Preparing Your Proposal to Win More Contracts – The Source Selection Trade-Off Process

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Best Value Continuum – FAR 15.101

Sealed Bidding/Negotiated

Low Price

Technically Acceptable, Lowest Price

Source Selection Tradeoff Process

Best Value: The Expected Outcome of an Acquisition that, in the Government’s Estimation, Provides the Greatest Overall Benefit in Response to the Requirement

- Army Source Selection Manual
The Source Selection Trade-off Process (FAR Part 15)

- A Process
- Used in Competitive Negotiated Contracting
- To Select the Most Advantageous Offer
- By Evaluating and Comparing Factors in Addition to Cost or Price

FAR 15.101-1(c): The Trade-Off Process “Permits Trade-offs among Cost or Price and non-Cost Factors and Allows the Government to Accept other than the Lowest Priced Proposal.”
A Solicitation/Contract Form
B Supplies or Services and Prices/Costs
C Description/Specifications/Work Statement
D Packaging and Marking
E Inspection and Acceptance
F Deliveries or Performance
G Contract Administration Data
H Special Contract Requirements
I Contract Clauses
J List of Attachments
K Representations, Certifications, and Other Statements of Offerors
L Instructions, Conditions, and Notices to Offerors (Includes Proposal Preparation Instructions)
M Evaluation Factors for Award (Identifies Basis of Award)*

*EVERY COMPETITIVE SOLICITATION HAS AN “EVALUATION FACTORS FOR AWARD” SECTION ESTABLISHING THE “BASIS OF AWARD” – (RFP SECTION M IN THE UNIFORM CONTRACT FORMAT (UCF))
M.1 Basis of Award: The Government plans to award a single contract for the Fighting Trailer System subject to the provisions contained herein. The evaluation of proposals submitted in response to this solicitation shall be conducted on a source selection basis utilizing a "tradeoff" process to obtain the best value to the Government. The Government will weigh the evaluated proposal (other than the Price Area) against the evaluated price to the Government. As part of the tradeoff determination, the relative strengths, weaknesses and risks of each proposal shall be considered in selecting the offer that is most advantageous and represents the best overall value to the Government.
PROPOSAL EVALUATION OF PROPOSAL RISK vs. PERFORMANCE RISK

- Proposal Risk vs. Performance Risk

  - Proposal Risk: Risks Associated with the Offeror’s Proposed Approach in Meeting the Requirements of the Solicitation.

  - Performance Risk: Risks Associated with an Offeror’s Likelihood of Success in Performing the Solicitation’s Requirements as Indicated by that Offeror’s Record of Current or Past Performance

Source - Army Source Selection Manual
### Sample RFP Crosswalk

**Factor:** Technical

**Sub-Factor:** Technical Approach

### RFP Section L Proposal Preparation Instructions

- RFP Paragraph L.10
- Provide substantiation supporting conformance of the Proposed Trailer to the Purchase Description Requirements
  - commercial literature
  - test data
  - historical information
  - analytical support
  - other supporting rationale or design documentation
  - Corrosion Control (PD Para 3.2.1)
  - Carrying Capacity (PD Para 3.2.2)
  - Ground Clearance (PD Para 3.2.3)
  - Trailer Weight, & Width (PD Para 3.2.4)
- Provide Federal Vehicle Trailer Certification or Milestones, with Substantiating Data, for Obtaining Certification

### RFP Section M Evaluation Criteria

- RFP Paragraph M.10
- Proposal Risk Probability Offeror will Timely Satisfy Requirements
  - Corrosion Control (PD Para 3.2.1)
  - Carrying Capacity (PD Para 3.2.2)
  - Ground Clearance (PD Para 3.2.3)
  - Trailer Weight, & Width (PD Para 3.2.4)
- Risk of Contractor Obtaining a Federal Vehicle Trailer Certification at the point of the Contract Award

### Proposal Risk

Those Risks Associated with the Offeror’s Proposed Approach in Meeting the Requirements of the Solicitation- See RFP Section M
What is a Performance Risk Evaluation of Past Performance

Record of Past Performance

Relevance of Past Performance

Performance Risk

How Well Did the Offeror Perform?

What is the Predictive Value of the Prior Contracts?

What is the Likelihood of Future Success on Our Requirements?
**Performance Risk – Importance of Relevance/Recency**

- Past Performance Assesses Performance Risk Considering both:
  - Prior Contract Performance
  - Relevance/Recency of Prior Contract Performance

**Example 1**

<table>
<thead>
<tr>
<th>Offeror</th>
<th>Prior Contract Performance</th>
<th>Relevance/Recency of Prior Contract Performance</th>
<th>Performance Risk Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Excellent</td>
<td>Excellent</td>
<td>Excellent</td>
</tr>
<tr>
<td>B</td>
<td>Excellent</td>
<td>Excellent</td>
<td>Excellent</td>
</tr>
</tbody>
</table>
Reading Your RFP – When are FAR 15.306(d) Discussions Planned?

• Does the RFP Contemplate Discussions?

  • FAR 52.215-1: The Government intends to Award without Discussions.
    • However, The Government Reserves the Right to Conduct Discussions if Necessary.
    • Offeror’s are Encouraged to Submit Proposals on Best Terms in that Discussions may not be Conducted

  • FAR 52.215-1(Alternate 1): The Government intends to Award a Contract after Conducting Discussions.
    • Offeror’s Still Encouraged to Submit Proposal on Best Terms in that the Competitive Range Determination will be based on the Initial Proposal Submission.
    • FAR & Case Law Require Conduct of Meaningful Discussions (Deficiencies, Significant Weaknesses, Adverse Past Performance)
The Best Value Trade-off Decision

✓ Is a Reasonable Business Judgment of the SSA;
✓ Based on a Comparative Analysis of the Proposals;
✓ Must be Consistent with the Stated Evaluation Criteria;
✓ Must Reflect Why Perceived Non-Cost/Price Discriminators among Offerors (e.g. Better Design, Better Past Performance, Strengths/Weaknesses) are:

  • Worth any Necessary Price Premium, or
  • Not Worth Price Premium
Reading Your RFP – Cost vs. Non-Cost Criteria Relationship

Cost/Price more important than non-cost factors...

Proposal Formation Roadmap Message to Offeror: Relatively Significant Advantages Required to Pay Higher Price.
Non-cost factors more important than cost/price...

Proposal Formation Roadmap Message to Offeror: Willing to Pay Price Premium for Relatively Smaller Improvements
Understanding the Selection Process – The Best Value Trade-off Decision

The Determinative Element is not the Differences in Ratings, but the Rational Judgement of the Source Selection Authority Concerning the Significance of those Differences.

The Analysis, Ratings and Comparisons should be used as an Aid to the Source Selection Authority's Judgement - not as a Substitute for that Judgement.
## Source Selection Trade-Off Example

**Scenario:** Past Performance is Slightly More Important than Price.

<table>
<thead>
<tr>
<th></th>
<th>Total Evaluated Price</th>
<th>Past Performance Rating</th>
<th>Historical Contract Relevance/Recency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offeror A</td>
<td>$1,000,000</td>
<td>Adequate/Moderate Risk</td>
<td>High</td>
</tr>
<tr>
<td>Offeror B</td>
<td>$1,200,000</td>
<td>Excellent/Very Low Risk</td>
<td>High</td>
</tr>
</tbody>
</table>

- **Item:** Turret Drive Controller – Vehicle Deadline Item
- **GFM Status:** GFM To M1A2 Production Line
- **Safety Item:** Yes - Controls Turret Spin
- **Stock Status:** 210 Day Supply (210 Day Delivery Schedule)
- **Complexity:** Moderate
- **Offeror “A” Delivery History:** 30% of Recent Deliveries are 30-60 Days Late
- **Offeror “A” Quality History:** Products Meet Requirements
Tips and Top Source Selection Messages for Offerors

➢ Read the RFP Thoroughly. In Particular:
  • The Requirements: Statement of Work (Section C) and Delivery Schedule
  • Proposal Preparation Instructions (Section L)
  • Basis for Evaluation and Award (Section M)
  • Executive Summary

➢ Crosswalk RFP Sections C, L & M To Determine Precisely What Information to Include in Your Proposal

➢ Understand the RFP Section M Relative Order of Importance Statement - It is the Road Map for Preparing Your Most Competitive Proposal

➢ The Government Will Evaluate Precisely What was Announced in the RFP

➢ Your Proposal will be Evaluated in great part based on Risk: This Necessitates Submission of Proposal Data Substantiating the Probability of Successful Performance - Promises or Unsupported Assertions will be Evaluated as Higher Risk

➢ Consider whether Pursuing Objective/Desired Requirements will make your Proposal more Advantageous, given the Evaluation Criteria?

➢ If Your Offer is not Selected for Award, it Typically doesn’t mean you had a Poor Proposal, it means that another Proposal was Comparatively more Advantageous and a Better Value – Receiving a Debriefing may help Improve Future Proposal Submissions
Back-Up Slides
ACQUISITION UNIVERSE

FAR PART 6

COMPETITIVE PROCEDURES

- SEALED BIDDING
  - FAR Part 14
    - Award Based on Price and Responsibility

- NEGOTIATION
  - FAR Part 15
    - Award Based on Factors in Addition to Cost/Price (including Responsibility)

OTHER THAN COMPETITIVE PROCEDURES

1. ONLY ONE RESPONSIBLE SOURCE OR A LIMITED NUMBER OF RESPONSIBLE SOURCES
2. UNUSUAL AND COMPELLING URGENCY
3. INDUSTRIAL MOBILIZATION OR MAINTAIN R&D CAPABILITY AT EDUCATIONAL OR NON PROFIT INSTITUTION OR FEDERALLY FUNDED RESEARCH CENTER
4. INTERNATIONAL AGREEMENT
5. AUTHORIZED OR REQUIRED BY STATUTE
6. NATIONAL SECURITY
7. PUBLIC INTEREST

* FAR Part 15 Procedures may be applied to competitive purchases under FAR Part 8, 12, and 13
Source Selection Process Flow

1. **Requirements Identified**
2. **Criteria/SSO Established**
3. **RFP Issued**
4. **Proposals Received**

- **Discussions To Be Held**
  - **NO**
  - **YES**
    - **Draft Initial Evaluation**
      - **YES**
      - **Can Competitive Range Be Established**
        - **NO**
        - **Communicate Where Inclusion Is Uncertain**
          - **Debrief Losers**
            - **SSA Decision/Award**
      - **NO**
      - **Finalize Initial Evaluation**
        - **Discuss Deficiencies & Significant Weaknesses**
          - **Establish Competitive Range**
            - **Final Proposal Revisions**
              - **Prepare Interim Evaluation**
                - **MARKET RESEARCH**
                  - **DRAFT RFP**
                    - **SSEB/SSO TRAINING**

- **Clarify as Req’d & Identify Negative Past Performance**

**Flow Notes:**
- **NO**
- **YES**
- **MARKET RESEARCH**
- **DRAFT RFP**
- **SSEB/SSO TRAINING**
- **Final Proposal Revisions**
- **Prepare Interim Evaluation**
- **Discuss Deficiencies & Significant Weaknesses**
- **Establish Competitive Range**
- **Finalize Initial Evaluation**
- **Communicate Where Inclusion Is Uncertain**
- **Debrief Losers**
- **SSA Decision/Award**
### Technical Factor
#### Adjectival Rating Definitions

Evaluators will apply the rating for the definition that most closely matches the evaluation.

<table>
<thead>
<tr>
<th>Adjectival Rating</th>
<th>Proposed Approach and Achievement of Requirements and Objectives</th>
<th>Feasibility &amp; Practicality of Solutions</th>
<th>Proposal Clarity, Precision &amp; Support</th>
<th>Understanding of Requirements &amp; Objectives</th>
<th>Strengths and Weaknesses</th>
<th>Risk Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>Exceptional Approach and Superior Achievement of Requirements and Objectives</td>
<td>Unquestionably Feasible &amp; Practical</td>
<td>Exceptionally Clear/Precise &amp; Fully Supported</td>
<td>Clear Understanding</td>
<td>Strengths far Outweigh Weaknesses</td>
<td>Very Low</td>
</tr>
<tr>
<td>Good</td>
<td>Sound Approach Fully Expected to Achieve Requirements &amp; Objectives</td>
<td>Feasible &amp; Practical</td>
<td>Clear/Precise &amp; Supported</td>
<td>Understanding</td>
<td>Strengths far Outweigh Weaknesses</td>
<td>Low</td>
</tr>
<tr>
<td>Adequate</td>
<td>Generally Sound Approach Capable of Achieving Requirements &amp; Objectives</td>
<td>Generally Feasible &amp; Practical</td>
<td>Somewhat Clear/Precise &amp; Partially Supported</td>
<td>General Understanding</td>
<td>Strengths and Weaknesses are Offsetting</td>
<td>Moderate</td>
</tr>
<tr>
<td>Marginal</td>
<td>Approach may not be Sound and may not be Capable of Achieving Requirements &amp; Objectives</td>
<td>May Not Be Feasible or Practical</td>
<td>Lacks Clarity/Precision &amp; Generally Unsupported</td>
<td>Not a Complete Understanding</td>
<td>Weaknesses Outweigh Strengths</td>
<td>High</td>
</tr>
<tr>
<td>Poor</td>
<td>Approach likely not Capable of Achieving Requirements and Objectives</td>
<td>Not Feasible or Practical</td>
<td>Lacks any Clarity/Precision &amp; is Unsupported</td>
<td>Does Not Demonstrate an Understanding</td>
<td>Weaknesses far Outweigh Strengths</td>
<td>Very High</td>
</tr>
</tbody>
</table>
Typical Performance Risk
Adjectival Rating Definitions

Evaluators will apply the rating for the definition that most closely matches the evaluation

EXCELLENT: Essentially no doubt exists that the offeror will successfully perform the required effort based on their performance record.  
*Risk Level: Very Low*

GOOD: Little doubt exists that the offeror will successfully perform the required effort based on their performance record.  
*Risk Level: Low*

ADEQUATE: Some doubt exists that the offeror will successfully perform the required effort based on their performance record.  
*Risk Level: Moderate*

MARGINAL: Significant doubt exists that the offeror will successfully perform the required effort based on their performance record.  
*Risk Level: High*

POOR: It is extremely doubtful that the offeror will successfully perform the required effort based on their performance record.  
*Risk Level: Very High*

UNKNOWN: The offeror has little/no relevant past performance upon which to base a meaningful performance risk prediction.  
*Risk Level: Unknown*
Conducting Discussions

- When Discussions are Conducted, FAR and Case Law Require Conduct of Meaningful Discussions
  - Deficiencies; Significant Weaknesses; Adverse Past Performance
- The Primary Objective of Discussions is to Maximize the Government’s Ability to Obtain Best Value, Based upon the Requirements and the Evaluation Factors set forth in the Solicitation (FAR 15.306(d)(2))
- Not Searching for Perfect Information
- The Offeror Must have Sufficient Information to Understand the Government’s Concern.
- Oral Discussions Greatly Enhance Communication, Improve Quality, Save Time and Reduce the Risk of Protest.