Openly Sharing Your RFP Objectives and Information with Vendors – What a Concept!
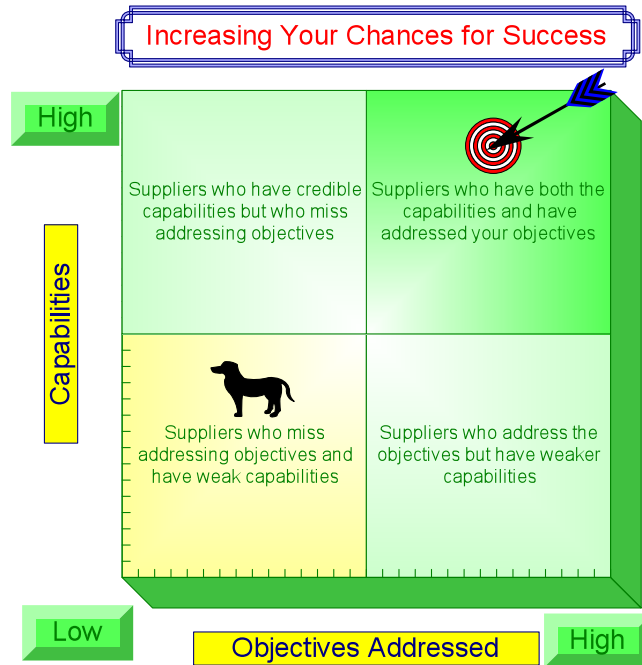
By Douglas Shurts

On the surface, the idea of beginning your project by clearly stating your Request for Proposal (RFP) objectives and then communicating them directly to your potential suppliers would seem to be obvious. However, that has certainly not been the case in a surprisingly large percentage of situations I have been involved with over many years.

Whether intentional or not, there are many reasons a RFP project's key objectives do not get shared as they should. The lesson here is very straight forward, the better you articulate your needs and business objectives the better a "receptive" vendor/supplier will address those areas of importance that you require in return. This concept can be further highlighted by something I learned a long time ago during a Business Research course in my MBA curriculum. The fact is that +99% of failures in research go wrong in the very first step! That first step is to properly define the problem the research is set to address.

The identification of what your company must achieve in the RFP project, the ensuing articulation of those objectives and the communication of them to your prospective vendor/suppliers is analogous to defining the problem statement in research. Both communications must clearly state the objectives and must be understood by all who then participate in the downstream processes.

It is essential to keep in mind that a thorough RFP informs prospective vendor/suppliers of your organization's needs and expectations. It ensures that all vendors are evaluated on a level playing field, and gives them the opportunity to respond in writing to all of the requirements affecting your selection criteria. By stating exactly what your require, insures a much clearer field of view as to which vendors will best meet your company's needs across the board.

In this article, I provide a framework of best practices from planning a project through the selection of a vendor/supplier. This will be helpful in planning any vendor/outsourcing program.

Increasing Your Chances for Success

Capabilities (vertical axis: Low to High) vs. Objectives Addressed (horizontal axis: Low to High)

- Suppliers who have credible capabilities but who miss addressing objectives
- Suppliers who have both the capabilities and have addressed your objectives
- Suppliers who miss addressing objectives and have weak capabilities
- Suppliers who address the objectives but have weaker capabilities

Framework, Requirements and Best Practices

This article provides general requirements and best practices for the pre RFP preparation to the issuing of an External Data RFP through the signing of a contract. Thoughtful creation of the project's objectives and achieving concurrence with your key business partners is the starting point. Specifically, to help answer what the contents of a RFP should be and what to ask for in an RFP I have include a generic RFP outline example (Attachment A).

Utilizing many years of experience in the RFP process, outsourcing and partnering arrangements, I offer those best practices learned through familiarity for consideration within this framework.

Recommended framework:

1) Strategy/Objectives – Keeping the end in mind, when finished what does success look like?
2) Description of the General IT Environment (background for the Vendors)
   a) Documentation
   b) Information meetings with vendors
3) Determination of the need for a Request for Information (RFI)
4) Preparation of the RFP – what to ask for and what areas to address
5) Vendor Reviews and Selection
6) Negotiation of the Final Deal
7) Ongoing Maintenance and Service Considerations

1) **Strategy/Objectives**: Prior to the creation of the RFP itself, it is essential to first identify the primary objectives for your project and specifically what objectives the RFP must address. In plain language, by contracting for the services requested within the RFP, what does your business need to obtain (specific capabilities) and be able to accomplish as a result of the work represented within the RFP? It is also a good idea to identify as many key success criteria (KPIs Key Performance Indicators) as possible inside the RFP's relevant sections. The clearer you are with your objectives the more likely you will receive more bids that can be considered and that you will choose a vendor that can successfully meet your needs.

2) **Description of the General IT Environment** (background for the Vendors): As an essential component of the RFP, I would highly recommend creating positional documentation containing an overview of the existing Host company operational/technical environment and the key information that a vendor will need to know to successfully address your needs in his reply bid. In addition, I strongly recommend that you extend the offer to hold a meeting to provide a brief overview of the Objectives of the RFP with any vendors that wish to attend (this can be in person, via phone or a combination). In addition to improving the communication of your objectives & needs, this also allows you to experience the people representing each vendor, their level of understanding, the quality of their questions, etc. The better your objectives and needs are understood the more likely you receive back RFP responses that address your specific needs. This will increase your chances for bids that can be seriously considered. You might also receive some insightful questions and suggestions you had not thought about before which can then be incorporated into your plan. The vendor meeting should be held after ample time has been given to the vendors to review your RFP. Set the expectation with all vendors that they should come to the meeting well prepared with questions and process suggestions.

In addition, it is also a great opportunity to generally explain the criteria on how you will rate the RFP responses. The more vendors that fully understand what you are looking for will greatly increase your probability of getting quality responses. For example, having 5 quality vendor responses versus only 2 or 3 significantly increase your options and enhances the competition for gaining your business. A suggested outline of the meeting agenda follows:

Headquarters: 26 Church Street   PO Box 305   Liberty Corner, NJ 07938
Business Development & Project Delivery Office: 72 Taunton Street   Plainville, MA 02762

508-553-9008   ©2012 Principles Group, LLC. All Rights Reserved.

Meeting to Introduce & Review the RFP
- Introductions of your company members and vendor representatives
- RFP Objectives and Overview of key components – host company
- Brief review of how your company will evaluate the responses
- Question Period - Open the floor for inquires by RFP section & on the overall process
- Conclusion with key next step milestones and due dates & share a contact list for the ongoing process as needed

3) **Determination of the need for a Request for Information (RFI)**: If you have little or no experience with the project within the RFP you should first prepare a RFI in advance of formulating your RFP. Many managers now include this step as a natural method of learning to understand if there is a good external match for their program, to sharpen their knowledge, to firm up their objectives and even pre-qualify supplier/vendors. A basic rule of thumb is this, if your company has experience and performed well with the program you are outsourcing then you might not need to take this step, however, if your company lacks experience or has difficulty performing this process then it would be a wise idea to consider including a RFI as a step in this process.

4) **Preparation of the RFP – what to ask for and what areas to address:** There are several varieties of the specific categories that can be included and that can best be determined by your organization as to the specific topic environment and the objectives of the RFP. The general RFP contents are recommended as follows:

I)   Objectives and Background - defining success
II)   Project Description – What this is and what is needed?
III)   Bidder Requirements & Information - instructions to bidders
IV)   Design Requirements & Technical Specifications
V)   Customer and Functional Requirements
VI)   Project Management

A more detail outline is provided in Attachment A.

5) **Vendor reviews and selection:** I recommend holding vendor review sessions soon after the date that the bids are due back from each vendor. This can be accomplished via conference call or face to face.   For each vendor that responds with a bid to the RFP, provide a time and place for each of the vendors' representatives to present to you the proposal bid to the RFP. These meetings should be focused on the original objectives and key areas with the RFP that you have asked them to address. There should be enough time to address these areas, explain the proposal and for you to ask important questions of understanding. The meeting should end once these objectives have been achieved. Now comes the hard part, fully evaluating and comparing all of the proposals to arrive at a decision come next.

Using the same information, e.g., objectives, key RFP areas and criteria for making a decision (AKA rating criteria as covered earlier) you must now arrive at a decision. It is critical to establish a budget range to fund a project of this type. This should be accomplished by processing the project

Headquarters: 26 Church Street   PO Box 305   Liberty Corner, NJ 07938
Business Development & Project Delivery Office: 72 Taunton Street   Plainville, MA 02762

508-553-9008   ©2012 Principles Group, LLC. All Rights Reserved.

through the company's Benefits/Business Case process. It is best to have created a scorecard of your criteria/objectives in advance to help the decision makers grade and evaluate each vendor to arrive at the best and most objective decision. A sample score card can be seen in figure B. Naming the decision makers and their role in advance (ideally by the time the RFP is completed and ready to send out) will help insure this process advances more smoothly.

6) **Negotiation of the Final Deal:** Utilizing the RFP outline and your specific requirements developed as part of this process, you can and should create a draft contract along with the appropriate parties (Legal, Purchasing, etc.) within your company. By keeping the end in mind your chances of getting what you need are greatly increased.

    It could be clear when all the bids are in that there is one standout winner. If this is the case, most of the concluding details needed to close the deal can be finalized based upon terms already pre-established in the RFP.   Some of the particulars that should be considered here and should be detailed within the contract include:

    - Commencement, timing of the work
    - Completion of key milestones as well as the project delivery
    - Staffing requirements and related personnel assignments
    - Parameters for exactly what the pricing includes and linking payment to achievement of milestones/objectives/SLAs both during implementation and for ongoing operations
    - Provisions/consequences for missing key dates/objectives/SLAs
    - Creation of Service Level Agreements (SLAs) for critical ongoing measures of readiness and service
    - Management between you and the vendor of the transition of the operation/service to the new environment
    - Negotiation of vendor/supplier's contract terms

    It is also possible that two or more vendor bids are "too close to call" based upon the information received by the initial decision deadline. First and most importantly be prepared with some method/process to deal with this possible occurrence. For example, utilize a second tier of criteria that would help break the deadlock, or identify several of the most important criteria that could be enhanced and make that request of all remaining vendors. Working together with the decision makers, you can then use their responses to help decide.

7) **Ongoing Maintenance and Service considerations**: The new operation processes, e.g., data sources, services, applications, etc. developed from the RFP once established must then be maintained, tested and audited to ensure that it remains appropriate to the needs of the organization and the clients of that which the organization supports. Many of the requirements for this should be addressed and answered within the RFP process. However, a vendor's reputation, ability to perform in the long run and your assessment of their capability to be a good partner in your operation are some of the key intangible elements that must be considered.

    Lastly, a realistic and reliable continuity plan is essential to have addressed within the RFP process. This will insure that your business continue to receive uninterrupted quality services as well as the

necessary application support to continue providing reports and information to the client organizations.

Closing Note: This article has enumerated the steps for the preparation of an RFP through the selection of a vendor/s. Following this approach and advice will greatly increase not only your decision on choosing the best qualified vendor but also your chances for success in managing the relationship into the future. How you now successfully manage the operation/service that has just been contacted is an entirely different matter. Program offices, governance, vendor, contact and project management can all play a vital role.

Attachments

    A.   *General RFP Outline – Principles Group*
    B.   *Vendor Rating Report Example - PrinciplesGroup*

Table B – Vendor Rating Report Example

RFP Scorecard on Key Criteria			
Vendor A	**Vendor B**	**Vendor C**	**Comments**
Very Good	Average	Poor	• One-click ordering for most services • View bill • FAQ and E-mail
Very Good	Poor	Poor	• Self-service
Poor	Very Good	Average	• Product information, integrated ordering
Very Good	Poor	Very Good	• View and pay bills
Poor	Very Good	Poor	• View bill and customer profile • E-mail
Very Good	Average	Poor	• Experience with consumer markets
Average	Poor	Average	• View bill and customer profile • E-mail
Poor	Average	Very Good	Ad Hoc Reporting
Very Good	Very Good	Poor	• Request bill summary via e-mail • FAQ and E-mail

Legend:
- Very Good
- Average
- Poor

Headquarters: 26 Church Street   PO Box 305   Liberty Corner, NJ 07938
Business Development & Project Delivery Office: 72 Taunton Street   Plainville, MA 02762

508-553-9008   ©2012 Principles Group, LLC. All Rights Reserved.

Attachment A

General RFP Outline

1. *Objectives & Background*
    i. **Project Objectives –** *define success*
    ii. *Company background*
    iii. *Scope of this project*
    iv. *Budget*
    v. *Timeframe for the RFP and the entire project?*

2. *Project Description*
    i. *Given the project objectives what is required?*
    ii. *Operations/Services Scope - What is the scope of the project?*
    iii. *What issues/problems/concerns are you trying to resolve?*
    iv. *Do you need a needs assessment analysis and report as part of the Response?*

3. *Bidder Requirements & Information*
    i. *RFP Response Format - Does the vendor have the experience and resources to successfully handle your project?*
    ii. *Describe all you will need to know about the bidders (this can help with prescreening)*
    iii. *Describe bidder's background and qualifications:*
        1. *Projects of similar size, content, and complexity;*
        2. *Multi-vendor project experience;*
        3. *Experience in Education; Technical certifications, Professional certifications, etc.*
        4. *Years of experience;*
        5. *Impartiality (not affiliated with any provider of goods or services);*
        6. *References (include contacts, phone number, date and description of services provided);*
    iv. *Have the bidder provide a sample RFP table of contents that they would recommend given your situation*

4. *Design Requirements & Technical Specifications*

5. *Customer and Functional Requirements*
    i. *Customer, client and configuration requirements*
    ii. *Standards to adhere to*
    iii. *Service Level Agreements (SLAs)*

6. *Pricing and Terms*

7. *Project Management*
    i. *Who will be the main point of contact for your organization/company?*
    ii. *How will the tasks be divided between you and the vendor/s?*
    iii. *Are there any third parties (subcontractors, etc.) that will also be involved in the project?*
    iv. *What other reporting will be required? Formal presentations?*

Headquarters: 26 Church Street   PO Box 305   Liberty Corner, NJ 07938
Business Development & Project Delivery Office: 72 Taunton Street   Plainville, MA 02762

508-553-9008   ©2012 Principles Group, LLC. All Rights Reserved.