

# Source Selection Methods Pros & Cons

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# The State Structure – Centralized Purchasing (Code)

## Division of Procurement Services

- Information Technology Management Office – IT Products and Services
- State Procurement Office – Goods & Services
- Office of the State Engineer – Construction
- Auditors

# The State Structure – Centralized Purchasing (Reorganized)

## Division of Procurement Services

- State Term Contracts Teams
  - Goods & Services
  - IT
- Agency Contracts Teams
  - Combined G&S & IT
- Office of the State Engineer – Construction
- Auditors

# The State Structure - Decentralized Purchasing

- All state agencies, colleges and universities, and technical colleges in our state process procurements, not just the Division of Procurement Services
- All agencies have a baseline procurement authority of \$50,000
- Many entities are “certified” to process their own procurements above their baseline authority of \$50,000

# COMPETITION LEVELS AND SOURCE SELECTION METHODS

- ▶ There are a variety of competition thresholds and source selection methods prescribed by the South Carolina Consolidated Procurement Code.
- ▶ Familiarize yourself with the Code by visiting
  - [www.procurement.sc.gov](http://www.procurement.sc.gov)
- ▶ Look under “Procurement Law”

# Solicitation Types

- SC Code provides nine methods to solicit
- Most Common
  - P-Card
  - Competitive Sealed Bidding (IFB – Price)
  - Best Value Bid (Most Advantageous)
  - Competitive Fixed Price Bidding (FPB - Anyone Who Can Provide)
  - Competitive Sealed Proposals (RFP - Most Advantageous)
  - Competitive Online Bidding (Reverse Auction)

What procurement method  
should I use?



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# Invitation for Bid

## 11-35-1520

- Default Method of Procurement
- Sealed bidding must be used unless it is determined in writing that the use of competitive sealed bidding is not most advantageous to the State.
- No justification is required
- Negotiations allowed on price only
- Award made to lowest responsive and responsible bidder



# Invitation for Bid

- Use when:
  - Specifications can be clearly defined
  - Know “what” and “how”
  - No significant difference among products or services available
  - Negotiations are not anticipated
  - Price is the determining factor

# Invitation for Bid - Pros

- No Justification Required
- Shorter Processing Timeframe
- Single Evaluation Factor
- Clarifications – No Discussions
- Easy Negotiation Strategy

# Invitation for Bid - Cons

- Single Evaluation Factor
- Negotiations Allowed on Price Only
- Preferences \$50K/\$500K

# Best Value Bid

## 11-35-1528

- Purpose:
  - Allow factors other than price to be considered based on pre-determined criteria
  - Possible evaluation factors are listed in 11-35-1528(5)
- Cost must be weighted at least 60%
- Requires written determination for use
- Negotiations allowed on price only
- Award made to the highest ranked responsive and responsible bidder

# Best Value Bid

- Use when:
  - Specifications can be clearly defined
  - Price is an important factor but not the determining factor
  - Know “what” but the “how” may vary slightly
  - Some difference among products or services available
  - Negotiations are not anticipated

# Best Value Bid - Pros

- Multiple Evaluation Factors
- Clarifications-No Discussions

# Best Value Bid - Cons

- Justification Required
- Longer Processing Time
- Multiple Evaluation Factors – Cost 60%
- Evaluation Panel
- Negotiations on Price Only
- Subjective Evaluations
- Benefits over an RFP?

# Fixed Price Bid

## 11-35-1525

- Purpose:
  - Provide multiple sources of supply
  - Establish a Preset maximum price
  - Allow bidders to be added to awarded vendor's list after bid opening
- Requires written determination for use



# Fixed Price Bid

- Use when:
  - Specifications can be clearly defined
  - Maximum price can be established prior to solicitation
  - Know “what” and “how” and “how much”
  - Multiple sources of supply are required
  - A need to add new vendors to the contract exists

# Fixed Price Bid - Pros

- Single Evaluation Factor
- Clarifications – No Discussions
- Everybody Plays/Choice of Vendors

# Fixed Price Bid - Cons

- Justification Required
- Negotiations on Price Only
- Subsequent Award Schedule
- Contract Administration

# Request for Proposal

## 11-35-1530

- Allows factors other than price to be considered
- No specific weighting for cost is required
- Requires written determination for use
- Negotiations are allowed
- Award made to the highest ranked responsive and responsible offeror

# Request for Proposal

- Use when:
  - Specifications cannot be fully defined
  - Seeking innovative or alternate approaches
  - Know “what” but not “how” or the “how” can vary
  - Negotiations are anticipated

# Request for Proposals - Pros

- Preferences Do Not Apply (11-35-1524E(5))
- Multiple Evaluation Factors
- Evaluation Factor Weighting (Cost 20% min.)
- Discussions & Clarifications Allowed

# Request for Proposals- Cons

- Justification Required
- Longer Processing Time
- Evaluation Panels
- Number/Size of Proposals
- No Preferences
- Subjective Evaluations

# Reverse Auction

## 11-35-1529

- Identical to IFB except price is not submitted with the offer
- Requires written determination for use
- Negotiations allowed on price only
- Award made to the lowest responsive and responsible offeror



# Reverse Auction- Pros

- No Preferences
- Best Price Possible
- SC Laws Allow Lowest Current Bid Live
- Larger Vendor Pool

# Reverse Auction- Cons

- Justification Required
- Longer Processing Time
- “Auction Fever”
- eBridge Fee
- Only One Offeror?

Questions?



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