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# Request For Information Vendor Consultation & Engagement: Vendor Performance Management



## Contents

<b>I. Purpose</b> .....	<b>3</b>
<b>II. Background</b> .....	<b>4</b>
<b>III. Vendor Performance Management Pilots</b> .....	<b>5</b>
<b>IV. Performance Evaluations</b> .....	<b>6</b>
<b>V. Other Performance Related Activities</b> .....	<b>7</b>
<b>VI. Responding to the RFI</b> .....	<b>8</b>
<b>VII. Treatment of Responses</b> .....	<b>8</b>
<b>VIII. Nature of this Request for Information</b> .....	<b>9</b>

## I. Purpose

The Government of Canada (GC) is transforming the way it does contracting, through the new Public Services and Procurement Canada (PSPC) Vendor Performance Management (VPM) framework. In addition to pricing and technical capability, vendor past performance history on government contracts will also be incorporated as a consideration in future contract award processes.

PSPC is entering the first piloting phase in the development of VPM. Prior to introducing VPM pilots in a limited number of contracts, PSPC is seeking feedback and input from the vendor community regarding:

- proposed scorecards;
- key performance indicators (KPIs); and
- performance monitoring and evaluation processes.

Feedback from all industries and vendors are welcome. Input is particularly encouraged from the vendor communities related to the initial five pilot commodities:

1. Construction
2. Apparel
3. Fairness Monitoring
4. Marine/Small Vessels
5. Task Based Informatics Professional Services (TBIPS)

Scorecards for each pilot are included in the following Annexes:

- Annex A: Construction Scorecard
- Annex B: Apparel Scorecard
- Annex C: Fairness Monitoring Scorecard
- Annex D: Marine Scorecard
- Annex E: Task Based Informatics Scorecard

Questions asked to industry related to the scorecard and vendor performance can be found in Annex F of this request for information (RFI).

We would like to thank all the participants for their contribution to this important exercise.

## II. Background

### **WHAT IS VENDOR PERFORMANCE MANAGEMENT?**

**Vendor Performance Management (VPM) is a contract management practice used to track, analyze, and manage the performance of a vendor in an effort to control costs, mitigate risks, and drive continuous improvement throughout the contract lifecycle. VPM ensures: (i) vendors are receiving informal feedback and formal evaluations on their performance at regular intervals; and (ii) past vendor performance is considered in procurement decisions.**

PSPC has developed a draft VPM Policy that will optimize value and deliver better goods and services for Canadians by holding poor performers accountable and incentivizing performance. It will do this by: improving two-way communications and clarifying performance expectations; providing a standardized means to evaluate contractors, using commodity specific scorecards with tailored KPIs; and, eventually using past performance information as criteria in future contract awards.

The new proposed VPM policy was developed and refined through extensive consultations with industry and government stakeholders across Canada. Visit our [VPM webpage](#) for complete policy details, a summary of consultation results and the VPM pilot approach.

PSPC will take a pilot based approach in developing a VPM framework. Starting in spring 2021, the VPM Policy and commodity specific scorecards will be tested by evaluating contractor's performance throughout the lifecycle for selected contracts. The performance information obtained during this initial pilot phase will only be used for data analysis purposes and to inform improvements to the scorecards and policy. **Performance scores will not be retained for use in future bid evaluations throughout the initial phase of piloting.** Following the conclusion of the initial pilot phase, performance scores will be used to calculate overall contractor performance ratings, which will later be used to inform contract award decisions.

The scorecard will form the basis of how contractors are evaluated and be used to calculate performance scores. The scorecards have been developed through collaborative efforts with commodity specific procurement specialists and clients. Industry's input is now critical to ensure that scorecards: will be meaningful to all parties, focus on factors that are critical for successful outcomes, and are measured against contractual and organizational objectives.

The scorecard includes indicators grouped into four performance categories – '**Cost**', '**Quality**', '**Schedule**' and '**Management**'. These will be evaluated using a five-point rating scale to indicate the level of performance. A weighting is assigned to each performance category with a heavier emphasis on categories considered essential for a successful contract. Only following the conclusion of the pilots and upon full implementation of the VPM Policy, vendor performance scores will be used to calculate overall contractor performance ratings, which will later be used to inform contract award decisions.

The proposed KPIs and commodity specific scorecards are included within the annexes of this RFI.

### III. Vendor Performance Management Pilots

VPM pilots will be incorporated into a limited number of select contracts for five pilot commodities. As the pilots progress the number of contracts and commodity categories may be expanded in future pilot phases.

The solicitation notices and documentation for pilot contracts will include clauses and details of the performance evaluation criteria and processes for the pilot.

#### **At the onset of a contract:**

- Business Owners (e.g. technical authorities, project authorities) will discuss how the scorecard will apply to the work the contractor will be performing and the timing of performance reviews to ensure a mutual understanding of the KPIs.

#### **Over the course of the contract:**

- Contractors will be provided with ongoing feedback on performance throughout the life of the contract to ensure that they are provided with sufficient information and notice to improve their performance.
- Contractors will have the opportunity to provide feedback on potential changes that would better enable them to deliver against contract performance requirements. Contractors may also provide feedback related to the pilot VPM initiative and its impact. Feedback will help to determine issues related to contract management and to identify areas of improvement in the administration of the VPM initiative.
- Business Owners, collaboratively with contracting authorities, will provide feedback and comments on performance at regular intervals throughout the contract period.
- Business Owners, with contracting authorities, will evaluate contractor performance at a minimum of every six months, maintaining open communications with contractors.
- Contracting authorities will provide interim evaluation results (interim performance scores) to contractors who have the opportunity to review the interim scores (and in the case of long-duration contracts to appeal the interim scores before they are finalized).

#### **At contract close-out:**

- Final performance evaluations will be completed by business owners, collaboratively with contracting authorities, within 10 days of contract close-out.
- Contracting authorities will provide final performance scores (for the contract) to contractors, who have the opportunity to review and provide feedback on final scores before they are finalized.

There should not be surprises during these evaluations, as discussions on performance will happen throughout the lifecycle of the contract. Evaluations should include narratives and evidence to substantiate the performance scores provided for each KPI. Narratives must be objective, factual,

accurate, and fair and should only contain non-personal information. Contractors will also be invited to provide written feedback on the evaluations and this will be captured in the central repository.

#### IV. Performance Evaluations

To ensure fairness, consistency and transparency, a number of evaluation parameters are proposed for the VPM initiative.

A **rating system** with a five-point scale and four performance categories will be used to capture contractor performance. The five-point scale would rate each index using “1” to “5.” **Note: a “3” represents an “achieved” rating and signifies that the goods or services according to the contract requirements and KPIs have been delivered.**

Table 1: Performance Scale

Rating	Definition
Exceptional (5)	The contractor exceeded performance expectations and provided substantial value added beyond contract requirements.
Surpassed (4)	The contractor exceeded the performance expectations of the contract.
Achieved (3)	The contractor substantially met the performance expectations of the contract.
Moderate Improvement Needed (2)	The contractor did not consistently meet the performance expectations of the contract.
Significant Improvement Needed (1)	The contractor significantly failed to meet the performance expectations of the contract.

The following are the four performance categories:

Quality	The contractor's effectiveness in supplying deliverables – goods, services, or construction services – of the required quality in accordance with the contract.
Cost	The contractor's effectiveness in forecasting, managing, and controlling contract costs in accordance with the contract.
Schedule	The contractor's effectiveness in maintaining the schedule for the completion of the contract, task orders, milestones, delivery, and administrative requirements in accordance with the contract.
Management	The integration and coordination of all activities needed to execute the contract, including client-focused behaviour, collaboration, cooperation, and issue resolution in accordance with the contract.

For each of the categories, KPIs have been developed in collaboration with commodity specific procurement specialists and clients for each of the pilot commodity groups. These KPIs will be used to evaluate a contractor's performance on a contract. The scorecards, which will include commodity specific KPIs, will include a section for a narrative that supports and explains the score given. KPIs will be weighted by importance when calculating overall vendor performance ratings. Each category will be weighted with a heavier emphasis on categories considered essential for a successful contract.

The evaluation methodology used to evaluate vendor performance is at the heart of the VPM initiative. Vendors are encouraged to submit their feedback by responding to this RFI, and throughout the pilot contracts (for participating vendors). KPIs and evaluation methodologies will continue to be refined and improved based on pilot results.

## V. Other Performance Related Activities

During the piloting phase, VPM evaluations and scorecards will not replace or override other performance related activities, including:

- PSPC's Vendor Performance Corrective Measures Policy;
- the performance evaluation framework established for federal real property projects; and
- any other contract process, terms or conditions related to contractor performance.

## VI. Responding to the RFI

All enquiries and communications with Canada regarding this RFI must be directed to the PSPC Authority on or before the closing date of the RFI, by email to:

**Contact name:** Marie-Anne Clancy, Supply Specialist

**Email address:** [Marie-Anne.Clancy@tpsgc-pwgsc.gc.ca](mailto:Marie-Anne.Clancy@tpsgc-pwgsc.gc.ca)

A point of contact for the respondent should be included in their response to Annex F. Responses to this RFI may be in either of the official languages of Canada.

## VII. Treatment of Responses

### a. Use of Responses:

- i. Responses received may result in a revision of the scorecard and may be used by Canada to modify its strategy used for scorecard development. PSPC will review all responses received by the RFI closing date. PSPC may, at its discretion, review responses received after the RFI closing date.
- ii. Canada reserves the right to use a team composed of representatives of Canada or any independent consultant as it deems necessary to review any response.

### b. Confidentiality:

- i. Respondents should mark any portions of their response that is considered proprietary and confidential. Respondents must show why the information is confidential. Canada will treat the information as confidential, to the extent permitted by the *Access to Information Act*, if Canada agrees with the confidential nature of the information.

### c. Follow-up Activity:

Canada reserves the right to invite any or all respondents to present their feedback to this RFI.

- i. Canada may, in its discretion, contact any respondents to follow up with additional questions or for clarification of any aspect of a response.
- ii. Convene with any or all respondents in order to discuss any aspect of a response;
- iii. Should Canada request to meet one or all respondents to discuss their response, it shall be optional and participation would be via teleconference or videoconference.



## VIII. Nature of this Request for Information

This is **not** a bid solicitation (request for proposal). This RFI will not result in the award of any contract. As a result, potential vendors of the services described in this RFI should not reserve stock or facilities, nor allocate resources, as a result of any information contained in this RFI. Nor will this RFI result in the creation of any source list.

Therefore, whether any potential vendor responds to this RFI, it will not preclude that vendor from participating in any future procurement.

This RFI is solely intended to solicit feedback from industry with respect to the matters described in this RFI.

The existence of this RFI does not imply that the Government of Canada (GC) has made a final decision on any of the initiatives discussed. GC may not procure any of the services identified in any response nor proceed any further in any procurement action as a result of this RFI, and will not be liable under any circumstances to any vendor who has prepared a response.