**SCHEDULE A – Request for Quote**

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| **HM REVENUE & CUSTOMS Request for Quote**  |

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| **1.** | **HMRC Information**Purchase Order to be issued under separate cover |
| Title: | HMRC Customer Closeness Programme |
| CD Reference: | 1603-PSCR-1382-Customer Closeness Programme |
| Deadline for responses: |  |
| HMRC Commercial Contact |
| Name: | Regina Roseff |
| Contact Telephone No.: | 03000 587 720  |
| email: | reginaroseff@hmrc.gsi.gov.uk |
| HMRC Commercial Contact |
| Name:  | Ken Webster  |
| Contact Telephone No.: | 03000 587 719 |
| Contact Address: |  |
| email: | ken.webster@hmrc.gsi.gov.uk |
| HMRC Authorised Officer:(Sponsor/Budget Approver/Invoicing & timesheets) |  |

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|  | **Contractor Information** |
| Vendor (Supplier): | TBC |
| Contact: |  |
| Contact Tel No: |  |
| Contact Address: |  |
| email: |  |
| Contractor / Key Personnel: |  |

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| **2.** | **Details of Project**  |
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| * 1. **Introduction**
		1. The intention of the tendering exercise is to create a catalogue of standard Customer Closeness services/events with a standard pricing structure that the Client’s staff can use to order the services/events directly from the Provider
		2. Since March 2011, HM Revenue & Customs (HMRC) (The Client) has commissioned a Customer Closeness Call-Off Contract in order to fulfil the need for undertaking Customer Closeness events with quick turn-around.
		3. The current Customer Closeness Call-Off contract expires in December 2016.
		4. The Client anticipates this call-off contract will last for two years with the option of extending it by a further one plus one years.
		5. The Client reserves the right to cancel the contract at the end of the initial 2 years.

2.1.3 **The award of this Contract in itself does not guarantee that any work will be commissioned through it.** While we anticipate using this Programme for discrete Customer Closeness needs with our customers, no guarantees are provided in respect of exclusivity.* 1. **Background**

2.2.1 The purpose the Client’s Customer Closeness Programme is to undertake ‘closeness’ activities to better understand the lives of its customers. The Client requires the assistance of a specialist Provider to support its recruitment of sample customers for research purposes and provide wider expertise.2.2.2 The Customer Closeness Programme provides the opportunity for the Client’s staff to meet customers. The present contract has proved to be a highly successful programme across the Client’s organisation; it has gained traction with senior managers as a useful tool to engage staff and enable greater empathy with the Client’s customers. * 1. **Customer Closeness definition**

2.3.1Customer Closeness has many names and is often referred to as Customer Immersion. Within the Client’s organisation the term used is Customer Closeness as it best represents the concept. For the Client, Customer Closeness entails:1. Customers and the Client’s staff having informal discussions. This enables staff to understand their point of view and see things through their eyes so the Client can make better decisions. Closeness activities take place as an informal way of learning and understanding real issues that the Client’s customers face;
2. A way of helping everyone in the Client’s organisation become more customer focused, from those who have no direct customer contact through to those who deal with customers on a daily basis;
3. An informal way of understanding real customer issues, Customer Closeness is not statistically robust and should not be used as a replacement for research. It can offer very valuable insights and highlight some key issues from the customer’s viewpoint, but cannot be used as the sole basis of business decisions.
4. A vast range of activities that essentially bring customers and the Client’s staff together to consider and delve into our customer’s issues as outlined in Appendix A ‘Customer Closeness Programme’.
	1. **Objectives of the Project**

2.4.1 Customer Closeness has evolved within the organisation as a useful tool to enable greater empathy with the Client’s customers. Our key objectives are as follows:1. Encourage the Client’s staff to think about customers: Customer Closeness activities should allow staff at all levels to engage emotionally with our customers to gain an understanding of their diverse issues. Increasing emotional engagement of senior staff with customers across the organisation further enables them to lead and inspire their staff with customer-centric thinking;
2. Develop an awareness of our customers: Listening to and understanding the motivations, needs, barriers, and behaviours of HMRC customers are important to developing cost-effective and successful policies. It is therefore essential that HMRC staff experience the perception of ‘HMRC’ and the ‘tax system’ from a customer’s point of view. This Programme is therefore critical in order to deliver activities in this area and enhance cultural change within the organisation;
3. Provide a quick and salient service to HMRC customers: Customer Closeness activities where empathy and understanding are the central focus, used in conjunction with a range of other business tools such as Research and Innovation, are fundamental components to achieving the delivery of the Department’s Strategic Objectives .e.g. improve the customer experience.
4. To be used as a quick alternative route to research and the Provider must work with the Client to constantly look for innovative ways to ensure it is exploited properly and to its fullest potential whilst delivering value for money.

2.4.2The Provider is needed to provide:* customer recruitment services i.e. bringing customers in to the Department to engage with our staff;
* immersion skills & knowledge transfer.

2.4.3The Client anticipates the demand for Customer Closeness activities will remain, particularly as understanding and awareness of its value and benefits increase across the organisation2.4.4 The Client’s Behavioural & Customer Insight Team, in partnership with other teams across the organisation, have led the way in promoting and engaging the Customer Closeness Programme. The Client will be looking at further ways to promote the benefits of it over the next few years and hope that it will evolve into a more widely used tool across the business. To offer a truly valuable experience to staff and customers in the future, the Client requires a Provider to provide their expertise.2.4.5 The Client believes that the key role of the Provider will be recruitment of customers to take part in Closeness activities, however, there will also be scope to provide further assistance in the form of skills and knowledge transfer as detailed in this ‘Service Requirements’ section.2.4.6 In addition to recruitment capability, the Provider may be required to provide other related services upon request, such as but not exclusive to, developing discussion guides and the facilitation/design of closeness activities. |

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| **3.** | **Specification of Requirements**  |
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| **3.1 Service Requirements*** + 1. While recruitment will be the primary requirement under the contract (approximately 80% of the work stream), there may be additional areas where the Client requires the Provider to provide their expertise i.e. design, facilitate and train on a range of Closeness activities with staff and managers across the Clients organisation.
	1. **Recruitment of customers**
		1. The Provider will be required torecruit customers for all the Client’s Closeness events, including one-off sessions and larger scale events, taking place simultaneously on occasions.
		2. The Client endeavours to promote effective planning, however, there may be times where the Client requires a much faster response and consequently, the Provider will need to be available for a Closeness event within one weeks’ notice on occasions.
		3. Customer Closeness events can take place at any of the Client’s offices or operational centres, which are based across the UK, including but not exclusive to London, Liverpool, Newcastle, Shipley, Telford, Bristol, Lincoln and Glasgow. Additionally, events may also take place at customer premises or other, independent venues.
		4. The types of independent venues which the Provider may be required to provide may include, but not exclusive to;
1. Viewing facility – a specialist facility where by respondents can be observed remotely during an event;
2. Hotel – conference room type facility for events; and
3. Recruiter’s Home – to provide an informal setting where appropriate.
	* 1. Additionally, the Client’s customers cover a broad cross section of the UK population and the Client will require the following customer groups to be recruited:
4. Individual customers: Employers and employees, Self Employed and those in Self-Assessment, Tax Credit Customers, Pensioners, and Students etc.;
5. Business customers: Small and Medium Enterprises (SMEs), including employers and individuals in the organisation responsible for dealing with HMRC, running payroll, paying tax, plus agents and accountancy firms etc.;
6. Customers having contacted HMRC in the last 6 - 12 months as directed by HMRC;

The above list is not exhaustive. While these customers do form the basis of the Client’s standard customers, there will be additional criteria within this group. Should the Client’s recruitment needs require a specific hard-to-reach quota, the Client would discuss this with the Provider on an ad-hoc basis where necessary. * + 1. The Provider must ensure that suitably experienced staff are used in the recruitment of customers, which may be require recruitment agents (Recruiters) based in and around the location of the event to be used.
		2. The Provider will administer reimbursement of incentives on behalf of the Client. Incentives will be used to compensate HMRC Customers for the time and any potential out of pocket expenses incurred to attend the event.
		3. The Provider will be required to agree a process with the Client to record attendance of HMRC Customers upon arrival at events, including approving the content of the ‘signature form’ which the Host/Hostess will administer, to account for attendance and any incentives made.

**3.3 Design and Facilitate Customer Closeness activities**3.3.1 In addition to recruitment, the Provider may be required to design and facilitate events. This could include:1. Initial scoping work to identify the Customer Closeness requirements of staff;
2. Provision of a Facilitator/Moderator to help facilitate/moderate Customer Closeness events where it would be beneficial to have an independent indivdual e.g. on large scale events or on sensitive issues;
3. Choosing the most appropriate type of closeness activity and making the recommendation to the Client;
4. Briefing the Client participants on how to make the most of their Closeness experience, e.g. body language, questioning techniques;
5. Other activities that would be discussed on an ad hoc basis.

3.3.2 Usually the Client’s staff write their own discussion guides for an event however, the Client may request the Provider to assist with this process or design and provide discussion guides on an ad-hoc basis. Where the Client requests Provider to assist with or prepare discussion guides, any costs should be agreed in advance prior to the work taking place and should be charged for once the work is complete. 3.3.3 Upon request, the Client may require the Provider to provide a Host/Hostess to meet and greet HMRC customers attending an event. The Host/Hostess will also be responsible for administering the reimbursement of incentives where the type of event warrants the use of incentives which have agreed with the HMRC Customer in order for them to participate in the event. 3.3.4 For more high profile events, the Client might use the Provider to brief staff beforehand, develop the discussion guides and facilitate a viewed group before the individual interviews. 3.3.5 The Client requires the Provider to suggest new methods for allowing staff and customers to get closer. **3.4 Consultation**3.4.1 As outlined above, recruitment will be the main role for the Provider. However, the Client would like to work with a Provider that can offer advice and consultation and are keen for the Provider to be involved in decisions that affect the programme. Below are examples when the need of the Provider’s consultation may arise 1. Review discussion guides**:** In most cases the discussion guide will be a client led document, however, there will be cases where the Client requires the Provider’s expertise in sense checking the guide and suggesting question areas;
2. Evaluate the success of the activity**:** To evaluate the success of the programme, a short questionnaire is currently send out to staff involved in the Closeness activity. The Client will develop this evaluation in-house but it will be important for the agency to offer guidance and advice on how to evaluate the programme in order to improve their own service. However, we need to evaluate both the short term and long term impact in terms of:
	* 1. Short-term – how effective was the Closeness event, any issues?
		2. Long-term feedback – has the Closeness event made an impact or difference to our business and department?
3. Review our Guidance**.** To date, the Client has used two key guidance documents when carrying out Customer Closeness events to assist clients in writing discussion guides and conducting effective interviews. The appointed agency will be asked to review and enrich the current guidance that we use, to ensure we are getting maximum benefit from the documents. Examples of these documents are provided at Appendix B.

**3.5** **Training**3.5.1 During the course of the contract, the Client may call on the appointed Provider to deliver training to its staff. The training will aim to provide staff across the organisation with the skills and capability to run Customer Closeness events successfully and with confidence. Providers will be required to specify fees for providing such training, outlining the range of options that would benefit our organisation. **3.6 Use of the Programme** 3.6.1 The Client cannot be exact about the frequency with which this contract will be accessed throughout the first two years of the contract. However, during the course of the previous Customer Closeness contract, c.20 events have taken place within 2 years. 3.6.2 The HMRC Board members (ExCom) have articulated their strong support for tools/activities of this nature to exist within the organisation and this commitment and drive from board level should increase demand across the Clients organisation. **3.7 Commissioning an Assignment** 3.7.1The Client will use the following processto commission an assignment under the Programme:1. The HMRC manager contacts the Providers Programme lead and provides a brief of the assignment;
2. The Provider appoints a named project lead who discusses the needs with the HMRC manager – to clarify the potential approach, issues and timescales;
3. Should the Client wish to proceed, the Provider would then provide a detailed written work plan and proposed cost for the assignment which will form the basis of the contractual arrangements for that assignment;
4. While writing the proposal, the Provider may be requested to begin planning of the assignment giving some time advantage;
5. Assuming the Client agree to the proposal, the assignment will be formalised through the issues of a specific Service Order detailing the cost of this assignment and the invoicing dates;
6. Concurrently, the Client may be seeking internal authorisation to proceed.

**3.8 Project Governance**3.8.1 When commissioning an assignment under the contract, the Provider will communicate with and maintain a close working relationship with the Client’s internal Closeness experts, from either the Behavioural Evidence & Insight Team or other key teams within the business. 3.8.2 The Client is keen to develop a good working relationship with the appointed Provider, and should any issues arise relating to the contract or the use of it, the Provider is required to report to the relevant team in the first instance. 3.8.3 The Client will seek to ensure some form of learning after completion of any assignments let under this contract so that the Client can fine-tune the process to the benefit of both organisations. 3.8.4 The Client will undertake a formal review process every six months to establish the extent to which the Client’s needs are being met during the call-off contract period. * 1. **Charging**
		1. Charging for the service is as detailed in the Request for Proposal response provided at Appendix D.
	2. **Acceptance of Proposal**
		1. Upon receipt of the proposal, the Client will carry out an evaluation to ensure that the proposed service will meet the needs outlined in the specification whilst offering Value for Money.
		2. The Client reserves the right not to accept any aspect of the proposal.

**4. Contract Length** 4.1 The contract length will be for two years, with an option to extend for a further one plus one year period subject to budget approval  |

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| **5** | **Documents required in response to this Request for Proposal** |
| **As part of the E-Sourcing event Providers are required to answer all of the questions contained within the questionnaires.**To assist with managing the competition we intend to use the SAP/Ariba E-Sourcing portal. Should you be interested in competing for this opportunity, please ensure you are registered to use the SAP/Ariba eSourcing portal.   To obtain access to the online event providers will need to register using this http address - <http://hmrc.supplier-eu.ariba.com/ad/register/SSOActions?type=full>. You will receive a system generated email asking you to activate your Ariba account by verifying your email address. Once you have completed the activation process you will receive a further email by return confirming the ‘registration process is now complete’ and providing you with ‘your organization’s account ID’ number, pre-fixed ‘AN’. Once you have obtained ‘your organization’s account ID’ number, can you please email Ken Webster at ken.webster@hmrc.gsi.gov.uk with the following information as confirmation that you wish to provide a formal proposal for the work.* **Event Name:** 1603-PSCR-1382(B)-Customer Closeness Programme-Open
* **Your organization’s account ID:** AN-----------
* **Your organisation’s name:**
* **Your email address:**
* **Your telephone number:**

Tender or ITT responses should be submitted electronically using the Client’s eSourcing tool, SAP/Ariba. Accessibility needs, which cover a range of disabilities, should be highlighted to the Client at the earliest opportunity if it felt that they may hinder the Tenders’ ability to provide a response.* Files can be attached. However, these should be kept to a minimum and should only be included where specifically requested.
* Files format are restricted to .doc, .xls, .pdf

Step by step instructions on how to complete, submit and amend your response is contained within the “Supplier Guide – Responding to an Invitation to Tender available at<https://www.gov.uk/government/organisations/hm-revenue-customs/about/procurement> |

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| **6** | **Further information** |
| * 1. **Questions and Clarifications**
		1. Please send any clarifications questions which you have on this Request for Quote via the SAP Ariba Sourcing system by **2nd September 2016**.
	2. **Expenses**
		1. Expenses will not be payable if a Provider is invited to make a presentation for clarification purposes.
		2. Travel to and from the Primary Location must be included within your commercial response on an individual assignment basis and will not be reimbursed separately by HMRC. Expenses are payable where travel to other locations is required as part of the assignment forming part of this agreement. Where an overnight stay is required HMRC will pay for actual bed and breakfast costs within the current maximum limits. Any other subsistence or incidental expenses are not payable. Receipts must be provided. All other expenses will be payable at the discretion of HMRC. The Service Provider shall not incur any such expenses without the prior approval of the HMRC Work Manager. Any expense incurred by the Service Provider without prior approval shall not be reimbursed.
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| **7** | **HMRC specific Terms & Conditions** |
| * 1. As a result of government policy to achieve greater transparency in public procurement and help deliver improved value for money, HMRC is obliged to publish tender documents for all contracts with a whole life value of over £10,000. There is a further obligation to publish all contracts with a whole life value of over £10,000 with effect from January 2011. It is a condition of bidding for this work that applicants accept these obligations and agree to the subsequent publication of the contract once awarded.
	2. If this Request For Quote is being issued under the Terms and Conditions of a non-HMRC contract then the following shall also apply:
1. The Provider shall at all times comply with the Value Added Tax Act 1994 and all other statutes relating to direct or indirect taxes.
2. Failure to comply may constitute a material breach of this Contract and the Client may exercise the rights and provisions conferred by the Condition of Termination in the relevant contract.
3. The Provider shall furnish to the Client the name, and if applicable, the Value Added Tax registration number, PAYE collection number and either the Corporation Tax or Self Assessment reference of any agent, Provider or sub-Provider of the Provider prior to the commencement of any work under this Contract by that agent, Provider or sub-Provider. Upon a request by the Client, the Provider shall not employ or will cease to employ any agent, Provider or sub-Provider.
	1. By submitting a response to this Request For Quote the Client will deem that you accept the above HMRC specific Terms & Conditions
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| All queries in relation to this Request for Proposal should be directed to the HMRC contact detailed in **1.** Above initially, but direct contact with the Business area will be possible upon request to help develop your proposal.  |

**Appendix A – Customer Closeness Programme**

* **The benefits of Customer Closeness**
* **The limitations of Customer Closeness**
* **Do I need research or Closeness?**
* **Annex: Closeness options**

**The benefits of Customer Closeness**

Customer closeness consists of carefully constructed activities which help the Client’s staff spend time listening to, observing and/or carefully questioning customers, in order to help gain a really good understanding of where they are coming from and to have a better basis on which to engage with them.

It allows the Client’s staff to develop an appreciation of: what customer’s lives are like; what is important to them; how they think, feel and act; what they think of particular aspects of taxation and how they feel about dealing with HMRC.

Getting closer to customers also helps the Client’s staff to develop much greater empathy for them - encouraging, as it does, the use of emotional intelligence and engagement with them as ‘real people’ rather than the ‘wholly rational agents’ they can sometimes be assumed to be.

Importantly, customer closeness can provide staff with the kinds of personal ‘stories’ that are hugely useful in illuminating discussion, making debates meaningful, and illustrating key points - bringing customer’s viewpoints to life in a living, breathing way. This in turn helps make the customer central to what everything HMRC does, in a much more vivid manner.

**The limitations of Customer Closeness**

Customer closeness is generally small scale and ‘illustrative’. Unlike research it does not have: representative samples; multiple interviews; trained objective/detached moderators; a system of cross comparison and rigorous analysis of findings.

Closeness is best used (in conjunction with other sources of customer knowledge) as an informal way of learning and understanding real customer issues. It can offer very valuable insights and can certainly highlight what some of the key issues might be from the customer’s viewpoint. But it cannot be used as the sole basis of business decisions.

**Do I need Closeness or Research?**

The table below gives some pointers to think about. If the answers are all in the research column then they need research but if they are in the closeness column only then closeness is the best option.

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| **Research** | **Closeness** |
| I need a firm answer to an important question | I need a better feel for customers in general |
| I want to make business decisions on the back of this interaction with customers | I need as appreciation of the issues from the customer perspective |
| I need to get a good understanding of the variations in how different people see the same issue | I want to explore how the customers viewpoint might differ from mine or others within HMRC |
| I need customer input to help resolve a specific problem | I need customer input to help start thinking about a specific problem |

**Key Customer Closeness Options**

This is not an exhaustive list of the different types of closeness available but represents some of the most commonly used types

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| **Closeness Activity** | **Useful for** | **Cost indication** | **Recommend-ed number of observers/ moderators****per session** |
| 1. Viewed closeness groups.

Group discussions run by an experienced external moderator in a facility which permits a number of people to watch from behind a viewing mirror. | Groups in general are useful for getting a broad range of views and for when customers may not have given a great deal of rational thought to why or how they do something. – The process of discussing with others helps them to think about and articulate their thoughts on a subject.An external moderator is useful for when the subject matter means it may be difficult to get the customers to open up or if there is no-one available internally who can moderate a group.  | Very High | 6+ |
| 1. Participatory groups – run by an experienced external moderator with a mix of HMRC staff and customers taking part in the discussion together
 | Good for allowing a number of team members to discuss a subject area with customers in a controlled way. Can be very useful if the subject matter requires some detailed knowledge – but HMRC staff are not very experienced at moderating closeness groups. Or in situations where different members of the team have different hypotheses/points of view they want to test. | High | 3-4 |
| 1. Closeness groups run by HMRC staff – either mini groups or full groups
 | Great way of exploring issues first hand with a number of customers. Interaction between participants makes it more likely that the subject will be thoroughly discussed/debated.Requires confident moderator. | Med/High | 2-4 |
| 1. Group/depth hybrid, - group consisting of mix of HMRC staff and customers is run by external moderator. Group then splits into series of individual or paired ‘speed dating’ interviews
 | Good for instilling confidence in both customers and those with little/no moderating experience.Good way of introducing a number of HMRC staff to closeness activities. | Med/High | 4 |
| 1. Series of brief (10-20 minute) individual face to face ‘in-depth’ interviews – speed dating.

Several HMRC staff can each talk to a number of customers in the same session | Good way for number of HMRC staff to each talk to a selection of customers – gaining. (Can each cover different issues/topics with the customers and share info at the end) | Low/Med | 5+ |
| 1. Individual face to face ‘in-depth’ interviews (normally between 45mins – 90 mins depending on the topic)
 | Good for when seeking a reasonable amount of detail from the customer. Allows you to explore in depth how customers approach a particular activity. Also appropriate for when people are likely to be more open and honest in a one to one situation. | Low/Med | 1 |
| 1. Paired face to face ‘in-depth’ interviews
 | Same as individual face to face in depth but gives some opportunity to compare and contrast customer perspectives. Useful for subjects where an element of discussion may help the customer think around the issues or better articulate their own point of view.  | Low/Med | 1 |
| 1. Assisted ‘in-depth’ interviews – external moderator assists with the questioning in the first interview
 | Same as individual in depth interviews – but ‘professional’ moderator is present to provide training/assistance. | Med/high | 1 |
| 1. Telephone ‘in-depth’ interviews
 | Useful for when customers are difficult to recruit for face to face interviews – e.g. time poor or geographically dispersed. Can be more difficult to build a rapport with the customer though. Also more difficult to show anything visual. So can be a little less productive in some respects. Often very worthwhile nonetheless. | Low | 1 |
| 1. Accompanied tasks – single customer
 | Interviewer watches/questions customer as they attempt to accomplish a tax related task – e.g. finding info on the website or filling in a form. Very good for understanding the problems with the process. | Low/Med | 1 |
| 1. Pre-tasked interviews or closeness groups
 | Customers are asked to accomplish a task or series of tasks prior to attending an interview. This could be a task they have never done before or it might to help them remember the specifics of something they did some time ago. Pre-tasks can also include keeping a diary of everyday events (e.g. at work) that may help the discussion on a certain subject. Pre-tasks help ensure customers come along to the interview with a view on a topic. | Med/high | 1 for interviews2-4 for groups |
| 1. Interviewing HMRC front line staff
 | Quick way of getting the benefit of the ‘concentrated learning’ these staff have about particular aspects of customer behaviour, attitudes or issues.Can be done face to face or by phone. | Low | 1 |
| 1. Listening in on customer calls or sitting in on customer visits to HMRC
 | Gives direct experience of the key issues that customers present, their attitudes/demeanour and the way they talk about these issues | Low | 1 |
| 1. Attending HMRC customer visits/inspections.
 | Direct experience of customer responses and issues.  | Low | 1 |

All the above can be conducted with individual or business customers - as well as with agents/representatives, or a mix of customers and their agents.

These can be conducted at the participant’s place of work or home, at HMRC offices or in a neutral hired venue such as hotel meeting room or research ‘viewing facility’.

**Appendix B – Current Guidance documents**

