

Why RFPs should be a nonprofit leader's best friend

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October 16, 2012

You finally get the go-ahead. After much deliberation over many months, your project proposal has been given the green light by your board. You've got the money set aside to get it done, and even know of a company that can do the work. It's full steam ahead; until your board chair turns to you...

"So, we look forward to learning which firm wins this project's RFP at the meeting after next."

You feel like your momentum has been lost in a heartbeat. Why do you feel this way? Should you?

Scenarios like this one are increasingly common for many nonprofit executive directors and leaders. Yet, as they follow their board chairs' direction, they're realizing the many benefits of a Request for Proposals (RFP). By broadly canvassing the marketplace through an RFP, nonprofits of all sizes are discovering advantages like lower costs, higher quality, better client experiences and outcomes, and quicker turnarounds.

RFP processes are newer to nonprofit organizations than they are to public and private sectors. As consultants who serve organizations in the nonprofit and public sectors, it's our experience that while the nonprofit sector has some seasoned RFP pros, generally there is an uneven understanding and use of good procurement processes.

Let's start at the beginning. What is an RFP? When, or why, might an organization want to issue one?

In simple terms, when an organization wants to purchase a good or a service, issuing an RFP provides them with a formal, structured process to ask the marketplace to offer it to them for purchase. Importantly, it also allows the organization to establish clearly defined criteria to evaluate those offerings through submissions (also known as bids, responses, or tenders). As well, a good process will guide the awarding, and ongoing management, of the contract with the chosen supplier. This process, from start to finish, is often referred to as procurement.

These days organizations in both the public and private sectors rely heavily on RFPs. The public sector especially, via legislative requirement, is obliged to go to public tender to purchase just about anything — for reasons including standardization, accountability, transparency, fairness, and cost-effectiveness. Your volunteer board members who hold leadership positions in the public sector are routinely exposed to RFP processes. When it comes to buying something, issuing an RFP is likely their natural next step. So, appreciate where they are coming from. For them, the business of purchasing goods and services has totally changed over the past decade as Canadians, via our politicians and the media who have re-written the rules around the spending of tax-payer dollars.

Naturally, given that governments fund many nonprofit programs and services, to say nothing of the sharing of best practices — or the movement of people between sectors — RFPs have gained a foothold in the nonprofit sector. But aren't we different? If so, how do we adapt them to work for our needs?

Nonprofits can use an RFP to procure a variety of goods and services needed to effectively manage their organization and pursue their mission. Commonly issued nonprofit sector RFPs include:

- A firm to develop a marketing strategy or lead a re-brand
- Professional services such as auditors, insurance brokers, architects, Employee Assistance Program providers, executive recruiters, or lawyers
- New IT software, and its implementation and training
- A consultant to facilitate strategic planning, coach the board, or conduct an operational review
- Creative services, such as graphic designers, writers, photographers, event planners, or website design
- An expert fundraising firm to research a campaign's feasibility, give strategic advice, or develop a case for support

Indeed, just about anything a nonprofit could need can be procured through an RFP process. Why has it taken our sector longer to climb on board? There are several reasons. The first is our ability to pay market rates. Traditionally, there has been an assumption that given the tight budgets inherent in our sector, there was no point in trying to go out to the open marketplace. After all, we don't need an RFP to tell us that we can't afford the newest solution, most advanced equipment, or fanciest expert on offer. Second, we rely on volunteers and gifts-in-kind whenever we can. Our dollars are precious and we steward them carefully. Out of context, a stakeholder could view an RFP as a public display of spending donated money on something unnecessary — so why risk the misunderstanding. Lastly, we are stretched thin. RFPs take time to manage and often we don't have the procurement expertise or capacity within our organizations to properly administer them.

These assumptions are out of date.

RFPs can, and do, work wonders for our sector. Done properly, they will, a) extract unexpected value from the marketplace and, b) ensure you find the right solution, or hire the right company, to meet your needs. Here's what I mean:

a) Seek and extract unexpected value. Just because your budget is modest, you can't predict who wants your business, or why they might want it. You are an interesting nonprofit that has a lot to offer. Firms may well look at earning your business as a way to align themselves with your cause or efforts; or they might be new to a product line or service and wish to get some at-cost or beta clients, or experience wherever they can; or they might want a foothold in your geography or our sector generally. There are many reasons companies might want you as a client. So assume they will, and proactively and proudly market your strengths in your RFP. They might turn into a long-term partner, donor, pool of volunteers, or supporter. RFPs give companies a chance to see you as an opportunity bigger than this initial transaction — and you should too.

b) Choose the right solution for you, on your terms. Free can be expensive. Just because the brother of a board member is a recently retired VP of marketing for a blue chip company, and is willing to lead

your rebranding, or strategic planning, for free — doesn't mean it's a good deal. You interview and pre-qualify all the rest of your volunteers, why would you leave something so important to chance? To stay with this example, you are about to invest many hours of board and staff time. Plus, the ongoing health and strength of your entire organization is at stake. I've seen boards rely on the well-meaning generosity of such out-of-sector leaders, only to discover that all the kindness in the world can't make up for the fact that they don't understand nonprofits, our specific issues, or how and why we function the way we do. Months later these boards are in the awkward position of having to sever the in-kind-assistance and pick up the pieces. Far better to do it properly from the start. Issue an RFP. Pay what you can and retain control. And an RFP will force you to define exactly what you need, your budget, and timelines. You'll interview a number of shortlisted, qualified firms, and you'll pick the one that feels right. The RFP forces you to really plan well and will set you up for success.

10 tips to make RFPs work for your nonprofit

1. Be smart. Issue an RFP whenever you need assurance that you are getting the best value for money, highest quality, or best service available to you.

2. Follow a process #1. Issuing an RFP isn't the same as hiring for a staff position. You need to pre-determine how you will evaluate and score the bids you receive. Come up with at least a simple grid, wherein you describe your most desirable attributes and imagine a winning proposal. Here's a common method that you can adapt:

| Bid Evaluation Section | Possible Points | Weight | Total Points |
|---|-----------------|--------|--------------|
| Price | 5 | 6 | 30 |
| Recommended approach / methodology | 5 | 6 | 30 |
| Samples or examples of recent, similar projects | 5 | 2 | 10 |
| Suitable proposed timelines | 5 | 2 | 10 |
| Experience and qualifications of assigned staff | 5 | 2 | 10 |
| Innovative solutions | 5 | 2 | 10 |

Points scored on a scale of 0 to 5

0 = no, or irrelevant, response; met no expectations

1 = poor, little relevance, far below expectations

2 = fair, below expectations

3 = average, minimum expectations

4 = good, above average expectations

5 = excellent, exceeded expectations

These criteria should go right into the RFP itself. It will help those responding really address what is important to you. Be sure your evaluation team takes time to describe in writing what answers to 1 - 5 look like *before* you sit together and evaluate each response.

3. Get active. Target potential bidders by searching for similar RFPs issued by other organizations. Contact them and ask who were some of their best respondents. Also ask around your network and search the internet. Send the link to your RFP to each potential firm to ensure they've seen it.

4. Fixing the price. There are benefits and drawbacks to going with an "all in" fixed price RFP. For nonprofits it's often a good way to remove price from the equation. If you only have \$10K in your budget, and all evidence would suggest that the market rate would be significantly more, then stipulate in your RFP what you want and that bids may not be more than this price (Don't forget about HST). Obviously, some firms will not bid because of this but you will not have wasted their time in preparing a response, and your time in evaluating it. Other firms will want the work for different reasons and you'll narrow your search for everyone concerned.

5. None of the above. If you don't find the right firm or supplier, don't award it to anyone. Instead, take what you've learned from the responses you've received and re-write your RFP to better target what you are after. Just be sure to communicate your decision and reasoning to those who bid the first time round — perhaps they'll try again with a different, better, approach.

6. Follow a process #2. Unsuccessful firms will expect timely confirmation of the outcome of the process as you've defined it. They are also entitled to arrange a short telephone debrief to help them understand how you came to your decision, and how to improve their bids next time. They hold these expectations because this is the way the public sector operates its processes. Only some will take you up on this. If you slip on your timelines as forecast in your RFP, let firms know. Some may withdraw due to other project demands. You don't want to have to evaluate their responses if they can no longer meet your needs. Always let all unsuccessful bidders know, at least via email, that they were not successful.

7. Ask for more ideas. You can ask vendors to provide you with outlines of new ideas or solutions, outside your described scope. It's a good idea to do this if you are not confident you know exactly what you need. If you explicitly ask for this, be sure to integrate it into your evaluation criteria and scoring, and let proponents know the weighting or your methodology so the rules are clear.

8. Taking questions. Many public sector RFPs allow for a question and answer period. If you decide to also allow for this, these should be provided to you in writing by a certain date that falls well before the RFP's closing. Similarly, your answers should be provided in writing, not identify the firm asking the question, and made available to any and all firms who wish it. A simple way to do this is to post the Q&A's on your website, alongside the original RFP.

9. Posting your RFP. Most nonprofits post RFPs on CharityVillage. The large subscription-based services such as Biddingo.com tend to crosslink to posts on CharityVillage, increasing the reach of our sector's RFPs to their national subscriber base. Most nonprofits also post their RFPs on their own websites and forward them directly to firms or individuals already known to them.

10. And the winner is... Sometimes awarding a winner is simple. You review and score each proposal and your team is overwhelmingly in agreement. If this is the case, still a good idea to invite just the winning bidder in for a meeting and ask them a set of interview questions. If they present in person as well as they did on paper, you can award them the work, and move on to preparing a formal contract or agreement. Other times, it's not so clear. A shortlist of firms will need to be interviewed in person. This is when it does look similar to a job interview. Ask each firm the same questions. Take notes. Debrief. Make the best choice available to you. It's not a science, but a robust process will ensure you mitigate risk, limit mistakes, and award the contract to a firm that is right for you. Good luck!

Source:

https://charityvillage.com/cms/content/topic/why_rfps_should_be_a_nonprofit_leaders_best_friend#.WqFd13w9OUk