

WEEK 4: RFP PROCESS

46 unread replies. 7373 replies.

Describe the key factors essential to effectively manage outsourcing.

Finally, define and explain request for information (RFI), request for quote (RFQ), request for proposal (RFP) and the contract management process?

DISCUSSION REQUIREMENTS:

1. Main Post that provides answers to all posed questions, support your answers with, at least, one external URL (20 points)
2. Post your research presenting real-life example or best practices relevant to topics discussed in the Video Lecture (12 points)
3. Post a substantial comment to your Peer. The comment should either extend the topic or provide additional insights. Comments that reflect general likes, i.e. "Good job!", "I like your post!", "I agree with you" - Do not count into the grade (8 points)

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○ REQUEST FOR INFORMATION (RFI)

As the name suggests, procurement uses RFIs to gather *information*. In turn, this helps decide on the next step before contract negotiations begin. Thus, RFIs are usually not the final stage. Instead, procurement often uses RFIs along with the three requests above.

An RFI is a solicitation that procurement sends to a broad base of potential suppliers. Its purpose is for conditioning, gaining information, preparing for an RFP or RFQ, forming a strategy, or building a database. These facets are useful in later supplier negotiations about:

- Supplier facilities, finances, attitudes, and motivations
- The state of the supply market
- Supply market dynamics
- Trends and factors driving change
- Alternative pricing strategies

- Supplier competition
- Breadth and width of product/service offerings, by the supplier
- Supplier strategic focus, business, and product plans

Procurement may use RFIs to include a detailed list of products/services for pricing

requests. The pricing *should* be used for comparative purposes for later negotiation. Negotiators *should not* use pricing as the basis of their buying decisions. Through analysis of RFI responses, you may find strategic options and lower cost alternatives. You may also find opportunities to reduce costs.

REQUEST FOR QUOTATION (RFQ)

RFQs are best suited to products and services that are as standardized and as commoditized as possible. Why? Procurement wants to make suppliers' quotes comparable before contract negotiations begin.

An RFQ is a solicitation sent to potential suppliers. It contains, in exacting detail, a list of all relevant parameters of the intended purchase. These include:

- Personnel skills, training level, or competencies
- Part descriptions/specifications or numbers
- Quantities/Volumes
- Description or drawings
- Quality levels
- Delivery needs
- Term of contract
- Terms and conditions
- Other value-added needs or terms
- Draft contract

Price per item or per unit of service is the bottom line with RFQs. Other aspects of the contract negotiation deal impact the analysis process as determined by the buyer. Supplier decisions are usually made by the well-trained procurement department. This comes after comparing and analyzing the RFQ responses for negotiation benchmarking advantage.

RFQs are typically for supporting documentation for sealed bids (either single-round or multi-round). RFQs may be a logical precursor to an electronic reverse auction.

REQUEST FOR TENDER (RFT)

An RFT is procurement's open invitation for suppliers to respond to a *defined need*—as opposed to a vague request. The RFT usually requests similar information to an RFI, plus specific metrics. RFTs will usually cover product and service offerings as well as information about the suitability of the business.

It is *not* unusual for a buyer to put out unclear or vague business needs in their RFT. This lack of clarity can make it harder for the supplier to propose a solution. This is not the best use of an RFT. Instead, RFTs should only be used when the buyer is clear on their needs. Ideally, the buyer should also be clear on the range of procurement solutions that might fit the buyer's needs. This gives the trained buyer a contract negotiation advantage.

Without proper procurement training, however, too many buyers issue RFQs that are really RFTs.

REQUEST FOR PROPOSAL (RFP)

An RFP is procurement's solicitation sent to potential suppliers with whom a *creative* relationship or *partnership* is a consideration. Typically, the RFP leaves all or part of the precise structure and format of the response to the discretion of the suppliers. In fact, the creativity and innovation suppliers choose to build into their proposals may set apart one trained vendor from another. Later contract negotiations tend to take more time and be more wide-reaching in their impact on the buyer's business.

Effective RFPs typically reflect the [negotiation strategy \(Links to an external site.\)](#). They also reflect short and long-term business goals and provide detailed insights with which suppliers are able to win the contract. If there are specific problems in the RFP response, these are described along with whatever root cause assessment is available.

With good procurement training, your RFP and RFT should seek:

- Specific data
- Offerings
- Quotations

Your RFP and RFT should also seek questions about the following to assist your later negotiations:

- The specific items on which the suppliers are proposing

- Business needs
- Performance measures
- Information
- Ideas
- Instructions on how to reply
- Due date
- Technical and other training
- How will we evaluate how feedback will work
- Describe the process for selection
- Request for cost breakdown (sometimes)
- Communication: cover letter (sets the stage), calls in advance
- Who to contact with questions
- Addressee—chosen carefully

reference:

<https://www.negotiations.com/articles/procurement-terms/> (Links to an external site.)
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[Collapse SubdiscussionEydelman Parada](#)
EYDELMAN PARADA

Monday Nov 18 at 9:40am
[Manage Discussion Entry](#)

Greetings,

When a buying organization asks for a Request for Information (**RFI**), they are seeking general information about prospective suppliers' capabilities and services/goods. The next phase in the procurement process, involves either a Request for Quotation (RFQ), or a Request for Proposal (RFP). When a company distributes an **RFQ**, they are simply asking for suppliers' pricing on the requested services. An **RFP**, on the other hand, is a request for a comprehensive overview of suppliers' company background, detailed descriptions of the requested products/services, and often times the completion of a specific questionnaire

required for submission. All of this is important so that both parties meet their respective obligations in any procurement relationship.

<https://connxus.com/rfi-rfq-rfp-whats-difference/> (Links to an external site.)

Edited by [Eydelman Parada](#) on Nov 18 at 2:59pm
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[Collapse SubdiscussionTatiana Peisl](#)
TATIANA PEISL

ThursdayNov 21 at 8:54am
[Manage Discussion Entry](#)
Thanks for the outline, Eydelman!
[Reply Reply to Comment](#)

[Collapse SubdiscussionSteven Nguyen](#)
STEVEN NGUYEN

MondayNov 18 at 12pm
[Manage Discussion Entry](#)

According to synlio.com, request for Information (RFI) is used when you think you know what you want but need more information from the vendors. The purpose of a RFI is to solicit information and/or to determine the level of vendor interest in providing a service or product. In practice, RFI's are used to obtain general information. They provide a quick way to obtain information. Usually pricing obtained in this way is rough but will provide preliminary budgetary levels. It will typically be followed by an RFQ or RFP.

A Request for Quote (RFQ) is commonly used when you know what you want but need information on how vendors would meet your requirements and/or how much it will cost. RFQ is the most informal of the different types of requests. This kind of quotation is typically used for low-dollar purchases. A telephone quote, or faxed quotes are examples of a RFQ. RFQ's work well when the requirements are clearly identifiable. The supplier submits price, quantity, delivery or services and this quotation is held firm for a particular amount of time. The RFQ does not obligate the customer but the supplier must honor it for the designated time specified.

A Request for Proposal (RFP) is used when you know you have a problem but don't know how you want to solve it. This is the most formal of the "Request for" processes and has strict procurement rules for content, timeline and vendor responses. RFP's are a good method to use to locate solutions or sources. When the RFP's are received the purchaser and support personnel can choose the best

solution or solutions. On occasion, purchasers pay for such proposals in order to later obtain competitive bids.

<https://blog.synlio.com/what-is-the-difference-between-an-rfi-rfq-rfp/> (Links to an external site.)

https://uncg.instructure.com/courses/20886/files/874520/download?download_frd=1Links to an external site.

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[Collapse SubdiscussionTatiana Peisl](#)

TATIANA PEISL

ThursdayNov 21 at 8:55am

[Manage Discussion Entry](#)

Thanks, Steven!

Good research to support the topic!

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[Collapse SubdiscussionJeffery Julius](#)

JEFFERY JULIUS

MondayNov 18 at 5:40pm

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RFI is basically used for gathering information to help make decisions. it is helpful for getting reply from suppliers and is a formal way to get information across. it could be something as in ordering construction items which should help with future problems if they run short on supplies.

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[Collapse SubdiscussionGideon Obeng](#)

GIDEON OBENG

TuesdayNov 19 at

5:49pm [Manage](#)

[Discussion Entry](#)

Very good Julius, The RFI does not lead to an award but is a way to gather information that may be used to draft a Request for Proposal (RFP)/Invitation for Bid (IFB), and also an RFI allows for the information on the latest available products on the market place to be obtained. See bellow for more information I found.

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[Collapse SubdiscussionTatiana Peisl](#)

TATIANA PEISL

ThursdayNov 21 at 8:57am

[Manage Discussion Entry](#)

Thanks, Jeffrey!

Any additional research and examples could be always a good help in learning from an examples!

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[Collapse SubdiscussionTimothy Pucel](#)

TIMOTHY PUCEL

MondayNov 18 at 6:18pm

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RFI

Short for “request for information,” the RFI is really a preliminary document used by companies that don’t understand the marketplace they’re about to enter. In the case of a company searching for a CRM, for instance, it would use an RFI if it had no prior experience with CRM and wanted to gain an understanding on the range of options in the CRM space.

Because the RFI is more of a fact-finding document, you’ll want to ask open ended questions, ones that allow the vendor to talk about its full range of offerings.

Typically, the RFI will state the broad business challenges you’re having, and then the vendor can tailor its response within the context of those challenges. Often times, the vendor will explain its position in the marketplace (for instance, what industries it specializes in), how it licenses its product, and what other fees you can expect.

RFP

An RFP, “Request for Proposal,” is a document that asks vendors to propose solutions to a customer’s problems or business requirements. An RFP is usually what follows an RFI; in fact, it’s rare that a company will go from an RFI to an RFQ (for reasons that will become clear below). An RFP should contain much more specificity in terms of what a company’s needs are by outlining the business goals for the project and identifying specific requirements that are necessary for the work being requested. The key to this document is that there is sufficient detail to give

vendors the context they need in order to propose a valid solution, yet it still needs to allow enough leeway for the vendors to apply creativity and best practices to fulfill those needs.

RFQ

Short for “request for quotation,” the RFQ is an even more detailed document that drills down to the exact specifications required by the company. In a situation where an RFQ is used for a b2b software project, the company knows enough about its current system and exactly how it wants to change or improve it in the future.

Unlike the RFP, which allows for the flexibility of the vendor to suggest creative solutions to the problem, a company deploying an RFQ isn’t looking for creativity, but rather for the vendor to deploy the software using predetermined specifications. Typically, the RFQ contains a table that lists each requirement and then asks the vendor to assess its ability to meet that requirement. The vendor then will specify whether it can meet the requirement out of the box, whether it will require some configuration, whether it will require some custom code, or whether it will require leveraging a third party vendor.

It is also important to note that both the RFP and RFQ are non-binding. This means that you are not, in any way, pressured to buy or hire the services of the other party to which you sent your RFP or RFQ. In the first place, you were just asking for a quote for their proposal.

Read more: [Difference Between RFP and RFQ | Difference Between \(Links to an external site.\)](http://www.differencebetween.net/business/difference-between-rfp-and-rfq/#ixzz65gLRvvc0) <http://www.differencebetween.net/business/difference-between-rfp-and-rfq/#ixzz65gLRvvc0> (Links to an external site.)

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1.The RFQ makes your request for the cost or product price. 2.The RFP makes your request for the total service cost.

3.RFQ can also mean a “Request for Qualifications” wherein you are going to narrow down your potential bidders or vendors.

4.The RFP is often more detailed than RFQs.

<http://www.differencebetween.net/business/difference-between-rfp-and-rfq/> (Links to an external site.)

[\(Links to an external site.\)](#)

[\(Links to an external site.\)](#)

Edited by [Timothy Pucel](#) on Nov 18 at 6:20pm

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