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# **Knowledge Nugget: Best Value Continuum Transcript**

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Contracting Officers should always seek to obtain the best value for the Government. However, what does “best value” mean?

The Federal Acquisition Regulation, or FAR, subpart 15.101, describes the Best Value Continuum as a way to define the importance of evaluation factors in negotiated acquisitions. The Best Value Continuum ranges from acquisitions that prioritize cost or price over technical factors, to acquisitions that prioritize technical factors over cost or price. Most acquisitions fall somewhere between these two approaches on the continuum. Let’s take a look at each.

The Lowest Price Technically Acceptable, or LPTA, source selection strategy is appropriate when the best value is expected to result from selecting the technically acceptable proposal with the lowest evaluated price. In other words, as long as the offerors you’re choosing from meet your needs, you buy from the offeror with the lowest evaluated price.

LPTA may be the best choice in the case of very low-risk, non-complex requirements that are very well defined, such as simple office supplies, office furniture, and routine purchases. With LPTA, there is no ranking or comparison of offers. It’s intended to be a simple selection process with minimum flexibility. It’s important to remember that if you use LPTA, you **must** award the contract to the offeror with the lowest price who meets the minimum technical requirements that were specified in your solicitation.

However, the Tradeoff source selection strategy is more appropriate to use when the source selection team determines that the best value may result from an offer that may **not** have the lowest price. In a tradeoff, you give up some of one desired attribute to gain more of another desired attribute. For example, you may be willing to pay more for a more innovative solution or a higher quality product. Remember, when using the Tradeoff strategy, you must always thoroughly document your rationale.

Let’s take a look at how these two approaches apply when purchasing a Government vehicle. The requirements state that the car must have four doors, come with a warranty, and have fewer than 150,000 miles. Car-R-U’s gives you a quote of \$2,500 for a vehicle with 90,000 miles and a 1-year warranty. Car-Mart gives you a quote of \$3,000 for a similar vehicle with 50,000 miles and a 7-year warranty.

Using the LPTA source selection method, Cars-R-U’s would win the award since it’s the lowest-priced option of the two and it meets the minimum requirements for technical acceptability.

In contrast, the Tradeoff strategy would take into consideration that, although Car-Mart’s vehicle costs more, it has fewer miles and a longer warranty. Because these additional factors have the potential to save money over the life of the vehicle, Car-Mart’s vehicle may provide the best value in the long run even though its initial price is higher.

Unlike making a purchase in your personal life, you must identify your evaluation factors **before** soliciting offers when buying for the Government. When determining which source selection strategy to use, remember the following: If the price is the most important factor, consider using the LPTA source selection strategy. When non-cost factors are more important than cost or price, the Tradeoff source selection strategy is probably a better choice. And, make sure that your solicitation states the relative importance of all evaluation factors.

The Best Value Continuum applies to all types of negotiated acquisitions. Don’t let the fear of a protest deter you from choosing the source selection strategy that’s the best fit for your requirement. There just needs to be enough documentation to establish that the relative merits

and costs of the competing offers were considered and that the source selection decision was reasonable.

In this example, the best value would come from awarding to Car-Mart since the lower mileage and extended warranty could save the Government money over the life of the car. If we used LPTA, we wouldn't have been able to take advantage of the lower mileage and longer warranty period. Even if you choose the Tradeoff strategy, you can still award the contract to the lowest priced offeror. Using tradeoffs can often provide greater flexibility if you decide that paying more up front ultimately will benefit the Government.

For more information about the Best Value Continuum, please visit [www.FAI.gov](http://www.FAI.gov). Select FAITAS and sign into the system to enroll in the course FAC 083 Back to Basics: Getting the Best Value.

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