

CASE STUDY

Janitorial RFP

2015-2016



Executive Summary 2023

→ DCS GLOBAL

Introduction

CBRE hired DCS to manage the RFP process for 33 buildings in 2015/2016. Before issuing the RFP documents DCS conducted a comprehensive review of cleaning quality, issues and contract details across the portfolio. DCS analysis, scoring and recommendations resulted in savings of \$7.5 million over three years, saved CBRE staff a significant amount of time and the use of independent expertise significantly added an additional element of governance to the project.

Background

CBRE contacted DCS towards the end of 2015 to help support a cleaning RFP process for 33 buildings, totaling 11.4 million square feet across the US. Most of the cleaning contracts had expired and been extended without updating or renegotiation.

CBRE were looking for cost savings, up-to-date specifications, some standardization across contracts, computerized quality control and a better understanding of cleaning quality and issues.



The Process

The DCS process has several overlapping stages. In the initial phase we worked with the CBRE head office team to understand their objectives, discuss issues, and agree on timing and process before finalizing the work scope. Once the scope was finalized a conference call was held to introduce DCS and the project to regional vice presidents and individual property managers.

In the next phase, DCS gathered site-specific information, including individual contracts, building information (e.g. cleanable square feet) and other relevant data. While this was underway, we conducted onsite cleaning inspections of select buildings and held interviews with property managers and cleaning supervisors.

Once the analysis was complete, DCS reviewed our findings and recommendations (both corporate and individual) and agreed on next steps.

Brief History



DCS Global advises and supports facilities across North America to achieve cleaner, safer, more cost-effective and consistent operations, every day. DCS Global specializes in facilities maintenance consulting services tailored to your industry and needs. We are known for increasing quality and sustainability while managing cost, across large and small portfolios.

Key Findings & Recommendations

Our inspections showed that cleaning quality was all over the map, and a number of property managers were unhappy with the performance of their contractors. We also found that day-staff across a number of facilities were poorly utilized. Cleaning requirements had changed, but their task list hadn't been updated.

A major issue was the use of task or schedule-driven cleaning standards. Contractors were judged on meeting a work schedule, rather than delivering specific results. This led to inefficient cleaning and required property managers to spend significant time monitoring activity.

DCS recommended adoption of performance-based standards and KPIs providing greater flexibility, less time filling in checklists and a focus on cleaning quality. This was met with skepticism at first, both by property management and contractors, but proved to be very effective. It also allowed DCS to update and optimize the labor work loading models for each building.



The RFP Process

DCS created a draft document template (format, general content and contract language) for head office review and approval. We then added site-specifics for each building, reviewing and editing these with individual property managers. DCS also provided regional background research to identify strong potential bidders. CBRE issued the RFP documents, and DCS handled and posted Q&As during the process.

When the bids arrived, DCS checked for errors and omissions and worked with contractors to ensure the submission requirements had been met. DCS has a comprehensive risk-assessment process, grading both the technical proposals and evaluating pricing. Low bids often come with unrealistic productivity assumptions and/or low wages for staff. The DCS system grades bids as low, medium or high-risk.

When our review was completed, we submitted detailed written reports, followed by a series of debriefs with property managers and regional vice-presidents, followed by a series of short-listed interviews with DCS on the call.



The Results

As a result of optimized work loading and performance-driven contracts the bids netted savings of \$7.5 million (13%) over the three-year life of the new contracts. Including some subsequent renegotiations, total savings were close to \$10 million. This, despite the rejection of a significant number of low bids as a result of the DCS risk analysis.

DCS also helped various cleaning contractors explain the reasoning and requirements for these changes to their staff members and unions. On average there were 5-6 bidders in each of the seven cities, including some national contracting companies who participated across the country. Contractor feedback on the process was positive.

CBRE were pleased with both the process, the cost savings, the new cleaning contracts and a better more consistent level of cleaning across the portfolio. DCS added cleaning-specific expertise, saved CBRE a significant amount of effort and lowered the risk of awarding an insufficient bid. Having independent oversight in awarding bids for a \$50 million three-year cleaning budget is also good governance.

APPENDIX

DCS Data Gathering & Analysis (Pre-Bid)

The initial DCS data gathering process is designed to collect enough information to understand and optimize the cleaning requirements for each building, issues and gaps within the contracts and associated schedules. Site-specific information includes:

- Cleanable square feet per building.
- Specific area types (retail, food courts, day care, gyms, medical offices).
- Occupancy levels. Special tenant needs.
- Current number of cleaning staff by type (day, heavy, light, supervisory).

We also collect cleaning contract information:

- Costs, including incentives, penalties, extra-billing.
- Contract details and attachments (standards, KPIs, quality assurance, specifications, etc.)

Although not essential to the RFP process, building inspections and audits allow us to evaluate the performance of the existing contractor, benchmark the results and better understand the cleaning dynamics and requirements. These can include:

- Cleaning-for-health testing. DCS commercial standards demonstrate duty-of-care and show that you care about the health, safety and well-being of building occupants.
- Visual inspections, these days most inspections demonstrate that buildings are being over-cleaned, costing money.
- We discuss issues and opportunities with property managers and cleaning supervisors. Often the cleaners are aware of an issue but don't fix it because of financial or contractual issues.
- DCS reviews the results of the audits/inspection with both PMs and contractors. As ex-cleaning contractors we often help contractors improve on-site effectiveness and efficiency.

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Creating The Bid Documents

Contractors tell us that poorly worded or vague RFP documents lead to guess work and lowers the quality of their bids. The right language and correct, up-to-date specifications and standards are essential parts of the process. DCS can draft both general documents:

- Background information about the Property Management Company, the portfolio, timing, and the requirements for a successful bid.
- Specific questions for the technical proposal, including:
 - Management of the cleaning program
 - Supplies
 - Equipment
 - Training
 - Quality control
 - Uniforms
 - Dealing with complaints
 - Consumables
 - Green cleaning and environmental issues
- Cleaning specifications and building site specifics such a day staff hours
- Boiler plate contract language and details from CBRE lawyers or supply-chain management.

We also help create site-specific wording for each building including:

- Hours of operation, number of day staff, cleanable square feet, retail and other non-office space.
- An excel pricing sheet with detailed information on the expected costs and margins for each building.

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Review Process & Risk Analysis

Our review process starts with checking for errors and omissions and following up with the contractors. Typical errors include: not including all of the required day staff or services, math errors, and/or specific pricing calculation errors.

We also numerically grade the technical proposal on at least a dozen factors including: organizational structure, the operating plan, local market presence, similar experience for the type and size of building, environmental controls, and training tools and records. A key consideration for the CBRE RFP was an operational computerized QC reporting tool and system.

DCS also provides a detailed review of the individual and overall pricing components for each building. This includes whether enough staff (and the right types of staff, e.g. supervisor to staff ratios) are being allocated to meet the cleaning requirements, using standard industry productivity factors.

We check to ensure that the quoted wage rates and benefit percentages are in-line with market conditions to retain staff, meet regulatory requirements and guard against illegal labor. We review equipment costs (and types) and how they were amortized and other non-labor costs, including cleaning supplies & tools and review vacancy credit formulas.

Based on these criteria, DCS rates each bid as low, medium or high risk and provided detailed written reports to CBRE. This is followed by a series of debriefs with the property managers and regional vice-presidents, followed by a series of short-listed interviews.

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