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The RFP: Opportunity or Impediment?

We've all been there. We diligently and excitedly respond to a Request for Proposal (RFP) for which we're perfectly qualified, sometimes investing weeks of man-hours, only to receive a "Dear John" letter a few weeks later. The letter usually extols our virtues and thanks us for our interest and considerable effort, but then invokes Maxwell Smart's "missed it by *that* much". For me, the length of the ensuing bad mood is directly proportional to the magnitude of the missed opportunity.

The shame of it, of course, is that we all rush right back and do it all again when the next RFP arrives in our inbox. But should we?

Why RFPs?

First, let's think about why potential clients issue RFPs. In the ideal, most optimistic sense, clients issue RFPs simply to find the best vendor at the best value. In the cynical sense, they do it for many other reasons: 1) to satisfy standard policy or legal mandates; 2) to shop their current vendor and beat him up on price; and 3) to get free consulting. From the client's perspective, there is typically nothing wrong with these reasons, but they often work against you. Let's consider each of the three.

Standard Policy

Many years ago I spearheaded a proposal for a large hydrogeological study for a county in Virginia. The job would have kept two or three of us busy for a year or so. When we didn't win the work, I requested a debriefing with the purchasing manager and an opportunity to review the other proposals. After reading the winning proposal, I could feel my blood pressure rising. I wasn't mad that an inferior firm won the work; instead, I was mad that so much time was obviously wasted – not just my time but that of the 20 or so other firms who showed up to the pre-bid meeting. Our time was wasted because the winning firm was clearly superior. They had been work-

ing in that county for years, employed their best people on the project, and amazingly, charged extremely low rates. There was no way they could have lost the job.

I chatted with the purchasing manager for a few minutes and lamented how silly the whole process was, considering how obvious it was that they would retain the incumbent firm. In a refreshingly non-bureaucrat manner, he agreed with everything I said, and complained about the dozens of hours he had spent writing the RFP. But he had to issue the RFP, because that was the policy. Had any of us realized this in advance, would we have spent weeks preparing proposals? I hope not.

At the most egregious end of this spectrum, sometimes incumbents actually help the client write the RFP so that no one else can possibly satisfy all the criteria. I've personally seen this happen many times.

Shopping Around

If a client is otherwise happy with their consultant, but would drop them for the lower-price alternative the same way they would choose one corner gas station over another, what will they do once you win the job? That's right, they'll shop you, too. So after you dropped your price just to win the work, before you have time to make up for it, they'll be out shopping you again.

Free Advice

If you are a business owner with a problem, don't hire a consultant. Instead, dangle the work in front of a bunch of them, issue an RFP, and sit back and collect all the great advice. Then you can take the best ideas and let the low bidder implement them. It sounds harsh, but this happens all the time. The Catch-22, of course, is that if you don't give them enough information about your ideas, they will not hire you, but if you give them too much information, they don't need to hire you.

RFP Tips

The best way to deal with these many pitfalls is to avoid formal RFPs in the first place. Responding to RFPs is, by definition, reactive. If you are proactive, however, you can sometimes avoid the issuance of the RFP. The best way to be proactive is to: 1) do all of your homework and learn about the client's problems in advance; and 2) build a relationship with him or her. Request a meeting and pitch your expertise, supporting why he should give you a shot. Aim low at first with a low-risk proposition, so he can give you some work without worrying too much about it being done wrong. If you do excellent work in a timely manner and at a fair price, you will get more work and be in a position to go after the whole job.

For the Incumbent

If you're the incumbent, it's much easier to avoid the RFP process. First, remember that the client is busy and would probably like to avoid the considerable time involved in writing an RFP and entertaining all the bids. Then, make yourself irreplaceable. Make your unseating a painful proposition for the client, so he doesn't want to take the chance. If you constantly make him look good to his bosses, he will do everything he can to keep you around. Speak frankly with him about what he needs. Finally, continually add additional work in small pieces rather than large chunks. Psychologically, managers are more likely to put the work out to bid if it's a bigger undertaking. Moreover, small additions can usually be added incrementally to existing contracts without triggering a policy that requires going out to bid.

For the Outsider

If you're the outsider and you can't head the RFP off at the pass, then there are some things you must do before responding to it. First, you must call them, at a minimum, but a face-to-face meeting is preferred. If they don't want

to meet with you so you can better understand their true needs, it's a good indication that they're just going through the motions and not truly interested in your services. What are they really looking for? Their true needs might not be articulated in the RFP. Ask them why they're putting the work out to bid. Why are they not just sticking with their current provider? Then ask yourself what you'll do if they say they're just shopping it around to see if they can get a better price. Do you want to get into a low-bid price war for your professional services? If not, tell them right then and there that although your prices are very fair, you're not likely to be the low bid. Instead, they can be confident that you're the best combination of reasonable prices and excellent work - and because you're not the low-bid type, you'll still be around in a few years. You should be able to gauge their reaction to a statement like this. If they earnestly encourage you to submit a proposal and won't look exclusively at price, go ahead and do it. If it's all about the low-bid, consider declining, but then stay in touch with them.

Sometimes saying no is the best thing you can do, because it differentiates you from everyone else. I recently had a client referred to me by a colleague. The client was opening a new business, and they wanted me to submit a proposal for marketing and public relations services. They told me that one of the partners had a friend in the business who had already submitted a proposal to them. I politely told them I could not submit a proposal without understanding their business and objectives, but they could pay me to write a marketing plan that they could then implement. The act of writing a proposal would have been the same as writing the plan - I still would have had to do all the thinking, and they would have gotten the benefit of my experience for free. That doesn't make much sense, especially if they turned around and had the friend implement the ideas. A few days later they called back and hired me. Declining their request for a proposal suggested that I valued my time and helped them gain a respect for my services. In essence, playing hard to get was the best course of action. It's too bad I didn't understand that concept when I was single.

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