A Contract Carol:

Ghosts of Solicitations Past, Present and Future

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“A Contract Carol”

Ghosts of Solicitations
Past, Present & Future

Presented by:

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LADWP Supply Chain Services

Vision:
To be a best-in-class supply chain organization which strategically plans, sources, procures, and delivers the goods and services required to support the successful operation of LADWP.
Vision:
To fundamentally change how business is done in the procurement of goods and services.
Prologue

Just like Ebenezer Scrooge, LADWP needed to examine our past and present in order to transform our future.

As a result of the journey with our “Ghosts” we have undergone efforts to streamline, simplify and maximize our solicitation documents.
The Scrooge in All of Us

• Sourcing/Supply Chain not given strategic focus

• Sourcing is often seen as an “obstacle” to internal groups during procurement

• “Firefighter” or reactive mode (needed this yesterday)

• Quality of RFP structure is key (not just having a template)

• Process must be defensible, code compliant, etc.
The Scrooge Within LADWP

- Lack of Transparency – Evaluation Criteria Secrecy
- Not Customer/Client Focused
- Lack of Buyer Specialization
- Cut and Paste RFP Process
- Silo Actions and Thought
The Purpose of the “Contract Carol”

Learning Objectives

• How to assess your solicitation with an "RFP Report Card"

• How to identify low hanging fruit for any solicitation

• The importance and role of current conditions in the RFP

• The art of developing a great RFP
The Ghost of the Past – Scene #1

LADWP’s contracting environment was fraught with complaints

Board of Commissioners:
• Lack of competition
• Complaints from vendor/consultant community
• Lack of confidence in staff

Systems End Users:
• Unreasonable cycle time
• Resistance to best practices

Procurement Staff
• Overwork, burnout and apathy:
Solicitation Issues as of 2008

- Raw template structure
- Immature RFP Document
- Missing criteria & evaluation weights
- Missing procurement schedule
- Lack of overall structure
## The Ghost of the Past – Scene #3

### Cycle Time per Channel - 2007 & 2009

<table>
<thead>
<tr>
<th>Type of Spend</th>
<th>2007</th>
<th>2009</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>GM Awarded Spot</td>
<td>21 weeks</td>
<td>15 weeks</td>
<td>-15%</td>
</tr>
<tr>
<td>Board Awarded Spot</td>
<td>45-63 weeks</td>
<td>37-52 weeks</td>
<td>-15%</td>
</tr>
<tr>
<td>Price and Time Contracts</td>
<td>49-42 weeks</td>
<td>25-38 weeks</td>
<td>-11%</td>
</tr>
<tr>
<td>Personal/Professional Services</td>
<td>46-74 weeks</td>
<td>34-54 weeks</td>
<td>-27%</td>
</tr>
<tr>
<td>Blanket Authorities</td>
<td>5 weeks</td>
<td>5 weeks</td>
<td>No change</td>
</tr>
</tbody>
</table>
The Ghost of the Past – An Evaluation

- Issue Requirements
- Hire lowest bidder
- Act surprised and fix mistakes later
- Affix blame on the vendor at time of delivery
The Ghost of the Present – Scene #1

Past & present RFPs were assessed for their overall effectiveness

**PAST (2005 RFP)**

**PRESENT (2015 RFP)**

57% Improvement
The Ghost of the Present – Scene #2

You must untangle your chains...

<table>
<thead>
<tr>
<th>Perceptions</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement is too much work</td>
<td>Who proposes</td>
</tr>
<tr>
<td>Owner already has a favorite</td>
<td>Number of responses</td>
</tr>
<tr>
<td>Procurement is not fair</td>
<td>Quality of proposals</td>
</tr>
<tr>
<td>Process is not clear or transparent</td>
<td>Who writes proposal response</td>
</tr>
<tr>
<td>Procurement is not open</td>
<td>Quality of team / individuals</td>
</tr>
<tr>
<td>Owner is too controlling</td>
<td>Cost &amp; contingency</td>
</tr>
</tbody>
</table>

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# The Ghost of the Present – Scene #3

## Cycle Time per Channel Improvements

<table>
<thead>
<tr>
<th>Type of Spend</th>
<th>2009</th>
<th>2016</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Time Purchase &gt;$150K</td>
<td>15 weeks</td>
<td>12 weeks</td>
<td>-20%</td>
</tr>
<tr>
<td>One Time Purchase &lt;$150K</td>
<td>37-52 weeks</td>
<td>19 weeks</td>
<td>-50%</td>
</tr>
<tr>
<td>Annual Contract</td>
<td>25-38 weeks</td>
<td>12-19 weeks</td>
<td>-51%</td>
</tr>
<tr>
<td>Personal/Professional Services</td>
<td>34-54 weeks</td>
<td>16-27 weeks</td>
<td>-51.5%</td>
</tr>
<tr>
<td>Blanket Authorities</td>
<td>5 weeks</td>
<td>5 weeks</td>
<td>No change</td>
</tr>
</tbody>
</table>
You can’t trick people into thinking you are good when you really aren’t... they know.
If We Don’t Become A Better Client....
The Ghost of the Future – Final Scene and Prediction
“The Quest” - Become a Client of Choice

- Open Competition
- Provide a Fair Evaluation Process
- Transparent (Pre & Post Award)
- Efficient (For Vendors as Well)
- Accountable and Able to Measure
- Seek Greatest Value
The Transformation begins...

In **2016**, LADWP partnered with the Simplar Institute to:

- Evaluate our current solicitation structure
- Identify our strengths and opportunities for improvements
- Identify strategies for developing the solicitation of the future
- Provide training on how to attract higher performing vendors
- Provide education on becoming a *Client-of-Choice*
...Starting with the Initial Report Card
Simplar’s Challenge to LADWP’S Inner Scrooge

What can be done to change LADWP’s future?

- How can we better assist them through our proposal process?
- How can we standardized submittal forms?
- How can we make the document easier to follow and understand?
- How can we allow electronic submittal of forms currently filled out by hand?
- How can we eliminate bias in the evaluation process?
- How can we minimize the time the Vendors need to spend responding to our proposals?
- How can we create a solicitation that encourages high quality proposal response?
- How can LADWP become a client of choice?
# Requisite Changes

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Traditional Approach</th>
<th>Simpler Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vendor Prepares a Written Approach to the Project</td>
<td>✓</td>
<td>✓+</td>
</tr>
<tr>
<td>Past Performance/Resumes</td>
<td>✓</td>
<td>✓+</td>
</tr>
<tr>
<td>Presentation/Interviews</td>
<td>✓</td>
<td>✓+</td>
</tr>
<tr>
<td>Cost vs. Performance Weighting Criteria</td>
<td>✓</td>
<td>✓+</td>
</tr>
<tr>
<td>Process Requires Vendors Significant Efforts/Resources</td>
<td>✓</td>
<td>X</td>
</tr>
<tr>
<td>Process Requires Owner Significant Evaluation Effort</td>
<td>✓</td>
<td>X</td>
</tr>
<tr>
<td>Evaluation Processed Non Biased/Anonymous</td>
<td>X</td>
<td>✓+</td>
</tr>
<tr>
<td>Process Minimizes Proposal Size</td>
<td>X</td>
<td>✓+</td>
</tr>
<tr>
<td>Structured Preplanning Phase Prior to Award</td>
<td>X</td>
<td>✓+</td>
</tr>
</tbody>
</table>

+ Has additional streamlined process
Ebenezer is Transformed

The steps we’ve taken:

- Reducing the number of documents submitted with proposal
- Focusing on existing conditions, not just the Scope of Work
- Improving fairness – new evaluation process is “blind”
- Making documents easier to understand and fill out (i.e. electronically)
- Providing standardized submittal forms
- Obtaining references on staff and company
- Changing our approach to risk identification
Future Solicitation Report Card

The opportunities identified by Simplar will help us “make the grade”.

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Change Facilitators (without ghosts)

What Needs to Change?
The greatest impact to your current RFP is not adding language, but formatting your solicitation so it is logical, simple, and easy to understand.

Things to ask:
- Does it flow in a logical manner?
- Does it have a complete schedule?
- Does it have a clear outline of the criteria and weights?
- Does it contain the scope of work / desired outcomes?
- Does it contain the current conditions?
- Does it contain instruction on what is need to submit?
- Does it have simple forms for vendors to fill out?
Ebenezer’s Life Lesson

“I will live in the past, present, and the future... The spirits of all three shall strive in with me!”

-Ebenezer Scrooge
1843
Epilogue: Personal

• To have a lasting impact on LADWP

• Leave Supply Chain in a better place

• Empower staff to continuously improve

• Embed a consciousness of effectiveness and efficiency
Contact Information

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Session #34

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