

RFP Strategy Response Guide

Why Issue an RFP?

When a company issues an RFP, there can be a multitude of objectives: Obtain competitive pricing, negotiate pricing using RFPs with the incumbent vendor, use the RFP for free consulting work and best practices, accountability (In the U.S., Sarbanes-Oxley requires firms to prove that a company has made the best business decision) or actual purchase.

What An RFP is Not:

- A mechanism for vendor selection (it is intended instead for de-selection)
- A tool to outline and crystallize the required solution (no room for needs development)
- A vehicle for actual purchase (RFPs are not typically effective as 50% do not result in award)

What An RFP Really Is:

- A document by committee that often ends up being vague, self-contradictory, and incomplete
- A means to “lower the bar” so that vendors can be homogenized -- Comparison requires a least common denominator
- A political football
- A mechanism to eliminate the “also-rans”
- A means to satisfy the requirements of the Procurement department

Avoid Common RFP Mistakes

While the unfortunate truth is that RFPs are increasing in use among companies, the good news is that many firms haven't adopted their strategy gain selection. Most offer plain 'vanilla' responses and fail to respond to crucial sections of the RFP.

The First Big Question:

Are You in the Driver's Seat?

- The Customer has indicated they want your solution and the RFP is a formality
- The trust level is high between your company and the Customer
- The Customer may have asked that you help design the RFP

If Yes:

- Reply to the RFP with a complete response to every section, including pricing.

If No:

Gauge your likelihood of winning by assessing the degree of fit:

1. **RFP Fits into overall strategic plan.** How does the RFP line up with your core competencies?
2. **We have the capacity and resources for this company.** Sometimes a project is too large.
3. **We know the company's entire management team.** If you don't, somebody else probably does.
4. **We know all our competitors.** Are you able to distinguish yourself?
5. **We have a good reputation among this industry.** Customers will be asking around.

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Signs that they might NOT be committed to awarding a contract:

1. **No Specific Objective, Problem, or Need.** Indicates the company may just be looking for new ideas and free consulting.
2. **No Money or Budget.** Indicates the company is using the RFP to establish pricing.
3. **Repetitive.** The request may look cut-and-pasted, doesn't make sense. They are not serious.
4. **No Access to End Users.** This indicates that the Customer views your product as a commodity. This doesn't give you a chance to justify your price/value, and they will choose the lowest price.
5. **Too Many/Wide Varieties of Solutions Requested:** They don't know what they want, need, or why they need it.
6. **Short Request to Delivery Time:** Odds are if you have a tight deadline, it's to protect the favored vendor/incumbent.

If too many of these indications exist, it's an indication that you aren't favored or the company isn't serious. Re-evaluate your odds of winning vs. the effort you will put into the document.

Step 1: Develop your RFP Strategy

Often 90% of the requirements in an RFP can be satisfied by all competitors. As you and your competitors evolve, unique features become commoditized. In order to win business, the key is to identify your true differentiators.

Step 2: Find Your Differentiators:

1. List all the claims your industry makes. What is the market standard?
2. List the ways your firm is superior.
3. List the ways that your firm truly makes a difference in the performance for the customer. Try to identify at least three.
4. These are your differentiators.

Step 3: Create a Theme

When answering your RFP, your main goal is to sell your firm's true differentiators, alleviate the prospect's concerns (People, Process, Technology, and Experience), and appeal to the reasons prospects buy (Time, Money or Risk.)

Tips on Constructing a Theme:

1. Be honest
2. Keep responses short (No more than two sentences, but one if possible)
3. Insert the "Wow" factor. Year over year cost reduction is one WOW factor.
4. Sprinkle this theme throughout the RFP response, but don't overuse it.

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Step 4: How to succeed in the most important phase -- Question & Answers

What to do

Respond to the Q&A phase of your next RFP using these steps. The likelihood of your campaign success will improve greatly; maybe not for this opportunity, but you will set the stage to differentiate yourself in the future:

1. Read the RFP introduction and background sections with care. Compare them to the technical requirements sections and look for disconnects.
2. Think of all the business, financial, and operation considerations that are not being adequately addressed from their perspective, not yours as a vendor
3. Then, craft a set of specific questions that focus on the 'why' as well as the 'what/how', and reflect the following criteria:
 - **Detailed:** Ask all the technical "Hows", but no meaningless technical questions
 - **Gap Exposing:** Identify requirements that should have included because of their stated business objectives but are missing (because this is a document by committee)
 - **Comprehensive:** Address all aspects of the RFP with your insightful questions
 - **Insightful:** Ask probing questions not easily answered by a technician – this will cause the questions to be routed to the business side of the RFP team
 - **Relevant:** Tie the requested capabilities to business value

This is your opportunity to show that you are more adept at:

- Addressing their industry specific issues
- Assessing their pricing concerns
- More experienced at solving their business challenges
- More focused on helping them make more money

What not to do

- Hand the RFP to a Sales Engineer to ask a number of detailed and miniscule technical questions
- Let the Presales consultant do all the work
- Leave your effort until the last minute before the response is due
- Submit a sloppy/unprofessional looking document

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Step 5: How to assemble the RFP the Cover Letter

Purpose of your Cover Letter:

Tailor your message to the economic buyer. For this reason make sure you are using high-level language, and keep it short. Assume they have a stack of 8 RFP responses, with a limited amount of time. Your objective is to keep the cover letter compelling, show your knowledge of their situation, and keep it succinct.

- Put the theme up front and clearly displayed, preferably in a list
- Keep it to one page, be frank, and use bullets; white space is your friend
- Avoid fluff or industry jargon
- Make it provocative but not confrontational
- Review it with your sales manager before submission

Step 6: Creating the Executive Summary

The goal of the executive summary is to make your response seem the most strategic. Tailor your message to the most senior technical decision maker.

Your Executive Summary should address these questions:

1. What is the buyer's pain?
2. What are the unspoken criteria? (This will differentiate your product)
3. What are the most salient, unique, and compelling features of your solution?
4. What are the compelling differentiators of your company?
5. What is the acquisition cost and payback?
6. What are unspoken risks and how will you help mitigate these?

An important Note on Pricing

- There will be negotiations after the fact
- Unless specified, avoid line item pricing
- Provide multiple priced options, especially when not requested by the RFP
- Brand these options so they are tied to business value
- Provide multiple configuration "alternatives" -- each with its own pricing and storyline



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Step 7: Assembling the Body of your RFP Response

The goal of the response body is to create a clean response that is 100% compliant but gives little ammunition to your opponents. The audience for this is the project lead and it is usually the responsibility of the solution engineer (or pre-sales consultant) to generate.

What to Do:

- Use a different color and font from the questions
- Be brief with positive and factual answers
- Correct RFP formatting, spelling, and grammar errors
- Provide Visio-type diagrams and graphs to enhance visual appeal
- Provide URLs to web info for further investigation
- Answer 'YES' to all questions

What not to Do:

- Write a Great Novel...detailed information may be used against you
- Use marketing graphics, glossies or product slicks

Step 8: adding an Appendix (Optional)

The goal of the Appendix section is to overwhelm the customer with technical competency and product/solution sufficiency. The audience for this section is the technical staff who will wade through all the responses. As with the RFP response body responsibility for this section lies with the pre-sales engineer or consultant. Basic guidance for this section is to:

- Include your authored white papers and any 3rd party relevant white papers
- Include a CD or memory stick with the information
- Ensure the body references these documents

Step 9: Use the Checklist to ensure all items are covered

Question	Yes	No
1. Is my theme evident and repeated throughout the proposal? Is it clearly stated?		
2. Have I anticipated and alleviated the prospect's fears and concerns?		
3. Have I appealed to time, money and risk so the buyer sees a reason to buy?		
4. Have I followed the structure recommended in the RFP?		
5. If no structure was recommended have I used a logical one?		
6. Have I answered all the questions in the RFP?		
7. Is my math right?		
8. Do my responses reflect the RFP's scorekeeping system?		
9. Does the body of my response read smoothly and coherently?		
10. Is there a method for delivering the response to the correct place and time?		
11. Have I double checked for typos and grammatical errors?		
12. Have I included a cover letter and/or executive summary?		