Writing Bid Evaluation Criteria &

the Contractor Selection Process

How to Choose the “Right Fit” Contractor

# Introduction

How we evaluate and select contractors definitely has an enormous impact on the quality of goods and services we obtain.

Information on how to start the purchasing process is available [on iService](http://iservice.prv/eng/finance/purchasing/purchasing.shtml). After you [contact us](http://iservice.prv/eng/finance/purchasing/contacts.shtml) with the required documents, the ESDC Procurement Team will assign a Procurement Specialist to your file within 24 hours (business days only). The Specialist’s job includes identifying the appropriate procurement approach: how are we going to buy what you need.

***If*** the Procurement Specialist determines that a competitive process is required, they will guide you on how best to select a contractor, based on what you are buying. As part of the purchasing process, you will have to finalize your [Statement of Work](http://iservice.prv/eng/finance/purchasing/tools.shtml) and begin drafting your evaluation criteria.

This document explains the process of writing bid evaluation criteria and selecting a contractor. This *does not apply* when a competitive process is not required.

# How Do We Select a Contractor?

*(Responsibility: The Procurement Specialist will help you with this step.)*

An important first step in selecting a contractor is to determine which selection method will give you the best result (i.e. how we are going to select the winning contractor). The Procurement Specialist will discuss the options with you, based on what you need.

Common selection methods are:

* **Lowest-priced Responsive Proposal**, where lowest price will work well.

*Example:* [*Temporary Help Services*](http://iservice.prv/eng/finance/purchasing/temp_help.shtml)

* **Lowest Responsive Cost Per Point**, when you are trying to balance cost and quality, but do not necessarily need the “Cadillac;” the “Ford” will do.

*Example: Job Description Writing*

* **Highest Combined Technical and Financial Score**, when the quality of the product or service is *more important* than the price you are going to pay. Managing vendor performance becomes very important, to ensure HRSC obtains value for money.

*Example:* [*Consulting Services*](http://iservice.prv/eng/finance/purchasing/prof_services/intro.shtml)

If necessary, the Procurement Specialist will provide you with other selection methods.

## Contractor Selection Methods and the Request for Proposals

The more clearly the Request for Proposals (RFP) explains the work, the more accurately contractors are able to reply to those needs.

The selection method must be clear in the RFP. This way, potential contractors are aware of the method. The Procurement Specialist will prepare the overall RFP for you. It includes many different parts, such as:

* **Statement of Work/specifications for the good/service you are buying –** ***you must draft* this part, please review** [**the templates**](http://iservice.prv/eng/finance/purchasing/tools.shtml)
* **Evaluation criteria – *you must draft* this part**
* Selection method
* Terms and conditions that will apply to the successful contractor
* Basis of payment (daily rates, milestone payments, or payment upon final delivery)
* Deadlines and procedures for submitting bids

Once finalized, Procurement will distribute the RFP (often, this is done through the [Tenders website](http://buyandsell.gc.ca/tenders). It is the document potential contractors must examine to prepare bids.

The RFP also ensures that ESDC respects the legal obligation to run a proper competitive process. By clearly outlining *how* *we will* select the winning contractor, we work fairly, openly and transparently.

## Looking Back: The Need

It is important to think about *why* *you need* this particular good or service. How will you demonstrate that ESDC obtained value for money? Lowest-priced Responsive Proposal (aka the cheapest!) does not always result in the best overall value for the Crown.

Some services may *seem* straightforward.

However, take job description writing: If the lowest cost proposal contractor takes twice as long to complete the work, or ESDC must re-write the job descriptions that the contractor delivers due to poor quality, then any “savings” ESDC gained through the low quoted price are lost.

### Sustainable Procurement

You can include [criteria to evaluate the environmental sustainability](http://www.tpsgc-pwgsc.gc.ca/ecologisation-greening/achats-procurement/directive-guideline/page-9-eng.html) of the proposed goods or services. For instance, you may ask suppliers to propose goods that contain less plastic, are made with recycled materials, or that use less consumable supplies (e.g. toner cartridges). This can save money in the long term, which means it is good for both the budget *and* the planet! It will also help the Government of Canada achieve its goals under the [Federal Sustainable Development Strategy](http://www.ec.gc.ca/dd-sd/default.asp?lang=En&n=CD30F295-1).

### Aboriginal Peoples

The federal government has obligations to certain Aboriginals under [Comprehensive Land Claim Agreements](https://buyandsell.gc.ca/policy-and-guidelines/supply-manual/section/9/35#section-9.35.5) (CLCAs). You may include certain evaluation criteria that take into consideration Aboriginal obligations, if the goods or services involved are to be delivered in an area that has a large Aboriginal population. However, this complex process depends on the current CLCAs (we must refer to the detailed agreement documents). Therefore, *the Procurement Specialist assigned to your request will help you determine if a CLCA applies* and, if a CLCAdoes apply, which criteria to use.

## Looking Forward: The Criteria

Once you have chosen a selection method by working with the Procurement Specialist, you will have a good sense about the evaluation criteria. You must write the evaluation criteria.

Some contract selection methods use only *mandatory* criteria; some use only *point-rated* criteria; and some use a combination of the two. You must carefully establish the evaluation criteria, to assess the contractor’s competence and technical approach. It is important to establish evaluation criteria that are neither too restrictive, nor too broad. **The table below outlines the criteria and how we use them.**

[Contact the Procurement Team](http://iservice.prv/eng/finance/purchasing/contacts.shtml) for examples of criteria that may apply to the good/service you need.

| **Type** | **Definition** | **Used for…** |
| --- | --- | --- |
| **Mandatory Criteria**  ***only*** | Identifies the *minimum* requirements that are essential to success. These should not be overly restrictive. They are pass/fail. | **Lowest-Priced Responsive**  You may wish to use only mandatory criteria for low- to medium-complexity goods and services that can be clearly defined, if price and minimum criteria are the major factors. |
| **Point-Rated Criteria**  ***only*** | Establishes a set of criteria identified to determine the relative merit of each bid. | **Lowest-Responsive Cost Per Point** and **Highest Combined Technical and Financial Score**  Medium- to high-complexity requirements, where different approaches to the work may be considered. This allows ESDC to evaluate intangibles and focus on technical merit.  You may wish to use only point-rated when no mandatory criteria or minimum standards apply to the work, such as when you need an innovative approach. |
| **Combination of the above** | Mix of mandatory and point-rated criteria  (see above for details). | **Lowest-Responsive Cost Per Point** and **Highest Combined Technical and Financial Score**  Mainly for services contracts, or for goods contracts that have some service elements. This is a reasonable and balanced approach. It prioritizes bids that exceed the minimum requirements.  This method allows you to evaluate:   * The experience of the contractor or company (meaning the legal entity bidding); * The experience of the individuals; * The work approach the contractor is proposing (this could include understanding the requirement, an analysis of the risks in executing the project, summary work plans). |

# How Do I Write Evaluation Criteria?

*(Responsibility: You must write these criteria. The ESDC Procurement Team is collecting examples and best practices to share.)*

Writing evaluation criteria depends on what you need. Criteria can be simple. However, for more complex goods and services, it is often difficult to think about how you will assess whether or not a potential contractor will be able to complete the work!

Keep in mind that you do not need a “laundry list” of criteria. In fact, if you put a criterion in, you **must** assess that criterion in each and every bid! So, keep in mind the workload you are creating for yourself and the value, if any, of having many, many evaluation criteria versus keeping it down to a few critical criteria.

For instance, when selecting a consulting firm for a major project, you might not need bids to include the names and resumes of all the proposed administrative staff. Instead, in the RFP you could ask for the names and resumes of only the main proposed consultants.

## Key Principles

**Make all criteria count:** The goal is to evaluate the most important aspects and weigh them according to their importance. Avoid evaluating a “laundry list,” each worth 5% of the total score, which will dilute the entire evaluation.

**Keep all criteria relevant:** All criteria must be relevant and realistic. A “dream” list can result in *no bids*.

**Consider workload for the potential contractors:** A lot of work goes into preparing bids. Contractors consider this and they consider the value of the contract. If the value is less than about $70,000, you must limit the criteria and the total work you expect from the contractors to prepare the bid. Imposing a page limit on the proposal can be a good strategy. Also keep in mind that different industries have different ideas of what is a “low value requirement” is (i.e. $50,000 can be attractive to a contractor who is an individual, but not at all to a large corporation).

**Consider your team’s workload:** It takes work – and your team’s time! – to evaluate the criteria. Do not ask for extra materials that will contribute little to the evaluation. The time of your evaluation team members is valuable, but those individuals must evaluate all proposals received in their entirety (as per the steps in the below table, Overview of the Bid Evaluation Process). You ***cannot*** change the criteria after bid closing. Say that during the evaluation, your team notices that certain criteria add little value and take too much time. Tough: it is too late, because all criteria must be evaluated.

**Language:** Avoid adjectives, ***unless* you define them in the RFP**. Words like “comparable,” “similar,” “relevant,” and “recent,” all require a definition to provide any real meaning and basis to evaluate. If “directly relevant and recent” was defined as “having 2 or more projects since January 1, 2005 in private or public financial services organizations with over *XXX* $ in revenue and with over *XXX* employees,” then you could actually evaluate whether a contractor has “directly relevant and recent” experience. However, if you had not defined the adjectives “directly relevant and recent” *in the RFP*, then you really would not be able to evaluate the criteria at all, because it is anyone’s guess. Also, you must **never use the words “must” or “shall”** *in the rated criteria*. *Rated* criteria are not mandatory, but those words make them mandatory! If a contractor does not meet one or more mandatory criteria, then its entire proposal *must* be rejected. We want to avoid rejecting proposals unnecessarily. **Use “should” instead**.

# What Happens Once the Bids are Received?

*(Responsibility: You, your evaluation team and the Procurement Specialist assigned to your file.)*

After the Procurement Specialist assigned to your file receives the bids, he or she will complete the evaluation of all non-technical mandatory criteria. Your evaluation team will evaluate any technical mandatory criteria. If a bid does not meet one or more of the mandatory criteria, the bid is disqualified. It cannot win.

If there are any point-rated criteria, then your evaluation team will evaluate exactly those criteria. Each member of your evaluation team must read, fulfil and sign the evaluation team instructions. In doing so, your evaluation team fulfils ESDC’s legal obligation to complete the process *exactly* the way we said we would in the RFP.

If your evaluation team *does not* complete the process exactly that way (for example, if the evaluation team does not bother to actually evaluate all the evaluation criteria), then your team is putting ESDC as a whole at risk for legal action, international trade disputes, and other potential reviews that would most certainly stall your contract.

## Overview of the Bid Evaluation Process

| **Step** | **Details** | **Responsible to Evaluate** |
| --- | --- | --- |
| Step 1:  **Evaluation of *Mandatory* Criteria** | If the bid does not meet one or more of the mandatory criteria, it is non-responsive and it cannot win the contract.  *Nonetheless*, all mandatory *must* be evaluated. | Procurement Specialist (can be your evaluation team if certain mandatory criteria are technical) |
| Step 2:  **Evaluation of**  ***Rated* Criteria** | *All* the rated criteria that were included in the RFP must be evaluated for *all* contractors. No criteria can be skipped, excluded, or changed *after* bids are received. | Your evaluation team |
| Step 3:  **Financial**  **Evaluation** | Once all the contractors are evaluated as per steps 1 and 2, pricing information can be disclosed to you. However, the pricing information of the contractors who have failed the mandatory criteria (step 1) is neverdisclosed. | Procurement Specialist |

# Conclusion

The ESDC Procurement Team is available to help you with this process and will answer any questions you have. We are the Procurement experts!

***You are the expert*** *about what goods or services you need and how you want to assess the capability of potential contractors.*

We hope this document has given you a few tips to help you through the process.