



The following are excerpts from an article which originally appeared in *The Legal Edge* Issue 39 ©2001 National Education Consulting Inc.

Generating supplier lists can be an effective strategy for organizations that tender products or services on a frequent or rotational basis. And by pairing prequalification with an ongoing assessment or rating system, organizations can link three important functions. First, they can closely control their initial selection of service suppliers. Second, they can monitor the performance of successful bidders. And finally, they can then use supplier performance results to inform the next competitive tendering cycle.

British Columbia Buildings Corporation (BCBC)

BCBC, a Crown corporation, is the largest real estate organization in the province. To support its portfolio of more than 4,000 properties in 260 communities (2,400 owned, 1,200 leased and 400 maintained), it spends more than \$1 million a day in the private sector for the supply of space, services and materials. Its ongoing flow of contracting opportunities creates an ongoing need for suppliers, so maintaining standing lists of qualified contractors and vendors, and working smoothly with them, is critical for the corporation. It uses a step-by-step or “ladder” approach to manage its prequalification, performance assessment and disqualification/requalification processes.

In October 2001, BCBC had 370 contractors from around the province on its qualified bidders list for specialty and general janitorial services, for facilities ranging from a few hundred to more than 200,000 square feet.

According to Ian Tol, then Operations Superintendent, janitorial services contractors interested in working with BCBC usually approach the corporation rather than BCBC issuing RFQs. In response, BCBC sends a package, including a letter that explains the basic requirements of working with the corporation, and (among other information) a “Bidder’s Resume” – similar in function to an RFQ – that the contractor must complete and return to the appropriate district office.

Written Test and Probation

If those submissions meet BCBC’s standards, applicants are asked to come in and spend some three hours completing a written exam to test their understanding of the business, and being interviewed.

If they accomplish those steps, contractors are added to the bidders list on a probationary

basis. For general janitorial services, that means they are initially restricted to bidding on contracts for facilities of up to 10,000 square feet, and their performance is carefully monitored over the first six months of their first contract.

Rotational Bidding

Contracts are then tendered to the prequalified bidders, Tol says. “We have more qualified companies than we would ask at any given time to bid on a contract, so, if we have 15 suppliers, when a contract comes up we would ask the first five to bid on it. When the next contract comes up, we would ask the next five, and rotate through. We mix up that list from time to time, so the same contractors are not always bidding against each other.”

Moving Up and Down the Ladder

Contractors who provide satisfactory services through their first contract and meet other BCBC performance criteria are moved up the ladder: they become eligible to bid on contracts for facilities of up to 40,000 square feet. Successful service delivery in that category means access to contract opportunities for facilities of unlimited size. Moving them up in steps is how BCBC develops its janitorial contractors.

It is also how contractors who fail to perform are disciplined and/or disqualified from the standing supplier list. For non-performance, BCBC issues a first written warning specifying items or areas of concern. If the problems are not rectified, it issues a second written warning, which advises janitorial contractors that the next step is termination of the contract. It also advises that the second letter “will be taken into consideration when assessing any future bids” the contractor may submit to BCBC.

If a contractor fails to improve its performance, BCBC terminates the contract and advises the contractor that it will be ineligible to bid on future BCBC cleaning contracts for one year. If the contractor wishes to be reinstated on the standing list after that time, it must satisfy several criteria that demonstrate significant change and improvement in its performance. Then they’re back to prequalifying again. “We put them through the process right from the start,” Tol says. Those who do requalify must again move step by step up the performance ladder.

Prequalification as an Incentive

Tol says that BCBC rarely needs to terminate and disqualify janitorial contractors. The corporation’s prequalification process is thorough, and the fact that it’s closely tied to ongoing performance and future bidding opportunities provides a significant incentive for contractors to meet performance standards. Another incentive is BCBC’s scope: because it does business right across the province, contractor performance in one area can potentially open markets for it in other areas – just as chronic non-performance can close a contractor out of BCBC’s entire market.

*Thanks to Ian Tol of BCBC for his help with this article.
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