

A RFP PRIMER

Conducting a Thorough
Request for Proposal

or

Prior Proper Planning
& Preparation Prevents
Poor Performance

By Sarah Blomfield



PREPARING A REQUEST FOR PROPOSAL (RFP)

This article is written from an airline perspective, using the example of an IFE programming supplier. Since much of what follows is, or should be, fairly common sense, the thoughts and the processes can be equally applied in other industries or airline functions.

Clearly, the first step is to understand the process and to appreciate that proper planning of the process will yield not only a better result, but will also create far fewer heartaches along the way.

FIRST STEP

So, first things first. Why are you doing an RFP? The key drivers will inevitably chart the course of the tone, style, and scope of your RFP. Are you trying to get your costs under control? Are you unhappy with your current provider, or is it a policy to re-evaluate the supply market every so often? Are you interested in a new technology? Most critically, do you have any

preconceived outcome? For example, do you **HAVE** to select a supplier, or do you **HAVE** to change from your existing supplier?

Whatever the drivers, make sure that you and your team are aligned. At this stage, a thorough audit of what you currently have in place will be helpful to clarify your business requirements. This will be important information to potential suppliers: all the information related to your business, your passengers, and your IFE.

Whether it's a hardware or software/content RFP, making sure that you fully understand your business and why it is that you are doing an RFP will focus your thoughts and will determine the scale and direction of your RFP. Before you even issue the RFP, it is appropriate to identify your evaluation criteria, rank them, and assign weightings. Your process will be more robust and, hopefully, unbiased if you do this at an early stage.

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SECOND STEP

Second, clearly define the scope of your RFP. This will be reflected in your RFP document, but it will also help to decide who should be involved. You may only be tendering specific elements of your IFE—for example, just your movies, or the audio, or media integration. Understand exactly what is being included and what is not, and be prepared to be explicit about this in the final document.

Different companies have different structures, but all relevant stakeholders should be evaluated for their ability to contribute at different stages, or in particular areas of the process. A rule of thumb is that if someone is being asked to evaluate a returned proposal or be part of the final decision making, he or she should have been involved at some point in the process and in drafting the RFP document!

Make sure that all the necessary functions are covered in your project team—the product/marketing, purchasing, technical/operations, creative, and commercial areas are likely to be included. It's important to designate one point of contact throughout the process. That person must be the one point of contact for internal and external parties. His or her responsibility is to coordinate, gather, and disseminate relevant information to the various parties. Therefore, a potential supplier will always contact this person for anything to do with the RFP. This keeps it simple and keeps things fair and equitable among potential suppliers, as well as prevents miscommunication and misinterpretation.

In terms of the market, it is a good idea to do some preliminary work before the RFP “proper.” You can eliminate the work of evaluating numerous supplier responses by pre-qualifying them for the list. You may wish to do this through visits or a high-level Request for Information (RFI).

In planning your project, give yourself enough time for every stage of the process. We are all familiar with the “get it done yesterday” approach, and of course, we can respond accordingly. However, IFE product and supplier selections are critical issues that deserve a thorough approach. The investments you are making are generally fairly long term—you will have to live with the decision for some time. IFE is often “below the waterline” as far as senior management is concerned. It just “happens,” and if they don't like the outcome, you'll soon know about it! It is, therefore, important to impress upon the senior management team within your organization the need to do the RFP properly. Drawing analogies with other complex operational activities in your airline may help!

Conversely, this is likely to be a major piece of work for the potential supplier, so allow them enough time for the RFP to be completed properly. Six weeks is gen-

erally an adequate amount of time for suppliers to respond, provided they have all the correct information.

Also, ensure that your targeted completion date takes into consideration the possible onboard date and hand-over time, if a new provider is chosen.

THE RFP

You're now ready to put together your final RFP document! It should have the following elements:

- ▶ Scope Definition
- ▶ Essential Information
- ▶ Response Documents/Templates
- ▶ Communication Rules
- ▶ Criteria for Evaluation

Scope Definition

Define the scope of the RFP and include full details of your current operation and your future operation, if known. Much of this may be critical for the supplier to work out an accurate budget. For example, if it is a content RFP, you must be able to provide information on the hardware and its capabilities, as well as operational details like number of screenings, tape cycle lengths, content upload cycles, number of channels, network(s), schedules, duplication requirements, etc. From a marketing perspective, you should be able to describe your brand, your target market, and your customer IFE proposition.

Essential Information

Other information such as the details of your current process and the interrelationships of your current suppliers would be useful. State whether you are expecting the current process to be followed or whether you are open to change. The use of graphs, flowcharts, and tables to explain things is often more powerful than text.

Every company is guilty of the overuse of acronyms or jargon, so it's always useful to include a complete glossary of terms for the supplier.

It is a good idea to let suppliers know what the key scoring criteria will be and who will be judging the various responses.

Response Documents

Assuming that all the base information from which to work out budgets is supplied by you, it makes sense to control the format of a response to allow you to make accurate quote comparisons. The easiest way to do this is to provide response templates that must be completed. The instructions for completion must be clear and

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straightforward to ensure that they are completed correctly (or at least, acknowledged). Also, providing a dummy budget for them to complete with backing spreadsheets for duplication, QC & labeling, license fees, encoding, etc., is a good idea. Suppliers then can simply input the unit fees, and the spreadsheet should calculate.

Work out upfront the type of cost structure you want in terms of management fee: a cost plus structure or a fee-based structure. Again ensure that your requirements are clearly stated. You may want to have some financial information about the supplier, so make sure you include this as a requirement.

If you have questions on how suppliers cost different elements of their response, make sure that you ask all suppliers the same questions.

If you want to evaluate creativity, you can provide an open brief and ask for a dummy line-up or tapes. The way in which such requests are handled, as well as the final result, may give you a good indication of the way the supplier works.

Communication Rules

Make sure that the rules of engagement are clear. These rules are up to you, but some points to bear in mind include that this is supposed to be an impartial and professional process. Be fair in how you disclose information or clarification. Provide specific opportunities for questioning and share answers equally. Be explicit, making sure that there is no room for misunderstanding. Maintain the one key contact rule. It will make your life and the suppliers' lives much easier. If you feel it is appropriate, provide the suppliers with an indication of the evaluation criteria. Be very clear about submission dates.

All suppliers should have an opportunity to do their best at the presentation, and the final bid should be a sealed bid, opened in the presence of key stakeholders.

Evaluation Criteria

You may include the evaluation criteria for your suppliers to consider.

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THE SELECTION

During the evaluation and selection process, all stakeholders should feel comfortable with the final choice. However, while evaluation criteria are important, do not ignore your gut instinct, because a cultural "fit" with the organization is imperative if this is to be a productive and mutually beneficial relationship.

Provide very detailed feedback to all suppliers. For unsuccessful suppliers, this is imperative. Even giving individual scores is helpful. Be open, direct, and upfront with your feedback. Suppliers spend a great amount of time and money answering RFPs. Because of that, your feedback is important and will usually be very appreciated.

THE CONTRACT

Once you have made your choice, the process is not over. It's all too easy to finish here and attach a lack of attention and detail to the contract. The investment in time you have already made in analyzing the proposals should help you with your contract negotiation. Depending on how you feel about the supplier relationship, you may want to consider how you will evaluate

their performance and enshrine that important point into the contract.

AND FINALLY ...

While this all seems like a very long-winded and detailed process, you will assuredly reap dividends in terms of being able to clarify and articulate your own strategy. Since an understanding of your business has already been established and you have already provided most operational information, you should be able to move from supplier selection to implementation much more smoothly. Additionally, you will have a template for the next time you do an RFP!



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