We “No Bid” and I’ll Tell You Why

Presented by the NIGP Business Council

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Agenda

• Introductions
• Overview of the NIGP Business Council
• Overview Business Council White Papers
• Present Information about the White Paper *We “No Bid”, and I’ll tell you why.*
• Open Discussion
• Recap of Available Resources
Who We Are:
Serve the NIGP membership and procurement profession through the sharing of resources and expertise in support of NIGP’s educational, research and advocacy mission.
POLL Question #1

Q - How informed are you about the Business Council and its mission to support NIGP and its members?

A. Very Informed
   ▫ I am familiar with and support the Business Council and its mission of being a resource for NIGP members.

B. Somewhat Informed
   ▫ I would like to continue learning more about the Business Council and how it supports NIGP and my local chapter.

C. I am new to NIGP
   ▫ I attended this session to learn more about the Business Council and how it supports NIGP and my local chapter.
In essence, the Business Council connects the supplier’s perspective with the public procurement community and is dedicated to improving the buyer/supplier relationship.

White papers represent one of the ways in which the Business Council supports the educational mission of NIGP.
We “No Bid,” and I’ll Tell You Why.

• What causes vendors to “No Bid”
• What are the effects of reduction in supplier participation
Procurement Questions - Why No Bid?

*What does it mean when leading suppliers choose not to respond?*

- Did they not know about the RFP/IFB?
- Were they too busy to respond to the RFP/IFB?
- Do they already have all the business they want?
- Is there something in the RFP/IFB which prevents interest?
POLL Question #2

• On average, if you publish/send a solicitation – think RFP vs. simple bid – to 10 qualified suppliers (national, regional or local), how many proposals do you typically receive?

A. 9-10
B. 6-8
C. 4-5
D. 3 or less
We “No Bid.” Here’s Why.

• No opportunity to meet with agency
• Timeframe just too short to respond
• Unrealistic set price requirements
• Specifications inadvertently show favoritism
• Terms and conditions may be too strict
• Agency not open to change
• Legal terms do not fit market conditions
City of Seaside Competition Example: Northern vs. Acme

**Northern – Incumbent**
- 5-year contract with Northern Widgets
- $450,000 per year +
- Seaside launches IFB
  - Sr. Buyer assigned
  - Customer consultation
- IFB Requirements
  (based on Distribution Manager’s input)
  - Widget DC must be <20 miles
  - Shape = octagonal
  - Color = cranberry red
  - Material = 100% wood
  - Deliveries = Thursdays <7:00a
  - Price < $2,000
- IFB live April 1, due April 12

**Acme – Contender**
- Nat’l distributor, industry leader
- Value proposition
  - Proprietary, patented material
  - 4X product life span
  - Overall savings to City
  - Sustainability-oriented practices
- $2,400/ea
- LEED-Platinum DC <28 miles
- All hybrid delivery fleet
- $0 delivery fees
- No fuel surcharges – guaranteed
- Deliveries by 8:45A – guaranteed

**Will they bid?**
Will they have an opportunity to discuss their product & services?
# Potential Savings to Seaside

<table>
<thead>
<tr>
<th>Company</th>
<th>Agency’s Operating Requirement (# Units)</th>
<th>Number of Units to Meet Operating Need</th>
<th>Per Price Unit</th>
<th>Total Widget Cost</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern (current)</td>
<td>55</td>
<td>225</td>
<td>$2,000</td>
<td>$450,000</td>
<td>Short life cycle requires 4x quantity</td>
</tr>
<tr>
<td>Acme</td>
<td>55</td>
<td>57</td>
<td>$2,400</td>
<td>$136,800</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Cost Savings</strong></td>
<td></td>
<td></td>
<td><strong>$313,200</strong></td>
<td></td>
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</tbody>
</table>
Effects of Seaside’s IFB Specifications

• Increased number of orders
  ▫ The city has to purchase 168 more widgets
  ▫ Increased procure-to-pay costs
    • More purchase orders to create
    • More deliveries to manage (receiving)
    • More invoices to process

• Increased negative environmental impact
  ▫ Northern’s fleet is 100% gas or diesel dependent
  ▫ Higher fuel consumption
  ▫ Higher greenhouse gas emissions
Seaside IFB - Other Potential Drawbacks

- No Q&A period
- Short timeframe to respond
- IFB is not clear
- Complexity of IFB = unreasonable response
- Unreasonable warranty requirements
- Specifications too broad
- Specifications too specific
- Awardee must be registered with particular group
Best Practice = *Best Value*

- Total Cost of Ownership
- Impact on Operations
  - Resource requirements
  - Continuity of service
- Sustainability Considerations
  - Environmental
  - Economic
  - Social
Resources
Business Council White Papers / Presentations

2013 – We No Bid And We Will Tell You Why
2014 – Everybody Wins
2015 – Healthy Agency Supplier Relationships
2016 – Total Cost of Ownership
2017 – The Supplier Practitioner Connection – Adding Value to Procurement
2018 – The Procurement – Supplier End User Relationship
2019 – Market Volatility
2020 – How Unlikely Partners Can Make You Successful

Visit: https://www.nigp.org/home/find-procurement-resources/guidance/papers
NIGP Chapter Events

• Business Council Members Lead Discussions
• Schedule Travel For In-Person Conferences/Meetings
  • Support Virtual Events
• Typically Two NBC Members and 1-2 Local Agency Leaders Participate
  • Moderator or Panel Members
  • Members/Audience Interactive
• Contact to Schedule
  • Belinda Sites, NIGP – bsites@nigp.org
  • Business Council Members – Contact Directly
Thank you!

Questions / Answers / Comments

Download the White Paper at:

www.nigp.org/WhitePapers