

ACCURATE AND COMPETITIVE PRICING

How To  PRICE
IT
RIGHT!

WELCOME



**COMPETITIVE
PRICING**



FACILITATORS

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AGENDA



ASSESSMENT

Is this a good fit for us?
The Assessment Process



EVALUATION

Evaluating the cost requirements:

- Understanding the service requirements
- Understanding the pricing terms
- Understanding previous price points
- Understanding the benefits of debriefing



ASSESSMENT BASICS

Is this a good fit for my firm?

STEP 1 – REVIEW THE BID / RFP / RFQ!!

- ✓ **Scope**
- ✓ **Insurance Requirements**
- ✓ **Experience Requirements**
- ✓ **Financials**
- ✓ **Deadlines**



It is vital that you review the solicitation very carefully BEFORE questions deadline!!



ASSESSMENT BASICS

Is this a good fit for my firm?

STEP 2 – SELF / CORPORATE ASSESSMENT!!

- ✓ What Services Do We Provide
- ✓ What Experience Do We Bring
- ✓ What Is Our Project History
- ✓ What Was Our Past Performance
- ✓ What Do We Know About The Client



It is vital that you complete a self/corporate evaluation BEFORE you decide to bid!!



ASSESSMENT BASICS

Is this a good fit for my firm?

STEP 3 – HOW AM I BIDDING?

✓ Prime Contractor

- ✓ Attending Pre-bid meetings: Why go?
(Mandatory/Non-mandatory)
- ✓ Partnering: Build a Strong Team
- ✓ Financial Responsibilities: Can I afford to bid as a Prime?
- ✓ Certification Requirements: Am I certifiable as a Prime?

✓ Sub-Contractor

- ✓ Attending Pre-bid meetings: Why go?
(Mandatory/Non-mandatory)
- ✓ What Value Do I Bring?
- ✓ Who's Winning?
- ✓ Certification Requirements:
Am I certifiable as a sub-contractor?



ASSESSMENT DECISION

This is a good fit for my firm?

BID





COST EVALUATION





GOAL: Full Cost Recovery

Elements of Cost:

- ✓ **Labor/Benefits**
- ✓ **Equipment**
- ✓ **Overhead**
 - Advertising**
 - General Insurance**
 - Indirect Salaries**
 - Office Rent**
 - Leases**
 - Travel/Entertainment**
 - Association Dues**
 - Other**



CONSIDER THIS....BEFORE Bidding

- ✓ Reviewing item summary reports – RS Means
- ✓ Understand your cost structure
- ✓ Review and understand the project scope
- ✓ Compare pricing with competition
- ✓ Reviewing historical bid information for similar projects
- ✓ Submitting bids - if not lowest bidder - review and deconstruct bids of competition.



ESTIMATING STEPS

STEP	DESCRIPTION
Determine Estimate Basis	<p>Document project type including:</p> <ul style="list-style-type: none"> *Scope Documents *Drawings *Project Design Parameters *Project Complexity *Unique Project Location Characteristics *Skills Needed to perform work
Prepare Base Estimate	<p>Prepare estimate including:</p> <ul style="list-style-type: none"> *Ensure that estimates are consistent with past experience *Apply appropriate estimation techniques *Document estimate assumptions, types of and adjustments to cost data *Cover all known project elements and conditions



ESTIMATING STEPS (Continued)

STEP	DESCRIPTION
Determine Risk and Set Contingency	<p>Identify and quantify areas of uncertainty related to:</p> <ul style="list-style-type: none"> *Project knowns and unknowns *Potential risks associated with these uncertainties *Appropriate level of contingency congruent with project risks
Review Total Estimate	<p>Review estimate basis and assumptions including:</p> <ul style="list-style-type: none"> *Methods used to develop estimate parameters- quantities and associated costs *Completeness of estimate relative to project scope *Reconciliation of current estimate with previous estimates- understand differences *Preparation of an estimate file (hard copies or electronic) that compiles information and data used to prepared the bid estimate



RESULTS OF POOR ESTIMATING

**Estimates are too low =
You Lose Money**



**Estimates are too high =
You Lose Bid**





SELECTION CRITERIA

LOW BIDDER**	BEST VALUE	BEST QUALIFICATIONS
Selection is based solely on Price	Selection is based on a weighted combination of Price and Qualifications	Selection is based solely on Qualifications

**** CCWA BIDS ARE BASED ON LOW COST**



Cost Evaluation: Lowest Responsive/Responsible Bidder

Lowest Cost: Which bid has the lowest proposed cost?



Responsive/Responsible Bid: Is lowest bid responsive and responsible?

- ✓ Bid meets applicable legal requirements
- ✓ Bid conforms “**substantially**” to the bid specifications
- ✓ Bidder is able to **perform** as specified



BID COMPARISON EXERCISE

Carol's Paint Factory	Base Price	OH Markup 28%	Yolanda's Color Wheel	OH Markup	Researched Market Markup %
Material	\$95,000	\$26,600	\$95,000	\$1,900	2 %
Subcontractors	\$60,000	\$16,800	\$60,000	\$1,200	2%
Labor w/Burden	\$14,000	\$3,920	\$14,000	\$9,100	65%
Equipment	\$6,000	\$1,680	\$6,000	\$600	10%
Total Cost	\$175,000	\$49,000	\$175,000	\$12,800	
BID TOTAL		\$ 224,000		\$187,800	

Who will **Win** the Bid and **Why**?



SOLICITATION REVIEW



REQUEST FOR BID

ANNUAL CONTRACT FOR JANITORIAL SERVICES

Bid Number 2018-GS-11

April 2018

CLAYTON COUNTY WATER AUTHORITY
1600 Battle Creek Road
Morrow, GA 30260

Bid Opening: Tuesday, May 1, 2018 at 2:00 p.m. (local time)
1600 Battle Creek Road, Morrow, Georgia 30260

Non-Mandatory
Pre-Bid Meeting
And Site Visits: Thursday, April 19, 2018 at 2:00 p.m. (local time)
1600 Battle Creek Road, Morrow, Georgia 30260

This bid has a SLBE BID DISCOUNT



SOLICITATION REVIEW (Continued)

CLAYTON COUNTY WATER AUTHORITY
Request for Bid
ANNUAL CONTRACT FOR JANITORIAL SERVICES

Bid Opening: Wednesday, June 1, 2016 at 2:00 p.m. (local time)
1600 Battle Creek Road, Morrow, GA 30260

Non-Mandatory Pre-Bid Meeting and Site Visits: Tuesday, May 17, 2016 at 2:00 p.m. (local time)
1600 Battle Creek Road, Morrow, GA 30260

ADDENDUM #1

Dated: May 20, 2016

Acknowledgment of receipt of this addendum **MUST BE SIGNED AND INCLUDED IN YOUR RESPONSE TO THE RFB.**

NOTE: Self-guided tours of Forest Park Office, Wetlands Center, Shamrock Club, Smith Club, and Old Casey Administrative Building will be allowed on **Wednesday, May 25, 2016**, between the hours of 9:00 a.m. – 3:00 p.m. **ONLY.**

REVISIONS:

- Disregard line titled "Section 3: Post Award Submittals" on the Table of Contents, page ii, as page 4-3.1 was not included in the RFB documents. The post award submittals have been referenced to on Division 2, Section 3 (Bid Submittals) of the RFB documents.
- On page 2-3.1 of the RFB package, under "Required Bid Submittals", replace item A (first item) to read as follows:

"A. Bid Form, Division 4, Section 2."

Also, on same page 2-3.1, under item 3.2 – Post Award Submittals, DELETE item "A", as Payment and Performance bonds will NOT be required for this bid.

QUESTIONS:

- Who was the vendor on the last contract?
Answer:
Office Environments, Inc.

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BID TABULATION REVIEW

CCWA - ANNUAL CONTRACT FOR JANITORIAL SERVICES - 2016 BID RESULTS

BIDDERS	HQ Bidg	Bldg A	Bldg B	Bldg C	SW Bldgs	Forest Park	Shamrock CUB	OM Casey	JW Smith CUB	Wetlands	TOTAL BID AMOUNT
Bidder A	27,206.48	--	--	--	--	8,812.71	8,858.20	--	--	--	42,478.39
Bidder B	25,607.28	6,840.00	6,000.00	5,400.00	6,840.00	5,544.32	7,849.60	3,840.00	1,564.80	3,545.00	73,031.00
Bidder C	17,157.78	9,606.38	8,664.12	7,721.88	9,558.68	7,806.04	4,338.20	4,850.16	1,360.80	4,294.16	75,360.18
Bidder D	30,509.10	8,058.00	6,924.00	6,468.00	6,732.00	5,886.20	6,705.60	3,540.00	1,684.80	3,355.00	79,862.70
Bidder E	32,116.02	9,198.00	7,886.00	7,380.60	7,674.36	6,606.04	7,884.80	--	1,526.40	3,625.14	81,937.36
Bidder F	47,627.64	6,330.72	4,101.96	2,904.00	6,518.28	1,556.28	8,625.60	3,085.56	1,672.80	3,113.72	85,536.56
Bidder G	31,174.58	6,700.00	7,200.00	7,200.00	7,800.00	5,880.40	8,569.60	3,900.00	1,564.80	3,805.00	85,794.36
Bidder H	33,903.88	8,820.00	7,560.00	7,560.00	8,820.00	6,534.52	5,208.00	3,600.00	1,404.00	1,700.00	87,110.18
Bidder I	42,288.42	6,575.28	5,652.86	5,284.08	6,460.32	5,217.72	10,360.32	2,888.28	1,619.28	2,910.10	89,256.76
Bidder J	26,562.97	7,080.00	7,020.00	6,120.00	7,140.00	5,691.18	16,526.24	3,600.00	6,085.20	4,275.00	90,100.79
Bidder K	34,383.66	9,240.00	7,480.00	7,320.00	7,680.00	6,744.32	8,016.00	4,020.00	1,608.00	3,770.00	90,221.98
Bidder L	38,609.10	9,480.00	8,280.00	7,800.00	9,480.00	7,711.40	22,662.40	4,140.00	9,900.00	5,141.00	133,301.90
Bidder M	40,512.78	6,300.00	6,300.00	6,300.00	6,300.00	1,896,892.00	26,219,840.00	3,300.00	1,734,360.00	1,575.00	29,952,679.78
Bidder N	191,823,672.00	10,673.28	8,542.80	8,640.00	9,600.00	549,494.40	3,049,680.00	--	271,200.00	4,980.00	196,736,682.48



POTENTIAL PITFALLS

- ✓ Failing to Read Relevant Documents
- ✓ Skipping the Pre-Bid Meetings
- ✓ Skipping the Site Visit
- ✓ Mistakes and Omissions
- ✓ Arbitrary Cost Adjustments
- ✓ **Failing to Check Your Work**



AWARD NOTIFICATIONS

CCWA **does not** post award notifications on their website. Award notifications are made by the following:

- ✓ All bidders who bid on the solicitation are notified of the bid award via email.
- ✓ Anyone else who would like the award notification information can simply make a request for the information and it will be provided.





AWARD NOTIFICATIONS (Continued)

GDOT award notifications are found on their website!

DEPARTMENT OF TRANSPORTATION
STATE OF GEORGIA
AWARD ANNOUNCEMENT

Page 2

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FEDERAL PROJECT M005624, CHATHAM, 3.324 MILES OF MILLING AND PLANT MIX RESURFACING ON SR 204 SPUR BEGINNING WEST OF FM POINT RD AND EXTENDING TO SR 204 AND MCWHORTER/WORREN ISLAND RD
(E) December 31, 2018 COMPLETION DATE. SUCSA1800889-0 DISTRICT 5 - JESUP, AREA OFFICE 5 - SAVANNAH PI #M005624

LOW BIDDER	PREFERRED MATERIALS, INC
AMOUNT \$1,025,061.50	
	47 TELFAIR PLACE
	SAVANNAH GA 31415
	(912)445-3433
	*****1468
DBE PARTICIPANTS ARE AS FOLLOWS:	TYPE OF WORK
SCOTT & SONS TRUCKING, LLC	HAULING ASPHALTIC CONCRETE MIX

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FEDERAL PROJECT M005134, CHATTAHOOCHEE, STEWART, 11.279 MILES OF MILLING, PLANT MIX RESURFACING AND SINGLE SURFACE TREATMENT PAVING ON SR 520 BEGINNING AT SR 52 AND EXTENDING SOUTH OF US 280/SR 27.
(E) December 31, 2018 COMPLETION DATE. SUCSA1800664-0 DISTRICT 3 - THOMASTON, AREA OFFICE 2 - COLUMBUS PI #M005134

LOW BIDDER	OXFORD CONSTRUCTION COMPANY & ROBINSON PAVING COMPANY (JOINT)
AMOUNT \$8,798,854.50	
	3200 PALMYRA RD.
	ALBANY GA 31707-3221
	(229)883-3232
	*****8940
DBE PARTICIPANTS ARE AS FOLLOWS:	TYPE OF WORK:
WILLIE D. PIERCE CONTRACTOR	HAULING AGGREGATE
LT SUPPLY COMPANY	HAULING FUEL
MIDDLE GEORGIA SIGNS - DESIGN EFFECT, INC	TRAFFIC CONTROL
KELLY ROAD BUILDERS, INC.	MILL ASPHALT PAVEMENT
COLUMBUS BARRICADES, INC.	TRAFFIC CONTROL





What If You Don't Win?

(other than cry....) **FIGURE** Out Why?

- ❑ Bid Too High
- ❑ Errors or Omissions in Your Bid
- ❑ Missed Deadlines



- ❑ **ALWAYS DO 2 THINGS:**

- Find Out Who Won the Bid
- **Request a Debriefing:**
To find out how to improve on the next round



LET'S PRACTICE

Let's Practice Exercise


Georgia Department of Transportation

Scope: **GDOT has bid for Contractor to paint 3 rooms in Welcome Center on I-95.**

Here are the parameters for this practice exercise. Please remember you have to consider the costs for Hour Salary, Direct Expenses, Indirect Expenses and Profit.

Key Assumptions are as follows:

- Salary = \$20/hr.
- Indirect Costs = \$10/hr.
- Time to paint the 3 rooms = 18/hrs.
- Desired profit = 15%

Paint Key Assumptions are as follows:

- Each room needs 2 gallons of paint and 1 gallon of primer
- Paint - \$25/per gallon
- Primer - \$20/per gallon
- Roller/brushes = \$10 each
- Painter's tape = \$8/per roll
- Drop cloths = \$15/per cloth

WHAT IS YOUR TOTAL BID TO GDOT?

Salary	ID Cost	Time	Profit	Paint	Primer	Roller/Brushes	Painter's Tape	Drop Cloths	TOTAL BID









BID ASSISTANCE

- ✓ GTPAC – GA Tech Procurement Assistance Center
<http://gtpac.org/>
- ✓ SBA – Small Business Administration
<https://www.sba.gov/>
- ✓ SBDC – Small Business Development Center (UGA)
<https://www.georgiasbdc.org/>
- ✓ SCORE – The SCORE Association, supported by SBA
<https://www.sba.gov/tools/local-assistance/score?page=3>

Get Aggressive about Bidding

Know Your Competition - Conduct SWOT Analysis

Track Your Bid-Hit Ratio by Month/Quarter/Year



Thank
you