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Viewpoint: The Futility of RFPs

RFPs are designed to help you make a clear choice, but will they lead to the results you really want?

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By

When your organization has a problem or opportunity, you put together a Request for Proposals (RFP) and send it to the individuals and/or firms you consider to be leaders on the subject. Then you pore over their responses like resumes, hoping to find a glimmer that separates one from the rest. Not finding any such differentiator, you go with the lowest price, sign a contract and begin the project. What is wrong with this picture?

Unfortunately, the answer is much larger than the scope of this article, but let me point out a few key issues:

Selection Criteria – Do you want the cheapest or the best? Do you want the best solution or the best proposal? When you select your provider based on a “writing project,” you roll the dice. The large consulting firm may hire the best proposal writer and the weakest consultant. They may specialize in something completely foreign to your needs but can make a convincing argument.

The lone practitioner who is worth his salt doesn't have time to complete your hundred-page questionnaire if he or she is currently doing projects for other clients. The best experts in any field have learned that they don't have to do your dog-and-pony show because their reputation and client referrals keep them busy without such efforts. So who do you attract with your RFP? This is your field of choice.

Scope Creep – I have had presidents and CEOs of large organizations tell me that avoiding scope creep on projects was their primary goal for utilizing RFPs. That sounds logical if, in fact, you have accurately and completely identified and defined the scope of your project. Most RFPs either broadly define the issue or assume an off-the-shelf solution is best and want it bid like a commodity. You are asking the doctor to prescribe before diagnosing. You are giving the problem

solver the solution and asking for a price.

What if there is a better, more cost-effective solution than your RFP assumes? Since the consultant was not involved in assessing the problem or opportunity, they will discover the details as they go. That almost guarantees scope creep!

Everyone fears the auto mechanic telling you that your \$59.95 brake job has just turned into a \$600 project and \$1,000 worth of new tires, but the opposite can be true as well. I was once asked to develop an organization-wide half-day training program to solve a problem. I solved the problem with \$50 worth of printing of pocket cards that reminded maintenance people of an 11-step process they were often forgetting and doing in the wrong order. A large governmental organization sent me an RFP and I responded with a letter suggesting a better, more cost-effective solution that the RFP did not list. I got the project.

Internal Resource Requirements – Since most RFPs result in a contract that specifies time, deliverables and the associated costs, the provider is incentivized for using the maximum time to complete the job. That usually means that they will maximize the inconvenience to you and tie up your internal resources helping them do their project in a less-than-efficient way. Fees based on time spent are a norm in most RFPs and almost always result in waste. Since you have contracted to pay for the provider's time, you consider that a given; but what about their use of your internal resources? What is the opportunity cost of getting the job done in the maximum time allowed by the contract? What could your workers have accomplished in the extra time they spent on this project?

Relationship – Often, RFPs are used to select a firm. The actual person who delivers the services is unknown until the project is initiated. Personal relationships are sometimes as important as skills when working on organizational issues. The wrong person talking to the president or delivering the training to the maintenance department can undo the whole project. At best, if the person is a good fit, their relationship is now defined by hours and deliverables rather than results or long-term, value-added relationships. Certainly the provider will try to impress that they can add future value if their firm rewards them for such action, but will you get the same provider if you hire the firm again?

Seldom does an RFP result in true “partnering” between leaders and subject-matter experts. Such partnering has produced results far beyond “project completed” thinking. And these ongoing relationships continue to add value as providers learn more about organizational needs and opportunities.

Results – Even though most RFPs were developed to get results, they get effort instead. When you pay for effort and have a narrowly defined scope, your own people hesitate to ask the provider to finish up or add another piece because they know it will result in extra costs and contract revisions. The RFP and resulting contract can actually keep your organization from getting the results you want. You want great results for the organization and reasonable compensation for the provider, but the process you are using works against you. Attempts to bypass this problem often result in the provider sharing in the value added, which costs the organization significantly more than fair compensation.

The Solution – It may sound like more work and keep some of you from delegating it, but the best way to utilize outside expertise is to seek out the best, most reputable providers and establish good relationships with them. Invite them in to assess your needs and propose results-oriented solutions. Don't try to fix everything at once, but progress in bite-sized projects.

In a recent meeting I offered some innovative solutions to a long-term client and the CEO of the organization said to me, "I keep forgetting you are not one of our executives!" That is the kind of relationship that adds value to both parties over years of good relations and successful improvements. And it did NOT start with an RFP!

Terry L. Mathis, founder and CEO of ProAct Safety, was recently named one of 'The 50 People Who Most Influenced EHS' for the 2nd consecutive year by EHS Today. As an international expert and safety culture practitioner, he has worked with hundreds of organizations customizing innovative approaches to achieve and sustain safety culture excellence. He can be reached at info@proactsafety.com.

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