

RFP Process

A 20-Step Guide

Powered by [prokuria](#)



About this e-book

A Request for Proposal (RFP) is a document used to obtain comprehensive proposals from interested suppliers. It usually follows an initial Request for Information (RFI), and its purpose is to enable suppliers to demonstrate their skills, experience, and knowledge.

Organizations usually use RFPs when the request demands technical expertise or when the product or service being requested does not yet exist. The proposal may require research and development to create whatever is being requested.

RFPs should help organizations easily compare suppliers, but often the process gets complicated, and they don't end up choosing the best bidders.

This is a step by step guide we've put together to ensure you only get the best bids and offers.

Team Prokuria

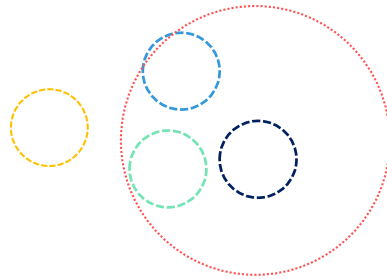
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1 Identify your stakeholders (aka your RFP Team)

A Request for Proposal should be written by the main stakeholders in a project. For example, you shouldn't ask your CFO to write an RFP for a new website design. This should be assigned to the team that most often works with the company website.

The person or team who will write the RFP should be knowledgeable about the project and have some clearance for decision-making. While CEOs and other higher-level executives may have daily visibility into the process, they are not the ones expected to make the request as they may not have the best insight on what kinds of questions will help determine a good winner.



project managers

according to Changepoint

32% consider collaboration the biggest challenge

72% track their project status manually

2 Gather your requirements

Gathering all the requirements of the project at the start of the RFP process is critical to ensure success. Otherwise, you may end up with bids from suppliers that cannot fully meet your needs.

Set project goals and work closely with stakeholders to determine requirements. For more complex RFPs, a Request for Information (RFI) or Request for Quote (RFQ) can be put out ahead of the RFP. These three types of documents are called RFXs collectively.

Using a procurement automation software will further streamline the RFP process.

3 Identify your suppliers

A supplier can be anyone who can provide you with products or services. There are a ton of helpful resources online which you can find on Google. But before you begin, there are a few things you should know and decide.

First, you should determine what type of supplier you're looking for. This will help determine the terminology you need to use in your research.

There are several options, the most common being:

- A manufacturer to produce your own product idea;
- A supplier (who may also be a manufacturer), wholesaler or distributor to purchase already-existing brands and products;
- A drop shipper to supply products and fulfill orders of already-existing brands and products.

Places to research for suppliers



- 1 Directories
- 2 Google
- 3 Local events
- 4 Referrals

Another possible way to search for suppliers is by searching for your products by their industry classification system. Pretty much every single industry and product you can think of is attached to such code in majority of countries.

You'll also want to make sure you properly vet your potential suppliers. Once you've narrowed your list down to a few possibilities, dig deeper into your research to make sure they're credible. Check to make sure there haven't been any complaints filed, browse their Facebook page reviews, and use those Google search tricks to query the company name + reviews to see if any red flags come up.



4 Get your suppliers to sign an NDA

Before you provide access to your RFP, you'll want to have suppliers sign a non-disclosure agreement (NDA). Have your legal team or counsel draft the NDA to protect your organization, but also to weed out any unqualified bidders.

RFPs can provide valuable information about your company to your competitors. Further, an NDA will deter collusion, bid-rigging between suppliers, and provide you with legal recourse if any information is leaked. Provide at least 3-5 business days for the suppliers to review, request changes or submit inquiries, and provide their signatures.

5 Compile the RFP questions

Next, you'll have to decide which suppliers you'll invite to bid.

Format your RFP into sections, so you can easily assign sections to specific team members. Section-based RFP formats also make it easier for suppliers to complete, and for you to assess and score later.

What is your competitive advantage versus the competition?

What qualifies you for work in this industry, for my company?

Which team members would you task with helping with this project?

When asking questions, stick to multiple-choice, yes/no, and objective questions to make it easier to compare proposals later. Avoid asking questions that require long paragraph-style responses. Ask one question at a time and be specific to avoid vague answers. Whenever possible, solicit exact and measurable responses.

Further reading



[Single choice questions vs. Multiple choice questions vs. Free text questions Same Question, 3 Different Ways of Asking Your Suppliers in an RFP](#)



6 Compile the pricing table

Create a pricing template that includes fields for all the components of your requested services and products. Suppliers will use this template to provide their quotes on a per-component basis.

This is where having a procurement automation platform comes in handy.

Otherwise, the process can get quite complicated.

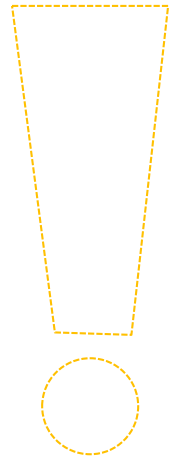
If you're using spreadsheets, however, ensure that you set up the pricing chart so that it will be easy to compile later. In addition, ensure that the files are locked, so suppliers don't edit items or change the templates themselves.

This can cause significant issues later if undetected. Do provide some open fields for suppliers to provide notes on any commitments, minimums, or caveats. Asking for specific prices, rather than in a bundled format, will put you in a better position to compare supplier prices on an apples to apples basis.

Did you know...

...Canadian power company TransAlta lost \$24 million when an employee misaligned the rows in an Excel spreadsheet?

The copy-and-paste error led to bids being aligned with the wrong contracts, wiping out 10% of TransAlta's profit for the year with a quick click.



Create the RFP overview document

To create a really compelling argument as to why a supplier should want to work for you, you'll have to actually write the RFP in a compelling format. Although no two RFPs will look alike, suppliers need to recognize your document as an RFP and easily understand how to navigate through it.

Your proposal should be as brief as you can keep it while containing all pertinent information. There's no reason to waste your suppliers' time. While it may still span a couple of pages, be prepared for those pages to include need-to-know information only.

Project Overview: Your RFP needs to start with a project overview, also known as a summary and background. The project overview will briefly state what your company is looking for and why.

Proposal Guidelines: This is where you explain to suppliers what you're looking for in their response. Here, you should also establish a deadline so suppliers know when they should be turning in this information.

Project description and requirements: This section is a good place to go into detail about the purpose of your project, and what problems you're seeking to solve with a supplier's help. It's a place where you tell suppliers, "This is what I need you to be able to do".

Project deliverables and scope: This portion of the RFP is where you get to write out, in a list or bullet format, everything you're hoping to achieve with this partnership. This section details what you're paying the supplier for, and what they are expected to deliver.

Timeline: The RFP process can easily drag on if you're not diligent about communicating your timeline, including:

- The proposal deadline;
- The evaluation window;
- The selection deadline;
- The negotiation deadline;
- A deadline for announcing the bidders who were not selected;
- The deadline for project completion.

Budget: This is not a mandatory element to include, but could help speed up the process. You shouldn't necessarily include your budget for the project, but instead, ask bidders to include an itemized estimation of what their services would cost.

Examples: This step is pretty self-explanatory. Before deciding on a supplier to help you achieve your goals, it's reasonable to want to know what work they've done in the past.

Selection criteria: Lastly, bidders should know what you're evaluating their proposals on. Consider this your rubric, something for them to follow to the letter if they expect your serious consideration.

Contact information: There is no point in any of the work you've done if you fail to include information on how to submit! Whether an email for digital copies or an address for hard copies, be sure the end of your RFP provides a way for bidders to send you their proposals.

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Collect the RFP documents

Many organizations require proof of specific documents, certifications, or policies to qualify an RFP supplier. These can range from insurance certificates and health and safety forms to statements on diversity and environmental practices.

Work with your team to ensure that your organization's required documents are included within your RFP format. It's best to get your legal department and/or HR involved to be comprehensive.

9

Decide on your RFP format

Now's the time to decide how you'll launch and manage your RFP. Some organizations choose to do this manually through emails and attachments. But we advise you to use a procurement automation platform like Prokuria to make this process quick and easy.

Main reasons for procurement department being overwhelmed



- Large numbers of RFPs or RFQs they have to launch;
- Complicated scenarios that can't be easily solved using Excel;
- Demands from internal stakeholders who don't follow internal processes, but find shortcuts and workarounds;
- Increasing costs;
- Profitability challenges;
- Dozens of questions from angry suppliers;



Further reading

[Is your procurement department overwhelmed? Automate your processes](#)





The goal of procurement departments is reaching far beyond its primary function of obtaining goods and services in response to internal needs.

Nowadays procurement specialists have several objectives larger than basic function:

- **Achieving lower cost**
- **Reduce risk and ensure the security of supply**
- **Manage relationships**
- **Improve quality**
- **Pursue innovation**
- **Leverage technology**

At Prokuria we build the procurement solutions designed to deliver cost savings, automate sourcing and supplier management and get control and visibility on spendings.

Want expert guidance on your sourcing strategy?



Prokuria can recommend and help you implement a sourcing strategy adapted to your internal process. Get in touch and we'd be happy to help.

prokuria.com

contact@prokuria.com

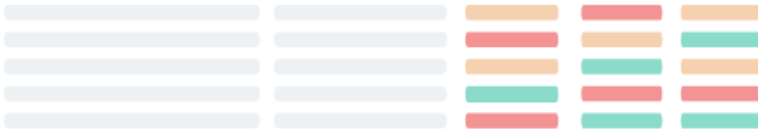
10 Create a scoring matrix

Request for Proposal (RFP) scoring isn't something procurement specialists enjoy, but it's far too important to ignore if you want to effectively evaluate your suppliers.

To get RFP scoring right you have to consider

1. What you want to score in your RFP responses;
2. How you're going to score the supplier requirements;
3. Who is going to do the scoring.

Gather all your key stakeholders (including end-users, IT, finance, etc.) and ask everyone to list the requirements that are most important to them. Then, use your answers to prioritize needs. Last, assign each section and question a weight, based on how important it is to your organization.



Since multiple stakeholders assess numerous criteria, it's essential to pick the best way to conduct evaluations. Fortunately, there are multiple evaluation methods you can use, the right one for your organization will depend on your project and specific needs.



Read more about this on our blog

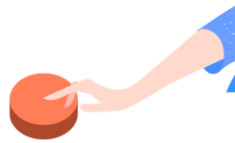
[How to do RFP Scoring](#)



11

Launch your RFP

Pat yourself on the back because now you're finally ready to launch your RFP.



Now's time to send out your RFP package or give access to your digital RFP to your selected suppliers. Alternatively, you can post your RFP on RFP portal sites.

Don't worry! If you've followed the previous steps precisely, your RFP will run according to the plan.

Did you know...

... suppliers without a procurement platform need in average **30 hours per RFP?**

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Answer suppliers' questions

As we've previously mentioned, your timeline should include a deadline for answering suppliers' questions. Ensure you have a way of collecting these questions. A procurement automation platform can help you with that, but otherwise, you can also use an Excel template.

When answering suppliers' questions, make sure you share them with all your suppliers, to ensure fair bidding. Email or a shared forum are effective ways to communicate with the entire group.



Further reading

[Communication Strategy for Sourcing Events](#)

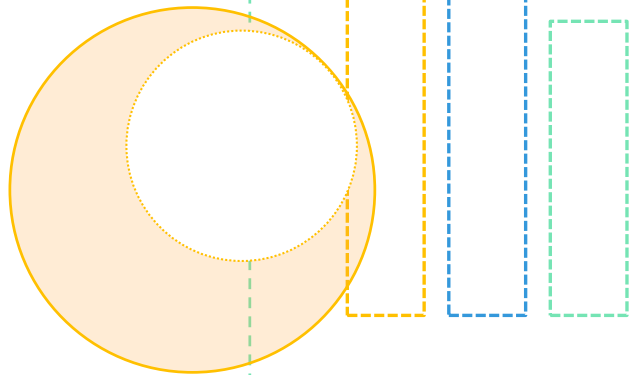


13 Collect suppliers' responses

The deadline is now over, and it's time to close submissions and collect your suppliers' responses.

If you're manually collecting RFPs, you'll likely receive your responses in either printed or email form. Manual collection requires certain care, particularly if you need to timestamp responses or if you requested suppliers to provide pricing proposals separate from their main response.

If using a software, these things will be taken care of automatically.



14 Review the RFPs & create scorecards

Scoring each response is, for the most part, a manual process.

First, get each member of your RFP team a copy of each proposal submission, along with the scorecards for recording their responses. Your team can weight all the questions in advance so that supplier responses can be scored in real-time. This cuts out the manual review process significantly.

Whether you are reviewing the RFPs manually or digitally, it's recommended that each proposal be reviewed for errors.

15 Make a supplier shortlist

After scoring and a thorough review of all RFPs, select a shortlist of suppliers that meet critical requirements and have scored above competitors. Eliminate any suppliers who score lower than average and any that do not meet critical requirements.

The shortlist should be comprised of 3 or 4 suppliers, but sometimes can be more or less, depending on the number of qualified suppliers. The suppliers who were shortlisted will move forward in the RFP process.

16 Review contracts and Scope of Work

Now that you've narrowed down your selection, the next step will be reviewing the scope of work (SOW) and contracts for any open questions or possible concerns. All aspects of the contract or scope should be clearly stated and listed out.

If there are items that are missing in the documents that were covered in the RFP, now's the time to address those.

Also now is the time to think what are the next steps in your process: direct negotiation or a more structured approach through a RFQ followed by one or more rounds of reverse auctions

RFI

Request for Information

open enquiry that spans the market seeking broad data and understanding

RFP

Request for Proposal

request for specific solutions to the sourcing problem

RFQ

Request for Quote

firm offer for the specific supply goods or services

Reverse Auction

real time bidding to offer lowest price

17 Negotiate with suppliers or launch a reverse auction with your shortlist

Negotiating with your suppliers doesn't necessarily mean getting what you want at the lowest price possible. But you can negotiate other factors such as delivery times, payment terms, or the quality of the goods.

Both sides should conclude negotiations feeling comfortable and happy with the agreement. Negotiations can be unsuccessful if either party feels pressured.

Further reading



[The 6 types of e-auctions top performing companies use](#)

[How to implement e-auctions in your organization](#)



18 Get your proposals reviewed by the executive team

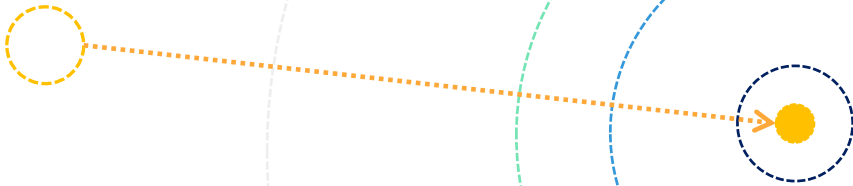
Some organizations require that the proposal or contract be presented to their executive team before making the final selection. If this is your case, you should put together a presentation showing suppliers' rankings, pricing, and any additional comments or details.

You can also include information about the other companies that did not get the contract to assure company executives that your decision is the best one.

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Award the business who got the contract

Now that you have the final approval from your stakeholders and executives, you can finally award your business to your selected supplier. Now is time to request a signed and finalized copy of their agreement.

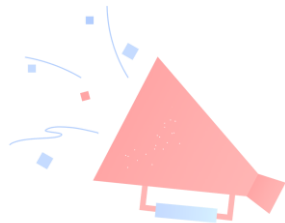


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Announce all other suppliers

You should keep things professional till the end. Let suppliers know they didn't get the contract, maybe even let them know the reason so they can improve (especially if the reason wasn't the cost).

This way you ensure there are no hard feelings, so your suppliers will participate in future RFPs too.



prokuria

Prokuria is a cloud-based solution that helps organizations automate sourcing and procurement and achieve cost and time savings.

prokuria.com

contact@prokuria.com

