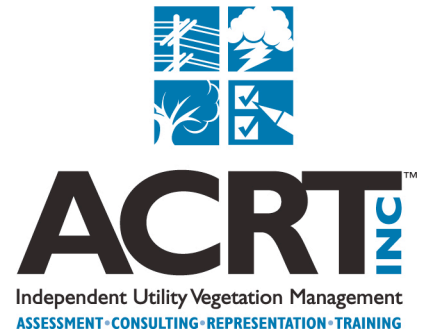


RFP Warning: Could the lowest bidder end up costing you millions?
Compare apples to apples when choosing a UVM partner

By Joe Marshall, ACRT Sales Manager

In today's weakened economy savvy companies are tightening their belts and keeping a close eye on the bottom line as they plan their strategies for the year. Many are taking a "back to basics" approach, reviewing processes and aiming to get the most value out of their vendor relationships.



Ensuring strong partnerships with vendors begins with the request for proposal (RFP). How an RFP is written and the information requested from potential vendors can make all the difference in making an informed decision about who should be awarded the bid. Far too often, companies make the mistake of looking only at the bottom line and do not consider the long-term value one vendor might provide over its competitor.

Simply stated: cost and value are not always synonymous. While cost and value can sometimes coexist, choosing a vendor based solely on price can have costly consequences regardless of the industry.

Can you afford to make the wrong decision?

UVM: Comparing apples to apples

In the utility vegetation management (UVM) industry, not all bids are created equally. While the bottom line might look appealing from some vendors, utilities are cautioned that some things really are too good to be true.

For example, pay rates are usually one of the largest – if not the largest – expenses in UVM proposals. While a \$10 per-hour pay rate for a level one arborist looks great on paper, the caliber of employee you get for that price could be less than ideal. He or she will likely have little training and possibly view the job as a stepping stone with plans to jump ship as soon as a better offer comes along. According to 2009 data from Career Systems International, with an increased likelihood of turnover in these situations, companies can expect to pay from 30 to 200 percent of a single employee's annual salary to solicit candidates, conduct interviews, hire and train a replacement – not to mention the additional costs of lost productivity.

With less trained or untrained arborists on the UVM team, other costly issues are more likely to arise including:

- Sub-par service
- Unmet deadlines
- Falsified or incorrect data
- Higher rates of homeowner refusals
- Preventable outages

Vegetation management plans and work orders that are not properly executed can also result in thousands of dollars in fines per day for non-compliance to industry standards. According to the North American Electric Reliability Corporation (NERC), the ROW vegetation management standard, FAC-003-01 was ranked among the top 10 most frequently violated standards in 2008.

So, to avoid selecting the wrong UVM partner, use the RFP to ensure you are comparing apples to apples.

Creating a better RFP

The first step toward selecting a vegetation management vendor partner is a carefully written RFP that asks that each element of the proposal is itemized and costs for each listed in detail. Asking bidding companies to list expenses for salaries, experience, training, certifications and ongoing managerial support can level the playing field for all competitors, while demystifying proposals for the issuing company.

For well-established UVM companies that offer advanced-level arborists with specialized skills and certifications, those features are taken into account when developing the proposal. For example, all general foremen shall be certified utility specialists through ISA, and herbicide applicators shall have an applicators' license.

Compensation for experience, cost of training, benefits and management support throughout the life of the contract all must be reflected in the bid. Moreover, compensation is commensurate for arborists with advanced education and skill levels. And these professionals play an integral role in projects because their expertise helps ensure the work is done right the first time, on time and within budget. It also ensures positive, professional communications with the utility's customers.

And naturally, UVM companies that offer competitive salaries, training and benefits traditionally experience lower turnover rates, which further empower them to not only retain skilled workers, but provide the training to advance those skills as well.

Professional arborists affiliated with well-established companies are educated and trained to fully understand the types and growth rates of vegetation and are not interested in generating tree-trimming revenues. If a tree needs cut down, they designate it as such. In addition, their work plans are designed to offer the highest level of benefits through more efficient, systematic work plans.

Long-term savings

In this volatile economy, it's understandable that low bidders for projects, which extend an average of three years, can be attractive at first. But in reality, those cost savings have a strong likelihood of never being realized because of less experienced workers, deadline problems, subpar workmanship and higher employee turnover. The RFP and contract should also specify key performance indicators (KPIs) for quality, as well as adherence to A300 pruning standards.

By standardizing RFPs to require that bids include itemized information regarding all the features and qualifications of the bidding company and its workers, RFP issuers have a far greater likelihood of hiring a dedicated skilled team that offers higher quality workmanship, better communications with customers and more accurate, detailed work plans throughout the life of the contract – saving time and money in the long-run.