
MODULE 6 - DECIDING WHEN TO RESPOND

- › Is there time to respond!
- › The costs of bidding
- › Identifying the right opportunity for your business
- › Building on your key strengths
- › Considering strategic alliances
- › Watch and wait

Deciding When to Respond to a Request for Proposal

The purpose of this module is to help businesses understand how to go about assessing which opportunities to bid on.

Submitting a bid is a commitment of time and resources – you can't bid on everything. You're going to want to be selective about choosing which opportunities to bid on. The questions and considerations in this section should help you with your decision making process.

IS THERE TIME TO RESPOND?

It's going to take a considerable amount of time to read, interpret and then effectively respond to an RFP. You absolutely need to make sure that you have adequate time to do a good job. It takes more than a day or two to assemble a strong response to an RFP, and often the process can last several weeks or more – depending on how complex the project, its requirements and the overall dollar value. Typically, the higher the value, the more time and effort it will take to assemble your bid; and the more time the buying organization will take to evaluate your bid.

So – before you start spending time and resources on the bid – make sure that you know when the bid is due and that you have enough time to prepare your response. If you're just starting to review the document a day or two before the closing time, you probably don't have enough time to prepare a winning bid. It's not impossible to succeed in a short time frame, but it's very rare.

You need to give yourself adequate time to review the RFP document, assign tasks (if necessary), develop your approach, engage with strategic partners, consider pricing strategies and last but not always least – assemble the bid document into an attractive package that is delivered on time to the designated location. (Remember, bids submitted after closing time will often be rejected and returned unopened!)

If the deadline is looming and you don't have time to put together a 'wow' bid – then you should seriously consider whether you want to submit at all - submitting a poor proposal may be worse than not submitting at all. A poor proposal can create a negative impression about your company and its capabilities – and that legacy can live with you.

Are You Prepared?

Part of putting together a successful bid is being prepared for opportunities as early as possible - and ideally before they even become publicized. Don't wait until the last minute to prepare marketing materials for your business and biographies for your staff and team members. These are common elements of a bid and should be 'canned' materials that are up-to-date and ready to insert into your bid document at a moment's notice.

Remember – in some instances you'll only have a week or two to prepare your bid response so you'll want to make the best use of your time. Your bid must reflect the very best that you can offer. The 2010 Winter Games are taking place on the world stage and your proposal must be of the highest quality.

THE COST OF BIDDING

It costs time, resources and money to assemble a strong proposal. As a business you need to be aware of these costs and make an assessment of whether the cost is worth it. Some of the hard and soft costs you can expect include:

- › A considerable amount of time for at least one person to assemble the bid
- › The opportunity cost of not having that person(s) working on other projects or bids
- › The actual costs of producing the proposal, having it printed, bound and shipped to the buyer.

Estimates range considerably in terms of the total cost of assembling a proposal for a government or for a large organization like VANOC. Depending on how you value the time you or your employees will use to assemble the bid - it can range from several hundred dollars to potentially thousands and thousands of dollars. The anticipated value of the contract will give you a proportionate indication of the effort required. The key point is to not underestimate the cost involved in assembling a high quality proposal.

IDENTIFYING THE RIGHT OPPORTUNITY FOR YOUR BUSINESS

Avoid the temptation to re-invent your organization to try to win an RFP. You should only respond when you feel absolutely certain that your company has the capability and experience to deliver the requested products, services or solutions. Think too about how this contract (especially if it is significant) will impact your growth plans. If devoting significant resources to fulfilling the contract means not moving forward in a pre-planned direction then you really need to ask yourself if submitting a bid is the right thing to do.

BUILDING ON YOUR KEY STRENGTHS

To help in the decision of whether or not you should submit a proposal, you may wish to gather a little more information. Many competitions include a bidder's meeting. The bidder's meeting is often a good source of information about the project. If you don't wish to attend, you should still be able to get the information that was presented at that meeting by requesting a copy of the minutes. This is ensured by filling in and returning a Receipt Confirmation Form that is provided with the RFP document.

Simply knowing who the competition is may help in your decision. One way to get insight on competition is to attend the bidder's meeting, even though some attendees will probably not submit a proposal and some companies not present may submit one. Sometimes the buyer's contact person may be able to tell you the names of all the companies that have returned a copy of the Receipt Confirmation Form; however, this information is usually confidential.

CONSIDERING STRATEGIC ALLIANCES

Submitting a Joint Proposal through a Strategic Alliance

In today's world of specialization and niche services it's more important than ever to consider the value of strategic alliances and business partnerships as a means of growing your business and responding effectively to opportunities.

You may decide that you want to pursue the opportunity but don't have the time, internal capacity or range of products and services to completely fulfill the request. You may wish to consider forming a strategic alliance or even a formal partnership to submit a bid. You may even consider the idea of joining with your competitors to potentially form a strategic alliance and increase your collective capacity to deliver products or services. There are many factors to consider when making this decision and you should seek some professional advice on the merits of this approach. Some basic pros and cons to consider include:

Pros:

- › Increased capacity to deliver a range of products/services
- › Form new partnerships that can seek to take advantage of other opportunities in future
- › Easier mechanism for growth (less capital investment)

Cons:

- › Harmonizing business systems to work efficiently together can be complicated – it takes time and maybe money to do this well
- › Someone needs to be the lead organizer and provide a single window of communication and contracting accountability to the client
- › Accountability for delivery of services – who will take responsibility for problems and issues management

Deciding Not to Respond

Only you can decide whether or not to submit a proposal. But should you choose not to, your eligibility to compete on future projects will be unaffected. Any exceptions to this will be explained in the Request for Proposal. For example, the Request for Proposal may be for the first stage of a project for which competitive offers for subsequent stages will be requested only from respondents to the first stage.

Let the Buyer Know that You Don't Intend to Bid

It's often a good idea to let the buying agency know that you will be declining an opportunity to bid – especially if you were originally approached or invited to submit a proposal. This is just good business manners – and demonstrates thoughtful communication on your part. If you haven't been directly invited to bid – but your company is known in the marketplace – it can be an especially good idea to reply with a letter or phone call. This strategy gives you an opportunity to have some contact with the buying organization and can help position you for future opportunities.

WATCH AND WAIT

You may decide not to bid – for a whole host of valid reasons. In fact, a very legitimate strategy might be called 'watch and wait', whereby you closely monitor the bid opportunity with a view of getting subcontracting opportunities with winning bidders.

Keep close tabs on bids that are of interest to you and when winning bidders are announced have your marketing materials ready to provide to them. Module 8 discusses some considerations for companies that have been successful in the bidding process – and mitigating risk by having back-up suppliers is one of those considerations. Think about how you can help winning bidders.