

RFP Report

MRKT 4160 S50 – Business Development

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What is an RFP?

A Request for Proposal (RFP) is a call to potential suppliers to submit a proposal for selling of goods or services. An RFP initiates a bidding process between suppliers to try to do business with the company who submitted the RFP (Rouse, 2007). Generally RFPs are procured through personal relationships, websites (corporate and third party RFP hosts) and word of mouth. The content of an RFP is vital to the success of the project, as it clearly outlines what the company wants from the suppliers (Rouse, 2007). Sometimes companies will issue a Request for Quote (RFQ), which is a pared-down version of a RFP when the company requires something that is clearly defined. An example of this would be a need for specific equipment. Another variant is the Request for Information (RFI) is a call to potential suppliers to provide information about themselves. This is generally used to narrow the list of potential suppliers so that the company can put a future RFP to a narrower audience. (Mhay & Coburn, 2008)

From Buyers Perspective

In order to write an effective RFP there are numerous components that should be included to increase chances of success. A brief background of the organization should first be included to give a sense of what the organization stands for and believes in. Goals should be communicated in a way that focuses more on what is trying to be achieved than what the end product is expected to look like which gives the seller space to explore and share their own creative approaches to achieve the buyers' business goals. Project requirements should be detailed including information on launch dates, deadlines, legal clearances, etc which will help to determine unqualified candidates as well as deliver more accurate results. Buyer's expectations should be included in the RFP to reduce the risk of receiving irrelevant information and instead receive only pertinent information for that particular project/request. The final three components that should be included are a timeline, budget, and questions section. These sections give sellers the information needed in order to develop the best solution to meet budget and timing restraints (Ramsey, 2011).

From Sellers Perspective

When responding to an RFP as a seller there are a few things to consider when trying to 'win' the deal. The first and most important, is knowing the buyer is looking before they issue the RFP, or in Ritchie Bros. case the RFI. Robert Potter, the author of the article *Three Keys to Winning RFPs*' states, "If you wait for the RFP, you have already lost". The goal here is to gain the inside track

when it comes time to for the prospective company to contract a seller. If a seller does not have a pre-existing relationship with these buyers, the first step is become a *considered* service provider and then begin working up the hierarchy. Potter refers to this as penetrating the 'invisible' market. The goal of this process is when it comes time to sell, the company will contact your company.

The second thing to consider when responding to RFPs is deciding if a particular RFP is worth the time and resources that will be spent responding to it. Responding to an RFP can take weeks, even years. These opportunity costs must be considered and weighed against how the time and resources could be spent elsewhere. Some questions to consider when making this decision include:

- Do we have an existing positive relationship with the buyer?
- Do we have the needed skills, capabilities or resources that are critical to the project's success and are difficult for competitors to copy?
- Does the client understand and recognize our unique selling proposition (USP)?
- Do we have access to the company before submission or presentation of the RFP?

The third thing to consider when responding to an RFP is the process that the company goes through when considering the applicants.

There are three stages the buyers will go through; the search phase, the screening phase and the selection phase. The key to passing the search phase it to be sure your company is invited to submit an RFP based on the pre-existing relationship.

The second phase, the screening phase, is intended for the buyers to find out if the sellers that have submitted RFPs are capable and match the decision criteria pre-set by the buying company. These criteria are pre-set before the RFP is posted. To pass this phase the seller must differentiate themselves from their competitors and communicate that their USP complements the buyers pre-existing criteria. It is important to call on the pre-existing relationship at this point and find out exactly what they are looking for and find a way to communicate you can do it better than any other competitor.

In the third and final phase of selection the final decision of who wins the RFP comes down to irrational emotions and personal preference. At this point the buyer has narrowed the group to a small number of applicants who are all able and willing to complete the project. The final decision comes down to the way the buyer feels about the seller and if they are comfortable, confident and

can trust the sellers and the key account rep. At this point the personal brand of the key account rep plays a huge role in the final decision.

Issues with RFP Process

Sometimes sellers miss out on possible deals because they cannot be bothered to get tied up in an RFP competition. This is particularly true when sellers sense they may have been invited to bid simply to provide a façade of competition while the buyers intended to pick a favoured seller anyway. A second problem is that the investment of time in the RFP process is expected to be made solely by the seller. If the prospective seller has questions, the buyers often won't answer or meet with the seller unless there is a positive pre-existing relationship (Schachter, 2013).

Best Practices

1. Be concise. The initial review of a RFP response is commonly a quick scan, not a thorough and thoughtful analysis. This leads to responses being rejected on the basis of how they look, rather than the content. Therefore it is important to be quick and to the point. If the agency has what the prospect is looking for, it will be seen immediately and the clarity and brevity of the communications will be appreciated (Morgan, 2009).

2. Customize the response. Almost every agency has standard language to describe their philosophy, their capabilities and their process. Agencies should never "mail it in" by simply cutting and pasting from a previous submission. Every question is an opportunity to demonstrate understanding of the category, the audience and the prospect. Whenever possible, responses should be framed in a way that demonstrates knowledge of the client's brand, market environment or audience (Morgan, 2009).

3. Address the prospect's criteria, not your own agenda. Everything you say should be relevant to the client and the assignment by addressing the specific criteria the client has identified as important. Offering creative ideas is a good way to demonstrate your thought process and creativity, but only after thoroughly addressing the question asked by the prospect. It should also be included that all preliminary ideas put forth can be developed further or rejected once greater understanding of the situation has evolved (Morgan, 2009).

4. Demonstrate your creativity and professionalism in the response. The RFP response is an opportunity to establish your agency as a professional resource that can solve a business problem and help them sell a product or service. But the RFP response is also an opportunity to provide a statement of your agency's style and creativity as well as your salesmanship. By making your RFP response stand out in a crowd, you send a message that you can make their company stand out as well (Morgan, 2009).

Recommendations

Create a RFP committee to determine the RFP's decision criteria made by the buyer and provide answers to the RFP, rather than going to each department on an ad-hoc basis.

Having a team of a people from each department providing the information needed by offering their own insight as to why the info was requested aiding in determining what the pre-existing decision criteria is, and decrease the time needed to complete the response.

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