references are scored/rescored.
- When references checks are required in an RFB, the bid language should stipulate that bidders may be disqualified based on the outcome.



STATE BUREAU OF PROCUREMENT



