

Before You Buy

Utilizing a Request for Proposal process to increase purchasing successes



By Mark M. Fallon

No matter what you purchase — equipment, software or services — how you purchase is more important. You can improve your chances for success by having a strategy for selecting and managing your vendors.

The Request for Proposal (RFP) process is an excellent method to use for selecting vendors and products. See the key elements of the RFP process on the right-hand side of this page.

While many businesses have an RFP process, they often don't give enough time to the first step: conducting research. And the most important research you need to complete is in your own shop.

Before You Begin Your Journey, Find Out Where You Are

The goal of any purchase should be to improve your process. A mistake made by many operations is attempting to improve processes without a detailed understanding of existing ones. This is especially critical with document and mail management. It's important to understand the complete life cycle of a document, not just the production process.

When mapping out the process, walk through each step, interviewing programmers, operators and users. Don't take any part of the process for granted; many times, what you think should be happening actually isn't.

It is important during this stage of the review to refrain from suggesting or implementing improvements. The business reason for actions taken at one point on the process may not become obvious until later on. For example, an operator may not know the reason for completing what appears to be a redundant log. This looks like a potential step to eliminate; however, during subsequent interviews, you may discover that the log feeds directly into an intricate chargeback system.

When the documentation is completed, hold a review session with representatives from every group in the same room. Walk through the entire process, and validate what you've documented. Use flowcharts to illustrate the complete life cycle, allowing participants to correct any errors or misconceptions.

Also, during this phase, you need to establish the metrics for verifying the success of your process improvements. Select the factors you want to impact, and determine how to measure them. In the print/mail world, the two most common are pages/pieces per minute and cost per piece.

With cost per piece, be as accurate as possible. The costs of document production include more than simply paper, toner and maintenance charges. You need to include operators, quality control staff and management. Both digital and paper documents require programming and ongoing IT support. All components of document creation should be measured and reported.

You should also look at the other operations impacted by the documents being produced. For example, when reviewing statements, include the remittance processing and customer service departments. Perhaps the changes being implemented can improve how quickly customers pay bills or reduce the number of customer service calls. The complete life cycle needs to be examined.

Identify Opportunities for Improvement

Now that you've documented the existing process, you can begin the work of targeting areas to be improved. Are there too many opportunities for errors? Is there a chance to implement automation? What are the bottlenecks that impede productivity? Are the right people working on the right parts of the process? Does the existing process support the company's overall strategy?

To ensure success, don't undertake this stage alone. Build an RFP team that includes people from the original group who mapped out the existing process. Also, recruit staff from different levels of management to get different points of view. When appropriate, bring in vendors and outside consultants.

The RFP Process

1. Conduct research.
2. Hold meetings inside and outside your company.
3. Assemble an RFP team.
4. Draft and publish the RFP.
5. Conduct vendor reviews.
6. Call references.
7. Compare the bids.
8. Award the bid.
9. Receive and accept the equipment or service.

The team should question every step, however mundane. Investigate if new technology can add integrity or increase speed. Eliminate steps that don't add value. Nothing can be considered off-limits during this discussion phase, and that includes not going forward with the planned purchase.

When proposing changes, document the business reasons for doing so — don't make changes for change's sake. It's easier to support implementing modifications when you understand the reasons behind them. Also, this step provides a road map for future reviews and improvements.

Clearly state the goals of the process improvements to be gained from the planned purchase. Establish objectives that can be accurately measured. Use the metrics determined earlier as a statement of the existing condition or baseline. Set up a reporting format to review your progress, and be prepared to explain your successes and failures.

This research may make the RFP process seem long and tedious. By creating an RFP team and following this process, you'll increase your chances of success when purchasing equipment, software and services. Take your time, and follow a process that works.

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