



EBOOK

The RFP process guide

How to issue an RFP

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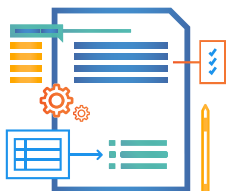
Introduction

The request for proposal, often shortened to RFP, is a decades-old tool used every day all across the globe. Indeed, countless businesses and organizations of all sizes use RFPs to gather and organize data, make strategic purchasing decisions and find the best vendor while maximizing value and minimizing risk.

Despite its prevalence and importance, many professionals still struggle with the RFP process. Admittedly, while incredibly important, the RFP process is often complex and time-consuming.

Not to mention, being responsible for asking all the right questions and picking the perfect vendor for a mission-critical, high-value project that your organization is depending on is a lot of pressure.

Fortunately, with a little background information and guidance, you'll have what you need to navigate the RFP process while following best practices, securing competitive prices and reducing risk.



From asking the right questions to how to score RFP responses, there's a lot to cover. Whether you're creating your first RFP or fiftieth, this guide can help you feel more confident managing RFPs.

RFP basics

To ensure we're all on the same page and you get the most out of this guide, we'll start with the basics. Here you'll find the answers to:

- What is an RFP?
- Who is involved in the RFP process?
- Why do organizations issue RFPs?
- And, when should you issue an RFP?

What is a request for proposal (RFP)?

An RFP is a formal, questionnaire-style document issued to prospective vendors from an organization that intends to buy a product or service. The RFP gathers vendor data in a standardized and organized format enabling faster, easier comparisons.

The process is designed to be an objective and systematic approach to sourcing and purchasing. Because of the detailed and thorough nature of the RFP, it can be used to more confidently select the best vendor for long-term strategic partnerships. Accordingly, RFPs have played a crucial role in helping almost every business achieve their goals.



Who is involved in the RFP process?

To be successful, requests for proposals require tremendous coordination. Various stakeholders must work together to identify a need, gather information and explore solutions.

Defining and documenting key roles and responsibilities ensures your organization develops an effective RFP process.

- **Business stakeholders** – RFPs often start with an individual, department or team that requests a purchase or solution. Often, input directly from these stakeholders guides the project. From defining the need to writing the RFP to scoring the results, having engaged stakeholders improves project outcomes. In addition, the business stakeholder may also create and manage the RFP.
- **Procurement professionals** – Procurement professionals are architects and managers of the RFP process. They vet the request. Then they facilitate the creation, distribution and evaluation of RFPs. In addition, they work with vendors throughout the process to monitor progress, answer questions and provide feedback.
- **Consultant** – An organization that doesn't have the expertise or bandwidth to navigate the RFP process may hire a procurement consultant. They interview the client to understand needs and leverage their expertise to select qualified vendors, manage communication and assess results before making a recommendation.

- **Executives, CFOs and CPOs** – For high-cost, strategic procurement projects, an executive, chief procurement officer or chief financial officer is usually tasked with providing final approval for the purchase. They will evaluate cost, projected return on investment and alignment with organizational goals.
- **Vendors** – Organizations invited to respond to an RFP are called vendors or suppliers. They prepare a proposal that answers the RFP questions, highlights their differentiators and, ideally, persuades the buyer that they're the right choice for the project.



Why do organizations issue RFPs?

Vendor partnerships can make or break your organization.

Accordingly, RFPs help to ensure that vendor selection is data-based, strategic and thoughtful. The process yields short- and long-term benefits.

Account for complex considerations

When an organization needs to make a high-value purchase, there are a lot of important elements. Buyers must take into account dozens of different considerations. For example, you may need to explore a vendor's experience, finances, culture, technical abilities, security practices, product quality and more. The RFP centralizes all of this information from multiple vendors in one document.

Encourage competitive pricing

RFP purchases are often big investments. Consequently, it's important to ensure you partner with the right company while keeping costs as low as possible. By definition, RFPs are competitive, which encourages each potential vendor to present their best offer. Even if you have an existing relationship with an incumbent vendor, it's a good idea to run an RFP for high-stakes, high-value projects.

Ensure a fair and unbiased process

The RFP process uses data to ensure objectivity. Indeed, it allows you to gather consistent data from all prospective suppliers and avoid favoritism, bias or unfair comparisons. It provides clear, auditable documentation of how you reached your decision.

Additionally, for government entities, the RFP process may be required by regulation. This is to ensure that taxpayer dollars are allocated based on data and the process is transparent and fair.

Reduce risk

Risk is inherent in any vendor or supplier relationship. Fortunately, the detail of the RFP process allows organizations to minimize vendor risk by verifying and inspecting a vendor's diversity and sustainability practices, security policies and compliance with regulations. This process illuminates any potential threats before entering into a contract and enables your organization to respond accordingly to mitigate risk.



When should you issue an RFP?

Because of the time required to create and manage them, RFPs aren't a fit for every purchase. Remember, the benefit of the RFP is to save money and protect your organization.

So, if you have a small, one-time purchase, the risk is probably minimal and the time investment of an RFP may outweigh the potential benefit.

To help provide guidance, organizations commonly establish a cost threshold in their procurement policy. If the project budget meets or exceeds the set amount, an RFP must be issued.

The threshold varies based on the size of the organization but typically falls somewhere between \$5,000 and \$250,000. In addition, RFPs are a good idea for strategic projects or purchases that have a large organizational impact.

Use an RFP if:

- Your project is strategic, high value or high impact
- You have specific questions for vendors
- You're ready to make a purchase

If this doesn't describe your project, you may need to use a different type of vendor information request.

The logo consists of the letters 'RFX' in a bold, white, sans-serif font, enclosed within a thin yellow rectangular border.

RFX meaning in procurement:
Definition, process & resources

Gathering vendor information is easy when you use the right process.

Explore additional request management tools like RFIs, RFQs and RFOs [in this guide.](#)

The RFP process

RFPs are designed to provide a lot of crucial information in order to allow a business to make an informed and strategic decision. To achieve that goal, a substantial amount of preparation, research and skillful execution is required.

Sample RFP process timeline

1. Creation

- Identify need
- Requirements discovery
- Establish RFP criteria
- Write the RFP
- RFP review and approval



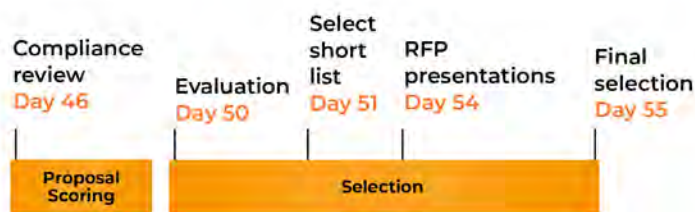
2. Administration

- Select vendors
- Issue RFP
- Gather vendor questions
- Answer questions
- Await responses
- Send reminders
- RFP deadline



3. Evaluation

- Compliance review
- Proposal scoring
- Evaluation
- Selection
- Select short list
- RFP presentations
- Final selection



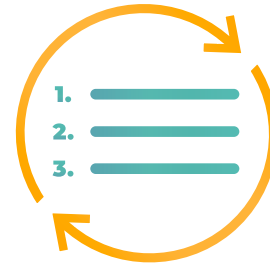
4. Finalization

- Award notification
- Negotiation
- Contract signing
- Rejection notification
- RFP debrief
- RFP closed



The RFP process in three steps

While it may seem complicated, the RFP process is fairly straightforward when broken down into three core steps: creation, administration and evaluation.



1. Creation

The first step of the RFP process includes planning, stakeholder interviews, research and writing. Perhaps the most important (and difficult) part of the process, the time you invest in this step pays off throughout the rest of the project. As you create your RFP, remember that the more thoughtful and thorough you are now, the better your vendor responses will be later.

Identify and interview stakeholders

The RFP creation process starts with your stakeholders. So, decide who needs to be involved. You may find it helpful to identify roles and plan your project using a RACI matrix to determine who will be responsible, accountable, consulted and informed throughout the process. For example, writing a software RFP requires the primary stakeholder, power users from their department, IT, legal, finance and the executive approver.

Now, collaborate with your project stakeholders to define the project needs, budget and goals. You can conduct interviews, send emails or, better yet, use RFP software to centralize stakeholder input.

Stakeholder interview goals:

- Create a problem statement
- Determine the project goals
- Define the project scope
- Build a list of vendor requirements
- Identify a specific list of needs vs. nice-to-haves
- Establish a budget

Conduct market research

While you don't need to become an expert in the category, it's important to conduct a little independent market research. Explore vendor review sites, ask your peers for recommendations and review similar RFP examples.

If the project requires deep industry knowledge, consider hiring a procurement consultant to help ensure you're asking the right questions. Ideally, at the end of your research, you'll be familiar (at least on a surface level) with the market and have a list of vendors most likely to meet your needs.

Write RFP requirements

RFP requirements guide vendors. In addition, once defined, RFP requirements serve as a guide when writing RFP questions as well as evaluating vendor proposals. There are quite a few types of requirements to include in your RFP.

- **Minimum requirements** — Deal breakers that help a vendor decide if they're qualified to respond.
- **RFP evaluation criteria** — The considerations and requirements the vendors will be scored and evaluated by.
- **Submission requirements** — What should the RFP responses look like? Use these requirements to make RFP evaluation easier for you and your team.

Build your RFP

Using the information you gathered from stakeholders, begin putting your RFP together. Break the RFP into sections to organize the content and make it easy for vendors to navigate.

RFP sections

- **Project overview** – What services do you need?
- **Company background** – What does your business do?
- **Project goals** – What do you want to accomplish with your purchase?
- **Requirements and scope** – What elements are must-have items? Are there items that are just nice to have? Is there anything that is out of scope?
- **Budget** – What is your budget for the project?
- **RFP timeline** – When is your proposal deadline?
- **Submission requirements** – How should proposals be delivered, and how long should they be?
- **Evaluation criteria** – What parts of the project are the highest priority?
- **RFP questions** – What information and data will help you make your decision?



Write RFP questions

Every RFP has questions. While some have a dozen questions, others may have hundreds. To simplify evaluation, it is helpful to keep the number of RFP questions as low as possible. Shorter RFPs are easier and faster for vendors to complete, encouraging participation and competition. In addition, keeping your RFP brief and focused will reduce the time required for scoring and evaluation.

For essential requirements, phrasing questions in a yes or no format can help quickly eliminate unqualified or underqualified suppliers. On the other hand, if you're seeking a partner with a deep understanding of your industry and needs, open text answers can encourage suppliers to share their creativity and vision.



RFP issuers should ask questions about the vendor's experience in their industry. It's important to determine whether a vendor understands the business's challenges and can use their experience to be successful.

As you build RFPs, you may find it helpful to save them as templates. Remember, always review your templates and remove any unnecessary or irrelevant questions. [RFP software](#) makes this easy with dynamic templates broken down into sections.

Sample questions to ask in an RFP

Who are your competitors?

Asking this question can help issuers determine a vendor's integrity. It lets issuers know whether the vendors are honest about who their competitors are and why they lose to them. It can also help issuers determine if there are other options they should explore.

What is your implementation process like?

When purchasing software, setting it up correctly is crucial to maximizing its effectiveness. RFP issuers should determine how long the implementation process will take and how involved the vendor will be.

What kind of training do you offer?

The more complex the solution, the more important this question is. Certainly, if you don't understand how to use all the solution's features and functionality, you may miss out on key benefits. Issuers should inquire about the vendor's customer success team, scope of training vendors offer, as well as the available formats. For example, will support only be offered by phone or will there also be online self-service and email?

How do you handle customer support?

Almost all software users encounter an issue at some point in time. Issuers should determine how long vendors take to respond to customer support requests, as well as how they can submit those requests.

Do you offer a trial?

Free trials can give issuers a clear picture of what the vendor has to offer with no risk to their organization.

Can you provide references, reviews and case studies?

In the absence of a trial, there's no better way to determine the effectiveness of a solution than by learning about the experiences of those who already use it. Ask to talk directly to a current customer. If possible, request to speak to one that has a similar business or use case.

2. Administration

The second step of the RFP process includes selecting vendors, issuing your RFP, answering questions, waiting for proposals and following up as the deadline approaches. Fortunately, this step requires slightly less effort than the other two.



Select vendors

Once you've written your RFP, it's time to select the vendors you want to invite to participate. Generally, you want to end up with three qualified vendors to choose from. With that in mind, use your market research to select a short list of about six vendors to invite to your RFP.

Issue the RFP

If you manage the RFP process using spreadsheets and Word you'll likely send your RFP invitation to vendors using email. As you can imagine, sending RFPs through email creates a lot of traffic in your inbox. Alternatively, if you use RFP management software, you'll simply send all your invitations in the system. RFP tools improve collaboration and cut the time required to issue an RFP by up to half.

Respond to questions

It's common for vendors to have follow-up questions after reading your RFP. They may need clarification on an RFP requirement or want additional details about your specific needs.

When you receive these questions, gather them together. Answer each question in the list and send it back to all the vendors. This ensures that all participants have the same information and none have an advantage over the others. It's worth noting that this is another helpful function of RFP software. Rather than fielding questions via dozens of emails, use a request for proposal tool to keep your inbox clean.



Send final reminders

Ideally, you'll have lots of proposals before your deadline. If not, it's helpful to send a quick and gentle deadline reminder to vendors that haven't yet responded. Encourage them to participate and let them know you're excited to see their proposal. It's also helpful to attach the RFP and remind them of the anticipated date of the final decision.

3. Evaluation

The last step of the RFP process is to review the vendor proposals, compare them and select a winner. It's crucial to engage stakeholders in this process to provide their perspective and expertise.

Review responses

Before you begin scoring, gather your vendor proposals to review them for compliance to the submission and minimum requirements. Using the guidelines provided in your RFP, verify that vendors followed the submission instructions and responded to all required questions.

If you discover noncompliant proposals, you'll have to decide your next steps. You have two options. First, you can disqualify any vendor who did not meet the requirements. This is the simplest approach, but it may narrow your options too much. Second, you can contact vendors to request a correction or clarification. Allowing revisions increases the number of vendors to choose from. However, it will also delay the final selection timeline. Regardless, it's important to be consistent with your approach for all vendors to ensure fairness.

Score the proposals

Once you've isolated your selection to only qualified vendors, it's time to score your proposals. To begin, refresh your memory by reviewing the list of needs and wants. You may find it helpful to create a scoring rubric based on your RFP requirements to help guide the process.

Now, section by section, decide which stakeholders should score the proposals. For example, the data security and technical specifications sections should be reviewed by a stakeholder from IT because they have relevant experience and can provide valuable insights.

Certainly, you may review and score in a group setting or individually. If individual scores are provided, areas of disagreement can be identified and addressed if necessary. This improves buy-in from stakeholders and ensures that each perspective is accounted for.

Once the stakeholders score each question, average them. Next, total the overall score for the section. Then, use RFP weighted scoring to calculate final section scores and total scores for each vendor. Weighted scoring allows you to prioritize considerations, giving sections or individual questions that represent the areas of biggest concern more overall value.



While this is a very basic overview of RFP scoring, it's a complex topic that you could write a whole book about. And, we did.

If you'd like to explore RFP scoring approaches and best practices in more detail, check out this ebook: [RFP scoring ebook: Best practices for vendor selection.](#)

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Compare your options

After scoring each proposal, compare vendors side by side to narrow the field. If you're using spreadsheets, you may find it helpful to create a single-page comparison to review each vendor's section score and total score. If you use RFP software, this is done for you automatically.

Ideally, you have a high-scoring front runner that checks all your boxes and can move forward with them. However, if you have several options with similar scores, you may need to explore further.

Gather additional information

If your initial evaluation didn't result in a clear winner, you'll have to get more information. To do this, you have a few options. Identify your top contenders — preferably no more than three options. Then, notify unsuccessful vendors, and start gathering more information from your short list.

Vendors should be able to show how their offerings differ from the rest of the competition. By this point, the issuers' needs and concerns should be clear, providing an opportunity for targeted messaging.

Phase II RFP

If you are close to a decision, but want a little more information, you can ask more questions in an organized RFP-style questionnaire, like an RFP lite. Focus on considerations with the highest importance to your organization or sections of the RFP where scoring was particularly close. Ask vendors to differentiate themselves.

RFP presentations

Another option is to hold RFP presentations. Generally conducted in-person or during a virtual session, this approach allows vendors to present their solution to stakeholders and answer questions in a conversational way. This is a good option when RFP scores are similar and the final decision may come down to compatibility of culture, approach and values. If using this approach, be sure to have each stakeholder provide written feedback to document your decision.

Demonstrations

Popular for software or consulting services, asking for a demonstration is a great way to see your short-listed vendors in action. These sessions should be highly-tailored to your organization's needs and allow you to envision working with each vendor. Again, remember to document feedback to support your decision.

References

The last option for gathering information is to request references from each finalist. Specifically, you should request customer references from organizations that are in your industry, comparably sized and have a similar use case to yours. Create a list of three key questions to ask each and document notable feedback.

Get final approval

At this stage, you have a thorough understanding of what each vendor has to offer and you know which one is the best fit for your needs. Before proceeding, many procurement managers seek final approval from an executive stakeholder.

Securing sign-off is often faster and easier with an executive summary. Indeed, an RFP executive summary delivers an overview of the project, RFP process and results so that even someone unfamiliar with the background can feel confident in the decision.

Negotiate and contract

After final approval, you can deliver the good news to the winning vendor with an award notification letter and begin working on contract terms. While procurement negotiation is admittedly intimidating, it can have huge benefits. Collaborate with your top choice to agree on price, delivery, processes, payment terms and so on. Remember to focus on overall value rather than cost alone. Once you've come to an agreement, you can execute the contract.

After the RFP

The goal of any RFP is to select the best vendor and partner with them. So, technically, when you sign the contract, you've achieved that goal. However, there are still a few things that you should do at the end of the RFP process to wrap it up.



Notify unsuccessful vendors

While you know which vendor you'd like to partner with as soon as you write your RFP executive summary, negotiations don't always go as planned. Accordingly, it's important to keep your options open until the very end of the RFP process. However, once you've entered into a contract with your selected vendor, you should provide an update to unsuccessful vendors.

It seems harsh, but sending proposal rejection letters allows vendors to clear their books, adjust their sales forecasts and move on. If possible, include a very brief recap of their proposal providing general feedback. After all, they invested a lot of time preparing a proposal, so it's a courtesy that shouldn't be skipped.

Offer an RFP debrief

It may feel odd to offer unsuccessful vendors an opportunity to learn more about your decision, but often they'll jump at the chance to ask questions and get more detailed feedback. Not only does this help vendors, but it also builds your relationships, encourages future participation and reinforces transparency. Additionally, ask vendors what you could do differently in the future that could make the RFP process easier.

Schedule vendor performance evaluations

Regularly completing vendor performance evaluations is essential to successful supplier relationship management. These meetings are typically bi-annual or annual and help maximizing the value of your partnership. By establishing a schedule before closing out the RFP, you'll ensure that it doesn't fall through the cracks.

Gather data and archive your documents

The last thing you need to do before closing your RFP is to ensure the data gathered and documents created are properly leveraged. If you use an RFP management system everything is stored automatically. However, if you use spreadsheets, emails and Word, you may need to manually update vendor profiles, archive decision documentation and save your RFP template.

Resources for every part of the RFP process

While this guide covers the basics of the RFP process, we have dozens of detailed guides with best practices, templates and examples for every topic mentioned in this ebook and more.

Find them here by topic, or explore more on rfp360.com.

RFP basics

- [RFP meaning: A definitive guide to the request for proposal](#)
- [RFP glossary: Procurement terminology from A-Z](#)
- [Top RFP training resources](#)
- [RFX selection guide: RFI vs RFQ vs RFP](#)
- [An easy RFP checklist \(with template\)](#)

The RFP process

- [Strategic sourcing guide: 7 steps and best practices](#)
- [The procurement cycle: Sourcing from beginning to end](#)
- [How to shorten your RFP timeline](#)
- [RFP automation: The basics, benefits and myths](#)

RFP creation

- [How to write an RFP: Tips, templates and tools](#)
- [How to write RFP requirements](#)
- [Client discovery questions](#)
- [33 of the best RFP examples by category](#)
- [101 best sample RFP questions](#)

RFP administration

- [Vendor selection process guide](#)
- [How to write an RFP invitation email to vendors](#)

RFP evaluation

- [RFP scoring guide](#)
- [Weighted scoring demystified](#)
- [How to use a vendor comparison matrix](#)
- [RFP executive summary: Recap results and win buy-in](#)
- [Procurement negotiation guide](#)

After the RFP

- [How to write an RFP award letter](#)
- [How to write a proposal rejection letter to vendors](#)
- [How an RFP debrief enhances vendor relationships](#)
- [Vendor performance evaluation guide](#)
- [RFP data: Explore the untapped value](#)

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