# Key Steps in the Formal Procurement Method

## Define the Need

SFA Food Authorities (SFAs) should understand what the fundamental “need” or requirement is before planning it’s procurement. Procurement is a means to satisfying a SFA’s food service need. The SFA should start its procurement by clearly defining the need for the purchase and specify what is to be purchased. Poor identification of needs may result in incorrect goods or services being purchased, poor service from vendor, disruption in service, and may result in additional time, resources, and cost to procure the good or service.

Moreover, the procurement process does not occur in a vacuum and requires communication with different departments and staff. As a result, the SFA should know exactly what is being procured and why. How does this purchase affect the food service department and other departments utilizing the SFA’s food service? Being able to answer these questions will help in developing of evaluation criteria and specifications later in the procurement process. Some questions that might concern a SFA are:

* Category Analysis: is the SFA buying the same or similar (category) of goods and services from different vendors? Can this be streamlined to increase efficiency?
* Product and Service Analysis: is the SFA buying the same item from different vendors, in different departments at the SFA at different prices?
* Payment Analysis: is the SFA leveraging all possible discounts, credits, and rebates from invoice payment processing?
* Vendor Analysis: what goods and services is the SFA purchasing from a single vendor?
* Contract Analysis: is the SFA and vendor complying with existing negotiated contract terms? Do these contracts meet Federal and State contracting requirements? A SFA should not send out a solicitation for goods and service it does not intend to use.

## Develop the Procurement Strategy

Depending on the SFA’s need and the scale of the procurement event, there could be a range of potential solutions and approaches to the procurement event. As a result, the SFA may want to conduct internal meetings and develop a strategy for to conduct the procurement. This may require a Request for Information (RFI) to gather sufficient information to plan the SFA’s procurement. The SFA will also want to communicate with different departments and staff and check different calendars to make sure all internal information required for drafting and planning the procurement is up-to-date and accurate. This may include SFA School Board input for consideration and approval of future budgets and awarded contracts.

## Evaluate the Offerors

Once the SFA has a handle on it’s need and procurement strategy, the SFA can start developing criteria for evaluating the procurement. The success of a procurement event will depend on how well the SFA prepares and develops the evaluation criteria. The SFA should weigh “key criteria” more heavily than criteria that will have little impact on the solution. Remember, costs are important but other requirements and criteria should also be evaluated either by applying points or pass/fail grading. It is also important to be clear in the solicitation document when describing evaluation criteria and how the SFA will evaluate these criteria. Remember that a Request for Proposal (RFP) is awarded based on points and an Invitation for Bid (IFB) is awarded on lowest costs. Regardless of the SFA using a RFP or IFB, SFAs will need to carefully consider the whole procurement process and resulting awarded contract when developing its evaluation plan.

The following are some evaluation criteria you might consider:

* vendor experience
* delivery
* specification
* cost evaluation
* contract management
* electronic order system available

## Negotiate and Award the Contract

Depending on the type of solicitation the SFA uses for its procurement, either RFP or IFB, the SFA will use different criteria for awarding the contract (points vs. cost). As a result, the SFA will have a couple different avenues for awarding and negotiating the contract. If costs are the only criteria left after offerors are determined to be responsive and responsible, then negotiations are optional and the SFA can award the contract based on the lowest cost.

However, if other criteria are being used, for instance points used with a RFP, then the SFA may enter into negotiations with selected offerors. A word of caution is advised when negotiating terms and pricing. Make sure you have an experienced negotiator and a defined plan and goals for how you will conduct the negotiations. Regardless of how the SFA awards the contract, the awarded contract should have some resemblance to the solicitation document. If the awarded contract varies too much from the original solicitation document, then this may result material change, which is not allowable.

## Manage the Contract

Contract Management means that the supplier is meeting all requirements of the contract. It encompasses all dealings between the SFA and the vendor from the time the contract is awarded until:

* the work has been completed and accepted or the contract terminated
* payment has been made
* disputes have been resolved

