

EVALUATION HANDBOOK

Negotiated Request for Proposals Process

The Distribution of Liquor Project

NRFP SATP-301

Stage 2

TRANSITORY DOCUMENT

1 Overview

This document contains the evaluation criteria and methodology for the Stage 2 evaluation of the Distribution of Liquor Project – NRFP SATP-301. This evaluation of the Proponents will result in up to three Shortlisted Proponent who will be invited to Stage 3 of the NRFP process.

1.1 General Rules and Conduct

The NRFP evaluation process will be conducted by an Evaluation Committee, which will include employees, contractors and other representatives of the Province, and may include additional representatives from various stakeholder groups. The procurement advisor will be designated the chairperson.

Evaluation Committee members participating in the evaluations must do so consistently for all Proponents. Missing any of the meetings must be avoided. In the event that a member of the Evaluation Committee misses any evaluation meetings, that member may not be permitted to participate in the Evaluation Committee.

The following rules will guide the Evaluation Committee.

1. The designated chairperson shall be responsible for the overall conduct of the evaluation process and may establish such rules or procedures as he or she may reasonably determine is required.
2. A Fairness Monitor will be present to assist the chairperson and to provide advice to the Evaluation Committee.
3. Subject to paragraph 5, Evaluators must not discuss any aspect of the evaluation or share any information submitted, including Proposals or other related documents with anyone other than members of the Evaluation Committee.
4. The Evaluation Committee should consist of the same people from the beginning to the end of the evaluation.
5. The Evaluation Committee may use persons with specialized knowledge to assess technical, financial or other aspects of the Proposals providing the same individuals and process are used for all Proponents. These Subject Matter Experts (SMEs) are bound by the same rules as members of the Evaluation Committee.
6. Any member of the Evaluation Committee who feels that they are, or may be, in a conflict of interest must declare that fact to the chairperson. The chairperson in collaboration with the fairness monitor will make a recommendation to the evaluation committee whether the member is permitted to remain as an evaluator. The evaluation committee then makes the decision.

Examples of a conflict of interest include:

- (a) an evaluator who, within the past year, has worked for a company that is submitting a submission or is in the process of negotiating employment with such company,
- (b) an evaluator who has a significant interest in a company submitting a response, or

- (c) an evaluator with an immediate family member who has input into a Preferred Proponent's submission.

Please note that by continuing to sit as an evaluator, the evaluator is declaring that, in his or her opinion, they are not in a conflict of interest.

7. All submissions will be kept secure during the evaluation period. It is the evaluator's responsibility to ensure all documentation related to the evaluation process are secure at all times.
8. Please remember that all documents that exist are subject to disclosure under the *Freedom of Information and Protection of Privacy Act*.
9. Evaluators must not make any copies of any documents related to the process.
10. At the end of the evaluation process, all project material (e.g. evaluation handbooks and booklets, proponents' handouts and presentations, etc.) will be destroyed. An official Evaluation Committee consensus summary document will be produced from the consensus meeting which will form part of the final procurement record.
11. Please note that by participating as an evaluator you are declaring competence to participate in the presentations and you agree to abide by the rules stated in this handbook.

2 Preparations and Evaluation

2.1 Schedule

Activity	Dates
Evaluation process review and handbook review	June 5
Closing date	June 29
Government reference check (Stage 1)	June 29 - until completed
Rectification process (if needed)	June 29 - until completed
Evaluators individual reading and preliminary evaluation	July 3 - July 8
Consensus Evaluations	July 9 - July 13

2.2 Preparation

Each evaluator will individually make an assessment of strengths and weaknesses for each sub-criteria of each Proposal. This should not be a comparison between the Proposals, only against the criteria provided and using the evaluation table provided in s2.5 as a guideline for allocation of scores. The evaluator should make the best analysis possible and fill out the strength and weaknesses for each evaluation criterion in the evaluation handbooks, as well as any Feedback suggestions and preliminary scoring.

Evaluators should only evaluate the material provided and are not to add any personal knowledge about the Proponent. However, any misrepresentations should be brought to the attention of the chair person and/or representative from strategic acquisitions.

The evaluator should not talk to each other or SME's during the preparations regarding the individual review of the Proposals. Questions should be addressed to the chair to make sure all evaluators will receive the same information.

Arriving at the consensus meeting with an empty or substantially empty booklet will substantially prolong the evaluation process.

2.3 SMEs

The subject matter experts are available to the evaluation committee as a whole to answer questions in their field. SMEs can be added at any time and are subject to the confidentiality and conflict of interest requirements of the DLP.

2.4 Fairness monitor

The DLP Fairness Monitor will attend all consensus meetings and advice on fairness in the process. The Fairness Monitor is not an evaluator and only provides advice – not instruction. For clarity – the evaluators makes their own decisions in the process.

2.5 Evaluations scoring table

Each evaluator is to use the following scoring guidelines then selecting the preliminary score for each criterion for each proposal:

% Value	Description	Explanation
100%	Exceptional	Exceptional, far exceed expectations with no added risk.
80%	Very Good	A sound Proposal. Fully meets all our key requirements, minimal risk.
60%	Acceptable	Acceptable at a minimum level. Meets our basic requirements, acceptable risk.
40%	Fails	Falls short of meeting basic requirements.
20%	Poor	Proposal is seriously deficient, does not address our needs.
0%	Unacceptable	Proposal is unacceptable from every aspect or the information is missing altogether.

When preparing preliminary scores you can use any percentage number (e.g. 75%) or absolute numbers (e.g. 8 out of 15 points).

2.6 Evaluation criteria

From the NRFP: Proposal responses for the In Scope Distribution Services opportunity will be evaluated according to the evaluation criteria table provided below. Proponents should provide a fulsome response for each sub-criterion listed in the categories below. Proponents should not assume that the sub-criteria are weighted equally.

Distribution Services	Weighting Stage Two	Stage 3
1. (a) Proponent Capability and Capacity	15	5
a) Proponent Profile (Lead and subcontractors if any)	3	1
b) Demonstrated experience in large scale warehousing and wholesale distribution of retail products and controlled substances such as the beverage alcohol business	2	2/3
c) Demonstrated experience with transition planning and transitioning services of similar size and magnitude to the In Scope requirements	2	2/3
d) Demonstrated experience in inventory, demand and delivery management on a scale similar to the requirements described in the NRFP	4	1 1/3
1. (b) Proponent Corporate and Financial Capacity		
a) Corporate and financial capacity	4	1 1/3
2. Distribution Services Solution	30	35
a) Warehousing plan	4	4
b) Supply chain optimization opportunities	6	5
c) Inventory management plan considering wholesale and retail structure in B.C.	5	7
d) Delivery scheduling management	4	5
e) Key performance indicators	3	5
f) Online order processing including help desk	3	3
g) Systems integration and reporting	4	5
h) Compliance with provincial and federal policy and regulatory framework	1	1
3. Governance and Stakeholder Relationship Plan	5	5
a) Service delivery governance structure and plan	3	3
b) Stakeholder relations plan	2	2
4. Transition strategy including Ramp Up schedule	10	5
a) Transition strategy including ramp-up schedule	6	3
b) Change management strategy	4	2
5. Risk Management and Business Continuity	5	5
a) Risk management plan	3	2
b) Business continuity plan	2	3
6. Labour Relations Strategy and Staff Successorship Plan	10	5
a) Labour relations strategy	5	2.5
b) Staffing Successorship plan	5	2.5
7. Financial Model and Pricing Submission	25	40
a) Financial Model	5	10
b) Pricing Submission	20	30
TOTAL	100	

2.7 Reaching Consensus

There are two steps (below) to the consensus evaluation meetings. It is important that the chairperson allows sufficient time for discussion and those decisions are properly documented.

Step 1

After all Evaluation Committee members have had a chance to evaluate all Proponents submissions on their own the Evaluation Committee meets to discuss each Proposal, with the chairperson presiding.

There will not be an initial vote for Short-listed or Selected Proponent(s).

For every guideline bullet, members will be asked to state their opinion (strengths and weaknesses) after which a group discussion will take place.

Step 2

After a full discussion of each criterion the evaluation committee will discuss to reach consensus score for each criterion.

2.8 Feedback considerations

The purpose of Stage 3 is for the Proponents to refine and optimize their proposals. The first step in Stage 3 is a feedback from the evaluation of where there are rooms for improvement. During the Stage 2 evaluation evaluators are also to write down constructive feedback that will be delivered to the proponents. Some guidelines for the feedback are:

1. There can be no “cross-pollination” between the proposals, i.e. taking another proponents idea and share it.
2. We cannot tell the proponent what they should do – e.g. we can say “it was not clear why you suggest 8 warehouses”, but not “you should only propose 1 warehouse”

2.9 Response guidelines

Section 8.2 of the NRFP contains the proposal response guidelines. These are the instructions to the Proponents how to respond to the requirements of the NRFP.

3 Evaluator’s workbook

The following pages are to help evaluators evaluate the responses to the requirements in the NRFP. Please make sure you have documented good rationale for your preliminary scores. Page references will help a lot during the consensus evaluation meetings.

8.2.1 Proponent Capability & Capacity

a) Proponent profile

Each Proponent should include a corporate profile that details background information on the Proponent and any subcontractors, including for each year they were (and subcontractors, if any) established, corporate ownership and hierarchy, jurisdiction, corporate strategic direction, area of recognized expertise in the market place, and an overview of the corporate information including size, revenues, market and geographic presence. Each Proponent should demonstrate its ability to manage long-term business relationships and contractual engagements by providing examples where the Proponent has successfully done so and by describing the methods and processes applied.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

8.2.1 Proponent Capability & Capacity

b) Demonstrated experience in large scale warehousing and wholesale distribution

Each Proponent should provide examples of experience in providing a warehousing and wholesale distribution service and explain how the Proponent is suited to delivering the required Distribution Services.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

8.2.1 Proponent Capability & Capacity

c) Demonstrated experience with transitioning services

Each Proponent should describe relevant experience (including subcontractors if any) in transitioning services.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

8.2.1 Proponent Capability & Capacity

- d) Demonstrated experience in inventory, demand and delivery management on a scale similar to the requirements described in the NRFP

Using examples, each Proponent should demonstrate relevant capability in inventory management including large scale product warehousing, order processing and management, product stocking, assembly, demand aggregation and logistics/ delivery on a scale similar to the size served by the Warehouses.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

8.2.2 Corporate and Financial Capacity

Each Proponent should describe where and when it has been engaged as a service provider with a financial obligation similar to the size of this opportunity. Examples would be preferred and if possible, where the services were similar to the In Scope requirement. Each Proponent should provide sufficient information on current financial stability and solvency, and a strategy for ensuring corporate and financial capacity to deliver the Distribution Services over the term of the Agreement.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

8.2.3 Distribution Services

a) Warehousing plan

Proponents should describe in detail their warehousing plan to manage the volume of inventory on an annual basis. The warehousing plan proposed should reflect the Distribution Services model being proposed by the Proponent taking into consideration the opportunities for supply chain improvements/ optimization and the goals and expected benefits outlined in Section 3.2 for this DLP. Proponents should detail the physical property, ownership (whether owned or leased) internal business processes, staff shift cycles and numbers, warehouse management technology, control measures, available floor space, compliance with regulations, location, current warehouse volume and capacity, existing customers and any other information needed to fully describe the Proponent's warehouse to be used for delivery of its proposed Distribution Services. Historical LDB volume data as well as supplier touch points is provided in Appendix E and can be used as reference. The warehouse plan should be consistent with the proposed plan for the Distribution Services.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

8.2.3 Distribution Services

b) Beverage alcohol supply chain optimization

Proponents should consider opportunities for optimization in the supply chain as described in Section 5 and describe how their optimization recommendations augment their proposed Distribution Services solution and how they address the goals and expected benefits described in Section 3.2.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

8.2.3 Distribution Services

c) Inventory management plan considering wholesale and retail structure in B.C.

Proponents should detail their inventory management plan considering the proposed supply chain optimization plan. The inventory plan should include all aspects of inventory management and include details such as how inventory tracking takes place, processes for compliance with provincial and federal policy and regulations, adjustments tracked (e.g. real time), product tracking and updates, capacity planning, inventory rotation, quality assurance processes (e.g. bar codes, packaging), pallet control and safety compliance. Proponents should also explain their proposed demand management processes detailing replenishment strategies (including issuing purchase orders). The proposed inventory management plan should be compatible with the scope and volume of Product supply that the Proponent will be required to deliver within established KPI's.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

8.2.3 Distribution Services

e) Delivery scheduling management

Proponents should describe their delivery and schedule management processes and explain how their proposed business processes will ensure effective delivery scheduling management (e.g. freight management) and shipping tracking (e.g. pallet bar code packing documents, fleet monitoring) for delivery of Product from the Proponent.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

8.2.3 Distribution Services

f) Distribution Services and Key Performance Indicators

Proponents should describe their proposed Distribution Services to suppliers/ Agents, GLS and Wholesale Customers.

Proponents should also describe how their Distribution Services will meet industry standards for distribution and warehouse operations including the KPI's provided in Appendix E and as described in Section 5.2.2.8. Proponents should also propose remedies in the event the KPI's are not achieved.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

8.2.3 Distribution Services

g) Order processing including help desk

Proponents should explain how the customer order processing function would be integrated into their proposed Distribution Services order taking and processing functions. Based on the scope and volume of orders the LDB currently handles and depending on the Distribution Services model proposed, Proponents should detail their order taking business processes, the technology used, integration with the Proponents' warehouse information technology systems, structure of the customer services desk, current throughput, number of clients and any other information needed to explain the Proponents' proposed order taking and processes to be used for the Distribution Services.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

8.2.3 Distribution Services

h) Systems integration and reporting

Proponents should describe their current systems infrastructure and propose a plan for integration with the Ministry/ LDB's systems so that master data management processes (product, vendor, customer data) and warehouse shipping information (e.g. shipping scheduling data) can be seamlessly shared and wherever possible available for real time viewing by the Ministry/ LDB. Proponents should explain their sales order capture technology (e.g. centralized order management system so that electronic orders from the GLS and Wholesale Customers can be logged and tracked) as well as procedures for real time sharing of warehouse receipts for inventory updates and customs and excise reporting as well as real time viewing of available inventory within the Proponents' overall supply chain. Proponents should also explain their purchasing system application solution and explain how it will interface with the Ministry/ LDB's systems.

Proponents should explain what processes and procedures they have or will put into place so as to comply with the Province's privacy and information technology policy in delivery of their proposed Distribution Services.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

8.2.3 Distribution Services

Compliance with provincial and federal policy and regulatory framework. (This is 2 (h) in the scoring sheet. Wording was added to the NRFP in amendment 4.)

Proponents should indicate ability to comply with provincial and federal policy and regulations.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

8.2.4 Governance and Stakeholder Relationship Plan

a) Service delivery governance structure and plan

Proponents should propose a governance and stakeholder relationship plan and detail how they intend to work with the Ministry/ LDB in managing and resolving issues and in ensuring smooth delivery of the Distribution Services.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

8.2.4 Governance and Stakeholder Relationship Plan

b) Stakeholder relations plan

Proponent should propose a stakeholder relation plan and explain how they intend to work with the Ministry/ LDB in ensuring that all stakeholder needs related to delivery of their proposed Distribution Services are met.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

8.2.5 Transition Plan including Ramp up Schedule

a) Distribution Services transition strategy (including ramp-up schedule)

Proponents should propose a transitioning strategy for the warehousing and wholesale distribution operations (including any proposed supply chain optimization opportunities) from the LDB to the Proponent. Proponents should demonstrate that their strategy will take into account key aspects of transitioning from the LDB to the Proponent such as: tasks, timelines, milestones, resources, risks, contingency plans, locations, facilities, systems, data, tools, equipment, assumptions and management methods.

Proponents including use of the Warehouses for transition purposes should clearly articulate how the Warehouses would be used, for how long and what Operational Assets would be required.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

8.2.5 Transition Plan including Ramp up Schedule

b) Change management plan

Proponents should provide a change management plan outlining tasks and processes considering transfer of the LDB distribution function (including any proposed supply chain optimization opportunities) to the Proponent.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

8.2.6 Risk Management and Business Continuity

a) Risk management plan

Proponents should propose a risk management plan considering their proposed role as distributor of Product to GLS and Wholesale Customers. The Province is interested in the Proponents' experience in the management of risk from a delivery services perspective. Proponents are asked to demonstrate, using past operations service delivery examples, where risks were assumed by the Proponent and reasons for allocation of risk between the Proponent, subcontractors and the customer.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

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8.2.6 Risk Management and Business Continuity

b) Business continuity plan

Proponents should propose a business continuity plan in the event their proposed Distribution Services are disrupted. The business continuity (including disaster recovery) plan should outline processes and procedures that would be put into effect so that Key Performance Indicators are maintained where possible and that Product supply to GLS and Wholesale Customers is minimally impacted.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

8.2.7 Labour Relations Strategy and Staff Successorship Plan

a) Labour relations strategy

It is a requirement of this NRFP that the successful Proponent adhere to the memorandum of agreement signed between the government of BC and the BCGEU. Proponents should provide a labour relations strategy consistent with the terms of the memorandum of agreement outlining how they intend on engaging with impacted staff should they be the Selected Proponent. Proponents should detail impacts to their internal operating structure and plans to manage the introduction of BCGEU staff into their organization.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

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8.2.7 Labour Relations Strategy and Staff Successorship Plan

b) Staffing Successorship plan

Proponents should reference the human resource information provided in Appendix I and based on the terms of the memorandum of agreement, provide a staffing plan describing the types and numbers of staff the Proponent expects they would hire. Proponents should describe how they would structure their internal processes to accommodate BCGEU staff transferred to the Proponent.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

8.2.8.1 Financial Model

- a) Describe the proposed economic model and how the proposed economic model supports the goals identified in Section 3.2 , and the eight (8) financial objectives provided in Section 5.5;

Guidelines for evaluators:

Responses should address each objective in Section 3.2 and 5.5 and describe “how” the financial model will support the objective over the term of the Agreement.

Preference is given to responses that are supported by financial evidence provided in Appendix K.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

8.2.8.1 Financial Model

- b) Describe all investments (e.g. transition costs, asset purchases, infrastructure, facilities, hardware, software, etc.) required to deliver the proposed Services.

For each investment provide:

- i. The associated dollar amount and timing of the investment; and
- ii. The proposed recovery mechanism, timing of such recovery and associated dollar amounts.

Responses to (i) and (ii) above are to be provided within Appendix K.

Guidelines for evaluators:

Proponents should provide clear descriptions of the investments and provide both the investment amounts and recovery amounts.

Preference is given to responses that are supported by financial evidence provided in Appendix K.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

8.2.8.1 Financial Model

- c) Describe the proposed pricing models for each proposed Service, including but not limited to:
- i. The underlying drivers that may impact pricing, and how pricing may be impacted as a result of changes in the drivers;
 - ii. How the services pricing and pricing components will be impacted by changes in scale;
 - iii. The approach and plan for addressing changes to the underlying drivers; and
 - iv. Any commitments and constraints that are part of the proposed pricing (e.g. volume floors and/or ceiling, order minimums, etc).

Guidelines for evaluators:

For each Service, responses should clearly identify the drivers that impact the pricing. Preference is given to pricing models that do not financially expose Suppliers/Agents and Wholesale Buyers to exogenous or Proponent driven cost drivers.

Preference is given to pricing models that provide economies of scale, and no commitments or constraints.

Preference is given to responses that are supported by financial evidence provided in Appendix K.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

8.2.8.1 Financial Model

- d) Describe the proposed approach for handling the cost of inflation, on an annual basis, by listing the services to be adjusted for inflation and the mechanism for such an adjustment.

Guidelines for evaluators:

Responses should not transfer inflation risk to Suppliers/Agents or Wholesale buyers. Preference is given to proposals that share inflation risk or provide productivity gains in the forward pricing to compensate for inflation.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

8.2.8.1 Financial Model

- e) Describe the approach for transferring the services at the termination at the Agreement to either, the Ministry/ LDB or another service provider in a manner that is efficient and ensures Distribution Services are not interrupted to GLS, Wholesale Customers, suppliers and Agents.

In addition, describe the costs the Ministry/ LDB would be responsible for in the event of:

- i. Expiry of the term of the Agreement;
- ii. Termination by the Ministry/ LDB for convenience; or
- iii. Termination for force majeure event

Guidelines for evaluators:

Responses should describe the Proponent's services and asset transition approach at contract termination. The proposed approach should be efficient, and ensure the continuation of service.

Responses should clearly describe the costs the Ministry/LDB will be responsible for under each listed termination event. Preference will be given to responses that provide a reasonable allocation of costs, and do not look for the Ministry/LDB to insure the other in the event of premature termination events.

Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

8.2.8.2 Pricing Submission

Proponents are required to submit their pricing for all proposed Distribution Services by completing Appendix K. Proponents are to follow the instructions contained within Appendix K.

Guidelines for evaluators:

Pricing submissions will be analyzed to derive annual and deal cost of service projections using a consistent analysis approach (see attachment). Results will be presented to Evaluators.



Financial Evaluation
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Weaknesses:

Strengths:

Feedback considerations:

Preliminary score (percentage or numbers):

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