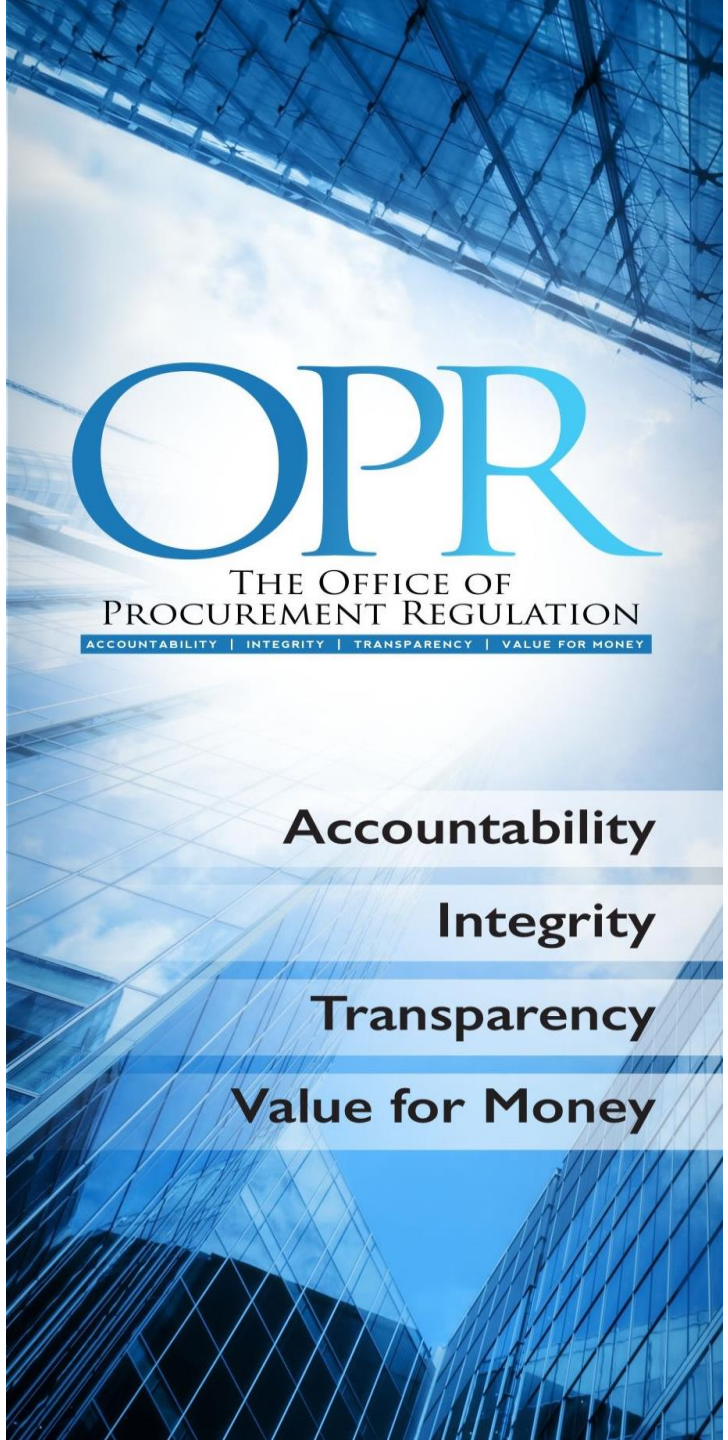

Procurement in Action

Session 3: Identifying Requirements and Developing Specifications

Presented by: Procurement Policy Development Department

Date: October 18, 2022

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SCHEDULE

✓ Session 1: September 14, 2022

Annual Procurement Planning

✓ Session 2: September 20, 2022

Market Research Report and Analysis

Session 3: October 18, 2022

Identifying Requirements and Developing Specifications

Session 4: October 20, 2022

Procurement Methods and Procedures and Supply Contracts

Session 5: November 15, 2022

Evaluation Methodology and Contract Management Plan

Session 6: November 22, 2022

Developing the Procurement Strategy

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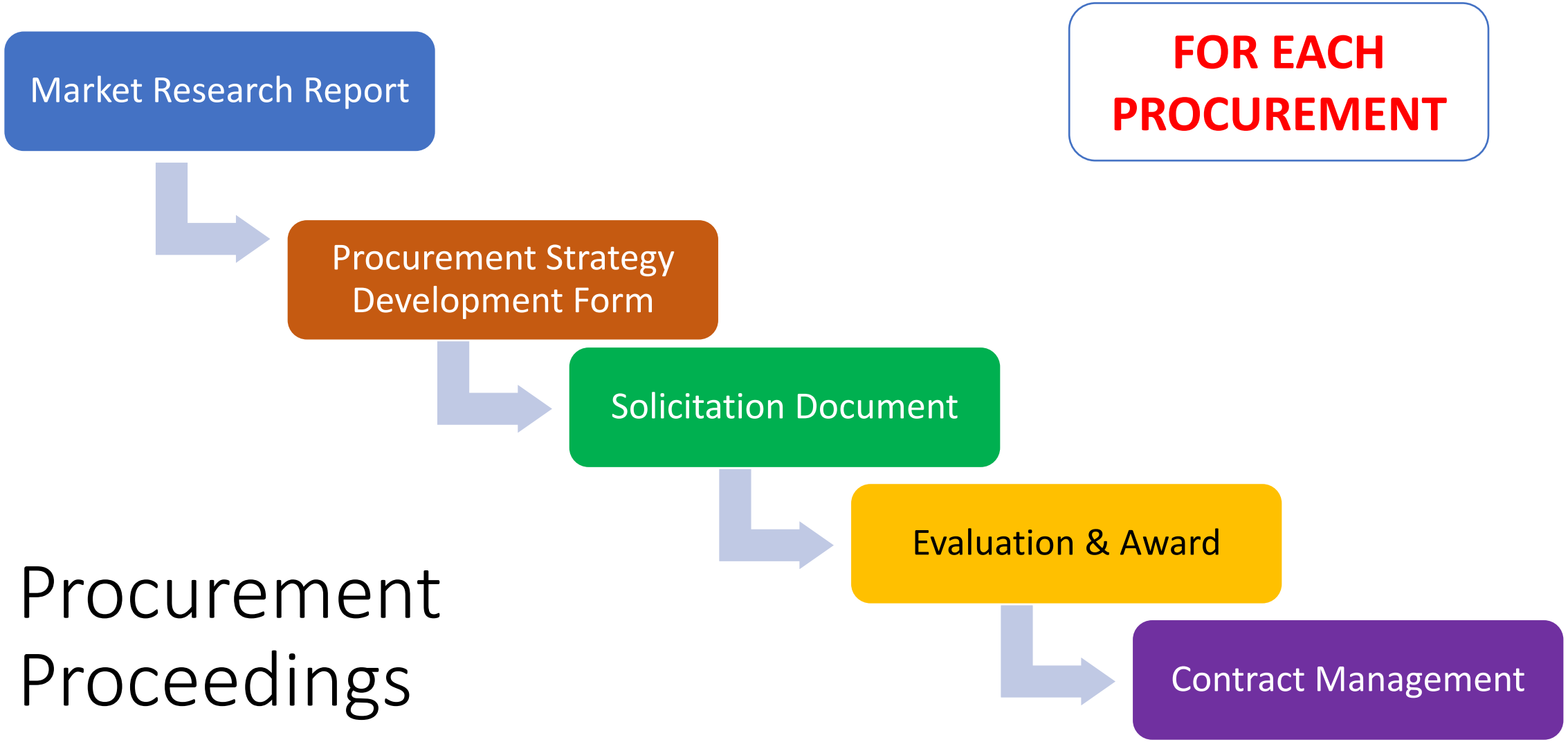
Procurement Proceedings



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Procurement Proceedings

FOR EACH PROCUREMENT

Market Research Report

- Market Research
- Specifications, TOR, SOWs

Procurement Strategy Development Form

Solicitation Document

Evaluation & Award

Contract Management

FOR EACH PROCUREMENT

Market Research Report

- Analysis and conclusions from MRR
- Identify Procurement Risks
- Develop Procurement Strategy

Procurement Strategy Development Form

- Procurement Method
- Evaluation Methodology, Criteria, Scores
- Selection Method
- Contract Management Plan

Solicitation Document

Evaluation & Award

Contract Management

Procurement Proceedings

Benefits of Operational Level Planning

1. Achieving the objective of promoting transparency and accountability
2. Identifying procurement risks and determining how you will mitigate those risks
3. Obtaining approval for your procurement strategy
4. Having clear justification for your procurement decisions
5. Completing the procurement process quicker and easier

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Learning Session Agenda

- What is a requirement?
- What does identifying requirements mean?
- What is a requirement used for?
- R.A.Q.S.C.I. Model
- Where does requirements fit in the procurement cycle
- Moving from requirements to specifications
- What is a specification?
- Where does specifications fit in the procurement cycle?
- Specifications and conditions of use
- Forms of specifications
- Principle guidelines for developing specifications and implications
- Use of brands in specification?
- What should not be included in a specification?
- Specification development process flow
- Specification documentation for goods
- Terms of reference documentation for services
- Scope of works documentation for constructions services
- Case Study & Review; Multiple Choice Quiz; Question & Answer Segment

Requirements & Specifications

Requirements?

OR

Specifications?

What is a Requirement?

- The term ‘requirement’ refers to the users' description of what the finished product, in their eyes, should do.
- A requirement is something a product must do or a quality it must have.

What does Identifying Requirements Mean?

It is about identifying your true need.

This involves:

- ✓ Collecting information;
- ✓ Identifying appropriate solutions;
- ✓ Considering the present situation and forecasted future need;
- ✓ Looking at delivery time constraints and obligations.
- ✓ Avoiding over and under specifying;

What is a Requirement Used For?

Identifies the need at a high-level, outlining:-

- What is the good, work or service is for?
- Who will be the users ?
- What problem will this solution solve?
- What are the functions, attributes, constraints, preferences and expectations of the good, work or service?
- What do you want and how do you expect a supplier or contractor to provide it?

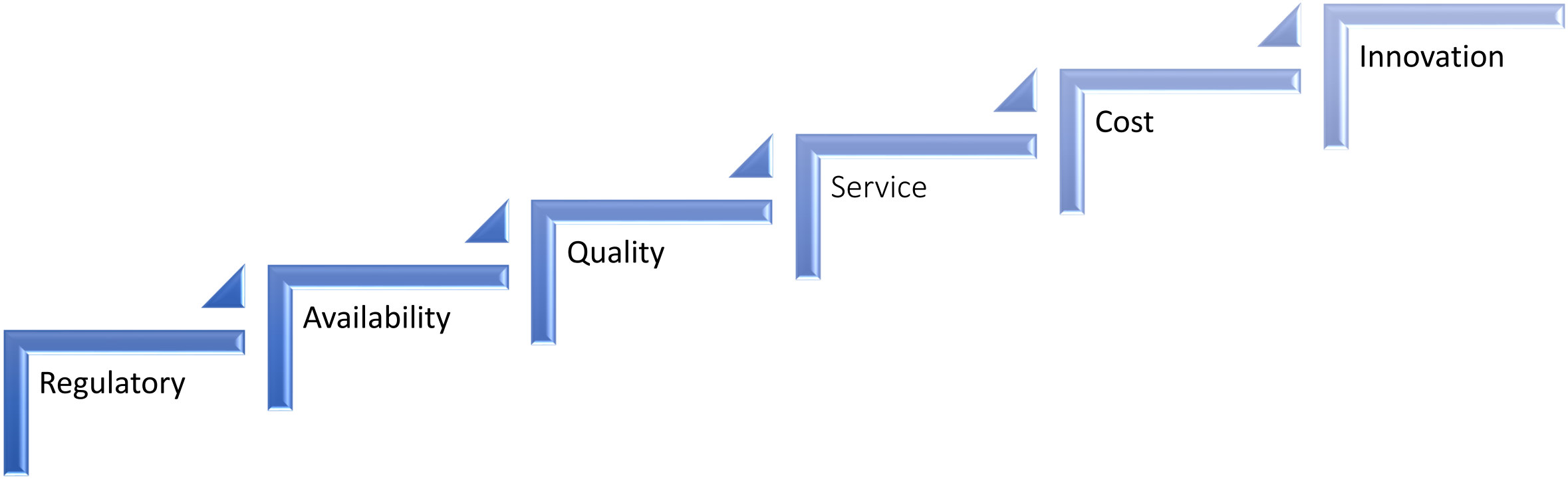
Requirements & Sustainability

Responsible Actions, Sustainable Results – Consider the following:

- Demand analysis
- Energy efficient
- Eco-friendly
- Ethically produced
- Equal opportunities to tender
- Locally produced

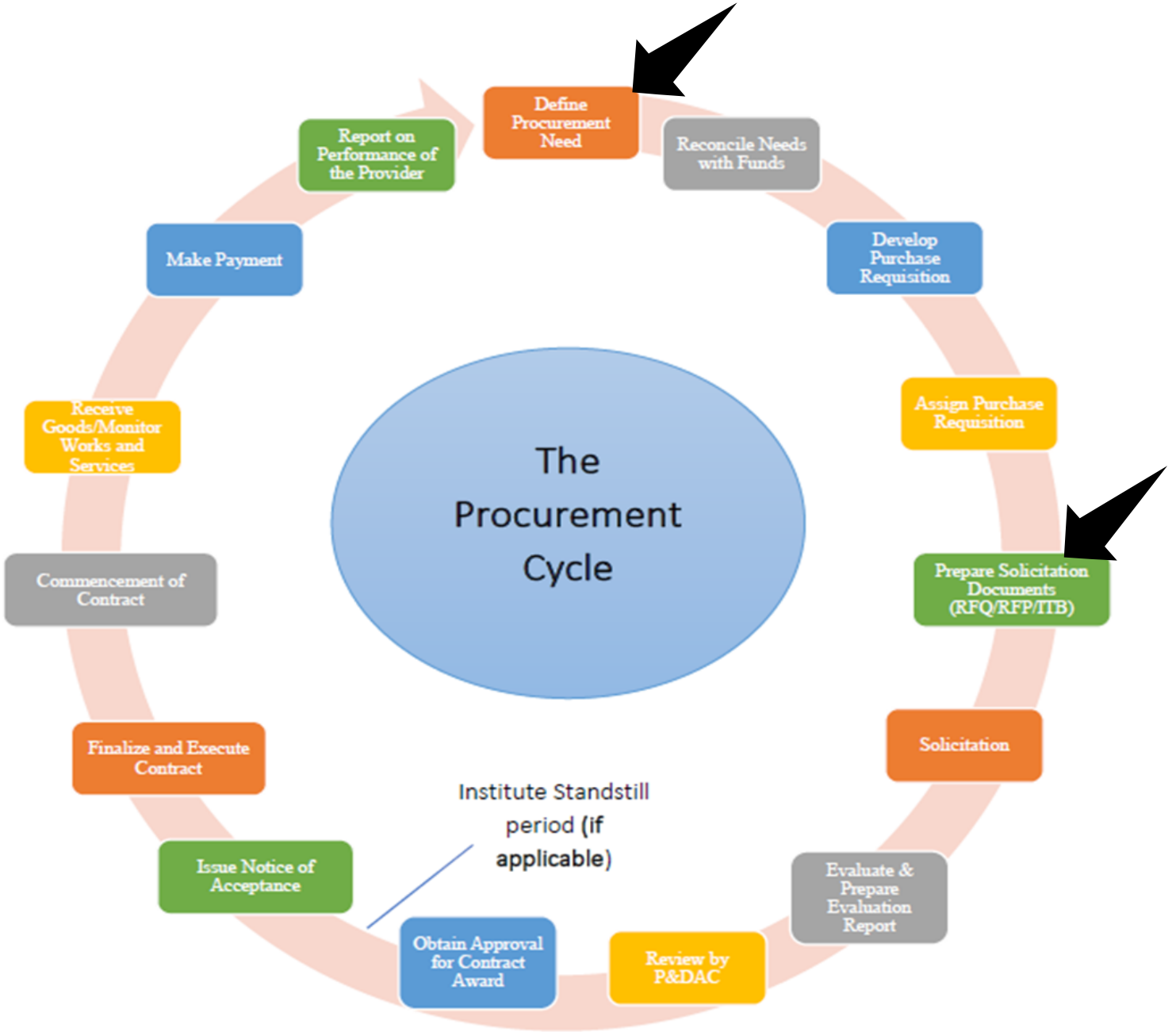
RAQSCI Model

To identify business needs/requirements, the RAQSCI tool:-

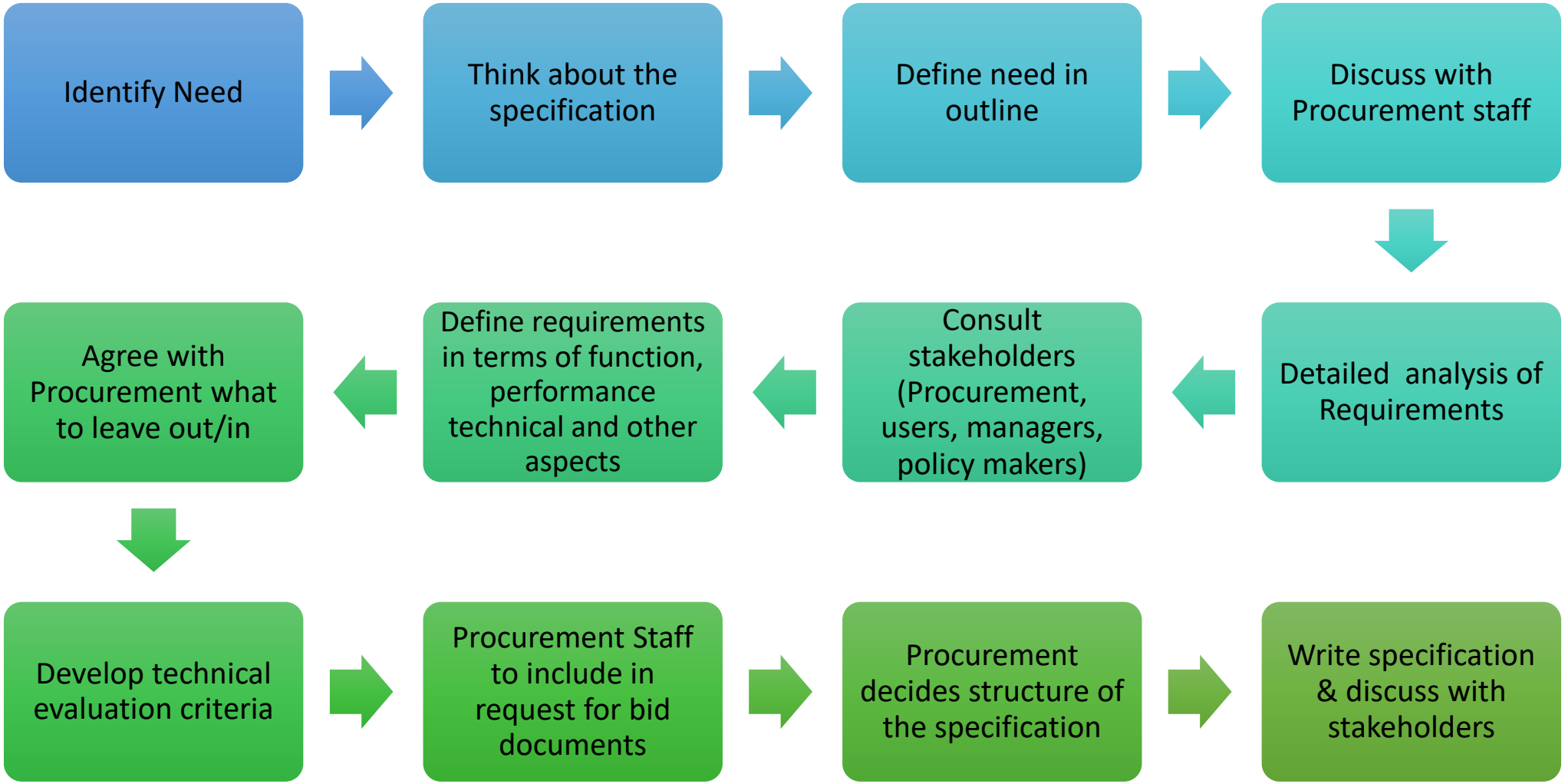


Where does Requirements fit in the Procurement Cycle?

- Define Procurement Need.



Moving from Requirements to Specifications
The Process Flow



What is a Specification?

Specifications:

- Include the user's identified requirements.
- Contain all related information necessary for the design, verification, and maintenance of the product.
- Are a technical description of the product to be procured covering the requirements and much more including quality, time, delivery requirements.
- Are a precise description of a good, work or service.

Examples of Requirements & Specifications

Requirements

Refrigerator

- Available space
- Features important to end users
- Budget

Specifications

Refrigerator

- Dimensions
- Electrical consumption
- Exterior finish
- Interior configuration
- Ice maker and water dispenser features

Examples of Requirements & Specifications

Requirements

Laptop

- Weight
- Speed
- Run time

Specifications

Laptop

- Screen size
- Dimensions
- Size of memory
- Ports – HDMI, VGA, USB 2 or 3
- Battery capacity

Examples of Requirements & Specifications

Requirements

Airplane

- Passenger seating
- Distance to be flown
- Reduce CO2 emissions (Innovation/New Technology)

Specifications

Airplane

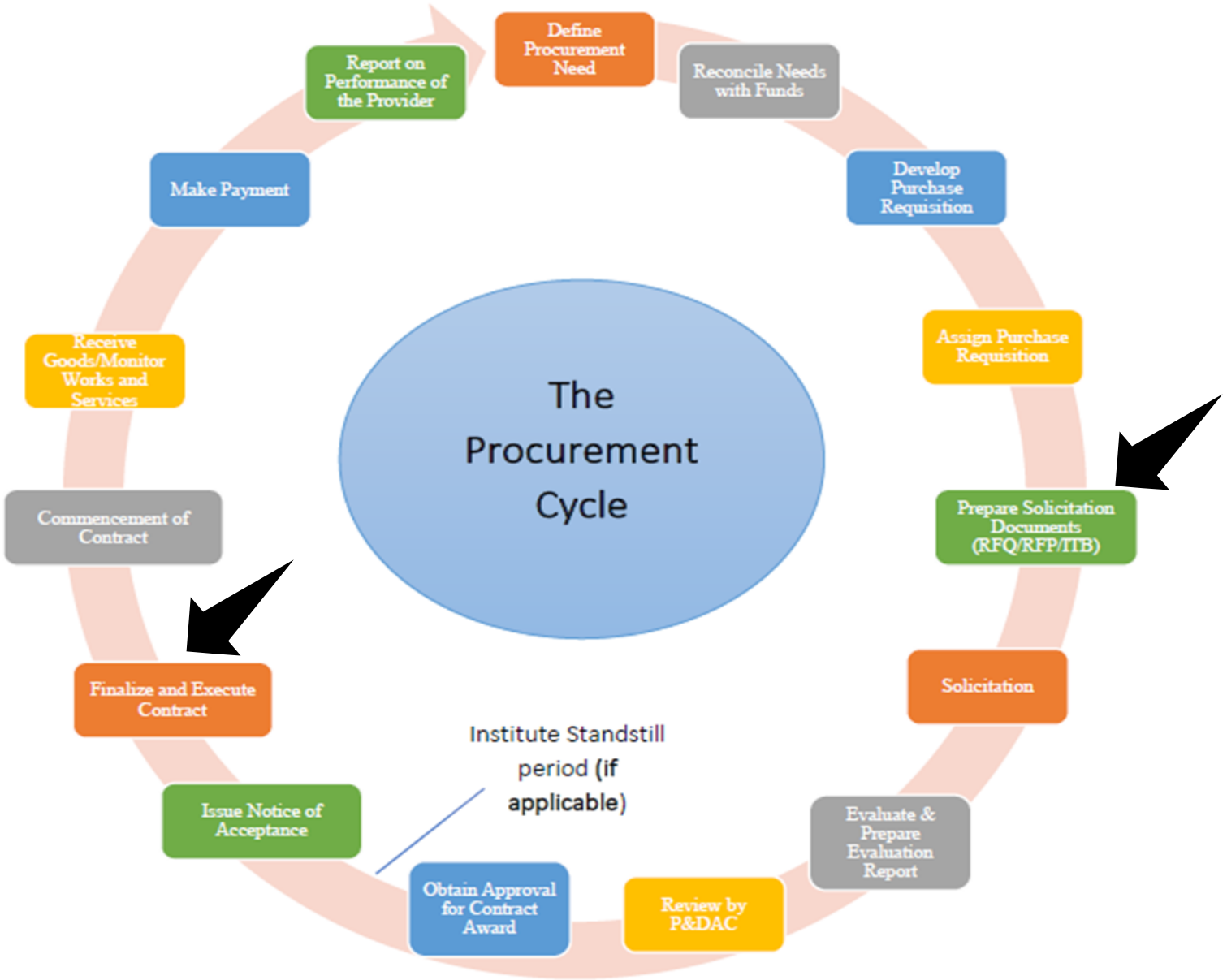
- Design
- Dimensions
- Passenger capacity by cabin class
- Engine capabilities (horsepower)
- Instrument panel features
- Fuel type
- CO2 emission rating or options

What is a Specification?

Specifications	Goods
Terms of Reference (TOR)	Services
Statement of Works (SOW)	Construction Services

Where does Specifications fit in the Procurement Cycle?

- Prepare Solicitation Documents (RFQ/ITB/RFP)
- Contract document



An Example

Scenario:

A Regional Health Authority (RHA) provides medical testing services to the public. Their equipment has passed end of life and needs replacing.

Supplier L's Sales and Marketing Team reaches out to the RHA with some suggestions to modernize and revise the RHA's standard (old) specifications.

The RHA advertises an open tender for medical testing equipment which includes Supplier L's recommendations for modernizing the RHA's specifications.

Question:

Should Supplier L be allowed or excluded from bidding ?

Specifications and Conditions of Use

- **Simple specifications** can be used for good, works and services of generally low-risk and low-value. They contain only a few words or pages and have less information than complex ones. By their nature, simple specifications tend to provide the basic requirements.

- **Complex specifications** are generally considered for works of a high value and which are associated with high risks. By their nature, complex specifications tend to be lengthy documents

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Forms of Specifications

Functional

Performance

Technical

Functional Specifications

Functional Specifications :-

- This form of specification generally focuses on the ‘function’ or ‘purpose’ of goods, works or services and less on physical characteristics (material or dimensions).
- That is, the task is defined by focusing on ‘what’ is to be achieved rather than ‘how’ it is to be done.
- It describes the expected behaviour of the end results. However, the method of achieving the intended results are not defined.
- Functional specification documentation acts as a bridge between these diverging opinions, resulting in a consensus.

Functional Specifications - Examples

Good	• A device able to print in both coloured and black inks using letter size paper.
Works	• Works Provision of security services for a 1000m2 office area and 200m2 car parking lot.
Service	• Services to conduct Project Management training exercises for 50 staff members in 2 public bodies .

Performance Specifications

Performance Specification (Outcome Specifications) :-

- This form of specification describes the ‘what’ is to be achieved rather than a fixed description of ‘how’ it should be done by stating a minimum and/or maximum acceptable output or performance level.
- Performance specifications are also related to the concept of ‘results and outcomes’.
- When an item is purchased against a performance specification, the supplier/contractor accepts general responsibility for design, engineering and achievement of the stated performance requirements.

Performance Specifications - Examples

Good

- A device able to print in both coloured and black inks, 15 letter size (8 ½ inches by 11inches) paper in one (1) minute, with print resolution for black ink being 1200dpi and coloured ink being 4800dpi.

Works

- Security services performed to the highest industry standard, ISO 18788:2015. Management system for private security operations -- requirements with guidance for use, or equivalent. Services Complete four (4)

Service

- Project Management training exercises within 2 weeks and conduct post-training competency examinations and evaluation of performance of staff members.

Technical Specifications

Technical Specification (Conformance Specifications) :-

- This form of specification defines the exact design and details of the goods, i.e. the physical characteristics (material or dimensions).
- It acts as a map used by the builder to build the system.

Technical Specifications - Examples

Good

Printer Dimensions 12.4inches x 19.7inches x 16.5inches Weight 25.4lbs Control Panel Display Type: LCD with IR touch function Display size 67.31 mm (2.65 inches) diagonal Colour or black and white Colour

Works

Security equipment: -

- Two (2) Uniformed officers within the office area
- One (1) uniformed officer within the carpark
- All officers to be equipped with: Taser, pepper sprays, and baton
- OSHA prescribed safety footwear.

Service

Reporting language: English and Spanish. - Format of teachings: MS PowerPoint, Handbooks, and electronic format in pdf.

Principle Guidelines for Developing Specifications

1. The specification must be framed in a way that allows all suppliers that are participants in the relevant supply market to be responsive to the expressed need.

2. The requirement must be expressed using a form of specification and associated terminology that are readily understood by participants in the relevant supply market.

3. The form of specification chosen - technical, performance and/or functional must be the one that is most commonly used by corporate purchasers in the relevant supply market.

Principle Guidelines for Developing Specifications

4. The specification should not seek to cover elements that are not normally part of the offerings of participants in the relevant supply market.

5. The more prescriptive the form of the specifications the less opportunity suppliers have to offer innovative solutions and the more difficult it is for the procuring entity to frame the specification.

6. The more risk and cost involved in meeting the need that is expressed, the more time and effort would be required in specification development.

Principle Guidelines for Developing Specifications

7. Avoid under-specification, to the extent that specifications are incomplete, there are risks to the scope, cost and timing of the delivery of the requirement.

8. Avoid over-specification as this involves unnecessarily narrowing potential ways of meeting the requirement.

9. The focus in framing specifications must be on meeting the objectives of the Act while meeting the programmatic/service delivery objectives of the public body.

Use of Brands in Specifications

A **brand name** should not be used in a specification.

But, if a brand name has to be used, remember the following:

- It should be followed by the words, “or equivalent”.
- Indicate that no particular preference will be given to the specified brand names when evaluating the offers.
- Focus on what you need, rather than who is needed, when requesting a service.
- Specify essential minimum requirements.
- Requires **significant** justification.

What should not be included in a specification?

- Specification should not include:
  - conditions of tender
  - conditions of contract
  - bias favouring a supplier
  - questionnaires used by tenderers to submit offers
  - aspects which may lead to discrimination either directly or indirectly to particular suppliers
  - over specified requirements

What is a Specification?

Specifications	Goods
Terms of Reference (TOR)	Services
Statement of Works (SOW)	Construction Services

Market Research Techniques and Sources

Specifications vs Terms of Reference

Goods

Specifications

- A specification is a term that is applied generally to goods and is the technical description of the product to be procured covering the requirements and much more - e.g. technicalities, problems, etc.

Terms of Reference

- The “terms of reference” is a phrase applied generally to services.

a) vision, objectives, scope of services and deliverables

b) stakeholders, roles and responsibilities

c) resource, financial and quality plans

d) work breakdown structure and schedule

Terms of Reference Documentation

1. Title

- Use a simple and generic description of specified goods or service for the title. For example, “Provision of Security Services for Company X”.

2. Table of Contents

- A table of contents may be necessary for particularly long or complex specifications.

Terms of Reference Documentation

3. Background Information

The introduction should include the general description of the required good(s) and/or service(s). A well-structured introduction usually assists the potential suppliers in understanding the requirements in the context of the entity's needs, as well as ensuring that offered products or services are 'fit for purpose'.

4. Specific constraints and limitations

- Operating conditions e.g., maximum and minimum temperatures, noise, pressure, humidity, wind velocity, altitude, dust, etc. • Physical space available for installing equipment • Compatibility with existing equipment, systems (e.g., availability of power supply, servicing or maintenance requirements or limitations, etc.)

Terms of Reference Documentation

5. Requirements

- Description of the requirement in detail. There are three types of specification types and often the requirement is a combination of the three: • functional characteristics •performance characteristics • technical characteristics

6. Timing of Delivery

- Particular requirements for the timing of delivery to the end-user should be specifically mentioned and included as an evaluation criterion. If “time is of the essence” this should be clearly stated and bidders made aware that the inability to deliver within the required timeframe will lead to disqualification of their bid.

Terms of Reference Documentation

7. Marking

- Warnings and cautionary information will be required where there is potential for injury to operators, maintainers or bystanders.
- Any special storage, operating, handling or packaging needs should be identified

8. Packing/Packaging

- Type of packing required, size or condition of container required, and if the organization wants to keep containers, pallets or other packing material this should all be specified.

Terms of Reference Documentation

9. Quality

Specifying quality requirements, e.g., “only goods produced by suppliers adhering to the ISO 9000 quality system are acceptable”.

10. Testing

- For some goods, testing might be required by the supplier or third party and test results submitted.

Simple Specification Documentation

Title

Introduction

Scope

Background information or history of the required good(s) and/or service(s)

Statement of Works (SOW)

- The SOW, including design/drawings, Bill of Quantities (BoQ) and technical specifications, should describe the works in sufficient detail to identify the location, nature and any complexities involved.

- The term “works” generally includes all types of civil, mechanical, electrical or other engineering/installation services (other than consulting services), as well as the supply of construction materials and equipment included therein.

Statement of Works

1. Scope	✓ Technical, Operational and Organisational Environment	19. Insurance Requirements
2. Title	11. Method and Source of Acceptance	20. Project Schedule
3. Introduction	✓ Reporting Requirements	21. Schedule and Estimated Level of Effort (Work Breakdown Structure)
4. Objectives of the Requirements	13. Project Management Control Procedures	22. Required Resources or Types of Roles to be Performed
5. Background and Specific Scope of the Requirements	14. Change Management Procedures	23. Applicable Documents
✓ General Information	✓ Contractor's Obligations	24. Relevant Terms, Acronyms and Glossaries
✓ Supplier Requisites	16. Language of Work	25. Sign-off for proposed resource
8. Requirements	✓ Special Requirements	26. Other attachments
9. Specifications and Standards	18. Security Requirements	

Statement of Works

Topic	Guidelines
Location	• Give precise information and a brief description of site accessibility and availability of major services such as electricity and water. • Location of sources of rough materials such as sand and stones might be helpful.
Legal status	Check the legal status of the titles for the plot where the construction will take place.
Site ownership	Clarify ownership of the site.
Designs/drawings	• Indicate whether the designs are being provided or should be elaborated by the supplier. • Check that the designs have been registered and comply with local regulations, and clarify who is responsible for what in that respect.
Right of way	Check if right of way is needed (for locations where access is through other properties) and clarify who is responsible for what in that respect.

Statement of Works

Topic	Request Information
Experience	• Number of similar works (by nature and size measured by contract's value) undertaken within a reasonable number of years. • Client references.
Minimum personnel	Function and qualifications required by each key personnel (for example, chief engineer, residents for electricity/ civil works, specialists).
Financial capability	• The balance sheet to show debt ratios and working capital demonstrating free availability equivalent to the estimated value of two/three monthly payment certificates. • For major construction works, an estimated investment curve is usually included in the feasibility study from where the working capital can be derived.
Minimum equipment	• Minimum number and characteristics of equipment needed to undertake the works. • During the evaluation process, age of equipment is often taken into consideration.
Construction methods	• Construction methods/approach. • Programme of works, presentation, mobilisation, in what order various steps will be made etc.

Statement of Works

Technical, Operational and Organisational Environment

Provides details on the technical, organisational and operational environment in which the work will be completed.

Reporting Requirements

Describes any performance or status reporting requirements which will be expected of the contractor during the life of the contract.

Contractor's Obligations

Keeping all documents and proprietary information confidential; meeting all tasks, deliverables and milestones; submitting all written reports in hard copy and electronic Microsoft Office Word;

Special Requirements

Indicates if there will be any requirements for special licenses, information on patents, permits, bonds or import/export details which may be required of either party.

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Case Study

Assignment # 3

Develop requirements for one (1) item from the Outfitting Project. In identifying the requirements, please indicate the type of specifications you will be drafting, that is, functional, performance, technical.

Thank you for your kind attention!

We would be happy to answer any questions.

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