



**DEMYSTIFYING INSTITUTIONAL PROCUREMENT:
DECONSTRUCTING THE RFP PROCESS**

Who are we?



- **September 1992, St. Joseph's Health System, Group Purchasing Organization was created**
- **We currently facilitate the contract process for 28 healthcare foodservice locations and the OSNP for Southwest Ontario**
 - **Our healthcare membership is comprised of:**
 - **Hospitals / Acute Care**
 - **Conventional Production Systems**
 - **Rethermalization Systems**
 - **Retail / Cafeteria**
 - **Complex Continuing Care**
 - **Long-term Care**
 - **Mental Health / Addictions**

Keys to Success



- **Commitment from CFO's and management teams within each facility**
- **An interactive members group with a high level of expertise**
- **Member driven decision making**
- **Long standing rapport with manufacturers within the foodservice industry**
- **Commitment of service to membership from awarded distributors**
- **Administrative support through MEALsource**
- **Continually striving to find innovative ways to improve the process**

Why not just buy what we want?



- Most of our membership are accountable to the Broader Public Sector (BPS), which is the division of government that oversees the expenditure of your tax dollars
- The BPS Directive was established and implemented to ensure that BPS organizations procure goods in a responsible, ethical, fair and transparent manner
 - <http://www.doingbusiness.mgs.gov.on.ca/mbs/psb/psb.nsf/English/BPSSC-Sec>

Five Key Principles of the BPS Directive



- *Accountability* – organizations must be accountable for the results of their procurement decisions and the appropriateness of the process.
- *Transparency* – Organizations must be transparent to all stakeholders. Wherever possible, stakeholders must have equal access to information on procurement opportunities, processes and results.
- *Value for Money* – Organizations must maximize the value they receive from the use of public funds. A value-for-money approach aims to deliver goods and services at the optimum total lifecycle cost.

Five Key Principles of the BPS Directive (Cont.)



- *Quality Service Delivery* – Front-line services provided by Organizations, such as teaching and patient care, must receive the right product, at the right time, in the right place.
- *Process Standardization* – Standardized processes remove inefficiencies and create a level playing field.

Goals of the BPS Directive



- **Create benchmarks for:**
 - Transparency
 - Accountability
 - And therefore, fairness
- **By providing/promoting:**
 - Common standards
 - Leading practices/documents
 - Skill development
 - Vendor acceptance/harmony

Fair: What Is Fair?



- **In the dictionary, fair is:**
 - free from bias, dishonesty, or injustice
 - legitimately sought, pursued, done, given, etc.; proper under the rules
 - marked by favouring conditions; likely; promising: in a fair way to succeed.
- **In procurement, fair is:**
 - Not a common sense notion
 - Can be “nasty” or “nice”
 - Can be opaque/secretive/arbitrary

**FAIR IS FOLLOWING PROCESS: WHETHER “NASTY” OR
“NICE”**

Supply Chain Code Of Ethics



- **Organized around:**
 - Personal integrity
 - Accountability & transparency
 - Compliance & continuous improvement

Standard Methods of Foodservice Procurement in the Public Sector



- **Sole Source**
- **Single Sourcing**
- **Invitational Competitive Procurement**
- **Open Competitive Procurement**

Sole Source



- **Sole Source is the use of a non-competitive procurement process to acquire goods or services where there is only one available supplier for the source of the goods or service.**
- An example of this would be a Doctor prescribed supplement/tube feed only available from a single manufacturer

Single Sourcing



- **Single Sourcing is a non-competitive method of procurement of goods or services from a supplier in situations where there is or may be another supplier or suppliers capable of delivering these goods or services**
- **Where an unforeseeable situation of urgency exists and the goods or services cannot be obtained in time by means of open procurement procedures.**
 - An example of this would be a broken refrigerator on an off service day with your contracted vendor

Invitational Competitive Procurement



- **Invitational Competitive Procurement means any form of requesting a minimum of three (3) qualified suppliers to submit a written proposal in response to the defined requirements outlined by an individual/organization.**
- **In our industry this process is also known as obtaining “3 Quotes”**
 - In Foodservice this method is most often used for the procurement of fresh produce and small wares

Open Competitive Process



- **Competitive Procurement is a set of procedures for developing a procurement contract through a bidding or proposal process. The intent is to solicit fair, impartial, competitive bids**
- **This method of procurement is open to any and all Vendors wishing to participate**
- **In our industry this process is also known as the “Request for Proposal (RFP) process”**
 - For most members in our group, this is the way in which over 80% of all goods are procured

It's a lot to take in....



Request for Proposal (RFP) Process



- **MEALsource Process**
- *Step 1* – We request a 6-month velocity/usage report from the awarded distributor, which provides the actual purchases made by each member from the previous years contract
- *Step 2* – Members review, verify and update their anticipated annual volumes for products they would like to have included in the RFP process. At this time, members will also add any new products they would like to have included in the manufacturer RFP

Request for Proposal (RFP) Process



- *Step 3* – Once the anticipated volumes are received and new products added in the database, the Manufacturer RFP is compiled and posted for a minimum of 15 days on Merx.
- *Step 4* – Once the RFP closes, we use a scoring tool through Bonfire to review the pricing, rebate and compliance to the requirements laid out in the RFP. At this time we will identify and recommend any products the members need to evaluate for nutritional compliance, palatability and performance.

Request for Proposal (RFP) Process



- **Step 5** – We will request samples and nutritional information on behalf of members interested in products identified during the review of the manufacturer RFP submissions
 - *Each member determines acceptability for their facility based on nutritional information, performance in their cooking systems and palatability*
- **Step 6** – Once the members have concluded any product testing and review, the final listing of items to be included in the distributor RFP is determined. The distributor RFP is compiled and posted on Merx

Request for Proposal (RFP) Process



- *Step 7* – Once the distributor RFP closes, we use a scoring tool through Bonfire to determine which distributor is offering the best price and scope of supply for the delivery of goods to each member.
- *Step 8* – A cost analysis is compiled for each member along with the contract approval for review and acceptance
- *Step 9* – The awarded manufacturers and distributor are notified of their contract award along with the start date of the contract

Evaluation Criteria – MEALsource



- All RFP submissions received prior to the closing time and date will be evaluated using the following criteria, in no particular order;
 - Completeness of Proposal
 - Specifications/Nutritional Acceptance
 - Local Products
 - ✦ *No points are awarded, but in the event of a tie, we will award Product of Ontario*
 - Purchase Price

Things to know



- **Our RFP will include some terminology that you may not be familiar with;**
 - **Black Out Period**
 - ✦ The Black Out Period is the time between the issuance of the RFP and time that you are notified of the final outcome
 - **Anticipated Annual Volumes**
 - ✦ The volumes noted within our RFP are the anticipated annual volumes for the entire membership. Not all of our members will use all the items listed within the Specification Appendix

Things to know (continued)



- **Rebate**
 - ✦ A rebate is monies offered above and beyond pricing quoted within the RFP submission. Rebates are not required. 100% of manufacturer rebates are distributed back to the members
- **Must vs. Should**
 - ✦ within our RFP document we have identified mandatory and general requirements
 - ✦ A mandatory requirement is something that must be done in order to submit a compliant bid. An example of a mandatory requirement would be ensuring that your proposal is submitted prior to the closing time on the closing date
- **Administrative Fee**
 - ✦ All awarded manufactures will be required to pay a fee of 1% of the total actual sales of the awarded goods upon contract completion

Where can I find these RFPs



- **The MEALsource RFPs are posted on Merx**
 - Once you are registered on their website, you can subscribe to receive an auto-notification of all RFPs that are posted.
 - There is no cost for MEALsource vendors to download and respond to our process.
- **Internet**
 - Contact the BPS organizations you would like to sell product to and find out when and where they post their RFP documents (Biddingo, Merx)
 - Inquire as to how to get notification of their RFPs

Our evaluation process is ever evolving



- As we increase the number of new vendors in our process there are some requirements within our specification which appear to make the playing field uneven
 - Pack Size
 - Protein Content
- More work needs to be done on distinguishing between the countless methods of certification and what our group actually requires
- We anticipate that the implementation of trade agreements such as CETA and TPP will have impacts on our current process