

- You'll likely negotiate with the final one or two suppliers over pricing and contract terms before the final choice - your #2 will be in place if your #1 falls through

What does an RFP provide?

We need to start with this question. Otherwise we're just repeating past mistakes.

Here's a line of thinking, baby stepping from one assumption to another, that'll help clarify our RFP thinking.

An RFP provides:

- An evaluation process for selecting a service supplier
- The selected supplier contracts to deliver service value
- Service value is delivered continuously over time - you don't get it in one bucket at the beginning
- Service value accumulates over time - your daily doses add up to more at the contract end than at the beginning
- Service value received doesn't always match price - some months you get more, others less
- Evaluating then selecting a supplier is an exercise in choosing a partner for the delivery of future value

Ergo:

The goal of an RFP process is to select the best supplier solution that will deliver the greatest future value.

You're looking for a partner to deliver on their promise and your expected value.

5 Keys to Identify the Best Supplier

Here are five keys to evaluate, and then select the most appropriate supplier and solution.

1st Key) Suppliers' Specific Site Plan

Remember, suppliers are pre-qualified on the bid list so the question is what are they offering specifically to you and your sites.

You'll get this info from:

- Suppliers telling you in their proposals & presentations

2nd Key) Suppliers' Thought Processes

This is the most important area to evaluate when looking at a

supplier's ability to deliver future value.

In the real world stuff happens. Your chosen supplier's ability to deliver depends on how they think, decide and respond.

If you don't evaluate it, then it doesn't matter that you agreed to 50% less than the prior supplier, because you're not likely to receive value from whatever you pay.

Consider getting suppliers' responses to at least these key areas during the RFP process (there are more to consider):

- Why did the supplier create their specific site plan the way they did?
- How will the supplier deliver innovation & creativity to your site?
- How will the supplier resolve conflicts & when are they communicated?
- How will the supplier continuously improve your service?
- How will the supplier proactively seek to reduce your costs?
- How will the supplier manage their profitability at your site?
- How will the supplier resolve conflicts between their profit & your service needs?

You'll get this info from:

- Hello! This is rarely, if at all, explored in RFPs. If it's not explicit, how will you know?

3rd Key) Suppliers' Current Capabilities

You'll get this info from:

- Suppliers' certification by outside, 3rd parties (i.e. ISO)
- Media coverage highlighting suppliers
- Suppliers telling you in their proposals & presentations
- You talking to suppliers' references

4th Key) Suppliers' Past Performance

You'll get this info from:

- Suppliers telling you in their proposals & presentations
- You talking to suppliers' references

5th Key) Suppliers' Cost Proposals

You'll get this info from:

- Your financial analysis of supplier pricing, terms & total cost of ownership

8 RFP Design Tips for Great Selections

The more suppliers understand how you want their responses in your RFP, the better quality information you're going to get back.

That means:

...you'll have an easier job comparing responses and understanding suppliers' proposed solutions.

...you'll be making a better selection and with more consensus on your decision-making team. Stands to reason.

Yet many RFPs are badly put together, they're:

- Puffed up with cut-and-paste from other RFPs
- Full of contradictory instructions
- Difficult to find supplier instructions, or
- Lacking clear & precise instructions

Tip #1) Plan for Side by Side Comparisons

Whether it's a question or a statement you're requiring suppliers to respond to, it helps to think of the info you'll get back.

You'll want to evaluate responses side by side, so develop RFP questions to elicit manageable responses.

Avoid vague language that drives suppliers to dump everything in their response, such as "describe your business continuity plans".

Consider restricting the size of suppliers' individual responses by stating a maximum word count, and/or provide a limited space that constricts responses to a fixed word count.

NOTE: Enable responses to include graphics. Less is more and graphics communicate a lot in a little space. No reason to restrict responses to text only.

Tip #2) Ask Specific Application Questions

Typical RFP questions ask how suppliers perform a function, such as "Describe your Quality Assurance process".

As a result, you're likely to receive canned, generic responses about how suppliers do Quality Assurance...everywhere....and anywhere....

Unfortunately, just not where you are.

Phrase questions specifically to ask how suppliers will do what they do at your site(s).

You're asking them how they "apply" their resources, processes, and technology to your unique situation to produce the results you want.

Tip #3) Include Scenario Questions

Scenario questions provide suppliers your specific expectations - then asks them how they would meet them.

You're asking for specifics, specifics that will become deliverables in their contract should you choose them.

Isn't that what you want? To see exactly what you'll get and where? Then bake that into the contract as a supplier deliverable.

For more info on scenario questions, read "Scenario-based RFPs: Time to Change the Game" at http://www.serviceperformance.com/articles/22_ChangeRFPgame.php

Tip #4) Place Supplier Directions in the Front of the RFP

Put them first in the RFP. The document is for suppliers after all. Make it easier for them to find what they're supposed, rather than hunting for it 16 pages into the document.

Also, if you can't eliminate the Procurement story then move it much further down. (You know the story. The one telling suppliers how desirable it is to be one your suppliers. If suppliers didn't want your business, they wouldn't be in your RFP process, so they want it. No need to waste paper in the RFP.)

Tip #5) Make Instructions Simple & Complete

In addition to the usual instructions about when responses are due, to who, number of copies, don't forget to spell out some other instructions, like:

- Explain whether suppliers can use their proposal template for your RFP responses, or do they have place their responses in your document file.
- List out the Appendices to be included, what goes in them, and how they're to be labeled.
- For emailing responses, provide a file transfer site or service to enable suppliers to hand off their large size files to you, and avoid getting bounced from your email by corporate restrictions.
- If you're requesting responses to be emailed (and you don't need to copy out their responses for side-by-sides), stipulate they're in Adobe Acrobat files.
- Specify if you want printed copies to be printed double sided. It'll make those heavy binders a little less so.

Tip #6) Create a Reasonable RFP Schedule

Provide plenty of time for suppliers to visit the appropriate sites, attend the bidders' conference, QA submitting their RFP responses and preparing for the short-list presentations.

What's appropriate?

Depends on the size of your contract, number and location of facilities, and the complexity of the service.

It's your call, but give at least 1 to 2 weeks after the last site tour before supplier responses are due. Give about the same amount of time for preparing for short-list presentations.

Also, keep an eye on seasonal holidays. They'll impact suppliers' travel and the quality of responses. Suppliers are only human, and their best proposals may not come out over holidays, which means your choices can be less than optimal.

Tip #7) List Service Level Agreements (SLAs) in RFP

If you manage suppliers to SLAs and have financial penalties or incentives, you should spell out the SLAs' performance ranges and triggers. Hold off on the amount of penalties or incentives, and negotiate those with the #1 choice supplier prior to contract award. Those SLAs can then be baked into the contract.

Tip #8) Design Evaluation Criteria for Short List & Final

Save yourself last minute headaches. Determine if you'll be using numerical evaluation criteria for the first cut to the short list and the final decision.

That'll depend on how transparent your firm's buying process is. It's likely you'll follow Procurement's direction on that choice.

Summary

5 Keys to Identify the Best Supplier

- 1st Key - Suppliers' Specific Site Plan
- 2nd Key - Suppliers' Thought Processes
- 3rd Key - Suppliers' Current Capabilities
- 4th Key - Suppliers' Past Performance
- 5th Key - Suppliers' Cost Proposals

8 RFP Design Tips for Great Selections

- Tip #1) Plan for Side by Side Comparisons
- Tip #2) Ask Specific Application Questions
- Tip #3) Include Scenario Questions
- Tip #4) Place Supplier Directions in the Front of the RFP
- Tip #5) Make Instructions Simple & Complete
- Tip #6) Create a Reasonable RFP Schedule
- Tip #7) List Service Level Agreements (SLAs) in RFP
- Tip #8) Design Evaluation Criteria for Short List & Final

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