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Five WATCH-OUTS to Consider When Planning Your Next RFP

If you manage bids for mobility services, you probably know the basic steps: develop a questionnaire, send it out, score the result, and schedule site visits for top contenders. But if you want to ensure that your RFP process—and your ultimate mobility contract—really meet company objectives, a few key steps can save time and money. Below are five of the most common watch-outs in planning an RFP from the perspective of experts at companies who have managed many bids.

1. FAILURE TO UNDERSTAND TOTAL COMPANY NEEDS

Mobility programs serve your company in ways that may not be immediately obvious. Failing to represent the needs of your total organization can lead to an inefficient and unsuccessful RFP process. Different divisions face challenges particular to their businesses, locations, and industries. Recruiters and hiring managers compete for talent based on different factors. International mobility challenges differ by country and region. Do your research to make sure you are balancing your company's overall needs.

2. DEVELOPING A QUESTIONNAIRE THAT FOCUSES ON SERVICE FEE ALONE

Prioritize your objectives. Even if your main goal is cost reduction, entering into a bid focused only on the lowest bottom-line price without the intention of improving overall value can be counterproductive. While the competitive bid process is designed to make Relocation Management Companies (RMCs) sharpen their pencils, asking RMCs to do more for a lower fee in the long term may erode the value of your mobility program. Focus on ways to reduce total program costs and the potential for ongoing savings that are often equal to, or greater than, the RMC's total fee.

In most cases, less than four percent (4%) represents revenue earned by the RMC. The remaining costs incurred are direct pass-through and program/policy costs. Selecting an RMC with a robust and dedicated supply chain management team can ensure leverage of these spend categories while protecting service quality.

3. SETTING AN UNREALISTIC TIMETABLE OR BUDGET FOR THE RFP PROCESS

Not allowing RMCs adequate time to fully complete each phase of the process may compromise the quality of the proposals you receive, leading to less creative and customized responses. This may also add time needed to clarify inadequate responses, grant extensions, and engage in back-and-forth Q&A. Take into account a customary round of RMC questions that may take time to answer, and then ensure you leave the RMCs enough time to incorporate your new information into their proposals.

Also, begin the RFP process with a firm idea of what it will cost the company. The cost is more than just financial, but extends to the commitment that is needed from a number of people in your organization to contribute time and energy to an effort that is not part of their regular jobs.

5 Five WATCH-OUTS to Avoid When Planning Your Next RFP

4. UNDERESTIMATING THE APPROVAL PROCESS

Not planning ahead for executive approval of your plan and choice of RMC can add unnecessarily to the RFP timeline. There may be other factors at play in your company, for instance, senior executives in your company may already be predisposed to work with a certain RMC as a result of past experience, advice from their peers, or even business relationships with the RMC's greater organization. Identifying and understanding these potential influences early and preparing management to consider your recommendation may pay off in the long run.

Also, make sure you build a knowledgeable and committed team from all affected functional areas (finance, procurement, HR, etc.) to drive a better decision.

Consider the areas of expertise, ability to commit to a long project, and the personalities of the people you want to engage.

5. NOT PERFORMING DUE DILIGENCE ON BIDDERS

If you don't do your research on potential suppliers and their capabilities, you run the risk of overlooking valid candidates or judging candidates on insufficient data. In post-selection interviews, companies often comment that their initial impression of a bidder based on size, reputation, or marketing, was off target. Consider an RFI stage that helps you qualify and limit the number of bidders, but make sure that you don't make the RFP stage a duplicate of the RFI.

On the flip side, make sure RMCs have an opportunity to learn about your company and its mobility objectives before issuing an RFP. Ask yourself how an RMC with no prior knowledge of your company can craft a customized response that answers your needs fully and creatively.

Click here to contact us for personal assistance in designing the perfect RFP for your business.

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