

Pitfalls of a Request for Proposal (RFP)

RFP, for most of this presentation does not stand for "request for proposal". From the outset, it will stand for "reasons for a proposal". About midway through, and I will tell you, it will change to what we call a Request for Proposal.

My goal here today is simply to make you think about exactly what is involved with the simple acronym RFP. As I have learned so well, nothing is ever as simple as it looks.

With this in mind, we can begin.

To begin the process of an RFP, you must understand all the reasons involved to require the need to do so.

Examples to think about

- 1 - Poor management - who is responsible for transportation
- 2 - Poor hiring practices - can cost millions
- 3 - Is the person responsible knowledgeable enough?
- 4 - The cookie jar syndrome!!!!!!

Hired by a PA Dutch business manager. He was very experienced, very insightful and very frugal. That was my initial assumption. Once we had the chance to work together, we understood each other much better.

- 1 - Drill Press
- 2 - Schedules

When you hire someone, what do they know about transportation?

More importantly - What do YOU know about transportation?

Example A - Assistant Supervisor of Transportation versus Assistant TO the Supervisor of Transportation?

Example B - School transportation is a different animal from other types of transportation including public transit, trucking and package delivery.

Example C - An educated secretary is a huge asset to have. When was the last time you sent the transportation secretary to a seminar or conference? Who do you think is running the show with you sitting here listening to me?????

STAPLES BUTTON

What do you gain by promoting someone into a position that is not fully qualified to handle the entire operation? You gain someone that **MUST** attend sessions to improve their knowledge of the total operation of a school transportation system.

Look at ME! I am still looking and learning. The industry, like others, is impacted by technology. There are equipment advances. There are personnel issues such as DRIVER SHORTAGES.

This means your HR department has to be educated as to what traits have to be looked at prior to hiring a new member of your transportation team. You don't just want drivers - you want "***team members.***"

That is more than enough for anyone to think about prior to writing the RFP. The things we have just talked about are the inexpensive issues. Mistakes to this point only cost money long term.

Let's begin the process of writing the RFP. Costs at this point
SUBSTANTIAL.

- 1 - Solicitor involvement.
- 2 - A knowledgeable person must be involved.
- 3 - Consultants for hire? Their vested interests?

Have several people that know nothing about transportation read the RFP. They will ask the questions you don't think of because they know nothing about transportation. You will have to explain your answer to them. Consequently, you will think of more that must be put into the RFP.

Keep in mind, when you write an RFP for apples, you are going to get back fruit salad.

When you do, who knows the fruit the best?

In my case two things can happen. First you can have a boss like mine. Ken King can be a PITA. He asks the questions because he needs to know. My hiring BA told me something about BA's that I have never forgotten. When it comes to a board meeting, HE has to be the most knowledgeable person in the room. Why? - because he is at board meetings - not me.

QUESTIONS ????????

So the RFP comes back from potential business partners. Who is going to review the information? *Statistics*. I helped my secretary's daughter through this class in college. Statistics can be made to say whatever you want them to say. Like quantum physics, you can show that a piece of straw can hold up an elephant.

First, you better make sure that the person or persons who are going to review the proposals are more knowledgeable than those submitting them. You are dealing with successful business people. No matter who the proposal comes from, they know their business, they are not dummies by any stretch of the imagination. So you better have someone that knows that up front.

How do they get there? Here are a few outlets for them to learn -

1 - PASBO

2 - PTAP

3 - NAPT

4 - PSBA - Boards not Bus

5 - PSBA - Bus not Boards

6 - STN and School Bus Fleet

7 - Local transportation associations like MBPTA, Berks, Mid-West Tri-County, Chester County and such.

8 - School Code of 1949

9 - Penn DOT publication and PSP

As the transportation director, you must ask to go. If they say no, keep asking. That is part of your job. ie. Springfield Twp.

In your RFP how many hours per day is it for?

Example - FWES - extra charge.

What does the bidder charge for trips? What is the cost NOW? You need a point of reference. PASBO has been doing benchmark reports for years. Certainly the cost of a trip in my district is going to cost more than in Berks County for a single reason - labor costs!!

A contractor is in business to make a profit. How much is up to you!!

Who is providing the fuel?

Are you charging a cost for the lot for the contractor to park buses in? Why? They are only going to charge you back

Did you see that BIG sum of money they gave you for your fleet? What is you fleet really worth? Example - Bus 2

Here is the kicker - How old will you allow the contractor's busses to be? You certainly did not require that of you own fleet. Why?

And, how much time do you want the contractor to spend on training? How much did you? You do not learn about this business through osmosis. If you want people to know what is going on, they need training. Make sure your people and the contractors understand the same version of the English language.

Devil In the Details !!!

(DID) I Check?

Accidents. A factual accounting of one of our RFP's. A bidder stated that our drivers were 17 times more likely to have an accident. Next to that statement was an asterisk. A very, very small one. It looked like a piece of dirt that was on the copier glass. As I scanned through the document, I found the asterisk close to the end of the proposal. Next to it were the words - DOT qualified accident.

YOU MUST READ THE FINE PRINT THOROUGHLY!

In reality we at (Springfield) report EVERY accident from hitting a sign with a mirror, to rubbing another bus in our parking lot. EVERY CRASH. AS it turned out, the bidder was 27 times more likely to have a DOT qualified accident than we were. That amounts to a difference of 44 times more likely.

So what is a DOT qualified accident. It is one that has bodily injury and requires an ambulance, a fatality or it requires a tow truck to remove one or both vehicles. Is this really what you want to subject YOUR students to???

IF you don't read the entire proposal, you could be.

You have been given a report today. The purpose was to give you information to make you think. By no means am I telling you that this report is 100% factual. Nor am I telling you that it is 100% fiction. You must read it, and be aware of everything you can be when YOU publish an RFP.

YOU must know more than those responding to YOUR RFP. If it goes bad, who do you think is going to have to answer the questions? It can go exactly as you expect, but nothing ever does. Remember - nothing is ever as simple as it seems. NOTHING

A small city went to bid. The low bidder was ONE MILLION DOLLARS lower than the company who had the contract for the past several years. Was he losing money on the bid?

As for our RFP, we were offered \$500,000.00 for our fleet. On the very first bus we LOST \$30,000.00. What about the other 55?

And what can you do with the \$500,000.00? How soon do you think you will be paying it back?

All I am asking is for you and your team to be the most knowledgeable when the time comes.

Questions -----

Thank you for the opportunity today.

2017 PASBO Presentation

Pitfalls of RFP's

Presenter - Wayne B. Johnston

Ever so brief resume -

Current Employment

School District of Springfield Township - 34 plus years. We operate 62 buses that have provided service to our 4 public school buildings and as many as 121 private and parochial schools. The district is 6.5 square miles. The fleet puts on over 3,500 miles per day.

Joint Service Agreement - I oversee the first legal joint service agreement between two school districts, Springfield Township and Upper Dublin School District, for the last 6 years. Upper Dublin operates 54 buses to provide service to 6 public school buildings and up to 60 private and parochial schools. The district is approximately 13 square miles.

Volunteer Work

Cin Cin - This is a Chinese restaurant with a French flair that is located in Chestnut Hill, PA. It is one of four restaurants operated by Mr. Michael Wei. His accomplishments are many, including four consecutive appearances at the James Beard competition in New York City. In 2011, his restaurants were voted the number one Chinese restaurant in the nation. The competition had more than 43,000 contestants. My roles there are maintenance of the exterior grounds with a strong accent and use of exotic Asian plants. I serve as the Maître D, as well as a consultant in the kitchen and on their competition cooking team. This is a volunteer effort and serves as a stress management tool for me.

Pupil Transportation Association of Pennsylvania (PTAP) - I am currently serving my 5th term as President. I have temporarily assumed the role as the executive director of the association. Our executive director recently resigned her position after 15 years.

Penn DOT - I serve as a consultant and have represented them at the National Congress on School Transportation since 1990. I have been involved with writing sections of this comprehensive national standards manual since 1985. In 2000, I authored the brand new section of the manual on alternative fuels. In 2010, I chaired the delegation when Penn DOT was under a no travel ban at the request of Secretary Buehler.

Previous Accomplishments -

Work with Dale Hill at Mobile Energy Solutions (MES) now Proterra LLC, to build the first hydrogen fuel cell powered public transit bus at their facility in Denver, Colorado.

Serve on the OAC (Occupational Advisory Council) at Reading Muhlenberg Career Technical Center 2013-2016

Work with Penske Racing and AC Delco in the Indy Car Circuit.

Served as President of the Montgomery Bucks Pupil Transportation Association for 6 terms, 5 of them consecutively. I was awarded the Supervisor of the Year three times, two of them consecutively.

Authored an SAE paper, and presented that paper in Newport Beach, CA at their annual conference. The paper was on Alternative Fuel Use in School Transportation.

Awarded the PASBO Award of Achievement in 1995

Awarded the ASBO Pinnacle of Excellence in 1996

Worked with the Detroit Diesel Corporation and Carpenter Manufacturing to develop the world's first pure methanol (M100) powered school bus. Successfully operated that bus at Springfield for 23 years

Founded, owned and operated the Mechanics Information and Technical Training Service (MITTS) from 1983 through 2000.

Owner Operator truck driver leased to Shaffer Trucking. Awarded the Great West Casualty Safe Driving Award for 4 consecutive years covering more than 780,000 miles.

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