CPA
Practice Advisor

From the July 2009 Issue

The much heralded Request For Proposal (RFP) that made the mayor of Birmingham, Ala. a temporary hero for saving $6M on a street paving program didn’t work quite as well for the Air Force trying to replace its fleet of KC-135s. As we saw in this column last month (www.CPATech Advisor.com/go/2347), the RFP was ideal for finding a low bid to pave streets, a relatively straightforward project.

There turned out to be more at stake than “low bid” when the world’s largest airplane manufacturers completed the military RFP for the $40 Billion worth of new aerial refueling tankers. A year later, the contract is still in limbo and the Air Force continues to nurse along its aging fleet of refueling tankers.

GETTING AHEAD OF THE COMPETITION

Although his food distribution company was a far cry from the Air Force, Bob Jones had similar hesitations about the results of his RFP aimed at replacing an aging accounting system. His 28 year-old company, focused on specialty foods with international connections, was a survivor in a marketplace that saw competitors disappear or be swallowed up. Now, Bob wanted to integrate production, sales and inventory into accounting to keep him ahead of his competition.

DEMO TIME

As we saw in the last column, four companies answered the RFP; one at $10,000 below two others. The fourth company checked “yes” to many of the RFP questions, but recommended that Bob spend $2,500 for them to learn more about his business. The RFP had identified those who could handle his project, but Bob had some apprehension about the results. He hoped that would go away

and lot number needs. Bob had also not seen some of the key reports he needed.

A demo by one of the other vendors struck Bob as a generic overview of the product. When he mentioned it, the rep responded: "We have a very flexible system. We can pretty much make it do whatever you need."

A RECIPE FOR MISCOMMUNICATION?

Bob was back to feeling apprehension about the systems presented as he and Bret reviewed the literature. Bret favored the first company. He liked that the system could be made to do anything. Bob wondered how all those customizations would impact the investment, how they would fare during an upgrade to a new release, and he was unsure what features were standard and what were not. Their meeting was interrupted by a call from Jane, the President of Consulting Services, who submitted the RFP with the request for $2,500 up front. Bob took the call. "Okay," he said, "tell me why I should pay you to sell me?"

After a brief introduction, the question was turned about.

"Tell me, Bob," said Jane, offering no apologies for her company's response. "It looked like your team put a lot of work in developing the needs list for the RFP. Did the answers from the bidders address all your needs?"

They answered the questions, Bob agreed, but then explained how his company was different and he wasn't sure the $50K+ he was being asked to spend on a system that demoed well would meet the needs of his unique environment.

"The RFP is a good tool for weeding folks out," said Jane, "but we've learned over the years that if your business has some special needs, the RFP is sometimes a recipe for miscommunication. "Let me guess, Bob.

All the bidders answered ‘yes’ to your RFP question #6: ‘Can

“So, Bob, Where do you fall?”

Bob wasn’t laughing. “We have two parts of one, and one part of two others. But you’ve hit a nerve. The pricing matrix right now is very manual, but it is vital for our future business growth.”

The price matrix questions pointed to a potential weakness in the RFP process for small businesses hoping to simplify what today is often a complex process. And it opened the door for Jane to explain why her company suggested the $2,500 feasibility evaluation. She described it as a cost-effective alternative to the Business Process Review sometimes recommended for large corporations.

“Based on how you described your business and the questions in the RFP, we believe our system could handle 80 percent to 85 percent of your needs out of the box,” said Jane. “If we’re going to do right by you, it’s our responsibility to also understand that other 15 percent to 20 percent so we know — and you actually get to see — how it all works. That requires a consultant to go onsite and understand how your people handle that 20 percent After our visit, we’ll know if and how we can meet your business needs.”

THE FEASIBILITY EVALUATION

The goal of the “feasibility evaluation” is not to get all the answers like the more structured Business Process Review, but to focus on if there was a good solution for the tough stuff. The process would help Jane’s team identify the true business issues and introduce Bob’s team to the consultants who might later be implementing a new solution. It’s a double win: Both companies work together to identify business needs and, in the process, confirm if they can work together.

There usually is a charge for this small consulting engagement. Sometimes

needs and issues that need to be addressed or I could be throwing money away. When do we get started on your feasibility evaluation?"

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This three-part series on New Ideas for Successful Buying concludes next month with a close-up view of the Feasibility Evaluation and what happened that caused Bob Jones to exclaim, "Too many cooks spoil the broth."