



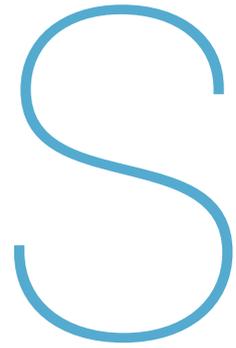
A Thought Leadership
Roundtable brought to you
in association with Bonfire

THOUGHT LEADERSHIP

THE OPTIMIZED RFP

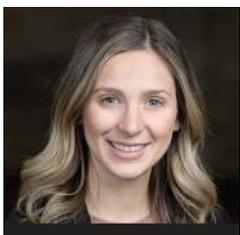
THE 'TYPICAL' REQUEST FOR
PROPOSAL PROCESS AND
HOW IT CAN BE ADVANCED.

BY MICHAEL POWER
All Photos: Joel Robertson Photography



Bonfire, a leading strategic sourcing and contract management platform, partnered with Supply Professional on a thought leadership roundtable on November 1. From simple bids to complex RFX events, Bonfire provides an easy-to-use yet powerful solution that empowers procurement and stakeholders to make better purchasing decisions. At Bonfire, we are passionate about procurement and the role of data in the way sourcing is managed. That’s why we created the State of the RFP report—a window into how billions of dollars of purchasing decisions are made. It’s the most comprehensive RFP benchmarking study ever conducted, providing insight into the emerging trends of RFPs as they’re leveraged to make complex spending decisions. This roundtable, with Public and Private sector perspectives, was based on the findings of the State of the RFP report. Read the full report at www.gobonfire.com/2018-state-of-rfp.

Supply Professional recently convened a roundtable to discuss the results of the State of the RFP 2018 benchmarking report, produced by procurement software company Bonfire. The report leverages the company’s insight into purchasing decisions through anonymous first-party data from Bonfire’s platform, looking at benchmarks in the RFP process in 2017, then compared them with data sets from the previous two years.



Linda McDougall
Indirect Purchasing
Supervisor
3M



Corry Flatt
CEO
Bonfire



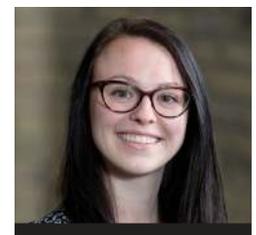
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Director
CEA FRANCOachat



Brenda Lanteigne
Director, Purchasing
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Jennifer Smith
Purchasing Manager
Bruce County



Laura Case
Purchasing/Finance
Assistant
Conestoga College

The roundtable brought together Jennifer Smith, Purchasing Manager at Bruce County; Linda McDougall, Indirect Purchasing Supervisor at 3M; Laura Case, Purchasing/Finance Assistant with Conestoga College; Brenda Lanteigne, Director, Purchasing and Materials Management at Grand River Hospital; Lori Letourneau, Director at CEA FRANCOachat; and Corry Flatt, CEO of Bonfire. The group met at Bonfire's headquarters in Kitchener, Ontario.

The RFP process

The discussion began with the typical RFP process. Smith said that for her, a client group usually approaches purchasing to discuss an RFP document. The sooner the client reaches out the better, with many clients looking to post the document as soon as possible. But it's beneficial to have ample time to consider the process. "We like to work with them upfront and go through their document and make sure they have all the correct specifications," she said.

McDougall also said clients should engage early, noting a preferred standard timeframe of at least three months. Clients are encouraged to focus on specifications—if those specs aren't detailed enough, it's hard to know whether you're getting the right provider. For Lanteigne, a purchasing team member usually initiates the RFP kick-off meeting. The evaluation groups are multidisciplinary, she said, including physicians, clinicians and VPs. The group provides the specifications, purchasing writes the RFPs and there are standard RFP templates for goods, services and capital equipment. "We tend to kick that process off and get everybody at the table, and the development of that RFP is often where the most time gets spent," Lanteigne said.

But there are challenges, participants noted. Legislation such as Ontario's Broader Public Sector Accountability Act must be considered, Letourneau said. She likened the process to bowling, telling clients that it's as if the bumpers are raised to keep the ball out of the gutter. "I draw the analogy of, 'I don't want you to look at the template—I want you to give me your specifications and we will raise the bumpers and allow you to bowl as quickly as possible, applying in front of your specifications the appropriate template,'" Letourneau said.

Case said that, to streamline the process, her department recently produced a competitive tendering request form for clients that includes scope, currency, evaluation and so on. The goal of the form is to reduce preliminary process time. "Then we can get our document out because we have all this backup and everything's ready to go," she said. "We've just launched that, but it's reducing a lot of the challenges and back and forth."

Despite challenges and an often-maligned reputation, the study's main point is that RFPs

work, Flatt said. The process usually yields a supplier who scores high on criteria, and companies save compared to the average offered price. That's impressive, given the challenges and massive amounts of data, he noted. "The fact that RFPs take a long time and are organizationally difficult, is sometimes used as an excuse—but it's worth it," he said, adding that automation is key as it reduces friction while retaining the outcome.

McDougall noted that many of the templates and requirements her organization used were similar to those in a public tender. The process involves evaluation criteria that are weighed based on what's most important to stakeholders. The decision doesn't always go to the highest bidder—a characteristic reflected in the State of the RFP 2018 report. "We pick the supplier that's the best fit for our needs, and that may not always be the lowest cost provider," she said.

McDougall also noted that people think it's a lengthy process. Some don't want to take the time to write specifications, even with templates and other tools. That's especially true if a current supplier is doing the job at a good price, she said.

Bruce County has changed its policy so departments don't necessarily have to go to council for approval not to award to the lowest bidder, said Smith. "We've updated our purchasing policy, made it a bit more modern so that they don't have to be lowest price and can

We have a very open discussion where there's not a lot of bias because it's typically purchasing and the business group at the table.

Linda McDougall





We analyzed how those RFPs were structured initially, how the different participant groups interacted with those RFP.

Cory Flatt

be your highest ranked because that's who your evaluators have picked," Smith said.

The RFP is moving out of the low-bid tender model towards a more flexible, evaluated or negotiated model, Letourneau said. But suppliers must know about that shift since they sometimes believe that the lowest bid wins, that's not always the case with a lower evaluation score.

While organizations want savings, that can't accompany inferior suppliers, Flatt said. A balanced scorecard that doesn't rely on price alone is necessary. "There are procurement vehicles that are just about price, for commodities and those kinds of things, so the weapon has to fit the fight," he said.

Flatt described a university professor who was enamored of a specific microscope. Such a product should be bought through the procurement process by asking what's needed and what the specifications are, Flatt said, and the professor eventually understood that there are other players in the market. When the institution looked at similar vendors, it found a better fit. "Having been forced to go through the process revealed a bunch of other options that they weren't aware of," he said.

Survey structure

Flatt also outlined the survey itself, which Bonfire updates annually. Since the company empowers agencies and companies to run RFPs online, bonfire has an "unprecedented view" of each stage of the process and the final decision, he said. The survey covers about \$4.5 billion in spend, 25,000 vendors, and millions of pages of evaluated supplier data. The survey looks at pure RFPs, Flatt said, defined as decisions

with qualitative and quantitative judgements. "We analyzed how those RFPs were structured initially, how the different participant groups interacted with those RFP—whether internal evaluators or suppliers—then we look at, what were the outcomes? What was produced? What were the scores? What were cost savings?" he said. "Let's look at what these things look like on an average basis so practitioners can learn and benchmark themselves."

Much of the data in the survey aligned with her organization's own information, said Smith, noting for example that evaluation work sometimes runs into weekends. "I'm not surprised by that, because when you talk to people they say, 'I've got some time set out tonight, I'm going to work on that,'" she said.

For her part, Lanteigne was surprised by how many people continue to submit late—during the final hours or even hour—before a large project. A bid arriving even seconds after the deadline gets disqualified, she said. "When everybody else has it in the day before, why are you doing that? Why are you starting your upload?" she said.

An advantage of online RFPs is that every action is logged, Flatt noted. If the user sits on the page for three seconds, for example, that action is recorded. "The audit trail is perfect and pristine," he said.

Even within the private sector, McDougall noted that deadlines are respected. Automation allows an organization to see who opens a document versus who submits. Sometimes, when a bid closes, it's surprising that a vendor thought likely to submit did not. "We thought for sure they'd be in the mix and they just chose not to submit," she said. "Did they not get their request form or confirm? If we had an automated system we'd be able to see that."

Evaluations

The group discussed RFP evaluations, including public- and private-sector differences. In the public sector, several people agreed, team members work on their evaluations separately then meet as a group to discuss the results and reach a consensus. Procurement organizations want the initial judgements to be free of influence from other team members, Flatt said. Of all the survey's data, the lack of consensus would perhaps be the most concerning to suppliers. For 35 per cent of criteria, evaluators were more than three points off, according to the survey. "So someone was a 10 and someone was a six," Flatt said. "That happens more than a third of the time and then that needs to be munched together in this big decision."

McDougall noted that her team typically meets to talk about bids. The team also uses evaluation criteria and a weighted matrix. "We have a very open discussion where there's not

If I get the template, the scores will reflect the templates because sometimes that template's just not going to align.

Lori Letourneau



It would sometimes be weeks and weeks and weeks from when an RFP closed until we could get the evaluation criteria to the end users, versus it closes and they can log in and start the next one.

Brenda Lanteigne



a lot of bias because it's typically purchasing and the business group at the table," she said. "There's a variety of opinions there and we talk about it."

Lanteigne said her organization used to conduct a group score and reach consensus but had moved away from that. The practice now is to score individually since otherwise "the squeaky wheel influences the whole group." Depending on what's being purchased there are several considerations. "Ongoing maintenance is

a big concern, interconnectivity with some other systems—the end user may not care about that but those are ongoing lifecycle (considerations)," she said. "How is this going to operate? Not just for the initial purchase but for an ongoing period of time."

The survey found that the average number of evaluators on a team was 4.4, with roundtable participants citing the department requesting the service, or subject matter expert, included on the evaluator list. Case said that her organization

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Jennifer Smith

would suggest, rather than push, for certain people to be among the evaluators. For example, if there's a facilities project, perhaps someone from IT, student services or someone else should help rather than all facilities employees. "We do try to help with that push, but that doesn't always happen," she said. "With us, purchasing is the only department that evaluates for financials. Everything else is fair game from the evaluation team."

McDougall recommended involving purchasing and department managers for large, complex decisions. The business unit using the service typically has one or two evaluators participate. For a recent new transportation carrier, the process included a representative from the distribution centre who would deal with the winning vendor. As well, Lanteigne noted that her organization pockets evaluators into subject matter experts and peripheral stakeholders who will use the service.

RFP advantages

The group also discussed the survey's results surrounding RFP length—56 days is average for an RFP process, and that 90 per cent of projects finish within three months or less. Some roundtable participants said the process can sometimes take longer, with the BPS directive in Ontario, dollar amount, and other factors potentially stretching the time.

The RFP process is much longer using paper

and Excel spreadsheets than online, digital platforms, said Lanteigne. Paper-based processes involve several supplier boxes and binders. All that information must be made easy for end users to score. Even receiving bids on USB keys can cause difficulty. "It would sometimes be weeks and weeks and weeks from when an RFP closed until we could get the evaluation criteria to the end users, versus it closes and they can log in and start the next one," Lanteigne said.

A digital process allows reporting, which allows the search for cost savings and taking advantage of the RFP process to shave off a few days, noted Smith. Municipalities may have buildings in multiple locations, causing difficulties if evaluators work at different locations. "It could be two weeks before somebody could even start an evaluation," she said.

Letourneau's team is spread out in different offices across Ontario. But using technology lets her monitor and facilitate that staff and evaluators coming together. But the greater value in technology is enabling purchasing to be perceived as a strategic partner managing contracts. In the portal Letourneau employs, users can click their mouse and flip into contract management mode. That lets them plan before a contract expires, which is critical to multi-year strategic operations plans. It's possible to pull up immediately every contractor that has a contract on the site. "It's a reverse lookup now," she said. "It's not just about purchasing. It's about knowing who your vendors are and where we're working right now on the development of where we need to be in the future, is around the vendor performance of those contracts. That's an end-to-end purchasing vision that technology needs to enable."

Case recalled receiving large binders of vendor information, stamping them with timestamps and organizing everything through spreadsheets. Having shifted to a digital process



lets her retrieve information like a vendor's name or contact information. "I have it all in one spot and that's really helping because I can answer quick questions instead of saying 'I'll get back to you in a week when I go find that somewhere in the backroom,'" Case said. "I can now just have it—everything's right there. I can help our evaluation team. I can talk with my manager better about who the vendors are that we're using."

One effect of technology is enabling all bids to be on time, said Flatt. In rural areas during winter, for example, suppliers can miss deadlines due to difficult weather if they're hand-delivered. "We know that each additional submission that you get in, you increase competitiveness," he said. "Everybody's going to be on time because they can come in last minute, but they don't have to deal with the weather now."

Bonfire's survey notes that RFPs have a significant impact on an organization's financial and performance health. McDougall noted that she has always found RFP beneficial, for example by finding savings. Even with great suppliers, it's beneficial to investigate options. "Maybe three years ago somebody wasn't in the market at that time, so I find there's so many benefits to running them even when you don't have to," she said.

Especially in the public sector, few things touch average people's lives more directly than optimized procurement decisions, Flatt said.

Roads, schools, medical equipment and so on all result from these decisions. When procurement teams improve even 20 per cent, applied over trillions of dollars in spending the results mean better services. "If you do procurement really well, those benefits compound and the world looks so different five years from now," he said.

Case noted that the RFP process promotes due diligence while allowing procurement to get the best value on a tender. Procurement sees large and small companies and what they offer side by side, rather than larger organizations obscuring the smaller. A smaller company could then win with a better-suited service. "By doing an RFP, you're able to see that huge span," she said.

Suppliers

While discussing RFP tips for suppliers, Flatt noted the study reveals 22 per cent of suppliers get disqualified—almost one in four. That, he said, should start the discussion regarding helping suppliers. But Lanteigne said that organizations can cause some of that. "We're driving vendors out because of mandatory requirements that we've put in, as opposed to rating criteria," she said. "Those that are disqualified weren't all because they were late."

Letourneau encouraged suppliers to read documents carefully. If an organization asks for a specific document, make sure you don't submit a different one. Answer the question that's

being asked. Submitting proposals is costly and time consuming, so some suppliers reach for a template. "We attempt to simplify the process by using templates, the scores will reflect the data elements within the templates. If suppliers submit other documents, sometimes those documents are just not going to align," she said. "Simply answer the questions being asked, that gets you the points."

The group agreed that suppliers should ask. Don't assume a question is not valid, said McDougall. Seek clarification that a bid is accurate, because a bid may lose if it's too low because the supplier didn't understand the question. For her part, Case encouraged bidders to submit early. "We would suggest in our RFPs that you submit a day before," she said.

Overall, the group agreed that while the RFP process had challenges it also offers benefits. Any tool that helps to relieve the process's pain points, and produces the best evaluation, was welcomed. Truly, organizations would do well to pursue whatever resources they can to improve that process. **TL/SP**

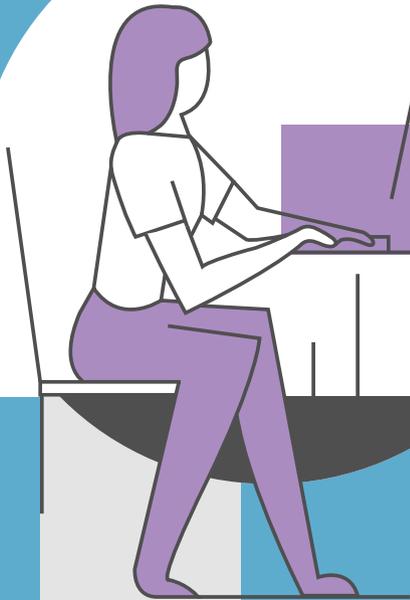
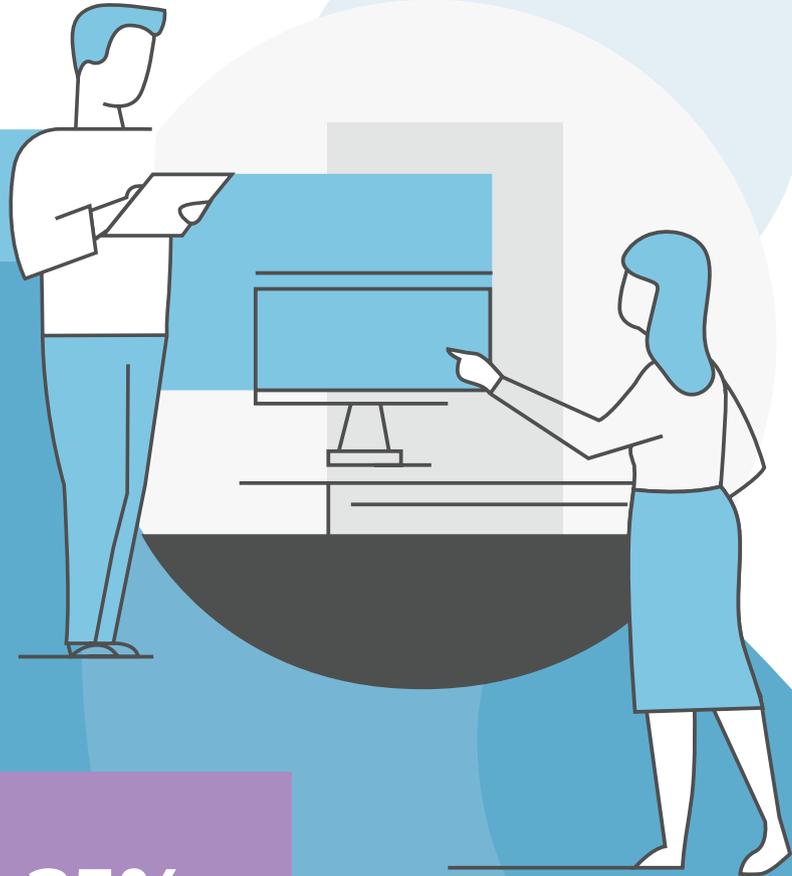


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purchasing
is the only
department
that evaluates
for financials.
Everything
else is fair
game from
the evaluation
team.

Laura Case

Only
10%

of RFPs are awarded to
the lowest priced vendor



35%

of vendor submissions
are received in the final
hour before the deadline

The average
RFP delivers
22%
in cost savings

For more insight into how over \$4 billion in RFP spending decisions are made at organizations across North America, download the [State of the RFP Benchmarking Study](#).

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