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THOUGHTICLE™

Don't send out an RFP before you do a needs analysis

Make sure you do a needs analysis before you send out the RFP. It pays off no matter which vendor or tool you choose – and will help avoid the pitfall of falling in love with a pretty (inter)face. You'll stay grounded in solving business problems and see vendor capabilities and tool demos through a prism of how it gets you to your future.

Strategic Challenge

The Request for Proposal (RFP) process, and its cousins the Request for Information (RFI) and Request for Quote (RFQ), should always begin with a definition of success. This will not only pay off before the first vendor presentation, but will build a consensus within your company, solidify senior executive support and give you something to go back to after the solution is completed. This puts you in the driver's seat.

By contrast, when vendors are in control, they begin with a tool demo, and believe me, it's easy to fall in love with a pretty interface. Your needs analysis will help you avoid getting swept away and make your decision much more objective and aligned with your defined business need.

First envision your future, then ask vendors how they will get you there. The project should neither be a procurement exercise nor a tool demo. The benefit of doing this is to avoid unclear expectations, misunderstandings, mutual disappointment and scope and pricing disconnects. Keep in mind, the vendor/partner you choose will be with you a long time.

Why outsource?

Any engagement should begin with a discussion about what you would gain by outsourcing in the first place.

Take the example of outsourcing a customer database. In this case, I feel there are five things to look for. What you're looking for will vary, but the process is the same. Using my customer database example, five things become the basis of the needs analysis:

1. Expertise in data management and data quality
2. Deep experience in multi-channel marketing campaigns
3. Analytical capabilities with a proven track record
4. State of the art client access, technology and tools
5. Strategic consulting and advice (industry knowledge is always a plus)

Each of these capabilities has key ingredients; you need to codify your needs in detail.

1. Expertise in data management

   a. Demonstrated skill with both online and offline customer data integration
   b. Ability to convert, standardize and repair customer and transaction data

c. Understanding of external information from affiliates, partners and data appends wherever this data is applied in the process
d. Proven success in both online and offline matching digital data/web analytics with transactions
e. Client intervention solution using alerts, escalation procedures and controls that prevent against pathogens entering the system and missing data

2. **Deep experience in multi-channel marketing campaigns**
   a. Email disposition management and deliverability experience
   b. Suppression and customer preference management
   c. Inbound campaign management, real-time marketing solutions, trigger and event marketing
   d. Promotion response attribution across channels
   e. Multi-channel response analysis and ROI templates brought to the solution; this could be dashboards, reports, alerts, etc.
   f. Track record in measuring coupon strategies and pushing back when coupons don't make sense

3. **Analytical capabilities**
   a. Not black box, easy to understand and communicate the value to executive sponsors
   b. Contact strategy thought leadership
   c. Customer data experience beyond impression and click data, beyond conversion data and into repeat purchasing and value
   d. Market basket, product analysis and product affinity
   e. Web analytics including landing page optimization, path to purchase and clickstream integration prior to the first purchase
   f. Digital analytics for all programs from search engine marketing and optimization (SEM and SEO) to digital display to affiliate to email to social

4. **Sensible client access and tools**
   a. Fast
   b. Powerful
   c. Open and interoperable
   d. Multi-level (households and individuals or business and contact level)
   e. Multi-channel
   f. Updated frequently
   g. Not expensive
   h. Integrated with Microsoft Excel
   i. Web-based

5. **Strategic consulting and advice that is bundled** with the service and doesn't break the bank. I usually look for ex-clients working for the vendor who've been there and can empathize

How to find the ideal vendor?

The process I go through to find the ideal vendor has **nine steps**. Going through these steps will provide longer term benefits both in ensuring success with the winning vendor as well as within the client organization to achieve consensus before the tool demos begin.

1) **Needs analysis**
2) **Strategy development**
3) **Create RFP**
4) **Collect vendor replies, initiate interviews and scorecard**
5) **Due diligence**
6) **Financial analysis and ROI assessment**
7) **Risk analysis**
8) **Negotiations**
9) **Vendor selection and contract signatures including Service Level Agreement**

The nine steps for choosing a marketing database provider

Here are the details for each of the nine, including the subsequent steps for implementation and ongoing control.

1. Needs analysis

- a. Your own corporate direction and vision
- b. Your pain points and the business problem you're trying to solve
- c. What works in today's current solution and what doesn't
- d. Documentation of today's process ("as is" state)
- e. Documentation of desired process ("to be" state)
- f. How exactly the customer and campaign system solve your problem

2. Strategy development

- a. Success analysis/Goal setting
  - i. Formulate definition of success for
    - 1. Process (reduced cycle time, marketing automation, faster read on campaign results to optimize offers and contacts)
    - 2. Monetary (increase repeat purchase, better acquisition, improved retention, reduced exchange and cancel rate, reduced web abandonment)
  - ii. Financial potential of success (part one of the business case)
  - iii. Prioritization - what are we looking for first?
- b. Documentation of client roles and responsibilities
  - i. Stakeholder map (people and locations) and the amount of time that will be devoted to the project (be honest)
  - ii. Degree of full or self service
  - iii. Identification of any dependencies, particularly in the data feeds
- c. Document the appetite for innovation and experimentation
- d. Create scorecard to objectively evaluate vendors
- e. Socialize this scorecard and validate the weightings before you create the RFP
- f. Develop a short list of vendors through secondary research and industry contacts (keep it quiet)

3. Create RFP

- a. Now you're ready to create the RFP
- b. Begin with a narrative of your vision for the future
  - i. Describe your road map – be honest, be forthcoming
  - ii. Create RFP to include
    - 1. Questions to the vendor
    - 2. Examples you expect from the vendor
    - 3. Templates you expect from the vendor (e.g., show us your template for escalation procedures, security plan, show us your

requirements template, show us your User Acceptance Testing template, etc.)

c. Invite vendors to receive the RFP one at a time, do not blast this out to dozens of vendors; ask them if they're interested in participating before they see it
d. Secure a signed NDA which covers the promise not to share what they learn in any way
e. Distribute RFP to four to eight vendors (a smaller field is better)
f. Setup a preliminary meeting with each vendor to entertain questions and ask them to tip their hand for what they're envisioning – do not make that meeting into a tool demo
g. Carve out a special role for your incumbent vendor (optional)
   i. Commitment to knowledge transfer and professionalism if not selected
   ii. Open mind approach to "rebid" (i.e. look at RFP fresh and propose new thinking)

4. Collect vendor replies, initiate interviews and complete your scorecard

a. Fill out the scorecard
   i. Score vendor capabilities relative to your business needs
   ii. Do they have the domain expertise?
   iii. What is their strategic vision and how well does it align with yours?
   iv. Do you see a fit?
   v. What specific capabilities are you looking for?
   vi. What technologies and tools do you get?
b. Narrow the field of vendors to a handful; invite them to present (only vendors where there is a fit get to present; resist the urge to see demos ahead of time)
c. What if this vendor wins the business? Will they be able and willing to host the client marketing database (big fish/small pond? small fish/big pond?)

5. Due diligence

a. Does my team understand correctly? Repeat what we heard back to vendor, get clarifications and ask questions
b. Objective verification: proof of concept ("show me", references, proof points)
c. Audits: security audit, compliance audit, escalation procedures run through, back-up procedures

6. Financial Analysis and Business Case

a. Cost of solution (part two of the business case)
   i. Baseline charges
   ii. Ad hoc charges
   iii. Cost of migration
b. Cost of ownership and ongoing support (long term costs)
c. Complete the business case

7. Risk analysis

a. Identification of risks
b. Disclose these risks to the vendor
c. Listen to the vendor and ask them to disclose their concerns (this is a test of their honesty and comfort with being your partner – not your vendor)
d. Risk mitigation planning – is this still a fit?

8. Negotiations

a. Final terms (pricing, schedule, compliance, legal)

   b. Service Level Agreement (SLA) with penalties for missed deadlines, poor service, disruption – consider rewards for uptime and excellent service

9. **Vendor selection and contract signatures (including SLA)**
   a. Legal requirements (Professional Services Agreements)
   b. Compliance requirements

Implementation of the vision

You should plan for life-after-vendor-selection in terms of charter, the discovery process, design, requirements, scope, project planning, and change management. This is your moment to be a good partner to the vendor and set up a knowledge exchange processes as if they were new employees at your firm. While the best vendors will bring you templates and experiences, you are ultimately responsible for their performance.

Ongoing governance and joint management

If this process sounds intense, it is. But if you do your job well and create the needs analysis properly, it can be used for ongoing governance of the solution and the relationship. You should already know your expectations for regular meetings, quarterly executive sponsor reviews, management reporting (e.g. quality assurance dashboard, cycle time improvements, business-oriented management KPIs) and so on. Your needs analysis should not sit on a shelf; good vendors will refer back to it as they achieve milestones in their delivery.

Each time you reach a milestone, you should be learning how to improve the relationship with the vendor.

HANSA Marketing Services

Roy Wollen is president of Hansa Marketing Services. Hansa is an Integrated Marketing Communications firm providing brand solutions, advertising, analytics, market research, and interactive services.

Linking together marketing functions such as brand strategy, digital marketing, social and email marketing with creative design, we propel our clients forward on a clear, concise path to marketing success.

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