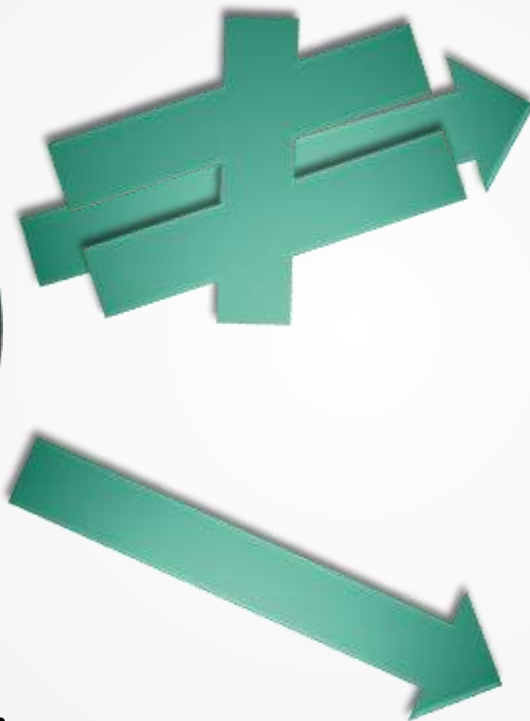




# Best Value Basics II

Isaac Kashiwagi

Kashiwagi Solution Model Inc.



**+20lbs**

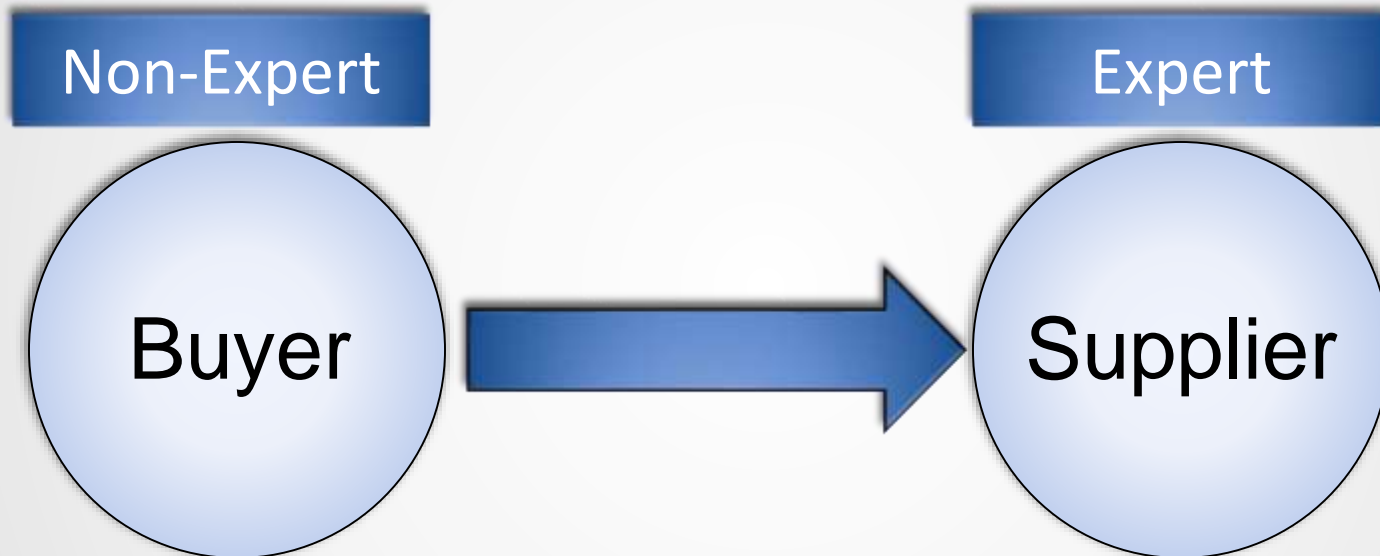
- Delicious
- Easy and convenient
- High in calories + sugar
- Low in nutrients

# People Are a Part of Reality



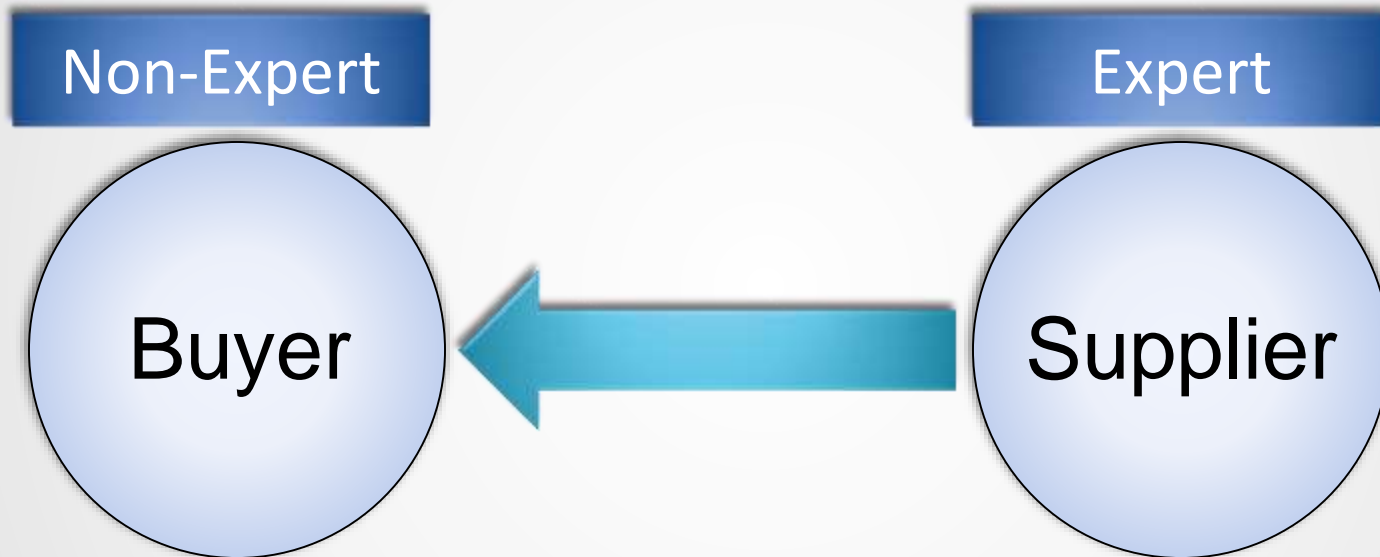
# Management, Direction, and Control

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# Utilization of Expertise

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# The Challenge

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- Buyer is not a technical expert.
- Buyer does not understand what an expert does.
- How will the buyer know who an expert is?
- How will the expert simplify something complex to the buyer?

# When It's Complex

- Client's need to **trust** increases.
  - Client **fear, stress**, perceived **risk** increases.
  - Client **thinking** increases.
  - Client **decision making** increases.
- **Communication** (Meetings, emails, phone calls, admin costs, etc) increases.
  - **Management, Direction and Control** increases reducing the utilization of expertise.

# Solution: Language of Metrics

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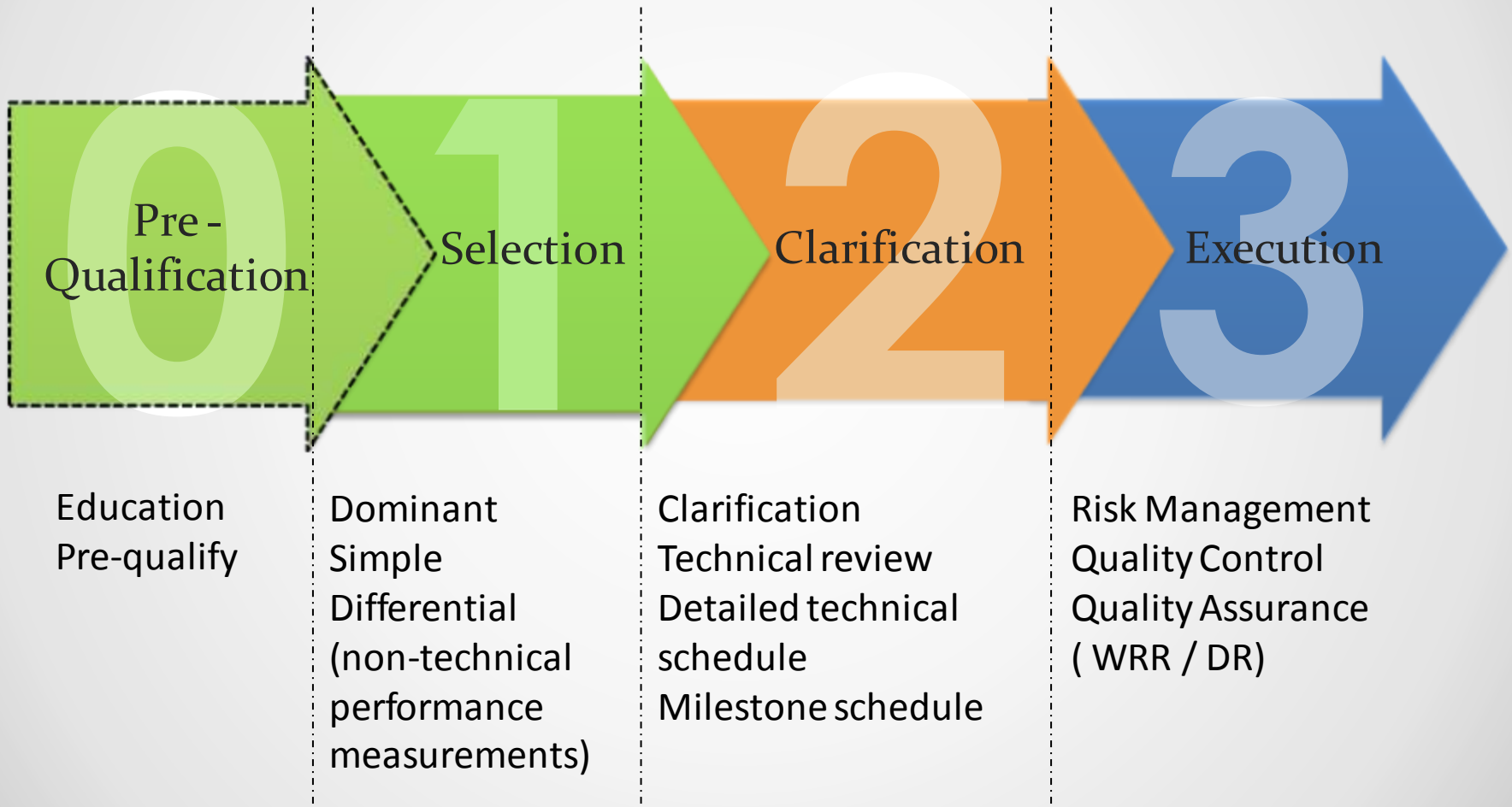
- Simple and requires no technical expertise to understand.
- Non-bias or subjective.
- Relative, specific and comparative.
- Supported by documented performance.
- Predictive of future performance.





# Show Your Expertise

# Four Phases of PIPS



# Best Value RFP

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- Represents what the client “thinks they want”.
- Can include full specifications or just a vision.
- Specs, budget, current conditions, etc.  
**does not** have to be **100% accurate**.

# Selection Criteria & Weights

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- Level of Expertise 30%
- Risk and Risk Mitigation 20%
- Value Added 10%
  
- Price 10%
  
- Interview 30%

# Selection Criteria & Weights

---

- Level of Expertise 30%
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# Project Submittals

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- Level of Expertise, Risk Assessment, Value Added
  - Two pages
  - Claims and verifiable performance metrics

# Traditional Performance

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- Company “A” will provide an experienced project manager, who has delivered many large IT projects with complex systems. In past projects he has received very high client satisfaction with incredible performance.

# Traditional Performance

---

- Company “A” will provide an **experienced** project manager, who has delivered **many large** IT projects with **complex** systems. In past projects he has received very **high** client satisfaction with **incredible** performance.
- He has **20 years** of experience, is certified in project management, and has participated in over **30 projects**.



# Expert Performance Metrics

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Company "A" will provide a PM who is:

## **Experienced with Large Projects**

- # of projects: 5
- Largest project budget: \$1.5 Million
- Average project budget: \$500K

## **High Performing**

- Average Customer Satisfaction: 9.8
- Average Cost deviation: 2.5%
- Average Schedule deviation: 0%

## **Experience with Complex Projects**

- Average # of interfacing software packages: 4
- Average # of transactions per month: 10,000
- Average # of departments/users: 10 departments / 100 users

# Match performance and Client Requirement

Requirement	Client Requirement
# of Projects	1
Type	ERP
Average budget	\$ 2.5 M
# of employees serviced	1,000
Transactions / month	10,000
Existing interfacing software	3
# of departments	6

# Match performance and Client Requirement

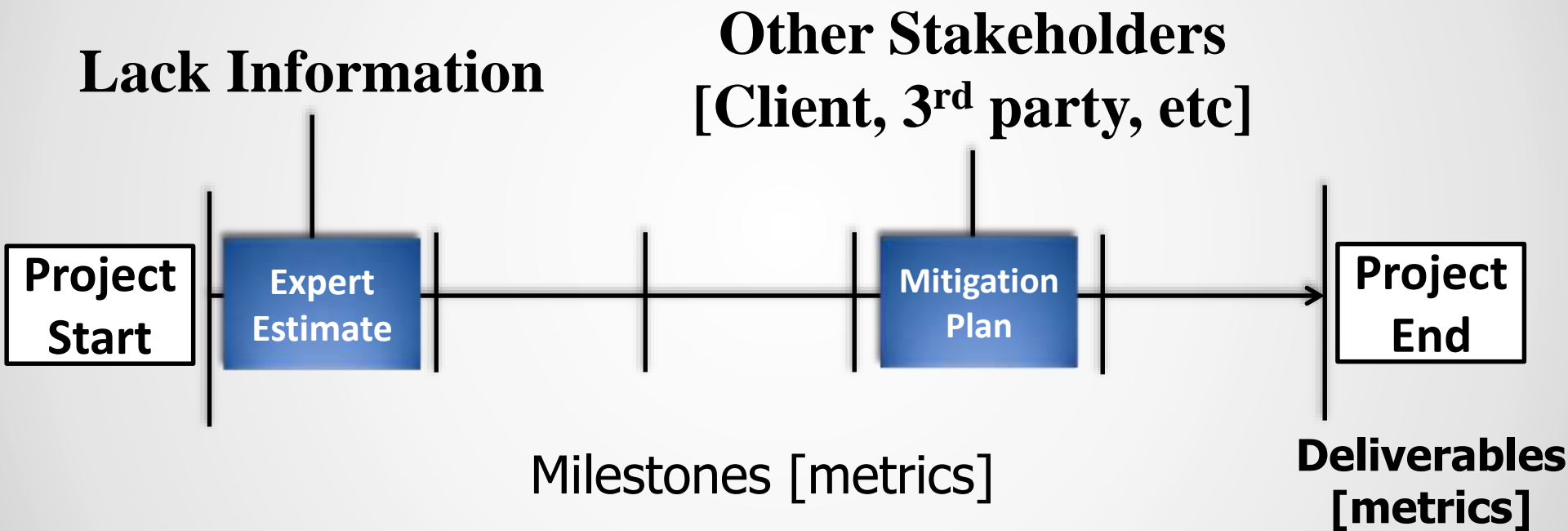
Requirement	Client Requirement	Vendor's Project Performance
# of Projects	1	2
Type	ERP	ERP
Average budget	\$ 2.5 M	\$ 3.0 M
# of employees serviced	1,000	800
Transactions / month	10,000	12,000
Existing interfacing software	3	5
# of departments	6	5

# Project Execution

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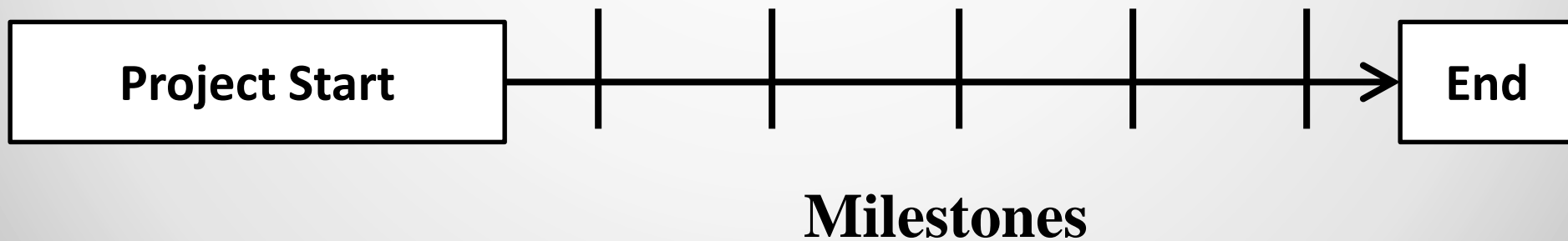
- How does a “non expert” / client know:
  - Expert product is high quality and value?
  - During the project the Expert is performing and the project is going well?

# Simple Expert Plan [Performance and Risk]



# Performance Metrics

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# Mitigating Risk [Lack of Info]

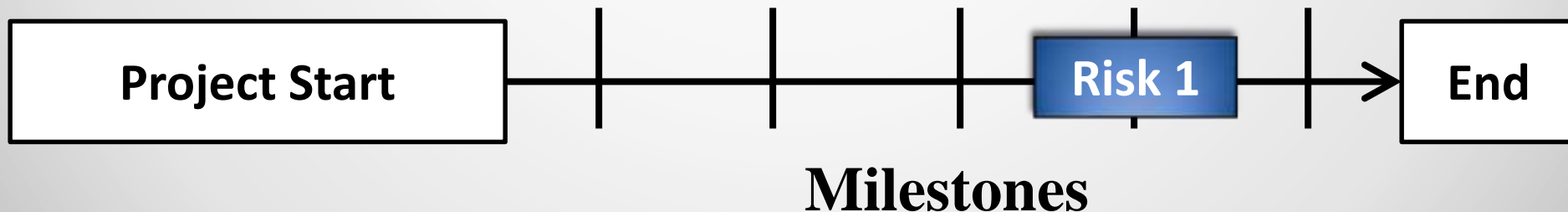
**Risk 1:** # of transactions each department requires is unknown.

Vendor budgeted **5,000** per month due to past clients.

## Mitigation:

- Vendor will implement system on **may 2<sup>nd</sup>** and will be capable to measure transactions per month **June 1<sup>st</sup>**.
- By **July 5<sup>th</sup>**, vendor will confirm # of transactions required.

**Impact:** If transactions exceed **7,000** transactions per month an additional **\$3,000** will be required.



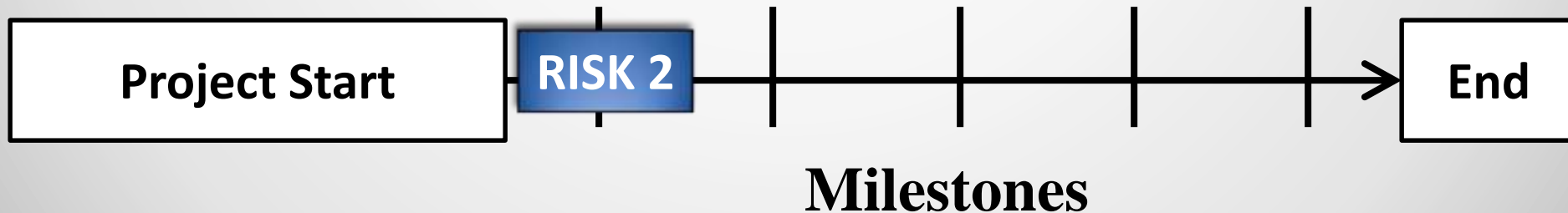
# Mitigating Risk [other stakeholder]

**Risk 2:** Client Department “A” will need to have their key personnel trained on the new system by **May 21<sup>st</sup>**

## Mitigation:

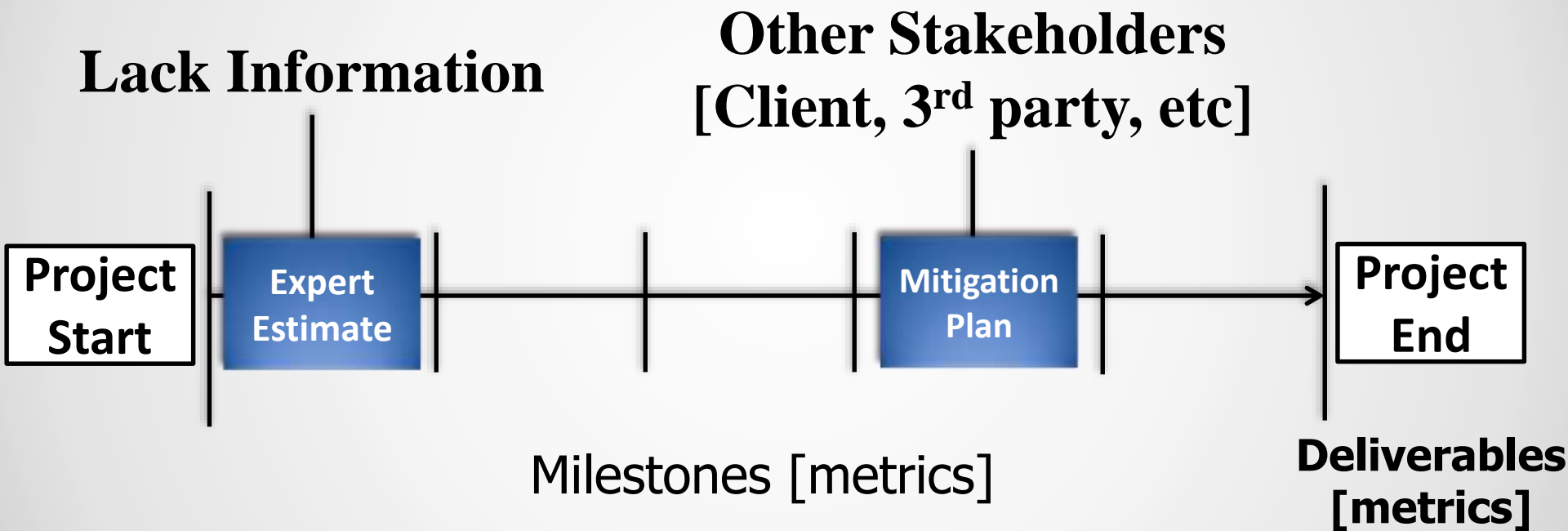
- Estimated that **10** of the key personnel will need to be trained. Training requires a **3 day** commitment. Vendor will provide flexible training between **May 1<sup>st</sup> - 21<sup>st</sup>**.

**Impact:** Each day past **May 21** that all key personnel are not trained will impact schedule **1 day** and cost **\$5,000**.





# Simple Expert Plan





# Minimizing Client Thinking, Need to Trust, Decision Making and MDC



# Resolve Issues

## Issue:

- There were too many outages.
- Not invoicing university clients in a timely manner.
- Double billing for work being performed.

## Metrics:

- # of outages: reduced from **37 to 11**
  - % caused by vendor: **0%**
- Average time to invoice: **21.5 days.**
  - Contract agreement **30 days.**
- # of double billings: **29 out of 1,400**
  - % caused by vendor: **0%**

# Client Misperceptions

**Issue:** Under performing food service provider

- Decrease in revenue **\$1.01M.**
- Decrease in **666** meal plans.
- Dissatisfied students **4.8/5 to 4.65/5.**

## **Metrics:**

- # of mandatory meal plans decreased **775** (Client decision).
  - Estimated loss in revenue **\$1.38M.**
- Contribution to University: **\$1.6M.**
  - University profit before vendor: **\$0.5M.**
- Increase in pricing due to less meal plans.
  - Student satisfaction began to decrease.

# Traditional “Expert”

## Conditions:

- 2 air conditioning units are leaking refrigerant.
- Not performing optimally.
- Increased energy costs.

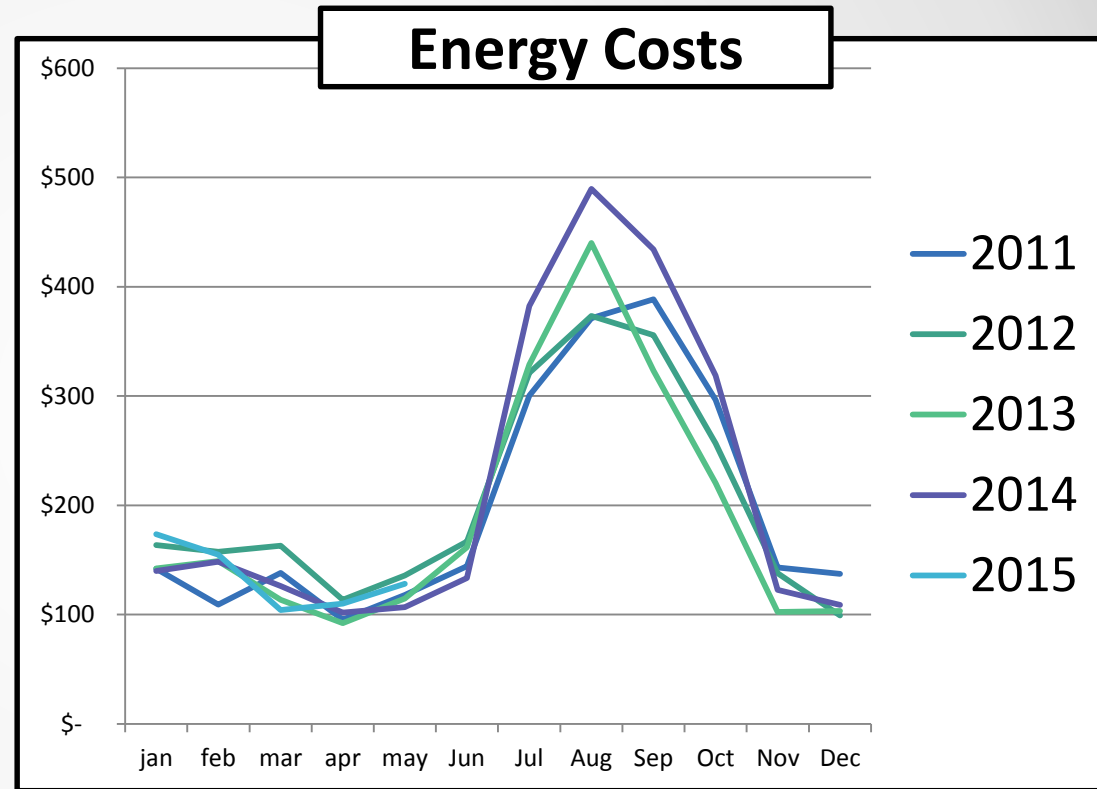


## Advice:

- **Costly Option**- Refill units with refrigerant.
- **Cheapest Option** - Buy new units.

# Energy Savings

- **4 months** energy is in high use.
- **+\$150** average due to A/C.
- Decrease of **5% - 10%**.
- Total cost savings **\$30 - \$60 / year**



# Air Conditioning Metrics

#	Options	1 year	10 year
1	Replace units w/ energy savings	\$300	\$3K

# Air Conditioning Metrics

#	Options	1 year	10 year
1	Replace units w/ energy savings	\$300	\$3K
2	Refill refrigerant	\$100 - \$250	\$1K – \$2.5K



# Air Conditioning Metrics

## Expert Advice:

1. 2 units not working due to leaking refrigerant.
2. Size of Leak is unknown.
3. Refill with refrigerant this year.
4. Check refrigerant leak yearly.
5. If leak increases, look into replacing units.

#	Options	1 year	10 year
1	Replace units w/ energy savings	\$300	\$3K
2	Refill refrigerant	\$100 - \$250	\$1K – \$2.5K

# The Phone Plan Decision

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Kashiwagi Family needs a phone plan

- **5 people**
- Currently uses **T-mobile**
- Average use **1- 2 GB** per person
- **1600 minutes**
- Lots of text
- International travel.

# Marketing and "new deals"

AT&T MOBILE SHARE® VALUE PLANS

*Introducing our best-ever pricing*

PLUS  
UNLIMITED  
MESSAGING TO  
SELECT  
COUNTRIES\*

\*Includes unlimited messaging from the U.S. Messaging capabilities and avail. vary by country.

**Switch to Sprint and get:**

**20 GB to share** **Unlimited talk and text** **\$100** for the entire family /mo. **Up to 10 lines**

**Limited time** | **Get a bonus 2GB per line** on all devices for only \$100/mo for your whole family - up to 10 lines!

## Group Save Discounts

Save up to \$90 each month when you **add new eligible lines** to your account.



[Important Group Save Terms and Information](#)

FAMILY PLAN

INDIVIDUAL PLAN

Only **\$160** monthly access

*Families get MORE for less.*

4 lines can share 10 GB data for only \$160 monthly access with Verizon Edge.

- Award-winning call, text and data performance.
- Double the 4G LTE bandwidth in cities coast-to-coast.
- Save up to \$25 per smartphone on your monthly line access when you buy your phone on Verizon Edge.

*4 lines for \$100, now with 10GB of 4G LTE data*

What does T-Mobile have that AT&T doesn't? Four lines with unlimited talk and text plus 10GB of 4G LTE data, that's 2.5GB for each line, per month until 2016—all while on our data strong network. Plus no domestic overages and no annual service contracts. So why not switch to T-Mobile today!

GROUP

[www.pbsrg.com](http://www.pbsrg.com)

# Cell Phone Providers

- T-mobile is recommended based off of data.
- T-mobile coverage is 2<sup>nd</sup> lowest. But family has had no problem with coverage in past.
- To increase coverage it would cost **\$600** almost **50% increase to cost.**

1

2

5 Phone Plan	T mobile	Cricket	AT&T	Verizon	Sprint
Total Cost Per Year	\$ 1320.0	\$ 1920.0	\$ 2100.0	\$ 2725.0	\$ 2700.0
*Overall Rating (1-10)	8.6	8.0	8.0	8.7	7.5
Coverage Score	6.8	9.0	9.3	10.0	5.5
4G Data (GB)	2.5	2.5	2	2	1.0
International Text	Unlimited	Unlimited	Unlimited	0	0
International 3G Data	Unlimited	0	0	0	0

# “The Best Value Approach”



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Jan 19-22 2016

