

Best Practices for Requests for Proposals (RFPs)

Table of Contents

Why RFP?	2
Best Practices	2
1. Organize, Study, Plan	2
2. Define the Business Problem	3
3. Notify the Right Agencies	4
4. Select the Team	4
5. Define with Open Requirements	5
6. Draft the RFP	6
A. Software RFPs	6
B. Services RFPs	6
C. Development / Customization RFPs	6
D. Support RFPs	6
7. Review the Draft	6
8. Prepare the Request for Information (RFI) Document or Session	6
9. Conduct the Evaluation	7
10. Follow Up	8

Best Practices for Requests for Proposals (RFPs)

The following "best practices" or "critical success factors" have been designed to improve the RFP process to help agencies achieve the best solutions for their business problems. With proper management, RFPs can be quick and produce excellent results.

While these best practices are applicable to any state RFP, they have been prepared by the Indiana Office of Technology in conjunction with its partner agencies to serve as the guiding principles and requirements for all state IT-related RFPs.

Why RFP?

In general, an RFP is a tool used to purchase products and services by soliciting competitive proposals from vendors. Through this process, vendors offer an array of potential solutions and prices and compete with each other to win business. The State evaluates the competing solutions, picking the one that best provides for the business need. RFPs are most useful when:

- Multiple (different) solutions are available that will fit the need;
- Multiple vendors can provide the same solution with different implementation scenarios;
- Exact solutions for the project cannot be clearly specified;
- The project requires different skills, expertise, and technical capabilities from vendors;
- The problem requires that vendors combine and subcontract products and services; or,
- You want to exert leverage on a vendor to provide your agency more savings.

Despite the usefulness of RFPs, it seems that they have become something to avoid in some state agencies apparently due to the advance planning and time required. In state government, however, an RFP is required in almost all cases when \$75,000 or more is expected to be spent on the project. More importantly, for procurement at almost any dollar amount, an RFP, if approached and drafted in accordance with the best practices below, can lead to better solutions than government could have crafted on its own.

Best Practices

1. Organize, Study, Plan

Readiness for the RFP process is the key to success. Critical success factors include:

- Stakeholders understand the circumstances and agree to the established timeframes. With any project of the scope requiring an RFP, executive level support within the agency is critical to success.

Best Practices for Requests for Proposals (RFPs)

- The type of solution dictated by the current business circumstances must be evaluated:
 - *New or Replacement* – Identify the implementation deadline and work the timeline backward. Be sure to include plenty of time to research solutions others have applied to similar needs. You are unlikely to be the first group to face the business problem you seek to solve. Thus, contact other states and vendors with potential solutions for their experiences, and scour the web for white papers and other materials pertinent to your business problem and the solutions that were found to be effective.
 - *Renewal* – Contracted solutions providers should be constantly evaluated for their effectiveness. If they are not performing, proceeding with an RFP for a new solution/provider may be more prudent than renewing for another term with a contractor that has delivered inadequate results. Further, as previously noted, the threat of an RFP may result in substantial savings from a vendor under contract; agencies should not simply renew contracts, but rather seek price reduction at the time of renewal. (Vendors under contract would much rather reduce price than undertake the costly effort of responding to an RFP that they might not win.) A formal assessment of critical success factors should determine whether or not the current contract(s) will be renewed for another term.
 - *End of Renewal* – Careful planning is required at the end of a contract to ensure a seamless transition. Agencies should be careful not to put themselves in the precarious position of not being able to deliver services because adequate time was not dedicated to study past successes and failures, innovation in the industry, and different business models that could be applied. Plenty of time should be given to incorporate the experience gained from the previous contract and research of the marketplace into an RFP for the replacement.
- Target dates must be established, and adequate time built in to produce a quality RFP. Agencies should use a contracts database containing the expiration date and tickler dates that trigger activity for each contract. (IDOA is currently upgrading the State's contract management system (known as KMS) and is considering implementing a contract management solution through PeopleSoft. KMS includes all contracts that go through IOT, IDOA, SBA, and OAG for approval and is available on the intranet at <http://intranet.doit.state.in.us/idoa/CSS/>.)

2. Define the Business Problem

No single critical success factor is more important than properly defining the business problem. Agencies need to clearly articulate the problem they are trying to solve through the RFP. If you cannot state the business problem in a single sentence, you are likely including **requirements** you think are part of the solution rather than just identifying the **business problem** itself. **The business problem should be defined by the results required, not the methods employed to attain these results.** Here is an example:

Best Practices for Requests for Proposals (RFPs)

The State requires a system to license hunters and fishers that will permit the purchase of any license at any time, enable enforcement of pertinent state laws, reasonably secure the information of the license buyer, and do so without any upfront costs.

The definition of the problem should be agreed to by stakeholders as it will dictate the future business model.

Finally, the business problem must be included in the RFP, often bold and underlined, with a statement that **regardless of potentially conflicting requirements, the RFP solicits the respondent's best solution**. Vendors should be encouraged to add their expertise and creativity and to offer different options for delivering the best solution. (Different options with different prices are entirely appropriate.) Ultimately, the agency wants the vendor to provide the best solution to the business problem, not the best response to the RFP.

3. Notify the Right Agencies

If you are ready to prepare an RFP, contact the Indiana Department of Administration (IDOA) to begin the process. IDOA is ready to help agencies through this process, and may be able to direct you to RFPs other agencies are doing, QPAs that already satisfy your business needs, or other solutions to save you time.

If the RFP is IT-related, contact the Indiana Office of Technology (IOT) before contacting IDOA to discuss the business problem and get assistance with the process. The IOT has an RFP Coordinator ready to help. IT RFPs require the IOT's approval before proceeding with IDOA; therefore, it is important to touch base with IOT as early as possible. It is far better to have the RFP approved (which will speed later review of the eventual contract) than to have the contract delayed or rejected because IOT was not engaged at the outset.

4. Select the Team

Every team should have a leader who should almost always be the person charged with administering the contract that would be awarded through the RFP. Some suggestions regarding team makeup to follow:

- The team must include the manager of the contract, user of the end product/service, and agency subject matter experts.
- Team size should be three to nine people.
- The team should include stakeholders of the business problem and people with expertise who are expected to add value to the review.
- If another agency shares all or part of the business problem and stands to gain from the solution, the team should include representation from that agency as

Best Practices for Requests for Proposals (RFPs)

well. *Agencies should presume that their business problem is shared by other agencies rather than that it is unique to them.*

- Teams may include "consultants" that will not be required to review the RFP. One or two of these people from upper management or with a specific specialty (such as financial, technical, or legal) may prove quite helpful.

In summary, the more bright minds and diverse perspectives on the team, the more likely an RFP is to result in a successful business solution.

5. Define with Open Requirements

Before requirements are established, it is important for the team to understand the pros and cons of the current solution, if any. Such pros and cons might evolve into requirements, or at least a statement following the definition of the business problem informing the vendor community of problems the agency faces.

The selected team should be encouraged to review and refine the stated business problem before requirements are established.

The temptation to mandate a specific solution to the business problem is difficult to avoid. (This temptation is alleviated somewhat by properly defining the business problem.) Though agencies may have a very good idea of the methods and technology that will be applied, writing requirements that leave the door open to vendor experience and innovation is essential. Ideas for crafting the RFP should come from a number of different sources.

- Other RFPs (IT RFPs can be obtained through IOT and through user groups such as NASCIO, NASTD)
- Direct contact with persons from other states with similar experiences and responsibilities (there are very few veterans of a project that would not change a few things even if the project was successful)
- Private sector businesses with similar challenges (don't hesitate to call a business and ask them what they do)
- Those in the vendor community who may have pertinent experience (be ready to differentiate valuable consultation from a sales pitch, and watch for input attempting to manipulate requirements to a certain business model or solution)

Development of the requirements should be accomplished with the cooperation of the review team or a subset thereof. RFPs are consistently better when the team that will review the responses has been involved in the development of the RFP.

Requirements should be unambiguous, meaningful, measurable, and complete. Requirements should not include the solution or any unnecessary characteristics.

Best Practices for Requests for Proposals (RFPs)

Requirements and the evaluation criteria should provide a mechanism for making an easy "apples to apples" comparison of the respondents and their proposed solutions.

6. Draft the RFP

Get latest boilerplate

A. Software RFPs

If the purpose of the RFP is to procure commercial off-the-shelf (COTS) software, then the following areas should be included in the Technical Proposal.

B. Services RFPs

C. Development / Customization RFPs

D. Support RFPs

7. Review the Draft

Having the business problem definition and the RFP itself reviewed by a group of respected minds outside the team, such as through a "Red Team Review", will prove quite valuable, especially for more complex RFPs. (A Red Team is a team of individuals, preferably outside of the project, that can offer a different perspective, and feedback to improve the RFP.

Prior to the release of the RFP, it is perfectly appropriate to allow vendors to review the RFP draft to give you feedback. (The time between the release of the RFP "on the street" by IDOA and the contract award is the time during which agencies are not permitted to communicate with participating state employees. Contact with vendors during an RFP must be pre-approved by IDOA.) When doing so, it is important to allow any willing vendor to review the document to ensure fairness to all vendors and to prevent the suggestions of any one vendor from skewing changes to the RFP.

8. Prepare the Request for Information (RFI) Document or Session

Request for Information (RFI) is a term used to describe one of two ways of asking vendors for information.

1. An RFI document with questions to the vendor can be prepared and submitted by IDOA to vendors. The vendors respond in writing to the questions.
2. An RFI session is held by IDOA to discuss the upcoming RFP. During this session the agency should give a short presentation on its business problem and

Best Practices for Requests for Proposals (RFPs)

ask the vendors what questions or suggestions they have. Indeed, it is highly recommended that at, or before, the RFI session, you circulate a draft of the RFP. IDOA can post the draft online when it gives notice to vendors of the Request for Information session or document.

At RFI sessions, vendors will often not ask questions to avoid giving away their concerns in a public forum; however, after the session many vendors will pose their questions individually. Even if no questions are asked, a well-planned presentation, is likely to give the vendors (1) an opportunity to meet and partner with other vendors and (2) the best sense of what the problem is that the agency is attempting to solve.

In addition to vendors, invite management and end users to the RFI, as this may be your best opportunity to correct misunderstandings and otherwise improve the document before the RFP is released. If necessary, multiple RFI sessions can be held.

The RFI process also offers opportunities to solicit information that will be helpful in the development of the pricing sections of RFPs. The information that is gathered about the methods or structures a vendor may propose can be examined and analyzed to determine the content of the pricing components for the RFP. Written pricing structure responses from vendors do not necessarily need to include specific dollar amounts, but rather should provide information on the methodology that may be considered to reach the creative structures could add value to the RFP. Vendor responses can be accepted and made available to the entire vendor community without specific identification, similar to RFP question and answer postings.

The requirement to hold an RFI session can be waived with approval by IDOA; however, agencies should presume that they will get significant value out of an RFI session.

9. Conduct the Evaluation

- Meeting the submission requirements is pass/fail.
- Develop a management discretionary point matrix based on the business requirements.
- Brief the team on the RFP before the responses are received and emphasize the critical points needed in the responses.
- Hold a meeting with the team after they have had a chance to review the responses to discuss their initial impressions. Ask each person for the positives and negatives of each proposal. Have them pick their top two and discuss the reasons for their selections.
- Ask the team to submit their preliminary rankings. Based on the point's total, determine the finalists and invite them for a Best and Final Offer (BAFO) presentation. Make sure they understand the points that you want them to cover, that the subject is deliverables and not sales, and ask them to bring the delivery team (the delivery team is more likely to give realistic information regarding the

Best Practices for Requests for Proposals (RFPs)

- product and implementation since the expectations set are their responsibility to deliver) along to present. (At the BAFO, if you begin to hear a talk on why a company hires the best people, you are hearing sales rather than substance.)
- Meet after the BAFO to discuss presentations and any new findings/perspectives on the vendors.
 - Submit the final evaluation. (be careful to rate vendors proportionally, that is to make sure you have the proper difference between the best and the rest.)

10. Follow Up

Though the focus of this best practices sheet is on the RFP process itself, it is important to follow the RFP with:

- A contract that clearly defines the required deliverables. (Merely attaching the response to the RFP to constitute the duties of contractor should be considered inadequate.)
- Preparation and planning for post-RFP activities, such as site visits and implementation activities.
- A comprehensive plan for all facets of the project's implementation, most notably project management.
- A plan for evaluation of the vendor's performance.
- A plan for evaluation of the State's performance (not only throughout the contract, but from the beginning of the RFP process).