First 10 career years

- Medical Device Industry
- Avoid Purchasing!
  - Delays
  - Introduce competition
  - Price pressure

- Quit my job 18 years ago!
2000: web-based methodology for Hospitals

• jointly define buying criteria and weigh them
• vendor log in, see criteria and match
• evaluate offers
• award the best fit

..... rather than choose for what “the Doctor told me to order”
EU vs US Public procurement

• Same professionals: experienced, high ethic
• Same problems: understaffed, under-appreciated, under funded
• Same legal framework: Create fair competition: transparency, objectivity, non-discrimination

Difference
• Less Best Value
• Less digitization
Most important reason why not more Best Value?

- I have (too) little experience with it
- Will result in higher priced bids
- Worried to defend non-price criteria
- Against Agency policy
- It is not legal
- Difficult to change the way we have always done thing
Agenda

1. Why Best Value?
2. Early Procurement Involvement
3. How to determine the criteria
4. Importance of scale
5. Assigning weights
6. Scoring
7. Simulate! Before you engage
8. Don’t be Scared paying too much
9. take home lessons
1. Why Best Value?

Align procurement with the strategy of your organization.

Choosing offers based solely on lowest price can conflict with a sustainable, quality community you intend to contribute to.
EU Case Example

.....terminology ....

EU

Before 2014:
“Most Economical Advantageous Tender”. 

EU Now:
“Best price-quality ratio”

USA:
“Best Value”

The exact term “Best Value Procurement (BVP)” is used in Europe but is limited to Dean Kashiwagi’s / PIPS methodology.
EU Case Example

2020 horizon:
2014 – 2020
promoting sustainable economic growth

“We encourage to use public procurement strategically as a tool to obtain better value for taxpayers money and to contribute to a more innovative, sustainable, inclusive and competitive economy”

Molded into legislation!
(Directive 2014/24/EU)
Since 2014: Best Value mandated by default in the EU 
article 67: “contracting authorities shall base the award of public 
contracts on Best Value.” “In order to encourage a greater quality orientation of public procurement, countries can prohibit or restrict use of price only bidding”

Non-price Award Criteria are specified in legislation

a) **quality**, including technical merit, aesthetic and functional characteristics, accessibility, design for all users, social, environmental and innovative characteristics....

a) **organization, qualification and experience** of staff assigned to performing the contract, where the quality of the staff assigned can have a significant impact on the level of performance of the contract.

a) **after-sales service and technical assistance, delivery** conditions such as delivery date, delivery process and delivery period or period of completion.

Also: **exclude** vendors which have proven unreliable, for instance because of violations of environmental or social obligations, including rules on accessibility for disabled etc.
What about USA?

NIGP “promotes conscientious consideration of all factors that lead to good value at every stage of procurement, not only price or other single factor”

A shorter version of the same goals (and less legally rooted)
Okay, we all think Best Value is a good idea and should be used more, what’s next?
Agenda

1. Why Best Value?
2. Early Procurement Involvement
3. How to determine the criteria
4. Importance of scale
5. Assigning weights
6. Scoring
7. Simulate! Before you engage
8. Don’t be Scared paying too much
9. take home lessons
2. Early Procurement Involvement
the effect of the graph is strongest for new solutions / areas where the agency has little experience. 
> preliminary RFI's essential (or a PIPS method can be chosen.)
Agenda

1. Why Best Value?
2. Early Procurement Involvement
3. How to determine the criteria
4. Importance of scale
5. Assigning weights
6. Scoring
7. Simulate! Before you engage
8. Don’t be Scared paying too much
9. take home lessons
3. How to determine the criteria?

Today’s focus is on Best Value criteria only

Off course and RFP covers much more
1. Is there an agency policy?

3. How to determine the criteria?
“Best interests of the County to allow factors other than price to award”

• Quality of the good or service;
• Operational costs incurred by the County if the bid is accepted;
• Life-cycle costing;
• Reliability of delivery and implementation schedules;
• Maximum facilitation of data exchange and systems integration;
• Warranties, guarantees, and return policy;
• Vendor financial stability;
• Consistency of proposed solution with County’s planning documents and strategic direction;
• Quality and effectiveness of the business solution and approach;
• Industry and program experience;
• Prior record of vendor performance;
• Vendor expertise with projects of similar scope and complexity;
• Consideration of potential product acceptance by all user groups;
• Proven development methodologies and tools;
• Innovative use of current technologies and quality results.

Thank you!
3. How to determine the criteria?

1. Is there an agency policy?
2. Involve the Market (RFI)
3. How to determine the criteria?

1. Is there an agency policy?
2. Involve the Market (RFI)
3. Standard criteria list
Criteria Checklist

- Speed of delivery / implementation / completion
- Security requirements
- Mobilization plan
- Minimal downtimes of operation
- Measures to minimize nuisance for community while down / constructing
- Technical excellence
- Management capability
- Personnel qualifications
- Prior experience
- Past performance
- Track record of price stability
- Track record of product availability
- An upgradeable solution for longer time (less obsolescence)
- Value adding features
- Optional features offered
- Mitigation measures in risky project
- Possible costs outside of contract to remedy poor outcomes
- Products with no toxic ingredients
- Advancement of socioeconomic policy
- Storage, maintenance, insurance and other operational costs
- Disposal fees (add to cost?)
- End of life cycle plan (add to cost?)
- Risk to the government
3. How to determine the criteria?

1. Is there an agency policy?
2. Involve the Market (RFI)
3. Standard criteria list
4. Review expiring contract(s)
1. Is there an agency policy?
2. Involve the Market (RFI)
3. Standard criteria list
4. Review expiring contract(s)
5. Other RFP’s (different agency)
3. How to determine the criteria?

1. Is there an agency policy?
2. Involve the Market (RFI)
3. Standard criteria list
4. Review expiring contract(s)
5. Other RFP’s (different agency)
6. Specialists e.g. Energy, Hospital Linen, ERP
3. How to determine the criteria?

1. Is there an agency policy?
2. Involve the Market (RFI)
3. Standard criteria list
4. Review expiring contract(s)
5. Other RFP’s (different agency)
6. Specialists e.g. Energy, Hospital Linen, ERP
7. Buyers need to talk with users > go out in the field!
3. How to determine the criteria?

1. Is there an agency policy?
2. Involve the Market (RFI)
3. Standard criteria list
4. Review expiring contract(s)
5. Other RFP’s (different agency)
6. Specialists e.g. Energy, Hospital, Linen, ERP
7. Buyers need to talk with users > go out in the field!
8. Quantifiable?
3. How to determine the criteria?

1. Is there an agency policy?
2. Involve the Market (RFI)
3. Standard criteria list
4. Review expiring contract(s)
5. Other RFP’s (different agency)
6. Specialists e.g. Energy, Hospital Linen, ERP
7. Buyers need to talk with users > go out in the field!
8. Quantifiable?

WARNING ......
Your keyboard can NEVER look like this!
Agenda

1. Why Best Value?
2. Early Procurement Involvement
3. How to determine the criteria
4. Importance of scale
5. Assigning weights
6. Scoring
7. Simulate! Before you engage
8. Don’t be Scared paying too much
9. take home lessons
4. Importance of Scale

• If you cannot scale criteria: useless
• Best practice: scale before weighting (scale influences weight)
• Share scale in RFP
• Be very explicit on scale to your Evaluation Committee

Scale can be:
• Yes / No
• or any other multiple choice
• or a grading scale e.g. 1-10

big difference!
e.g. 3 multiple choices (excellent/good/minimal)
compared to 1-10 score (as people stay away from the extremes 1 and 10)
_The finer the scale, the less differentiation between offers_

For an evaluation committee I recommend a 5 scale detailing all 5 options
Team composition and CVs of team members

Describe the personnel composition of the project team and attach a CV for each member. Experience mentioned in the CVs with more complexity and/or size will be valued higher than simpler and/or smaller projects.

- Convincing experience with similar, more and larger projects
- Convincing experience with similar, more or larger projects
- Convincing experience with similar projects
- Limited experience
- Minimal experience

For an evaluation committee I recommend a 5 scale detailing all 5 options
For an evaluation committee I recommend a 5 scale detailing all 5 options
Agenda

1. Why Best Value?
2. Early Procurement Involvement
3. How to determine the criteria
4. Importance of scale
5. Assigning weights
6. Scoring
7. Simulate! Before you engage
8. Don’t be Scared paying too much
9. take home lessons
1. We all have experience from our every day life!
The house you live in, where your kids go to school, every grocery visit

They are responsive – not responsive criteria. Counter-intuitive?

3. When weighting, consider the scale.
   - E.g. you expect the vendors to score between 95% and 99%, sale 0-100% or 90-100%
   - A 0-100% scale needs 10 times more weight compared to a 90-100% scale in order to have the same effect on the score. 0-100% with 20% weight = 90-100% with 2% weight

4. Criteria versus sub criteria.
   - Creating sub criteria helps high-level thinking and decision making: The more criteria to weight, the more difficult to do this meaningful; Stick to 6 - 10 Criteria

5. Can weights be too low? ..... Not really
<table>
<thead>
<tr>
<th>A - Importance</th>
<th>B?</th>
<th>Equal</th>
<th>How much more?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience and authority of key individuals</td>
<td>Extent of quality control/quality assurance</td>
<td>1</td>
<td>2 3 4 5 6 7 8 9</td>
</tr>
<tr>
<td>Experience and authority of key individuals</td>
<td>Time to completion</td>
<td>1</td>
<td>2 3 4 5 6 7 8 9</td>
</tr>
<tr>
<td>Experience and authority of key individuals</td>
<td>Aesthetics/Visual Quality</td>
<td>1</td>
<td>2 3 4 5 6 7 8 9</td>
</tr>
<tr>
<td>Experience and authority of key individuals</td>
<td>Geometric and structural enhancements</td>
<td>1</td>
<td>2 3 4 5 6 7 8 9</td>
</tr>
<tr>
<td>Experience and authority of key individuals</td>
<td>Public Outreach/Involvement</td>
<td>1</td>
<td>2 3 4 5 6 7 8 9</td>
</tr>
<tr>
<td>Extent of quality control/quality assurance</td>
<td>Time to completion</td>
<td>1</td>
<td>2 3 4 5 6 7 8 9</td>
</tr>
<tr>
<td>Extent of quality control/quality assurance</td>
<td>Aesthetics/Visual Quality</td>
<td>1</td>
<td>2 3 4 5 6 7 8 9</td>
</tr>
<tr>
<td>Extent of quality control/quality assurance</td>
<td>Geometric and structural enhancements</td>
<td>1</td>
<td>2 3 4 5 6 7 8 9</td>
</tr>
</tbody>
</table>
These are the resulting weights for the criteria based on your pairwise comparisons

<table>
<thead>
<tr>
<th>Category</th>
<th>Priority</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience and authority of key individuals</td>
<td>38.8%</td>
<td>1</td>
</tr>
<tr>
<td>Extent of quality control/quality assurance</td>
<td>24.5%</td>
<td>2</td>
</tr>
<tr>
<td>Time to completion</td>
<td>18.1%</td>
<td>3</td>
</tr>
<tr>
<td>Aesthetics/Visual Quality</td>
<td>5.7%</td>
<td>5</td>
</tr>
<tr>
<td>Geometric and structural enhancements</td>
<td>10.7%</td>
<td>4</td>
</tr>
<tr>
<td>Public Outreach/Involvement</td>
<td>2.2%</td>
<td>6</td>
</tr>
</tbody>
</table>

2.2% include?
You will end up with a table looking like this:

<table>
<thead>
<tr>
<th>points</th>
<th>percentages</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>150</td>
<td>15%</td>
<td>Experience</td>
</tr>
<tr>
<td>60</td>
<td>6%</td>
<td>References</td>
</tr>
<tr>
<td>50</td>
<td>5%</td>
<td>CV of team assigned to execution</td>
</tr>
<tr>
<td>40</td>
<td>4%</td>
<td>interview with key employee</td>
</tr>
<tr>
<td>100</td>
<td>10%</td>
<td>Extent of quality control / quality assurance</td>
</tr>
<tr>
<td>75</td>
<td>8%</td>
<td>Time to completion</td>
</tr>
<tr>
<td>75</td>
<td>8%</td>
<td>Geometrical and structural enhancements</td>
</tr>
<tr>
<td>50</td>
<td>5%</td>
<td>Aesthetics / Visual Quality</td>
</tr>
<tr>
<td>50</td>
<td>5%</td>
<td>Decrease nuisance during constructing</td>
</tr>
</tbody>
</table>

**PRICE**

| 500    | 50%         | Price score:                                       |
| 1000   | 100%        | total                                             |

Points or percentages, it comes down to exactly the same
Succhi di Frutta: case law: literally about Apples & Oranges for drinks and preserves production. After the award, the supplier asked if he could deliver peaches instead of apples. He argued that it had the same value to the buyer (which was true). After EU appeal: unacceptable

You cannot change criteria! Not even after the award, well into the contract
Agenda

1. Why Best Value?
2. Early Procurement Involvement
3. How to determine the criteria
4. Importance of scale
5. Assigning weights
6. Scoring
7. Simulate! Before you engage
8. Don’t be Scared paying too much
9. take home lessons
6. Scoring

“Scoring” the price:
• Best practice is that evaluators do not see price when evaluating the other aspects.

• Usually, the lowest bid is assigned the maximum price score (in example 500 points or 50%)

• Other bids get their score proportional to the lowest bid score. ("Low bid scoring" LBS method)

• Price score of offer =
  Weight of the Price  \times  \text{lowest \$ price} \div \text{$ price of offer}

Scoring of all other criteria:
Weight of the (sub) criteria  \times  \text{Score of offer}

Add scores of Price to all criteria (and sub criteria)

Proposal with highest score = rank number 1 etc.
### 6. Scoring EXAMPLE

<table>
<thead>
<tr>
<th>Points</th>
<th>Percentages</th>
<th>Criteria</th>
<th>Score (0-10)</th>
<th>Score A</th>
<th>Score (0-10)</th>
<th>Score B</th>
</tr>
</thead>
<tbody>
<tr>
<td>150</td>
<td>15%</td>
<td>Experience</td>
<td></td>
<td>7</td>
<td>42</td>
<td>8</td>
</tr>
<tr>
<td>60</td>
<td>6%</td>
<td>References</td>
<td>7</td>
<td>35</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>50</td>
<td>5%</td>
<td>CV of team assigned to execution</td>
<td>7</td>
<td>28</td>
<td>8</td>
<td>32</td>
</tr>
<tr>
<td>100</td>
<td>10%</td>
<td>Extent of quality control / quality assurance</td>
<td>7</td>
<td>70</td>
<td>9</td>
<td>90</td>
</tr>
<tr>
<td>75</td>
<td>8%</td>
<td>Time to completion</td>
<td>6</td>
<td>45</td>
<td>7</td>
<td>52,5</td>
</tr>
<tr>
<td>75</td>
<td>8%</td>
<td>Geometrical and structural enhancements</td>
<td>6</td>
<td>45</td>
<td>7</td>
<td>52,5</td>
</tr>
<tr>
<td>50</td>
<td>5%</td>
<td>Aesthetics / Visual Quality</td>
<td>5</td>
<td>25</td>
<td>6</td>
<td>30</td>
</tr>
<tr>
<td>50</td>
<td>5%</td>
<td>Decrease nuisance during constructing</td>
<td>8</td>
<td>40</td>
<td>6</td>
<td>30</td>
</tr>
<tr>
<td>PRICE</td>
<td></td>
<td></td>
<td>$500,000</td>
<td>$540,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>500</td>
<td>50%</td>
<td>Price score: (max points X P lowest / P)</td>
<td>500</td>
<td></td>
<td>463</td>
<td></td>
</tr>
<tr>
<td>1000</td>
<td>100%</td>
<td>total</td>
<td>830</td>
<td></td>
<td>838</td>
<td></td>
</tr>
</tbody>
</table>
6. Scoring EXAMPLE

<table>
<thead>
<tr>
<th>points</th>
<th>percentages</th>
<th>Criteria</th>
<th>score (0-10)</th>
<th>score A</th>
<th>score (0-10)</th>
<th>score B</th>
</tr>
</thead>
<tbody>
<tr>
<td>150</td>
<td>15%</td>
<td>Experience</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>60</td>
<td>6%</td>
<td>References</td>
<td>7</td>
<td>42</td>
<td>8</td>
<td>48</td>
</tr>
<tr>
<td>50</td>
<td>5%</td>
<td>CV of team assigned to execution</td>
<td>7</td>
<td>35</td>
<td>8</td>
<td>40</td>
</tr>
<tr>
<td>40</td>
<td>4%</td>
<td>interview with key employee</td>
<td>7</td>
<td>28</td>
<td>8</td>
<td>32</td>
</tr>
<tr>
<td>100</td>
<td>10%</td>
<td>Extent of quality control / quality assurance</td>
<td>7</td>
<td>70</td>
<td>9</td>
<td>90</td>
</tr>
<tr>
<td>75</td>
<td>8%</td>
<td>Time to completion</td>
<td>6</td>
<td>45</td>
<td>7</td>
<td>52.5</td>
</tr>
<tr>
<td>75</td>
<td>8%</td>
<td>Geometrical and structural enhancements</td>
<td>6</td>
<td>45</td>
<td>7</td>
<td>52.5</td>
</tr>
<tr>
<td>50</td>
<td>5%</td>
<td>Aesthetics / Visual Quality</td>
<td>5</td>
<td>25</td>
<td>6</td>
<td>30</td>
</tr>
<tr>
<td>50</td>
<td>5%</td>
<td>Decrease nuisance during constructing</td>
<td>8</td>
<td>40</td>
<td>6</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>PRICE</strong></td>
<td><strong>$500.000</strong></td>
<td></td>
<td><strong>$540.000</strong></td>
<td></td>
</tr>
<tr>
<td>500</td>
<td>50%</td>
<td><strong>Price score: (max points X P lowest / P)</strong></td>
<td>500</td>
<td></td>
<td>463</td>
<td></td>
</tr>
<tr>
<td>1000</td>
<td>100%</td>
<td><strong>total</strong></td>
<td>830</td>
<td></td>
<td><strong>838</strong></td>
<td></td>
</tr>
</tbody>
</table>

B is more expensive but is ranked number 1 with 838 point (or 83.8%)
Let's call all none price criteria “Quality”. total Quality weighs 85%  Price 15%

IF the quality score of bidder A is 15% better than the second-best bidder, bidder A can ask ANY PRICE and will always win. Dangerous

Even if A is better by 10% than the next best bidder on Quality, he can win with almost double the price of the next best bidder . . . . these are realistic scenarios . . . .

Be careful with any RFP with a weight of price of more than 50%

Reminder: there is a lot of “quality” in the minimum specifications / must-haves

RFP with > 50% price weight can have a price cap
“Low Bid Scoring” / LBS, has criticized effects

4 bidders
$100  $110  $150  $160  

There are 500 points to win on Price:

bid $100 gets all the 500 price points
bid $110 gets 455 points (500 pts X $100 / $110) 45 point less, to make up in quality
bid $150 gets 333 points (500 pts X $100 / $150) 167 point less, to make up in quality
Bid $160 gets 313 points (500 pts X $100 / $160) 188 point less, to make up in quality

6. Scoring
There are 500 points to win on Price:

- Bid $100 gets all the **500** price points.
- Bid $110 gets **455** points (500 pts × $100 / $110) 45 point less, to make up in quality.
- Bid $150 gets **333** points (500 pts × $100 / $150) 167 point less, to make up in quality.
- Bid $160 gets **313** points (500 pts × $100 / $160) 188 point less, to make up in quality.

$10 difference between $100 and $110 translates to a **45** points difference.
$10 difference between $150 and $160 translates to a **21** points difference.

For the agency: 10 $ spent = 10 $ spent. The method "favors" high priced bids.
“Low Bid Scoring” / LBS, has criticized effects

4 bidders
$100  $110  $150  $160

There are 500 points to win on Price:

- Bid $100 gets all the 500 price points.
- Bid $110 gets 455 points (500 pts * $100 / $110) 45 point less, to make up in quality.
- Bid $150 gets 333 points (500 pts * $100 / $150) 167 point less, to make up in quality.
- Bid $160 gets 313 points (500 pts * $100 / $160) 188 point less, to make up in quality.

$10 difference between $100 and $110 translates to a 45 points difference.
$10 difference between $150 and $160 translates to a 21 points difference.
For the agency: 10 $ spent = 10 $ spent. The method “favors” high priced bids.

Second debated effect:
If bid $100 and $110 are out, the difference between the $150 and $160 bid is 31 points (instead of 21) while their bids stayed exactly the same.
One of the alternative methods.
(I have studied 38)

“quality-per-dollar index”

QUALITY score / Price (in $)

Bid with highest index, is ranked no. 1

Fair Reasoning:
a 10% higher quality score,
can offset 10% higher price

Mathematically:

Q / P:
70 Q points (out of 100) / $70 = 1
= 77 q points out of 100) / $ 77

(the problems of LBS are solved)
In this example bidders can vary in giving (from $0 to) $500,000 in value back to the agency.

My favorite: Value Based Award

6. Scoring

Reasoning:
- The agency pays money to a vendor, the less the better
- A vendor gives value back to the agency, the more the better.
- Subtract their value from their price

| $150,000 | Experience |
| $100,000 | Extent of quality control / quality assurance |
| $75,000  | Time to completion |
| $75,000  | Geometrical and structural enhancements |
| $50,000  | esthetics / Visual Quality |
| $50,000  | Decrease nuisance during constructing |
| $500,000 | Total (extra) value delivered |

Need to quantify a dollar amount to each criteria (instead of points or %)

In this example bidders can vary in giving (from $0 to) $500,000 in value back to the agency.
50

Scoring in points or % also means you “translate” to a dollar value but you do not realize it. The method makes agencies see and feel it.

The problems of LBS are solved

= excellent alternative: used more and more in Netherlands

<table>
<thead>
<tr>
<th>value range in $</th>
<th>Criterion</th>
<th>score (0-10)</th>
<th>score (0-10)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>Experience</td>
<td>7</td>
<td>$105.000</td>
</tr>
<tr>
<td>$0</td>
<td>Extent of quality control / quality assurance</td>
<td>7</td>
<td>$70.000</td>
</tr>
<tr>
<td>$0</td>
<td>Time to completion</td>
<td>6</td>
<td>$45.000</td>
</tr>
<tr>
<td>$0</td>
<td>Geometrical and structural enhancements</td>
<td>6</td>
<td>$45.000</td>
</tr>
<tr>
<td>$0</td>
<td>Aesthetics / Visual Quality</td>
<td>5</td>
<td>$25.000</td>
</tr>
<tr>
<td>$0</td>
<td>Decrease nuisance during constructing</td>
<td>8</td>
<td>$40.000</td>
</tr>
<tr>
<td>total $500.000</td>
<td>total (extra) value delivered</td>
<td>$330.000</td>
<td>$375.000</td>
</tr>
<tr>
<td>PRICE</td>
<td></td>
<td>$500.000</td>
<td>$540.000</td>
</tr>
</tbody>
</table>
### 6. Scoring

<table>
<thead>
<tr>
<th>value range in $</th>
<th>Criterion</th>
<th>score (0-10)</th>
<th>score (0-10)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>Experience</td>
<td>7</td>
<td>$105.000</td>
</tr>
<tr>
<td>$0</td>
<td>Extent of quality control / quality assurance</td>
<td>7</td>
<td>$70.000</td>
</tr>
<tr>
<td>$0</td>
<td>Time to completion</td>
<td>6</td>
<td>$45.000</td>
</tr>
<tr>
<td>$0</td>
<td>Geometrical and structural enhancements</td>
<td>6</td>
<td>$45.000</td>
</tr>
<tr>
<td>$0</td>
<td>Aesthetics / Visual Quality</td>
<td>5</td>
<td>$25.000</td>
</tr>
<tr>
<td>$0</td>
<td>Decrease nuisance during constructing</td>
<td>8</td>
<td>$40.000</td>
</tr>
<tr>
<td><strong>total</strong></td>
<td><strong>total (extra) value delivered</strong></td>
<td></td>
<td><strong>$330.000</strong></td>
</tr>
</tbody>
</table>

**PRICE**

| PRICE           | $500.000 | $540.000 |

**comparison price based on value (bid – value)**

| Bid B has the lowest and wins | $170.000 | $165.000 |
6. Scoring

<table>
<thead>
<tr>
<th>value range in $</th>
<th>Criterion</th>
<th>score (0-10)</th>
<th>score (0-10)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$150.000</td>
<td>Experience</td>
<td>7</td>
</tr>
<tr>
<td>$0</td>
<td>$100.000</td>
<td>Extent of quality control / quality assurance</td>
<td>7</td>
</tr>
<tr>
<td>$0</td>
<td>$75.000</td>
<td>Time to completion</td>
<td>6</td>
</tr>
<tr>
<td>$0</td>
<td>$75.000</td>
<td>Geometrical and structural enhancements</td>
<td>6</td>
</tr>
<tr>
<td>$0</td>
<td>$50.000</td>
<td>Aesthetics / Visual Quality</td>
<td>5</td>
</tr>
<tr>
<td>$0</td>
<td>$50.000</td>
<td>Decrease nuisance during constructing</td>
<td>8</td>
</tr>
<tr>
<td>total</td>
<td>$500.000</td>
<td>total (extra) value delivered</td>
<td>8</td>
</tr>
<tr>
<td>PRICE</td>
<td></td>
<td>$500.000</td>
<td>$540.000</td>
</tr>
<tr>
<td></td>
<td>comparison price based on value (bid – value)</td>
<td>$170.000</td>
<td>$165.000</td>
</tr>
<tr>
<td></td>
<td>Bid B has the lowest and wins</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Scoring in points or % also means you “translate” to a dollar value but you do not realize it.

The method makes agencies see and feel it

the problems of LBS are solved

= excellent alternative: used more and more in Netherlands
There is more

Article in which we studied the 38 methods we found in public procurement.
Agenda

1. Why Best Value?
2. Early Procurement Involvement
3. How to determine the criteria
4. Importance of scale
5. Assigning weights
6. Scoring
7. Simulate! Before you engage
8. Don’t be Scared paying too much
9. take home lessons
strongly suggest simulating in Excel (or software) and enter realistic bids to see what outcome could be. Better now then when bids have come in!
strongly suggest simulating in Excel (or software) and enter realistic bids to see what outcome could be. Better now then when bids have come in!
8. Don’t be Scared paying too much

Data of 400 RFPs with 2000 bids:

In 93% of the solicitations, the bid with the highest quality score did NOT have the highest price.

In 72% of the solicitations, The price of the bid with the highest quality score was lower than the average bid.

High quality ≠ high price
Agenda

1. Why Best Value?
2. Early Procurement Involvement
3. How to determine the criteria
4. Importance of scale
5. Assigning weights
6. Scoring
7. Simulate! Before you engage
8. Don’t be Scared paying too much
9. take home lessons
1. Early involvement
2. Policy helps remember EU & James City County
3. Pay attention to scale
4. AHP
5. Quality of minimum requirements > weight of Price
6. Low Bid Scoring
7. SIMULATE
8. High quality ≠ high price
9. Software (!)
Glad to do sessions for local chapters or even for an agency