



Winner Procurement Services, University of Toronto The Negotiable RFP in Action

Adapted from their 2012 Leadership in Public Procurement Award submission.

The University of Toronto (U of T), which is a research intensive university, must meet the public procurement standards established by government legislation and by funding agency requirements as well; however, in a public competitive process, specialized research procurements often require flexibility in establishing appropriate specifications and conditions. The 'contract A' paradigm of public procurement law presented a restrictive environment very detrimental in facilitating the procurement of leading-edge solutions from the marketplace. It was so detrimental, that many U of T researchers were opposed to 'contract A' procurements as it impeded their ability to advance their world class research. Sole sourcing became the option of choice in the procurement of complex technology solutions.

In order to address both the specialized research needs as well as government and funding agency standards, U of T developed the Negotiable Request for Proposal (NRFP) model for its competitive procurements. In addition, by applying business-design methodologies in the development and implementation process, we ensured customer needs were met to help improve the client experience.

Our objective in the design was to:

- deliver improved flexibility in the competitive procurement process;
- deliver enhanced quality and value; and
- deliver customer-centricity in the solution.

In 2010, the procurement services team developed the NRFP working with our business design experts at U of T and lawyers from The Procurement Law Office. The solution was based on a new legal methodology combined with a holistic set of customer centric procedures and documents. We were the first University in Canada to use this non-contract 'A' model for public procurement. It is now our standard competitive procurement methodology.

The result was not just a new legal document, but a solution that included a complete transformation of our competitive procurement process. Four customer centric guides were created in addition to the NRFP docu-

ment: Guide to Competitive Procurement; Guide to Completing Appendix E; Operational Guide; and the Negotiation Guide.

U of T Procurement Services set out to achieve qualitative outcomes in the following areas, all of which have already been realized one year post-implementation (2010):

- Freedom and flexibility – a specific section within the formal RFP document was created for the client to have ownership of Appendix E giving them the freedom and flexibility to describe their project requirements based on value as defined by the researcher's specific criteria.
- Safety net – reliance on legal council helps provide a safety net that clients can count on to save them and the organization from both reputational risk and risk from contravening stringent research agency policy and government legislation.
- Simplicity and convenience – a toolkit outlines the competitive procurement in transparent plain language and in eight (8) clear steps, making it easier to understand the options, manage their expectations and report to their managers on the progress of their procurement projects.
- Trusted relationships – by working collaboratively with our clients they know who we are; they are quick to call us and recognize that we are on their side and available to help. Our users now feel understood, our procurement staff feels empowered and our academic community understands PS's value.

For the first time, customers and vendors have the flexibility they need to be actively engaged in the RFP process. Customers can articulate the intricacies of their innovative work within their unique business, their specific requirements, much of which was

not captured previously. The traditional RFP process offered no 'wobble room' – an RFP submission document set everything in stone very early in the project life cycle. Now, with the NRFP, customers have a vehicle to voice challenges and possible updated requirements or project development with a potential vendor. The NRFP encourages vendors to present their most current solutions; products that are often still in development. It allows both the customer and vendor to collaborate by being able to put everything they have on the table and figuring out what will and won't work at that point in time. This is especially advantageous because technology or research may often change since the release of the NRFP.

Results far exceeded expectations one year post-implementation. In part, this is reflected by:

- An overwhelming increase in compliance (from 50 to 99 percent).
- More than a 61 percent increase in traction (use of NRFP -specifically, a boost in number of RFPs submitted from 70 to 113).
- Demonstrated improvement in procurement efficiency (a 0.5 increase in staffing was able to handle a 61 percent increase in work directly related to NRFPs).
- \$1.1 million savings as a result of negotiations amongst customers, our procurement services and vendors.
- \$1.75 million in savings for 2011; therefore, over \$2.8 million in savings since we implemented the NRFP.
- Noteworthy equipment enhancements through negotiations, e.g., beta site for state of the art spectrometer probes.

Knowledge of the NRFP is being distributed through public presentations in appropriate venues, providing information to training sessions offered by recognized institutions, and being endorsed by thought leaders in the procurement field.

In addition to a first-hand presentation at the 2012 Canadian Public Procurement Council annual forum, below are some links to further information:

www.procurement.utoronto.ca www.procurement.utoronto.ca/Summit/CompetitiveProcurementGuide.pdf
www.procurement.utoronto.ca/Summit/AppendixEGuide.pdf