

Save time, save money

by Chris F. Jones, MBA FCMC

A vendor's top 10 tips to improve the RFP process

VENDORS OF PROFESSIONAL and other services to governments spend a great deal of time and money writing their proposals. Then the buyers spend a lot of time and money reviewing the proposals and picking the winners.

A simple management consulting proposal can cost a vendor some \$3,000 to \$5,000 to write and produce. Major proposals can cost many times this. Three recent RFP/RFQs for management consulting services in a provincial government produced several hundred proposals each. Even a conservative estimate of their cost is over \$1 million. Another provincial RFQ attracted some 300 responses but was cancelled after submission because the evaluation workload exceeded the agency's available resources. The vendors' investment was totally wasted. The time and effort involved in these routine procurements of professional (and some other) services is sometimes unnecessarily large and largely unnecessary.

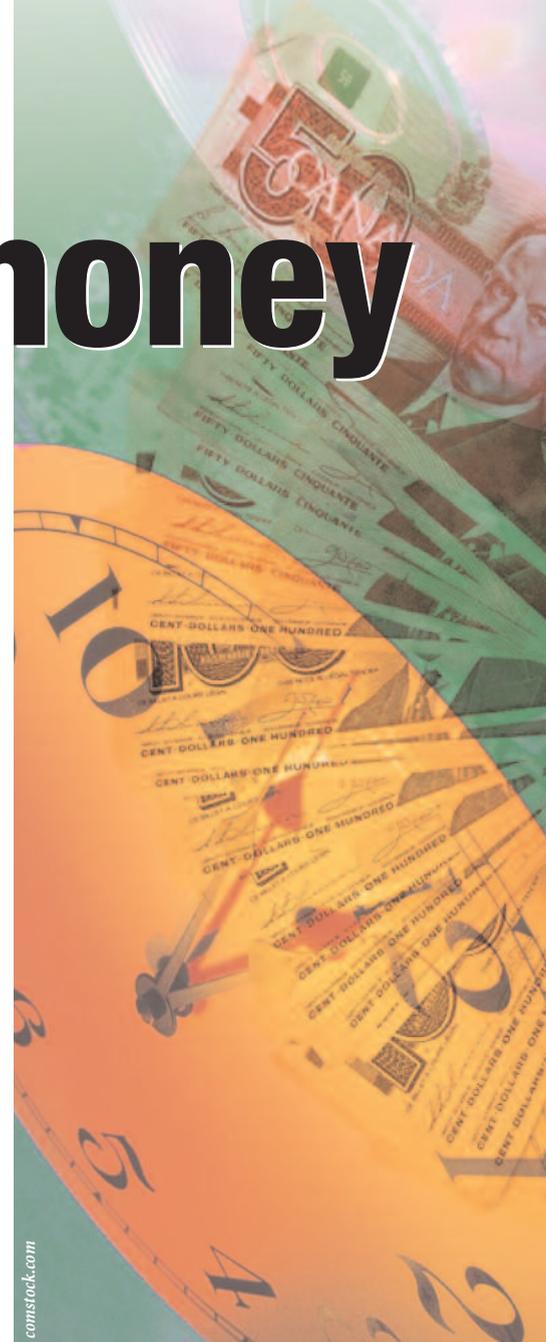
Here are 10 tips to improve the vendor solicitation, evaluation and selection processes to reduce the costs to both vendors and buyers. Greater specificity, explicitness and transparency are introduced into the expression of buyer needs and the conse-

quent evaluation of proposals. These tips are aimed at buyers for two reasons. First, the buyers must initiate and control the procurement process. Second, a day expended on improving an RFP can save weeks of combined effort by vendors and proposal evaluators. By using these tips, buyers can save time in the assessment of responses; build vendor trust and credibility from their innovative approach; and facilitate an improved, more transparent process to the procurement of professional services.

All of the tips noted here have been used and they have been successful in saving buyers and vendors time and money. They have also been successful in providing positive, auditable evidence and support to the procurement decision and in increasing accountability to vendors.

1 **Mandatories are valuable tools; use them carefully**

Proposal evaluation criteria are either mandatory or qualitative. Most vendors do not appreciate flowery phrases, like "must have extensive relevant experience," because they are not explicit. If you really know what you want to buy, you can prob-



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ably think of a number of mandatory criteria that describe your ideal candidate.

For example, if you choose to use "project manager experience" as an evaluation criterion, you have to find a way to evaluate the responses. This means you must know exactly what you want by way of experience. One option is to make the criterion mandatory. For example, do not use: "desirable" criterion such as "The project manager should have "strong experience" in managing projects of this type," but rather: mandatory criterion such as "Does the project manager have five or more years experience in managing projects of this type? Yes/No"

This simple translation from the general to the explicit can save hours in head

Table 1

Information Requirement	Mandatory Criterion
Years established	Must have been in business 5 years or more (yes/no)
Size of company	Must have a minimum of 100 employees, and a minimum of 50 located in this province (yes/no)
Services and markets	Must have done \$xx in business with this government in the last yy years ending March 31 2005 (yes/no)
Geographic coverage	Must maintain a project office in the capital city or be willing to establish one within 30 days of signing the contract (yes/no)



scratching for both buyer and vendor. If a vendor does not meet a mandatory criterion, the proposal should be excluded from further consideration immediately.

2 Use mandatory criteria instead of “requirements”

Anything that is actually “required” by an RFP is essentially mandatory. So requirements can often be restated as mandatory criteria and used to reduce the pool. Here are some examples of the conversion of “information requirements” to mandatory criteria (see Table 1, previous page).

With a mandatory criterion you are *not* looking for any qualitative response and you are *not* looking for any evidence (yet). If necessary, these can be addressed later in the evaluation. If you don’t want these criteria to be mandatory, you can still include them as “qualitative criteria” as described below.

3 Put the mandatory criteria front and centre

The nice thing about mandatory criteria is that, if a vendor can’t meet them they don’t have to write a proposal, and you

don’t have to read it. So ask the vendors to respond to them all on the front page, on a form you have provided for the purpose. If any are not explicitly met, go no further.

4 Only cost those proposals that will meet your requirements

When asked the purpose of an RFP, many government buyers would talk about “selecting a winner from the proposals submitted.” This is only partly true. There are really three questions:

- Can any of the vendors do the job?
- Which of them can do it best?
- Which of them gives the best value?

Note that the cost is considered last. If your evaluation of the criteria shows that a vendor can’t do the job, you wouldn’t hire the vendor at any cost, so the first question deals only with whether or not they can meet your requirements. Later, you can determine who can do it best, and then consider the cost.

This has implications for the questions you ask in the RFP. Since the comparative cost is the last thing you should be thinking about in evaluating proposals (see “budgets” in tip 10), it is only important to those vendors who have proven beyond all doubt they can do the job according to the evaluation criteria you yourself set. So a focus on these explicit criteria and questions will determine whether or not they can do the job. The comparative evaluation comes next, and the cost comparison last.

You should never need to evaluate the cost for vendors who cannot meet your explicit performance requirements, so address the cost issue separately and don’t include cost as a component in your evaluation matrix.

Table 2
Qualitative criterion XX – Project Manager Experience – Circle A, B, C or D³

Step A – Does not meet requirement	This project manager has three years’ or less experience in managing projects of the size and scope of this one	A
Step B – Meets some requirements	This project manager has four or five years’ experience in managing projects of the size and scope of this one	B
Step C – Meets all requirements	This project manager has six or more years’ experience in managing projects of the size and scope of this one	C
Step D – Exceeds requirements	This project manager has six or more years’ experience in managing projects of the size and scope of this one and has managed similar projects and/or applications in other jurisdictions	D

Table 3
Qualitative Criterion XX, Vendor Appreciation of Engagement Needs and Objectives – Circle A, B, C or D

Step A – Does not meet requirement	This proposal shows a limited appreciation of the needs and objectives of the engagement. It fails to meet most requirements	A
Step B – Meets some requirements	This proposal shows a good appreciation for the needs and objectives of the engagement but fails to meet some requirements	B
Step C – Meets all requirements	This proposal shows an excellent appreciation for the needs and objectives of the engagement and meets all requirements	C
Step D – Exceeds requirements	This proposal shows an excellent appreciation for the needs and objectives of the engagement and, in addition , provides insight beyond what would normally be expected	D

5 Use qualitative criteria not “fuzzy” language

Fuzzy language such as “highly desirable,” “significant,” “strong,” “prefers” and “extremely,” is often included in RFPs – sometimes I think merely to enable a buyer to avoid the responsibility for explicitness in an effort to retain the high ground in the evaluation. For example, “desirable” prompts the question “How desirable is desirable?” pointing to the need for a qualitative evaluation of the responses. There is no way to evaluate the responses explicitly or to compare the responses between bidders. You can only do this by using explicit and qualitative evaluation criteria.

6 Use explicit, qualitative decision/selection criteria

After the mandatory criteria, the remaining RFP criteria for the delivery of professional services are essentially qualitative. Barring costs, there are few numbers available and those that are aren’t likely to tell you very much.

The acid test of an RFP’s evaluation criteria is this – is there sufficient information to evaluate in a proposal for the buyer to be able to decide whether or not it is acceptable, even if it is the only one received? An RFP should not be designed to see who can jump the highest, but to see who can jump over the bar whose height you set yourself – an important distinction. You must set explicit qualification rules before you issue the RFP

Use a set of explicit and objective benchmark criteria that can show whether the single proposal, or indeed any proposal, can meet them¹. For example, instead of asking vendors to cite their experience, ask them to respond to specific questions about their experience, which will enable you to evaluate its relevance to your project.

Here’s a simple example of how to evaluate “project manager experience” using explicit qualitative criteria with a “Language Ladder™” evaluation table² (see Table 2, previous page).

In the following example, the buyer needs to know how well the vendor understands the engagement needs and objectives. This is clearly *qualitative* and neither *quantitative* (numbers) nor *mandatory*

(yes/no). The evaluation table might look like Table 3, on previous page.

There may still be room for some misinterpretation and variance in the proposal evaluators’ opinions, but the range of possible variance is narrow.

7 Use a two-phased RFP process

Two-phased RFPs are sometimes used for major projects. The first phase qualifies the vendors and the second phase selects

the winner from those who qualify. Some buyers don’t like two-phased RFPs for smaller projects because it takes longer to put the contract in place. Vendors don’t like them either because they usually have to duplicate some of their effort. However, if you follow the logic of points 4 and 6 above, by using explicit evaluation criteria, you can use a two-phased process with a single RFP and a single set of proposals. Phase 1 evaluates the qualifications and approach (can they do this job; do they have the characteristics we are looking for?) and

phase 2 evaluates the rest (of those who can do it, who is best to do the job; what is the cost?).

The approach is sometimes criticized in government on account of its apparent complexity and elapsed time. But when done correctly, using explicit criteria for each phase, to which the vendors explicitly respond to, can be simpler, less time consuming for both buyers and vendors and more accurate. "Apples and oranges" comparisons are more likely to be avoided.

8 Use "closed-ended" proposal forms

Properly designed closed-ended proposal forms, designed by you, the buyer, can be significant time savers, specifying your explicit needs and excluding information not needed in the evaluation. So once you have established the criteria, build them into the closed-ended proposal form as a component of the RFP and limit the number of words you want in response. A closed-ended format gives the vendor plenty of opportunity to express their qualifications, but they only respond to the questions you asked. The vendors don't have to write superfluous "boiler plate" and you don't have to read it. The tighter you can make the qualitative evaluation criteria (see 6 above), the more successful you can be in saving time and effort and "apples and oranges" comparisons can be avoided.

9 Don't ask for information unless you are prepared to evaluate it

Buyers sometimes ask vendors for information which might be interesting, and perhaps useful, but which is not included in the proposal evaluation process. For example, an RFP might ask for a copy of the vendor's financial statements "to evaluate financial responsibility." Buyers have two questions to consider:

- a) Are they provided? (A *mandatory* criterion – yes or no. If they are not provided the proposal is disqualified).
- b) What do they say about "financial responsibility?" (A *qualitative* criterion that needs proper analysis and evaluation according to some predetermined criteria).

If you are not prepared to evaluate the financial statements correctly using properly qualified staff to arrive at a conclusion as to their relevance to the proposal evaluation, the financial statements should not be requested by the RFP. If the information they contain is crucial, the question should be restated as a mandatory and/or qualitative criterion.

10 Be accountable to your vendors

- ***If you know it, give the vendors a budget to work with.*** Some buyers won't do this on the grounds that "all the bidders will cluster just under the maximum." So what? Fair competition, even with a given budget, will provide the greatest likelihood that you will get what you want for the price you want to pay and the vendors will respond with the best value they can for the money. This might even make your decision easier because it can reduce the complexities of widely variable costs from the equation.
- ***Release the names of the vendors who have expressed interest in your RFP.*** This enables vendors to form alliances which might well be to your benefit. State your intent in the RFP and ask their permission if you wish.
- ***Don't distribute vendor Q&As unless they have the effect of changing the terms of the RFP and are required by***

law. Distributing commercially sensitive Q&As discourages vendors from asking relevant questions, which means they have to make educated guesses. Their proposals probably won't be as compliant or effective as they might otherwise be.

- ***Send the vendors a Vendor Evaluation Report⁴.*** This explains *why* the proposal in which they (and you) have invested so much time and effort has been successful or unsuccessful. The report should illustrate for each vendor:
 - How their proposal compared overall with all the other proposals (anonymously);
 - How the vendor's own assessment of the proposal compared with the reviewers' assessment of the proposal, in respect of each explicit performance criterion;
 - Where on the list of proposal rankings their proposal stood;
 - Reviewers' comments on how the proposal could have been improved; and
 - Reviewers' comments and/or advice on the specific positive and negative features of their proposal that they took into account.

Needless to say, not all of these thoughts apply to every RFP, but many will apply to most of them. And a day spent improving your RFP can save weeks of combined effort by the vendors who respond and by the evaluators who evaluate the proposals. *MM*

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¹ It might be that none can. If you have the confidence you should have in your evaluation criteria, you should be prepared to take this risk.

² Language Ladder™ evaluation tables are increasingly used in business and government to evaluate qualitative criteria. Commercial decision support software is available to manage them. See, for example, "A Pilot Project in Automated Services Procurement", by Chris F Jones, *Journal of the Financial Management Institute of Canada*, Spring, 2005.

³ Note that this addresses length of experience but not its quality. Quality would be covered in a separate table.

⁴ Commercial decision support software is available which will produce Vendor Evaluation Reports in graphic form.