

Request for Proposal and its purpose

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Request for Proposal (RFP):

If an organization requires a service, build an application, technical expertise or to solve a complex problem for their growth, may ask for an RFP from the potential bidders who might be capable of completing the task.

RFP is a formal way of requesting the contractors to submit their offer, so that the organization can evaluate the bids based on criterion which will benefit the firm.

Why an RFP is needed:

The RFP is a proof that documents the requirements, budget, type of contract, project timelines, evaluation criteria (which includes technical, managerial and financial capability of the bidder), Proposal change management guidelines, reporting, Entity eligibility, Notification, Negotiation and appeals process and conflict of interest disclosures between the organization and the contractor/bidder.

The documentation will help the organization to identify what exactly they need from the bidders, since more time has to be spent on requirement gathering. Similarly, it will help the contractor to understand the requirement of the organization and may able to estimate the bid appropriately.

Moreover, the RFP will give the organization to know about the bidder upfront so that they can do the due-diligence to avoid risks. For instance, the bidding firm's history on completing a similar request, their bankruptcy details, technical capabilities and their resource's expertise.

The RFP provides an opportunity for the organization to request the service providers to demonstrate in detail about their services and products which is relevant to the requirements and based on that they will get a clarity about the vendors and what they are capable of.

Even though the organization and the contractors will work on a good faith, the RFP will be a key document which will help the organization as well as the contractor to mitigate their conflicts of interest amicably.

To conclude, the RFP is a document which will help the organization looking for a service to identify the right contractor to complete the task by means of evaluation criterion and on the other hand it will help the contractor to evaluate the requirements precisely and be able to demonstrate their capabilities and provide a closer estimate.

References:

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