Needs Identification

Gido & Clements

Chapter 2
Learning Objectives

- Project life cycle
  - identifying needs
  - proposing a solution
  - performing the project
  - terminating the project
- Focus on needs identification
- Identify needs and select projects
- Develop RFPs
- The proposal solicitation process
Real-World Example

- Discuss the Vignette: The Minnesota State Fair.
- Jim Sinclair organized the Minnesota State Fair to run over Labor Day weekend.
- He developed a comprehensive RFP . . .
  - equipment to be wholly owned by the person bringing it in
  - no space could be subcontracted
  - no more than 6 rides or 6 games per individual
  - no one could have both food and games
Real-World Example (Cont.)

- Despite predictions it would never work . . .
  - he received 156 responses
  - the Minnesota State Fair featured 66 rides, 62 games, and 14 food facilities
  - attendance was record breaking
  - gross revenue totaled over $4.4 million

- The event was a major success because a project leader developed a top-notch RFP.
Identifying Needs, Problems, or Opportunities

- Recognize a need, problem, or opportunity
- Clearly define the problem or need
- Quantify the problem
- Determine the budget
- Prepare a request for proposal
- Select the project(s) with the greatest benefit for the cost expended
Preparing a Request for Proposal

- State, comprehensively and in detail, what is required, from the customer’s point of view
- Enable contractors or a project team to understand what the customer expects so that they can prepare a thorough proposal
- The need may be communicated informally—and sometimes only orally
Preparing a Request for Proposal (Cont.)

- Guidelines for drafting a formal RFP to external contractors:
  - statement of work (SOW)
  - customer requirements
  - deliverables
  - customer-supplied items
  - approvals required by the customer
  - type of contract
Preparing a Request for Proposal (Cont.)

- the payment terms
- the required schedule for completion
- instructions for the format and content of the contractor proposals
- due date for proposals
- evaluation criteria
- occasionally will indicate the funds the customer has available
Soliciting Proposals

- Methods:
  - Identify a selected group of contractors in advance and sending each an RFP
  - Advertise in certain business newspapers
    - Commerce Business Daily
      (cbd.cos.com)
- Process considered a competitive situation
Soliciting Proposals (Cont.)

- Don’t provide information that is not provided to all contractors
- May hold a bidders’ meeting to explain the RFP and answer questions
- Not all use RFP