



# 10 TIPS TO CONSIDER when going to tender

What are the pitfalls end-users fall into when going to market for services? We ask consultant Terry Hoffman

**CS:** *First, let's clarify the language. What are the differences between RFP, RFQ and RFT?*

**Terry Hoffman:** A Request for Proposal (RFP) submission is a detailed document that summarizes a corporation's capabilities and abilities, e.g. service coverage area, service and support billing rates, installation experience, periodic maintenance fees and the overall benefits. It explains, in detail, the design and/or solution utilizing a variety of unsolicited manufacturer's products to meet or exceed the RFP defined performance and functionality criteria. RFPs are commonly graded against each other for compliance and value added benefits. Ideally, RFP documents are value driven versus price driven.

A Request for Quote (RFQ) usually is a short, sweet and to the point document where a specific manufacturer model number and unit number are requested for pricing. The client has the option of "a la carte" purchasing from a variety of different vendor RFQ submissions. The most common RFQs are "supply equipment only" requests with no heavy onus on labour, installation or service requirements.

A Request for Tender (RFT) is similar to RFQ, but far more

detailed, as it involves all the fees to supply and install and does not provide the ability to "a la carte" items from the group of RFT submissions. The final fixed fee price would include all equipment, material, labour and knowledge at a combined fixed fee price.

**CS:** *What homework should an end-user do before going to the marketplace? What pitfalls might you encounter if you don't do your homework?*

**Hoffman:** Ideally, end-users should look long term not short term. I recommend to clients that we conduct a project workshop with all the business domain stakeholders to establish "project success factors and concerns." Project success factors and concerns may involve discussion around the requirement for good lighting conditions that, in return, will result in quality video surveillance images, lack of air conditioning, floor space, access control zone definitions, privacy or union issues.

The success factor concerns document always involves defining the overall project expectations. Some other examples of consideration include minimal vendor insurance requirements, vendor product certification, equipment compatibility with other security sub-systems,

product marketplace share and the amount of authorized providers in the area that can provide a competitive price. There are several pitfalls. The biggest could be that the system does not meet your functional expectations and/or is not able to be supported and serviced by a variety of authorized re-sellers (vendor locking). I recommend visiting similar vendor installations and requesting on-site product demonstrations.

**CS:** *Who in an organization or business unit should be included in the process of gathering information?*

**Hoffman:** The budget owner and the overall security authority. This process should be led by the security authority and the department allocating the funds (finance or human resources). It is imperative that this process involves the department that is going to take ownership of the project (pre and post).

**CS:** *What are the biggest mistakes end-users make when asking vendors to bid on a project?*

**Hoffman:** It's a combination of several items that all relate back to lack of corporate security planning. Far too often a corporation's budget capital is for security equipment, but not for the security planning, design and/or consultation portion of the project. Commonly, security vendors experience RFP and RFT solicitation requests that lack detail and performance criteria. This can turn into a situation of trust as now the direction might come from an existing vendor, or the first vendor in the door, as some carry little product and/or solution objectivity that could ultimately result in a system and/or product that a vendor wants to sell you versus what your true performance and functionality needs are.

**CS:** *Should I choose the lowest bid? How do you determine the difference between lowest bid and highest?*

**Hoffman:** This is dependent on if your bid is an RFP or RFT. RFT's usually are awarded to the lowest priced vendor that has met all the solicitation mandatory requirements. In an RFT solicitation it is important to pre-qualify the vendors based on some mandatory experience, sales and years in business criteria prior to them receiving a bid request to reduce the potential of a "project gone bad" scenario. The RFP is more of an open process looking for value added/ best value and seldom does the lowest price win. A clause should be added to your RFT and RFP general response conditions stating that the lowest price may not be accepted. Some RFP prices are not exposed until the technical and operational management grading of the response is totalled and then only opened if the submission has achieved a minimum score.

**CS:** *If I go with the lowest bid what should I be prepared to accept in terms of deliverables down the road?*

**Hoffman:** Provided you have conducted your planning, defined your project deliverables and requested mandatory experience criteria in an objective manner, you should not have any concerns. We are in a very competitive industry and nothing is wrong with accepting the lowest price. Naturally concerns come into play when first and second place differ over a large sum of money. When a large price gap has occurred you need to drill down further to investigate where

the price separation and discrepancy exist.

**CS:** *How do I know if a vendor has skewed his/her information to avoid including things I really will need in the end? How do you avoid cost overruns if a vendor tries to give me what I want but leaves out certain things I will probably end up paying for later?*

**Hoffman:** Simply, you can't if you don't have enough subject matter expertise knowledge around what you are buying. This is where an industry professional consultant can assist. If you have accepted the bid it might be too late. Always ensure you have tight legal vendor design equipment clauses to complete the project. You can also minimize your risks by adding several fixed escalation change item clauses.

**CS:** *How do I qualify that their technicians/field staff can deliver on what the individuals answering the RFP say they can? I often hear that problems occur in the field with technical people not properly trained on a manufacturer's product and that the problems do not necessarily arise with the technology.*

**Hoffman:** Request certification letters from the manufacturers. Have the manufacturer define, on their letterhead, the technician's certification renewal date and the date and year of the certification. I am a strong supporter that technical certifications should be associated with the technician and not the vendor's company. This can be effective when certifications require being renewed annually. Remember that the technology is only as good as the individual installing, configuring and training the end user on its proper and effective usage.

**CS:** *Do certain verticals approach the process differently (municipal/provincial/federal vs. private sector)? Do those in the public sector have more specific requirements?*

**Hoffman:** Ideally, public sectors are more detailed as they provide a 100 per cent objective approach because of mandates that have been established throughout procurement departments. The majority of public sector documents have either been reviewed or authored by security consulting practitioners. Private corporations also have controls but are very inconsistent across the board.

**CS:** *In the end, is it really accurate to compare one bid to another? Is it more apples to oranges?*

**Hoffman:** Yes and no. There is too much comparison criteria that needs to be considered. For example, product, labour quality, quality assurance and standards, service coverage, warranty, terms and overall experience all representing different overheads. Can a smaller private company perform equal to a national company? In certain circumstances, yes. Market share and overall experience are the defining factors.

End-users need to view and associate the fees of professional consultants as subject matter experts that can offer a cost justified service resulting in competitive pricing that meets and/or exceeds your defined project deliverables and expectations. You will find RFP, RFQ and RFT planner fees are cost justified in today's security industry. ©

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