

Guide on Tender Evaluation for Outcome-based Cleaning Contracts



**CLEANING
CONTRACT
UPGRADING
IN PROGRESS**

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Introduction

The increasing demand for cleaning services coupled with manpower crunch has made the practice of headcount-based contracting no longer sustainable.



In outcome-based contracting (OBC), instead of prescribing the required headcount to carry out cleaning works, the desired performance outcomes are specified to enable and encourage service providers to use innovative technology or enhance processes to improve service delivery and productivity.

There are some undesirable procurement practices that service buyers adopt when evaluating tender proposals, which include over-emphasis on awarding the tender based on lower prices and less emphasis on productivity and quality. Such practices could lead to low service quality and poor performance outcomes as contractors compete primarily on price at the expense of quality. As a result, service buyers may end up devoting more resources to managing the service provider's poor performance in order to achieve the desired cleaning outcomes.

In addition, shorter contract durations (of two years or less) do not encourage the use of machinery or technology among service providers, as it does not justify the returns on investment. Low adoption of technology may hence be attributed to service buyers that award cleaning contracts based on prices.

Section 1: Aim

This Guide serves as a reference for service buyers¹ to determine the evaluation criteria for outcome-based cleaning contracts or tenders². The Guide includes a list of commonly-used quality attributes and templates to assess the cleaning proposals submitted by service providers. In addition, recommendations on contract durations can be found in Annex C.

Buyers can consider using this Guide as a reference for preparing tender specifications such as evaluation criteria. It is highly recommended that service buyers tailor the recommendations listed here to their needs and requirements.



¹ Service buyers refer to buyers of cleaning services in private and public organisations.

² An outcome-based contract states the desired cleaning performance standards (such as cleaning results) and service quality (such as response time) as the expected outcomes. For more information on the drafting of specifications for outcome-based contracts, buyers can refer to the Guide on Specifications for Outcome-based Cleaning Contracts.

Section 2: Evaluation and Selection of Service Provider(s)

It is important for service buyers to assess the ability of the service providers to provide quality cleaning services. One way to do this is by emphasising quality and performance attributes instead of solely price in the tender evaluation criteria. This Guide will focus on the use of the Price-Quality Method (PQM) approach in tender evaluations. PQM allows the quantitative assessment of quality and price according to suggested allocated weightages.

Evaluation criteria should be objective and quantifiable to differentiate various tender proposals. These evaluation criteria can be categorised into eligibility or critical criteria, price, and quality criteria (this includes and is not restricted to price competitiveness, quality of proposal and more).



Eligibility or Critical Criteria

Service buyers can consider examples of critical criteria listed below:

No.	Critical Criteria	Rationale/Remarks
1	Service providers must have two consecutive (that is, current and preceding) 'Clean Mark Silver/Gold Awards' by the National Environment Agency (NEA) under the 'Enhanced Clean Mark Accreditation Scheme' (EAS).	The 'Clean Mark Accreditation Scheme' recognises cleaning companies that deliver high standards of cleaning through the training of workers, use of equipment to improve productivity and work processes, and adoption of fair employment practices.
2	Service providers must meet a certain financial grading or conditions to participate in the tenders and quotations ³ .	This is to allow service providers of certain financial standing or capability to bid for the projects.
3	Service providers must have attended compulsory site or tender briefings (if any).	Site briefings allow service providers to have a better understanding of the scale of the project and conditions of the premises.

³ This item can also be a non-critical criterion under "Quality Criteria". Service buyers may also refer to the Building and Construction Authority's (BCA) 'FM02 – Housekeeping, Cleansing, Desilting and Conservancy Services' workhead for more information.



Other Evaluation Criteria

To encourage service providers to invest and provide better cleaning solutions, service buyers are to consider both Price and Quality aspects in the evaluation criteria of their tenders and quotations.

Service buyers should also consider including a Technology and Innovation component for the evaluation of tenders and quotations. Inclusion of a Technology and Innovation component enables buyers to obtain better solutions, thereby resulting in more effective service delivery and higher productivity.

Service buyers may either explicitly specify “Technology and Innovation” as an evaluation criterion, or specify it within the Quality aspect. The Technology and Innovation component could include factors such as adoption of technology in tandem with job redesign efforts⁴ which may involve reconfiguring, enriching, enlarging and/or removing components within a job role to improve productivity, as well as streamlining of processes and/or manpower savings.

Service buyers could consider the following commonly-used evaluation criteria under the Quality aspect:

Evaluation Criteria:	Rationale of Criteria:
a) Operations Plan <ul style="list-style-type: none"> • Manpower deployment plan • List of tools, equipment, machines and cleaning chemicals • Quality of materials used • Cleaning methodologies 	Shows service provider’s understanding of tender requirements and capability in managing cleaning operations
b) Human Resource Management <ul style="list-style-type: none"> • Wages⁵, incentives and staff welfare • Training plan 	Shows service provider’s plan in building skills and competencies in their workers
c) Quality Management and Business Continuity Plan <ul style="list-style-type: none"> • Service quality management system • Business continuity plan in the event of crises, disasters, outbreaks and other unforeseen circumstances 	Demonstrates service provider’s commitment on quality and crisis management to the tender

⁴ Refer to Annex D for more information on the Cleaning Job Redesign Initiative.

⁵ Service buyers and providers can refer to the Ministry of Manpower’s Progressive Wage Model for cleaning sector and National Wage Council’s guidelines for more information.

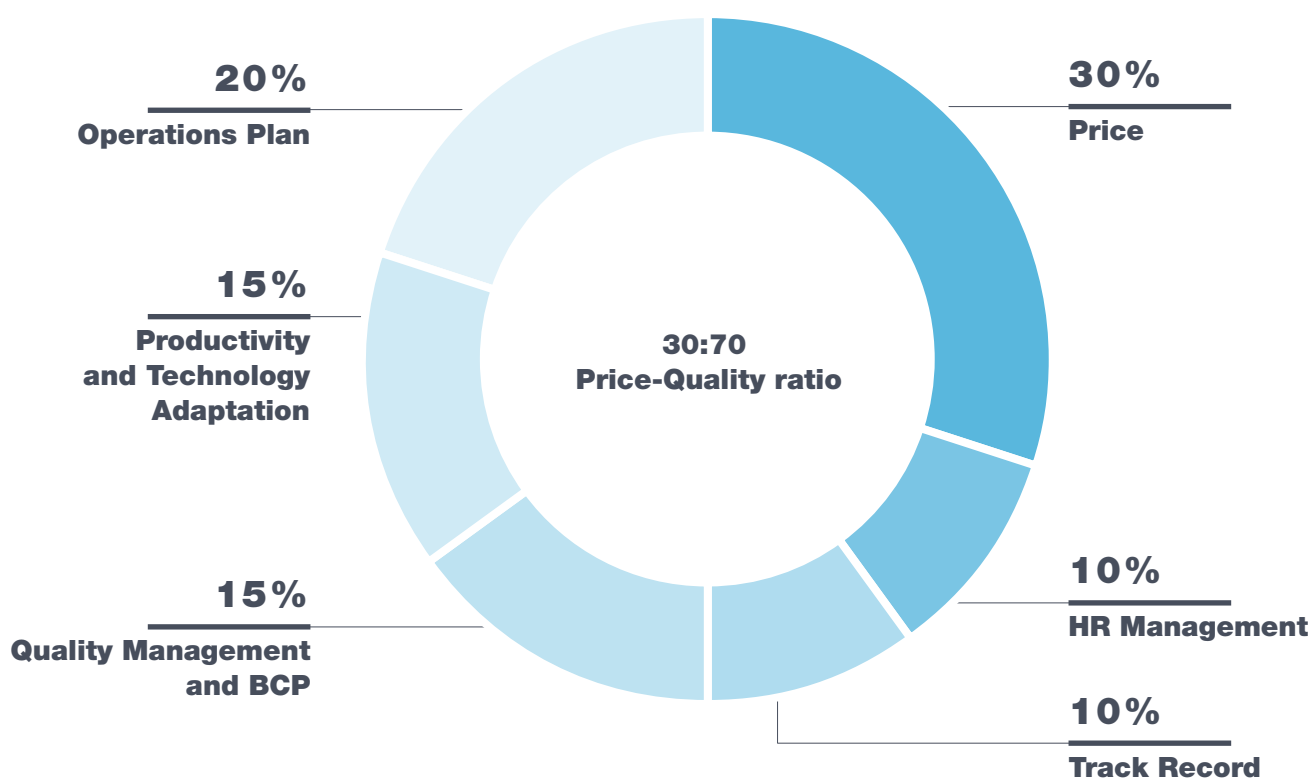
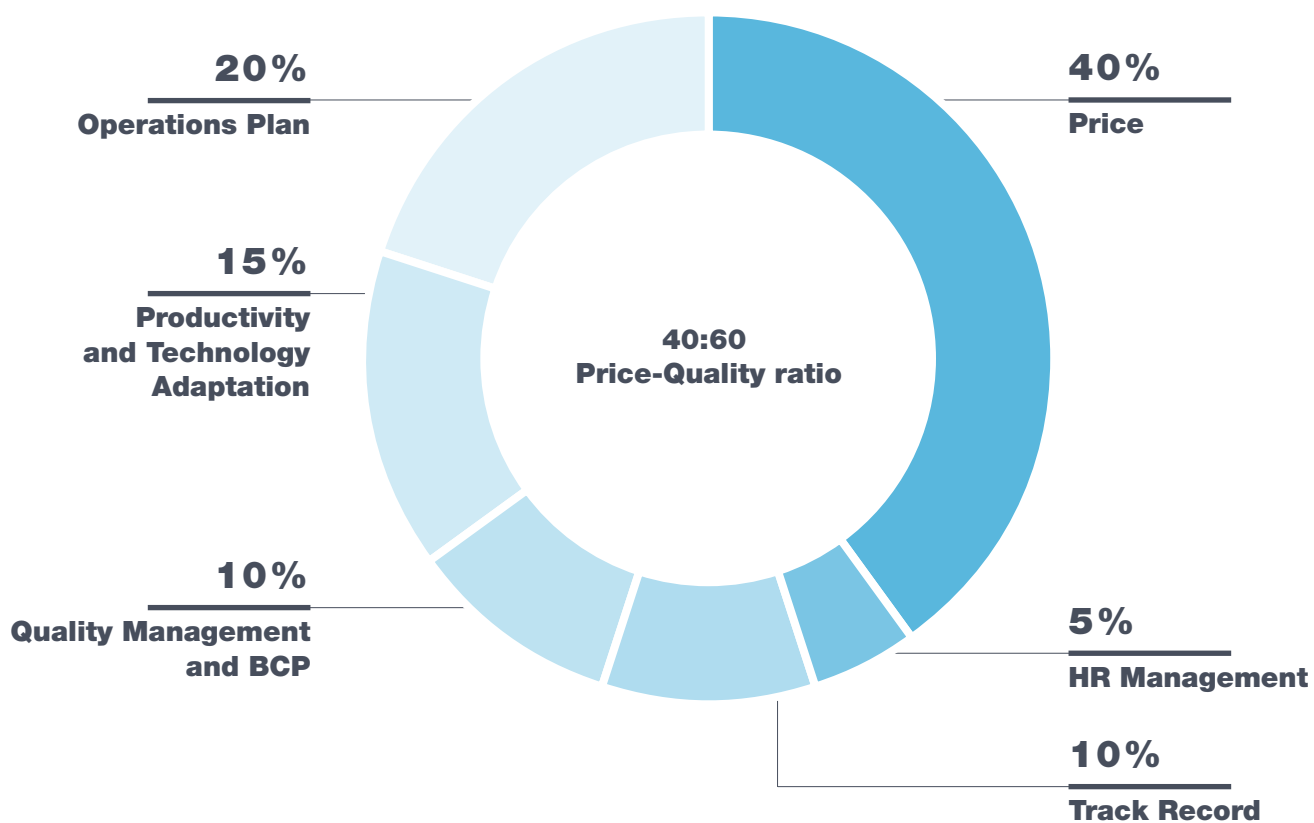
Evaluation Criteria:	Rationale of Criteria:
<p>d) Productivity, Innovation and Technology Plan</p> <ul style="list-style-type: none"> • Adoption of technology and innovation in tandem with job redesign efforts, automation and mechanisation and more, as a means to improve effectiveness and efficiency of cleaning operations • Service improvement initiatives 	<p>Shows service provider's plan to bring added value to the tender</p>
<p>e) Track record</p> <ul style="list-style-type: none"> • Track record or performance appraisal for current and previous similar projects for the past three or five years • Experience of key personnel of management team • Relevant accreditations and awards received in the past five years such as the ISO Excellence Award, EU-OSHA awards, and the Singapore Quality Class (SQC) Award 	<p>Demonstrates service provider's competency and capability</p>

Service buyers are encouraged to understand the requirements of the tenders before deciding on the weightages.

Establishing of Price-Quality Ratio

As OBC focuses on the quality and delivery of the cleaning services, greater or equal emphasis should be given to Quality in the Price-Quality (PQ) ratio (a PQ ratio of 40:60 is recommended). Service buyers may consider to adopt a PQ ratio of 30:70 or more if quality of cleaning services is deemed to be a critical requirement. Moreover, a higher-weighted Quality component would encourage service providers to propose better solutions to meet the buyer's requirements.

Examples of 40:60 & 30:70 Price-Quality ratios and its assigned weightages are as follows:

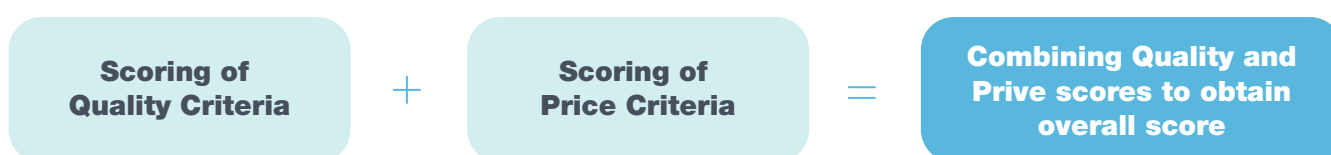


Section 3:

Scoring Methodology in the Price-Quality Method approach

Service buyers should establish the scoring matrix that will be used to assess the proposals or bids against the various evaluation criteria, as specified in page 7.

In PQM, the overall score for proposals or bids is based on the combined scores from the Quality and Price criteria.



Service buyers can adopt a point scoring system to assess the Quality Criteria. An example can be found below:

Example of Point Scoring System:

Point	Definition
5	Deployment proposal exceeds the requirement
4	Deployment proposal satisfies the requirement with some additional benefits
3	Deployment proposal satisfies the requirement
2	Deployment proposal satisfies the requirement with minor reservations
1	Deployment proposal satisfies the requirement with major reservations
0	Deployment proposal does not meet the requirement



For scoring of Price criteria, service buyers may consider using the following formula:

P-Score = (Lowest Tender Price/Tenderer's Price)* X%

(Where X% is the percentage point for price component in the PQ ratio)

Example (with 50% for Price Component):

	Tender Price A: \$1,000,000	Tender Price B: \$1,400,000	Tender Price C: \$1,250,000
P-Score	$\frac{\$1,000,000}{\$1,000,000} \times 50$ = 50	$\frac{\$1,000,000}{\$1,400,000} \times 50$ = 35.7	$\frac{\$1,000,000}{\$1,250,000} \times 50$ = 40

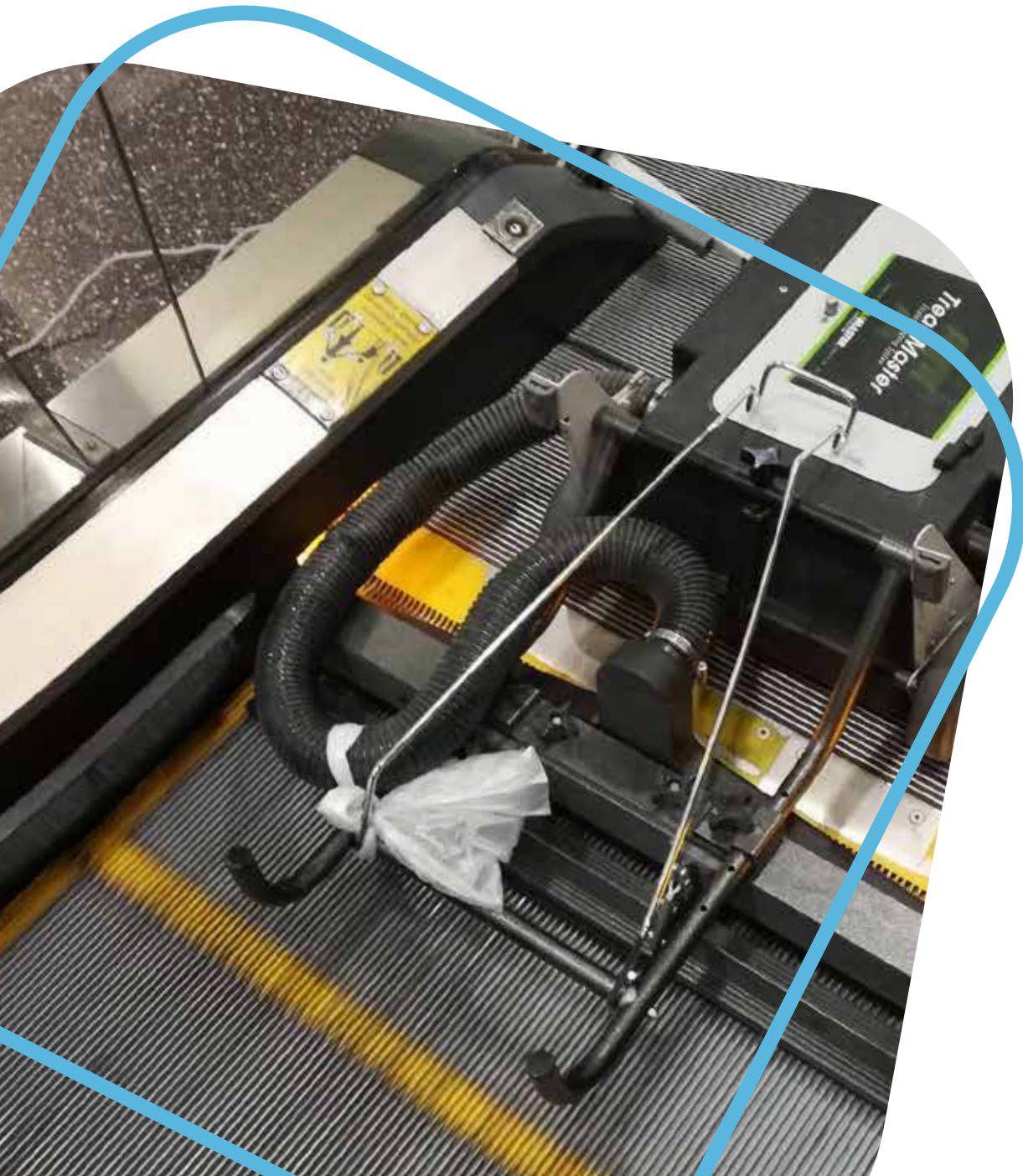
Service buyers should take note of exceptionally low price bids submitted by service providers (as in, when the price bid is so low that it results in a high Price/Quality score, but a low Quality score). To mitigate the effects of such situations, service buyers can consider the following options:

- Option 1: Price and quality should be assessed separately (two-envelope tender). Buyers could also set a minimum Quality score on the proposal for further price evaluation.
- Option 2: Service buyers could consider adopting a score cap on service providers which submit prices lower than the average bid price (for example, 80%). This means that such service providers will get the same P-score if they submit prices lower than 80% of the average bid price.

Service buyers should always clarify with the service providers when in doubt (for example, during tender interviews) in order to ascertain service provider's capabilities in fulfilling contractual requirements at the quoted price(s) such as Progressive Wage Model and job redesign efforts involved to bring about innovative or automation change in cleaning.

Section 4: Conclusion

By focusing primarily on Quality and the use of Technology and Innovation when evaluating tender proposals, service buyers will enable their service providers to propose higher value-add solutions to improve service delivery and productivity. In turn, service buyers will derive better value in terms of improved cleaning services.





Annex



Annex A: Example of Weightage Allocation for Evaluation Criteria

In a Price Quality ratio of 40:60, an example on the distribution of weightages for the evaluation criteria is as listed below:

Description of Criterion	Relative Importance of Level 2 Criteria	Relative Importance of Level 1 Criteria
Price Competitiveness		40%
Quality Criteria		60%
a) Operations Plan <ul style="list-style-type: none"> • Manpower deployment plan • List of tools, equipment, machines and cleaning chemicals • Quality of materials used • Cleaning methodologies 	20%	
b) Human Resource Management <ul style="list-style-type: none"> • Wages, incentives and staff welfare • Training plan 	5%	
c) Quality Management and Business Continuity Plan <ul style="list-style-type: none"> • Service quality management system • Business continuity plan in the event of crises, disasters, outbreaks and other unforeseen circumstances 	10%	
d) Plan on productivity improvement and adoption of technology & innovation <ul style="list-style-type: none"> • Productivity improvement initiatives • Adoption of technology, innovation, automation, mechanisation and more, as a means to improve the effectiveness and efficiency of cleaning operations, along with job redesign efforts 	15%	
e) Track record <ul style="list-style-type: none"> • Track record of current and previous similar projects for the past three or five years • Experience of key personnel of management team • Relevant accreditations and awards received in the past five years such as the ISO Excellence Award, EU-OSHA awards, and the Singapore Quality Class (SQC) Award 	10%	

Elaboration of possible points under Quality Criteria

Operations Plan	<ul style="list-style-type: none"> • Proposal on manpower deployment along with the organisation chart, skills and competencies of the cleaning crew to be deployed on-site, cleaning tools and equipment used, cleaning methodologies, other value-adding services to support cleaning operation and more.
Human Resource Management	<ul style="list-style-type: none"> • Plan on wages and incentives, staff welfare, staff retention, career progression and more. • Training plans such as training of new staff, refresher or continual training for the existing workforce (including middle management level) and competency of in-house trainers (if any).
Quality Management and Business Continuity Plan	<ul style="list-style-type: none"> • Quality management system in monitoring service delivery and performance. • Other plans on sustainable practices for cleaning (for example, use of environmentally-friendly cleaning products and energy efficiency machinery) and business continuity during service disruption.
Technology and Innovation	<ul style="list-style-type: none"> • Proposal on the use of cleaning technology, automation, mechanisation and other innovation solutions to improve productivity and delivery of cleaning services along with job redesign efforts.
Track Record	<ul style="list-style-type: none"> • Current and past records of projects that the service provider has undertaken along with clients' assessments on the service providers' performance. • Experience, skills and knowledge of key personnel.

Annex B:

Example of Score Card for Evaluation of Tenderers' Quality Proposals

Description of Criterion	Weightage	Rating
Price Competitiveness	40	Refer to page 11 for computation of price competitiveness
Quality Criteria	Weightage	Rating
a) Operations Plan <ul style="list-style-type: none"> • Manpower deployment plan • List of tools, equipment, machines and cleaning chemicals • Quality of materials used • Cleaning methodologies 	20	0 to 10 – Brief outlines on the resource deployment
		11 to 14 – Good outlines on the resource deployment
		15 to 20 – Detailed outlines on the resource deployment with clear illustrations
b) Human Resource Management <ul style="list-style-type: none"> • Wages, incentives and staff welfare • Training plan 	5	0 to 3 – Brief outlines on the resource deployment
		4 to 5 – Detailed outlines on the resource deployment with clear illustrations
c) Quality Management and Business Continuity Plan <ul style="list-style-type: none"> • Service quality management system • Business continuity plan in the event of crises, disasters, outbreaks and other unforeseen circumstances 	10	0 to 5 – Brief outlines on company procedures in the monitoring and managing of service delivery (including lapses) and performance
		6 to 10 – Detailed outlines on company procedures in the monitoring and managing of service delivery (including lapses) and performance

Quality Criteria	Weightage	Rating
d) Technology and Innovation <ul style="list-style-type: none"> • Adoption of technology, innovation, automation, mechanisation and more as a means to improve effectiveness and efficiency of cleaning operations • Service improvement initiatives 	15	Number of suitable equipment or equipments and innovation solutions proposed – 1 point for each equipment proposed (8 points maximum)
		Implementation timeline for equipment or equipments and solutions proposed <ul style="list-style-type: none"> • 7 points if more than 75% of the equipment and solutions can be implemented upon commencement of contract • 5 points if 50% to 75% of the equipment and solutions can be implemented upon commencement of contract • 3 points if less than 50% of the equipment and solutions can be implemented upon commencement of contract
e) Track Record <ul style="list-style-type: none"> • Track record of current and previous similar projects for the past three or five years • Experience of key personnel of management team • Relevant accreditations and awards received in the past five years such as the ISO Excellence Award, EU-OSHA awards, and the Singapore Quality Class (SQC) Award 	10	Number of similar projects <ul style="list-style-type: none"> • 1 point for each similar project (3 points maximum)
		Experience (of key personnel) in cleaning industry and managing cleaning operations (4 points maximum)
		Number of certifications and awards <ul style="list-style-type: none"> • 1 point for each certification or award (3 points maximum)

Annex C: Recommendations on Contract Duration

When determining the contract duration, service buyers may need to consider several factors such as budget and operational requirements. Service buyers also need to consider the estimated amount of investment for the purchase of cleaning machinery and technological solutions by the service provider.

As such, service buyers can consider longer contract durations (three years or more) for higher-value contracts, in view of the following benefits:

- Value for money – There could be economies of scale when longer contract durations are used. Service buyers may enjoy augmentation in tender prices as cleaning companies may be more incentivised to submit more competitive quotes.
- Continuity of services – There is continuity of services by a single or more providers (as in, cleaning companies). This minimises the risk of service disruptions.
- Adoption of technology – Longer contract durations would greatly encourage cleaning companies to invest in the latest cleaning tools and technology to improve their service delivery.
- Allowance of time for the service provider to settle and adjust to buyer's expectations (note: service buyers could activate the escape or termination clause in their contract on service providers with persistent unsatisfactory performance.)

Recommended contractual periods according to estimated annual contract values are as follows:

Quality Criteria	Contract Duration (in years)
Contracts with an estimated annual contract value of less than \$1m	Three
Contracts with an estimated annual contract value of more than or equal to \$1m	Three and up to three



Annex D: Cleaning Job Redesign Initiative

As part of the Environmental Services Industry Transformation Map's efforts to help cleaning companies transform their workforce, this initiative consists of the **4D Job Redesign Framework**. This Framework aims to help cleaning companies implement job redesign through simple steps when undergoing business transformation.

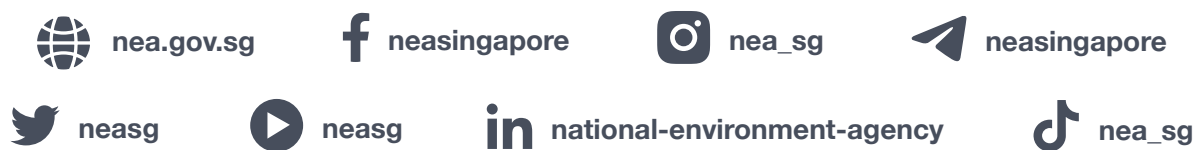
The **4D Job Redesign Framework** is a self-help tool that comprises four simple steps for cleaning companies to adopt when designing and implementing job redesign within their businesses:

- **Discover:** Identify problem areas
- **Diagnose:** Determine objective(s) and build a business case
- **Design:** Redesign jobs incorporating human capital practices
- **Deliver:** Perform job redesign plan and evaluate the outcomes

Ready solutions addressing common problem areas in the cleaning sector are also provided within the guide for easy reference/adoption. Companies who require funding support to offset part of their implementation costs can consider the relevant government support programmes listed in the guide.

For more information, please visit www.wsg.gov.sg or contact Workforce Singapore at:

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