

Things You Need to Know When Responding to RFPs



In his 2000 book *How to Win Customers and Keep Them for Life*, business professor and consultant Dr. Michael LeBoeuf wrote, *“Every company’s greatest assets are its customers, because without customers there is no company.”*

If your company operates in the business-to-business (B2B) space, those customers are likely to be other companies.

To get their business, you’ll need to respond to what’s known as a request for proposal (RFP). And how you respond can make the difference between gaining new purchasing clients and missing out on potentially golden opportunities.

The RFP procurement process is fairly straightforward, but with care and a little preparation, you can help ensure your bids are on-target, well-researched, and speaking the language customers want to hear.

Understanding RFPs: The Basics

When a potential customer sends out invitations to suppliers, asking for a proposal to fulfill a need for a certain product or service, they're issuing an RFP.

At its simplest, this process generates a series of sealed bids submitted by interested parties, and the bidder whose submission best matches the needs of the requester gets the contract.

The entire process is designed to give interested vendors all the information they need to ensure their bid meets the criteria for what they will provide, how they will provide it, and what additional support, if any, is included.

Once all interested parties have successfully sent their bids, the company that issued the RFP narrows the field of contenders to those who best match the target criteria.

Discussion between each finalist and the customer allow both parties to clarify the terms of the potential relationship. The customer will follow up with specific questions to further distinguish the contenders from one another.

After each finalist submits their best and final offer, the customer's procurement department chooses a winner to move on to contract negotiation.

Three documents often seen with RFPs—the request for information (RFI), request for tender (RFT), and the request for quotation (RFQ)—serve related but differing purposes:

- An RFI is focused not on choosing from a pool of potential suppliers, but on gathering information to determine how a purchasing client can solve a particular challenge or support a specific project. The data collected can be used to construct an RFP.

- An RFT is sent when the purchaser has clear criteria for quality and price on specific goods and services. It may be sent after an RFP to further refine the list of bidders.
- An RFQ (also called a request for quote) is a direct request from the customer for pricing, terms, and conditions for specific goods and services meeting previously defined criteria.

It's based very specifically on price, and may be sent as a follow-up to an RFP once pool of potential suppliers has been narrowed to a short list.

None of these documents are legally binding, but simply methods used to collect information and evaluate suppliers.

What's in an RFP?

As with so many aspects of the business world, there is no single "right" format for a document of this nature.

But no matter your industry, you can expect to see evaluation criteria that will help you compose a relevant bid, including but not limited to:

- A detailed explanation of the customer's overall strategy and their strategy for the project(s) relevant to the product or service to be supplied.
- Both short and long-term objectives for the project(s).
- Details from subject matter experts and relevant stakeholders to contextualize how the goods or services fit into the project and the overall strategy provided.
- A detailed list of performance and process expectations.
- A detailed list of customer and supplier responsibilities.
- Proposal guidelines for both customer and suppliers.

- An executive summary.

It might seem elementary, but your ability to follow directions and meet specific requirements is the first major hurdle in the evaluation process. Make sure your proposal matches the customer's requirements as detailed in the RFP—and don't forget to use the formatting and layout requested.

Best Practices for Responding to RFPs

Much more than dashing off an email, a properly managed response to a customer's request requires planning, detailed information, and a professional approach.

You can boost your chances for success by following a few time-tested tips.

▪ You Can't Get RFPs If You're MIA

Getting in on the action is job one. Locate and target all the potential clients in your market, and don't be afraid to reach out and ask to be added to their pool for RFPs.

Connect with RFP "headhunters"—third-party firms who handle RFP procurement for larger companies—and establish relationships so you'll be in the mix for their bid opportunities as well.

▪ Follow Directions

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detailed in the RFP—and don't forget to use the formatting and layout requested.

You can simplify this process by thoroughly reviewing the RFP and its requirements, and then making a checklist of essential items to include.

Making sure you've answered all the questions asked, in as much detail as you can.

Address customer concerns as well, and be ready to provide additional information if requested.

▪ **Build on the Basis**

You'll likely encounter a variety of formats for proposals, but success depends on including key components that will address the client's informational needs and potential concerns:

- Relevant vendor information
- A very brief company history
- Your goals for the relationship with the client
- A detailed outline of the services and goods you'll provide
- A clear, benchmark-ready timeline
- Clear price quote
- Service, support, payment, and other policies

▪ **Don't Overlook the Details**

Beyond essential information, be sure to include any specifics dictated by the customer.

Match your phrasing, tone, and language to the customer's, and always use proper spelling and grammar.

Be ready to address sudden scheduling changes and revisions.

Because the timeframe for submitting these proposals is often very tight, feel free to use an RFP template to include “boilerplate” for basic information.

But always customize each proposal for not only accuracy and relevance, but to avoid a cookie-cutter feel that can sink your bid fast.

If you have one, you can also include an example of how you’ve solved the same, or similar, problem for a previous client.

This will build both credibility and authority with the client, and help establish you as a capable potential partner in their project.

▪ **Watch Out for Common Pitfalls**

Putting your best foot forward is essential to any successful proposal. But that doesn’t mean you have to submit rock-bottom pricing or reveal your unique value proposition (UVP)—aka your ace in the hole—from the get-go.

Your negotiation strategy should be as detailed and contextually relevant as your proposal.

The Q&A period of the RFP process gives you plenty of time and space to clear up any confusion, as well as add compelling information that can set you apart from (and ahead of) the pack—but it must be negotiated carefully.

The questions and answers submitted are often shared with everyone, including your competitors, so play your cards close to the vest with regard to anything that might tip your hand or give your competition

insight into your practices, UVP, or pricing.

Gain a Customer, Not a Sale

Responding to a request for proposal is a critical part of building success.

By taking the time to understand how the RFP procurement process works, tailoring your proposals to meet each customer's unique needs, and avoiding potential problem areas, you'll be well on your way to landing the customers who will build your business and boost your bottom line.

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