

SEALED BID VS. REQUEST FOR PROPOSALS (RFP) PROCESS

	Sealed Bids	Requests for Proposals
Specifications	very specific as to performance and design requirements	allows for more flexibility; vendor proposes one or more options
Opening	public – all data available to other bidders and public	public – only names of proposers are public; no pricing or other data made available
Evaluation	based strictly on meeting specifications – no material deviations accepted	based on overall responsiveness to proposal and criteria provided in RFP for evaluation
Discussion	only to clarify questions on meeting technical specifications	questions to any or all proposing firms to clarify items in proposal; may include formal interviews
Changes	only minor technicalities may be corrected	negotiations may be conducted with proposing firm(s) evaluated as being most responsive to RFP criteria
Award	lowest responsive and responsible bidder	best overall value proposal - not necessarily lowest price

Basis for using the competitive sealed bid process:

- The specifications for the good or service to be purchased are explicitly clear to both buyer and seller.
- The market has an adequate number of sellers capable of meeting the specifications to allow for competition.
- The sellers that make up the market are technically qualified and are willing to price competitively.

Basis for using the RFP process instead of a sealed bid:

- Oral or written discussions may be necessary with the responding firms regarding technical and price clarifications or scope of work requested.
- It is advantageous to allow an opportunity for responding firms to revise their offer prior to award.

- Comparative analysis of different technical products or solutions must be made.
- Situations in which it is impossible to estimate costs with a high degree of certainty.
- Situations in which price is not the only important variable; quality, schedule, and service may be variables of equal or greater importance.
- Situations in which the buyer anticipates a need to make changes in some aspect of the purchase/contract where negotiations are foreseen before the contract can be finalized.
- Typically, most types of services and service contracts are purchased with this method.

Compare and contrast:

Each method has its strengths and weaknesses. The ease of evaluating bids on price alone needs to be balanced against the risk that price alone may not be all that distinguishes one product or service from another. Often, other factors such as quality of the product or after-sales service can be equally or more important.

Evaluation of a competitive sealed bid is straightforward. The award is normally on the basis of price to the lowest responsive and responsible bidder. Bids that conform in all material respects to the requirements stated in the invitation to bid are responsive; bidders who have the capability to fully perform the contract requirements (necessary experience, technical knowledge, facilities, licenses, equipment, and credit required to perform) are considered responsible.

The RFP process allows more flexibility than the sealed bid process in the evaluation process. The evaluation committee first evaluates proposals for compliance to the specifications and requirements in the RFP and creates a list of those firms whose proposals meet mandatory requirements. Only the firms from this list will be further evaluated and considered for the award based on evaluation criteria specified in the RFP. Interviews and/or negotiations with the top rated firm(s) may be conducted before final selection.

Addendums:

Addendums to specifications may be made in advance of response due dates for both the sealed bid and request for proposals process. The purpose of an addendum is to provide notice to all potential bidders/proposers that there have been changes or clarifications made to the terms of the solicitation.