



Procuring Consultant Services

– a Tenderer's perspective

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In a changing procurement environment, this seminar will give participants insights into current best practice and future trends in Public Procurement from a multidisciplinary panel of experts in both the private and public sectors.

Public Procurement - Procuring for the future

Procuring Consultant Services – a Tenderer's perspective

VALUE – what is it?

SCOPE – how well is it defined and understood? What is actually required vs. what is easy to throw in an all-embracing scope?

RISKS & LIABILITIES – may unnecessarily add to cost and reduce VALUE

PAYMENT TERMS & PRICING REQUIREMENTS – Can significantly influence the value that can be offered

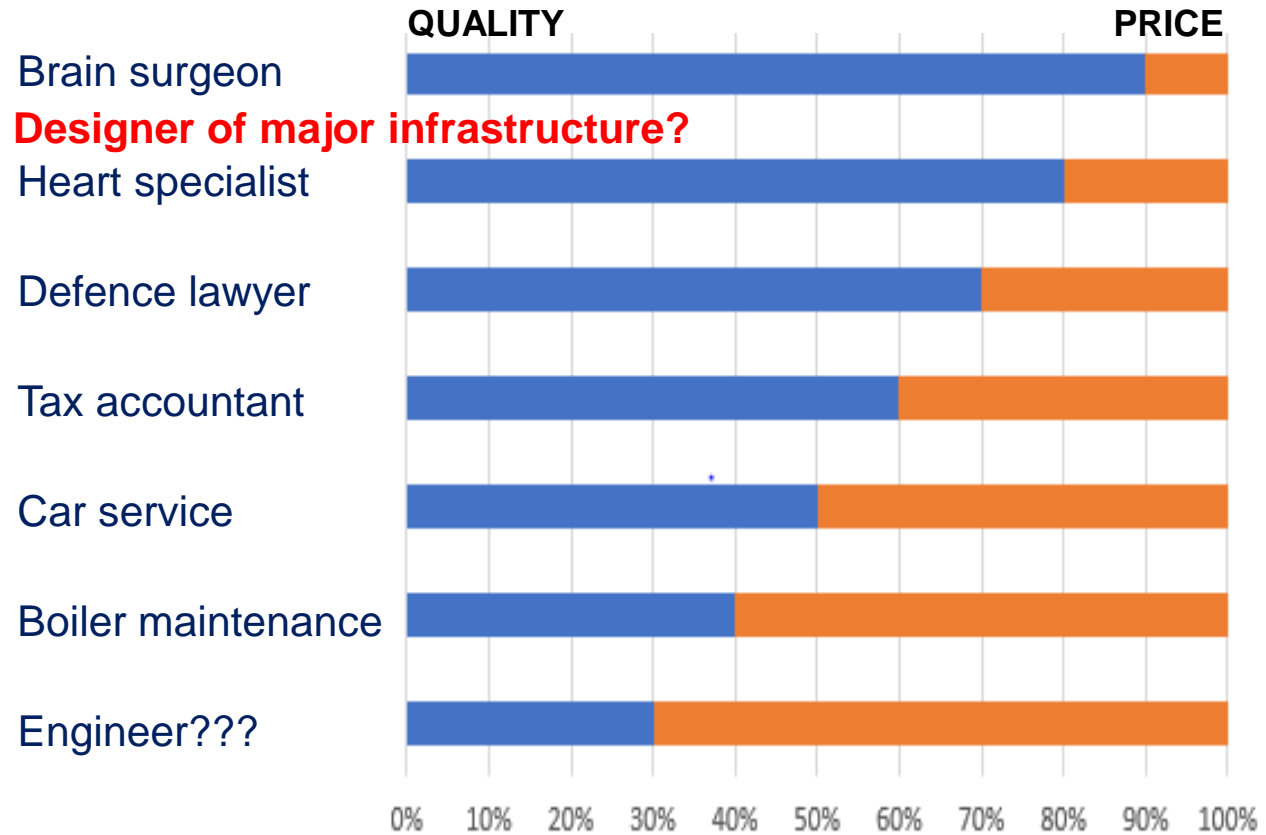
COST OF TENDERING VS. VALUE OF SERVICE – Excessive requirements for every tender regardless of project or fee value increases Consultant's costs and therefore reduces value.

TIMELINES AND RESPONSES TO QUERIES

FEEDBACK

SUMMARY

Select on Quality vs. Price



SCOPE

Spice Girls said it in 1996

**“Tell me what you want (and only)
what you really really want”**

S C O P E

Capital Works Management Framework Guidance Notes

published in 2012 by the Department of Public Expenditure & Reform

Procurement Process for Consultancy Services (Technical) GN 1.6. says there are two ways in which competitive tenders can be obtained for consultants' fees:

Fixed-price lump-sum fee, which is to be the norm, and on the basis of a comprehensively defined project brief and well defined service requirements.

OR

By a percentage fee, which is to be capped at the earliest opportune time, which is described as a service contract that cannot be clearly defined. This approach should be used only in exceptional circumstances.

Capital Works Management Framework Guidance Note

Procurement Process for Consultancy Services (Technical) GN 1.6

Service contracts for well-defined services

Where the service being tendered for is well-defined, Sponsoring Agencies must be able to describe the specific time frame and scope of the service in unambiguous, comprehensive and well-defined terms. If in-house resources are not available to draw up such a scope document, the use of a scoping contract to clearly define the needs should be considered. This information should be part of the material conveyed to candidates / applicants, so that they can tender for the provision of the service on a *fixed-price, lump sum* basis with a considerable degree of pricing certainty.

A breakdown of the lump sum, at a minimum into the five stages indicated on

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contract for those stages where there is time certainty.

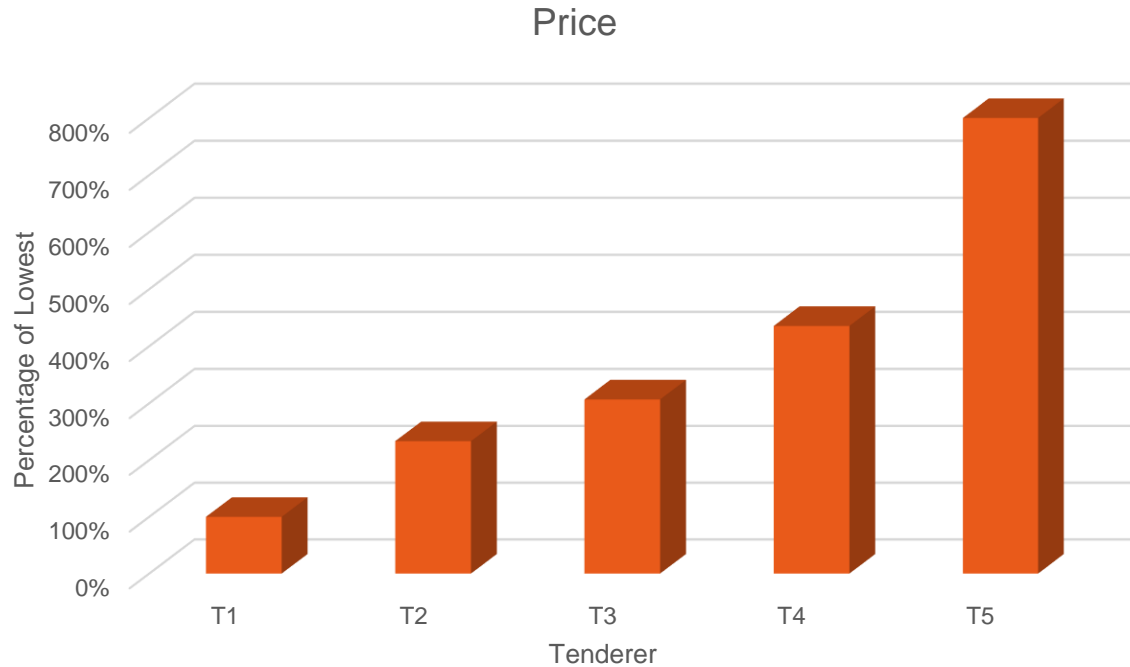
Fixed Price Lump Sum Fee

Pricing the same Scope!

Real Tender Outcome

How likely is it that Resourcing was assessed?

Unless the lowest tenderer was the only one who knew the scope?



Capital Works Management Framework Guidance Note

Procurement Process for Consultancy Services (Technical) GN 1.6

Service contracts for well-defined services

Where the service being procured must be able to describe unambiguous, comprehensive requirements are not available to draw a contract to clearly define the service should be part of the tender. Tenderers can tender for the procurement with a considerable degree of pricing certainty.

The overall lump sum tender price should also be disaggregated in the form of time estimates and hourly/daily rates, so that the resourcing aspects of the tender can be properly assessed |

A breakdown of the lump sum, at a minimum into the five stages indicated on page 16 above, should always be supplied by the tenderers. The overall lump sum tender price should also be disaggregated in the form of time estimates and hourly/daily rates, so that the resourcing aspects of the tender can be properly assessed (if this is required it will be stated in the Particulars of ITTS 1 or ITTS 2. However, the Contracting Authority must ensure that this does not undermine the integrity of the lump sum and leave the way open for a subsequent tender price increase without change in service or circumstances. A Contracting Authority can, if it wishes, request tenders for discrete single service packages at any stage. If there is significant uncertainty as to when the service is to be provided, consideration should be given to awarding the contract for those stages where there is time certainty.

Assess Resourcing

RISKS & LIABILITIES

May unnecessarily add to cost and reduce VALUE

LIABILITIES

LICENSING

PLANNING PERMISSION

NOVATION

ASBESTOS

WARRANTIES

STATUTORY APPROVAL

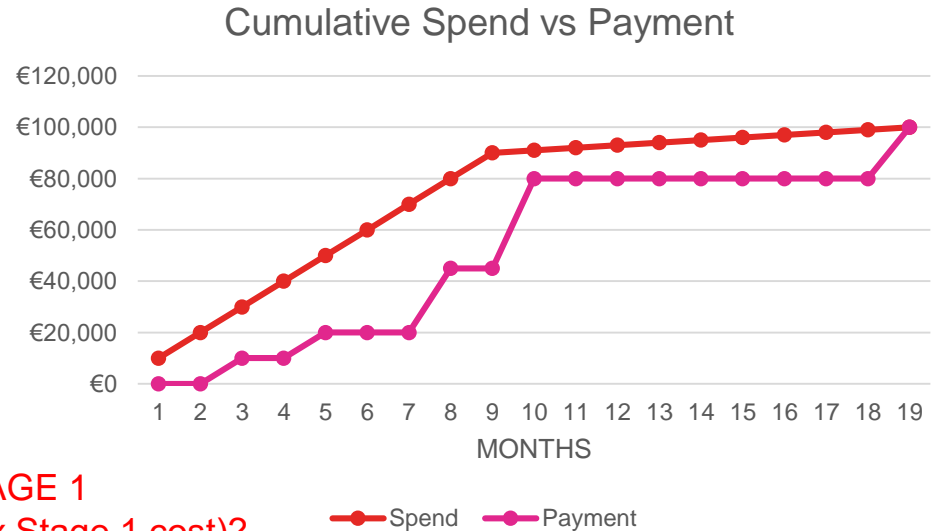
INSURANCE EXCLUSION

RISK TRANSFER

ENVIRONMENTAL IMPACT ASSESSMENT

PAYMENT TERMS & PRICING REQUIREMENTS

EXAMPLE	Task Duration (Months)	Fee Estimate	Stage Payment %	STAGE PAYMENTS
Stage 1	2	€20,000	10%	€10,000
Stage 2	2	€20,000	10%	€10,000
Stage 3	3	€30,000	25%	€25,000
Stage 4	2	€20,000	35%	€35,000
Stage 5	10	€10,000	20%	€20,000
Total Fee Estimate	19	€100,000	100%	€100,000



IF A RISK THAT PROJECT IS CANCELLED AFTER STAGE 1
Should tender price be €100k (real tender) or €200k (10x Stage 1 cost)?

Procurement – Other Issues

Cost of Tendering

vs.

Value of Service

Understand the value of the bid & estimate the cost of bidding

**Timelines &
Responses to Queries**

Listen to queries – particularly trends and allow sufficient time

Feedback

Be Brave!

SERVICE PROCUREMENT - DELIVERING VALUE

Know the value of your project and the expected fee

Don't let price dominate selection of service

Driving cost down drives service down and does not deliver value

Tell me what you want, (AND ONLY) what you really really want!

Don't always go automatically for fixed price lump sum – it may lead to a higher price

Scope - time frame & service - unambiguous, comprehensive & well-defined. GN1.6

Make sure everyone is pricing the same thing – better competition!

Put a value on resourcing

Understand risk transfer, liability, insurance, warranties, etc.

Be brave with Feedback

Get Stage Payment percentages right and be reasonable with Payment Terms

Consider the cost of the bid relative to the size of the prize

Listen to the queries – we are trying to clarify and level the playing pitch.

Deliver Better Value



Thank you

