



Developing a GREAT Services RFP...

Ways to Solicit Remarkable Proposals

Mark Trowbridge, CPSM, C.P.M., MCIP

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10:45 to 11:45 a.m.

“Definition of a good speech is one that has a good beginning and a good ending...preferably close together.”

Presenter



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Presentation Outline



- ✓ The Role of a Proposal
- ✓ Services vs. Products – What's the Difference?
- ✓ When to Compete Rather than Negotiate
- ✓ RFP Methods – Competitive Strategies
- ✓ Eight Attributes of a GREAT Services RFP
- ✓ One More Thing

What is a Great RFP?

It depends upon who you ask. A traditional procurement person will say a great RFP is one that makes all the suppliers propose the exact same thing; to make each a commodity, and by doing so force all the firms to compete on price alone. This type of RFP will often result in the cheapest price.

But is what you want the “cheapest services”? Really? Let me ask you this; Do you drive the cheapest car you can find or buy the cheapest television that you can find? I doubt it! You shop for the best value.

A great RFP should be written to encourage each supplier to tell us what makes them different, or more qualified, or remarkable. It should allow the firm to answer the question, “Why should we do business with you?”

The Role of a Proposal

The Role of a Proposal

- A proposal creates a level playing field (a common basis for comparison)
- It solicits deep, comparable information about suppliers
- Creates a sense of “urgency” in the mind of the supplier(s)
- Assists in getting and processing large amounts of information efficiently
- Creates a starting point for negotiations

Global Names Used In Solicitations

- Solicitation
- Tender
- Request for Proposal (RFP)
- Request for Quotation (RFQ)
- Invitation for Bid (IFB)

Common Elements? We Are
Inviting Suppliers to Submit an
Offer in a Desired Format



Services vs. Products

Key Differences

Products vs. Services

Key Aquisition Differences

Products	Services
<u>Tangible</u> - Product Can Be Defined	<u>Intangible</u> – Results Can Be Described
<u>Easily Measured</u> – Units of Measure (UOM)	<u>Measurement More Difficult</u> – Quantity of Service Does Not Determine Results
<u>Legal Foundation</u> - Greater Legal Protections (UCC)	<u>Legal Foundation</u> – Fewer Protections (Common Law)
Greater Focus on <u>Price</u>	Greater Focus on <u>TCO</u>
Product is Delivered at a <u>Point in Time</u>	Service Value is Delivered <u>Over Time</u>
Products Might Be <u>Covered by a PO</u>	Services <u>Will Require a Contract</u>
<i>“What?”, “Where?” and “When?”</i>	<i>“Why?”, “How?”, “Where?”, “When?” and “Who?”</i>

TCO – The Big Picture

Spend Category
- Lodging -



Competition vs. Collaboration

Pre-Requisites for Competitive Bidding

1. Sufficient Time
2. Requirements Can Be Clearly Defined
3. Value is Sufficient to Warrant Competition
4. Internal Willingness to Change Suppliers
5. Enough Qualified Suppliers Exist



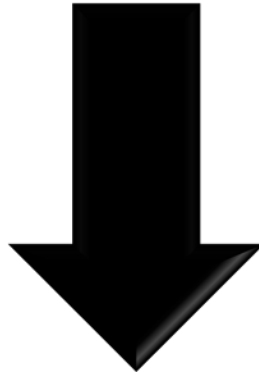
Classic Errors in an Requests-for-Proposal

- Setting Too Short of a Time Frame
- Killing a Fly With a Nuclear Bomb
- Hiding the Carrot
- Requiring Industry to Price in a Non-Standard Manner
- Not Consolidating Questions and Answers Through One Team Representative & Process



RFP Methods
Competitive Strategies

Choosing the Best RFP Approach



RFP + Auction	First & Final Offer (FAFO) RFP	Multi-Phase RFP Best & Final Offer (BAFO)	RFP + Negotiations (Shortlist or Finalist)	Single RFP for Multiple Spend Categories	Single RFP - Multiple Awards
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Single RFP

Best Pricing – Multiple Awards

	Product 1	Product 2	Product 3	Totals
Supplier A	\$1,300,000	\$650,000	<i>\$450,000</i>	\$2,400,000
Supplier B	<i>\$1,200,000</i>	\$750,000	\$525,000	\$2,475,000
Supplier C	\$1,350,000	<i>\$550,000</i>	\$900,000	\$2,800,000
Low Bid	<i>\$1,200,000</i>	<i>\$550,000</i>	<i>\$450,000</i>	<i>\$2,150,000</i>

Attributes of a Great Services RFP

Attributes of a GREAT Services RFP

1. 'General to Specific'
Formatting
2. Carrot First
3. Easy Preparation Format
4. Questions That Result in
Meaningful Answers
5. Business English – Not
Legalese
6. Carefully Written
7. Modular Sections Simplify
Evaluation
8. Designed to Transition Into a
Contract



Attribute One

General to Specific Formatting (Page 1 of 2)

- RFP Should Be As Few Documents/Files as Possible
- Modular Format:
 - ✓ Non Disclosure Agreement (Pre-RFP)
 - ✓ Cover Communication With Key Performance Dates:
 - Intent to Respond
 - Bidder Questions
 - Answers to Questions
 - Bidder Conference (Optional)
 - Proposal Due Date
 - Finalist Presentations

Attribute One

General to Specific Formatting (2 of 2)

- ✓ Information & Instructions for Bidders
 - Buying Company Information
 - Overview of Desired Services
 - Instructions – Completion & Submission of Proposal
 - Legal Parameters for Proposal Submission

- ✓ Proposal Documents:
 - Bidder Declaration
 - Bidder Company Questions
 - Service Questions
 - Service Fees
 - Exceptions to Sample Agreement/Terms

- ✓ Sample Agreement/Terms

Attribute Two

Put the *Carrot First*

- Research and Pre-Qualify “A” Team Bidders
- Involve Senior Executives of Bidding Suppliers
- Provide Concise Summary of Scope, Volume, and Value AT START of RFP
- Allow Enough Time for Response to RFP (4 – 5 Weeks Preferable for Complex Proposal)
- Do NOT Overlap Holidays In RFP Timeframe



Attribute Three

Easy Preparation Format

- Short and concise questions. Don't ask suppliers to recreate Excel™ worksheets for simple comparisons.
- Word™ documents for extended text responses (> 1024 characters eliminates ability to text wrap in Excel), diagrams, graphics, etc. Word allows superior footnoting, formatting, outlining, numbering...
- Full Page Width for Response (Shortens Proposal Length)
- Do NOT provide suppliers with PDF documents which require re-creation.
- Have the supplier provide a printed proposal if multiple (or lengthy) electronic files make up the requested submission.

Attribute Four

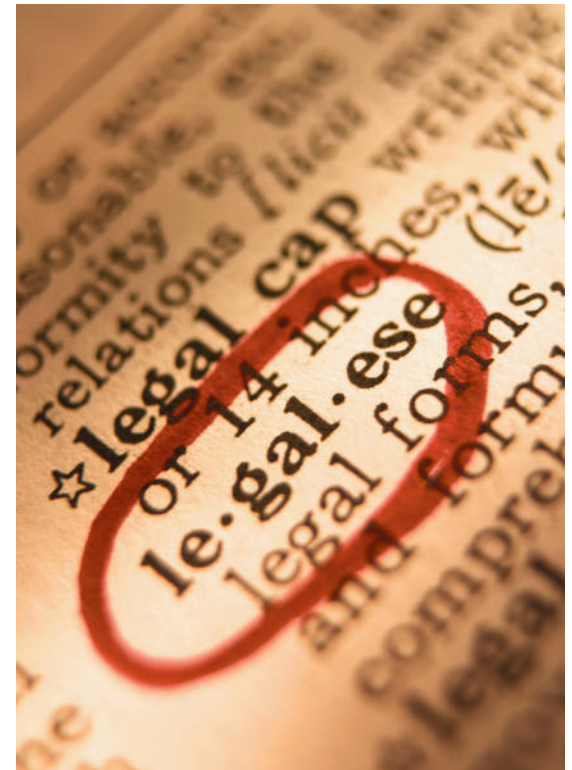
Ask Meaningful Questions

- Avoid “Yes” or “No” questions (except for basic capability qualifiers)
- Avoid generic questions like, “*Describe your quality assurance program*”. Those encourage the supplier to copy/paste generic information from websites and previous proposals.
- Ask questions about how the supplier will apply their unique capabilities to your firm’s circumstances. Seek to understand the supplier’s strengths as they apply to your requirements....for example, “*Describe Bidder’s quality control procedures as they would be applied to the call center services requested in this RFP.*”
- Use scenario questions which require the supplier to apply its standard capabilities to a hypothetical situation which may occur during a potential contract term.

Attribute Five

Business English – Not Legalese

- Keep as much of RFP plain and easy to understand.
- Minimize use of company abbreviations (departments, processes, etc.) without first defining them.
- Use Business English rather than Legaleze....Herein, Aforementioned, Hereinafter...
- Avoid older phrases like “Vendor” or “Purchasing”...which infer an older style of managing suppliers.
- Consider using plain pronouns like “we” and “you” rather than “Company”...



Attribute Six

Carefully Written

- Read document completely through.
- Have a colleague in procurement also proofread RFP, before it is shared with internal stakeholders or potential bidders.
- Put yourself in the supplier's shoes. View the document from their point of view....Sales SVP – *“We get various people from different departments into one room to read a client's RFP...and rip each other's hair out.”*
- Identify/correct errors, unclear, or unnecessary questions:
“Question 18 – If the answer to Question 18 was ‘Yes’, please define the responsibilities of all involved parties.” [Note, this was Question 18]

Attribute Seven

Modular Sections Simplify Evaluation

- Group questions by topic. This will make evaluator score-carding easier.
- Position “Yes” and “No” questions at beginning of each topical section, followed by text responses. This will allow faster review by your team.
- Give evaluation teams a guideline for scoring suppliers’ response to each question:
 - ✓ *“A score of 7 to 10 means the Bidder has excellent experience operating call centers for companies like ours.”*
 - ✓ *“A score of 4 to 6 means the Bidder has good experience operating call centers for companies like ours.”*
 - ✓ *“A score of 1 – 3 means the Bidder has minimal experience operating call centers for companies like ours.”*

Attribute Eight

Designed to Transition Into a Contract

- Have bidders list any “exceptions” to a sample agreement (or core terms)
- Evaluate/score exceptions during score-carding of proposals.
- Solicit “SOW” content in the proposal (including having bidder’s outline a SOW in a format which can most-easily be transitioned into a later agreement).
- Have suppliers comment on SLA metrics in proposal.



One More Thing...

Alternatives - Describe any changes to the services requested in this RFP which could reduce the fees in Bidder's proposal. For each suggested change, Bidder should detail the associated incremental fee reduction. The acceptance of any "alternative" suggestion will be at Company's sole discretion, and does not affect the other required proposal elements in Bidder's submission.

Additional Questions



Feel Free to Contact...

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