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## RFP's don't guarantee best product or best price

Many companies use a Request For Proposal (RFP) process to acquire goods and services. Used properly, an RFP helps get the best product at the best price; used improperly, an RFP can lead to a suboptimal solution at an inflated price. Knowing when to use an RFP and how to structure it can save you time, effort, and money.

A Request For Proposal (RFP) is a document issued by a buyer to acquire goods or services. At a minimum, the document details what the buyer wishes to acquire and the minimum qualifications required of any vendor who responds. Vendors respond to this document by creating a proposal, which includes details of the products they will provide and the price they will charge.

From an administrative point of view, this sounds like an organized and efficient way to acquire any goods or services. For this reason, many large organizations in both private and public sectors have adopted the RFP process. Unfortunately, poor execution of the RFP process leads many of these same organizations to overpay for solutions which may not best meet their needs.

Before you decide to create and issue an RFP, consider this:

### **Keep It Simple**

Some people mistakenly believe that a big RFP is a good RFP. On the contrary, make the RFP as brief as possible. If you require a vendor spend a week completing forms to bid on your project, then the cost of a week of their time will be reflected in their bid. Either directly or indirectly, you will end up paying for the vendor's time.

### **Specify What not How**

If you require a very specific good or service, provide enough detail that only the exact product you want (or a suitable alternative) will meet the criteria you specify. The vendor doesn't need to know what you're going to do with the product or even anything about your company. This should be a short RFP emphasizing the product sought.

On the other hand, if you are looking for a solution to a technical/business problem, then explain the problem to be solved, but don't mandate the solution you envision. Every vendor brings a different set of skills and tools to the table; let him propose how he might solve your problem. You might be pleasantly surprised at the creativity of vendors, and they may propose solutions more effective and lower cost than the solution you envisioned. This RFP should emphasize your business and the problem you are trying to solve.

### **You Get What You Ask For**

Most RFP's describe how proposals will be evaluated, including a scorecard which assigns a level of importance to each aspect of the proposal. Design this scorecard carefully, as vendors will design their solutions and even the bid responses to reflect the areas you emphasize.

If you assign a lot of importance to the size of the bidder's organization, you may discourage smaller firms (possibly more cost effective firms) from bidding. If you ask a lot of questions about technological underpinnings to proposed solutions, you may get very technical bids instead business oriented bids.

### **Don't Issue an RFP At All**

Instead of putting yourself and vendors through an RFP process, a less demanding RFI process may be more suitable. A Request For Information (RFI) is similar to an RFP, but provides vendors a chance to demonstrate competencies and solutions without having to commit to one (or committing to a price).

An RFI is often a start to a dialog, whereas an RFP is an end. Identifying qualified vendors and then getting to know them and their capabilities will often lead to a more cost effective and suitable solution than simply issuing an RFP.



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