



Supplier Management Made Simple®

RFP: A Rigid, Faulty Process

Is it Time to Rethink Century-old Methods?



The Request for Proposal process is an integral component to modern day sourcing.

However, the RFP framework was created over a century ago, limited by paper communication. Despite technological advances, the RFP model remains, hampering the ability to maximize sourcing efforts. At ConnXus, we conducted original research to learn more about buyers' and suppliers' perception of RFPs and found general dissatisfaction. We urge procurement professionals to take a closer look at their organization's RFP process to maximize sourcing strategy and bottom line impact.

Though B2B technology often lags behind B2C markets, innovation is poised to disrupt global supply chains in the next few years.

From blockchain to e-procurement, emerging digital tools change the way we collect, use, and distribute information, ultimately helping us make better business decisions. However, tools can only create effective results if paired with quality raw material (clean data points, KPIs) and a practiced hand (relationship-driven end users). It is easy to adopt new tools that increase operational efficiency in downstream activities. It is harder to pair these tools with upstream sourcing strategy. Despite the market's rapidly changing landscape, some archaic upstream processes remain unchanged, notably the RFP process. We challenge procurement professionals to reassess their organization's RFP process, and to better align sourcing needs with business goals.

Origin of the RFP: Roots From Paper

The concept of RFPs began with the Industrial Revolution, when buyers and suppliers were no longer limited to doing business in their geography. New capabilities created new demand for mass production, standardized orders, and competition. Supply chain emerged as a discipline. As sourcing strategies were documented, the RFP process was born. RFPs were created on the basis of paper communication, when business was advertised in newspapers and suppliers answered by mail. This system worked well at the time, as requirements were shared, described, and estimated by experts.

However, this process was created before the concept of the internet. The RFP process is not robust enough to support the innovative problem-solving capabilities that today's technology can provide. As supply chains have become more global, orders have become more complex and customized. In recent years, we've seen longer lead times. An RFP for a small B2B software company may take **40 to 60 hours** to respond to. Once submitted, buyer response and feedback can take **four to six weeks**. In total, the full sales cycle may take **nine to twelve months**. The industry has growing pains, and there is a need in the market for a new solution.

A Focus Group Approach

At ConnXus, we want to understand how the market views RFPs. Our Product Innovation team conducted a focus group of buyers and suppliers, asking both qualitative and quantitative questions related to the RFP process. Mediated by a third party, our focus group consisted of business owners, C-suite executives, and buyers (four buyers, eight suppliers) who were recruited from the first ConnXSmart® Strategic Sourcing Event on Sept. 21, 2017 in Cincinnati, Ohio. The research was conducted in a round table format, with audio/video recording and real-time polling.

We came across a few key findings from suppliers surveyed:

67% avoid RFPs due to time commitment

56% only spend **one to ten hours a month** responding to RFPs

Small business owners typically respond to **five or less RFPs a month**

In general, negative feelings were associated with completing RFPs. Small business owners stated that they need to evaluate how much time an RFP will require, who is available to work on it, and whether it was worth “shutting the company down” to complete. **RFPs that look too involved are often avoided.** Both buyers and suppliers concluded that standardized RFP templates are boring, but necessary. As suppliers stated:

“It’s difficult to tell your story of cost-savings solutions and ideas that you could implement... when you’re filling out line items. You can’t have a chat with [buyers] if they don’t open a conversation. You’re only replying... only being reactive.”

Suppliers felt there must be a better way for them to speak to the specific challenges buyers face. The current RFP process impedes the ability to have **meaningful two-way conversations**. Additionally, participants cited a disconnect between the availability and quality of information, and the actual timing of opportunities. To both buyers and suppliers, finding a way to address these concerns beyond the current RFP process would provide the ultimate value.



A Collaborative Solution

We believe the current sourcing process can be improved through strategic partnerships between buyers and suppliers. Though we do not know what an exact solution looks like quite yet, but we can make some general recommendations to help streamline the RFP process based on best practices and research findings.

Consolidate The Process: As one buyer stated, “You’re only as good as your template”. Many RFPs have repeat sections where the same questions are asked by different departments. By minimizing redundancy, your organization can save time and effort for all parties involved and concentrate on value-add decisions. Using “filter style” templates in the early stages of the RFP process allows buyers to vet vendors that meet certain requirements, before asking a more qualified pool of applicants open-ended and creative questions later. Adding an addendum section to RFPs may also be useful in providing an extra field for suppliers to showcase anything that does not fit the original template.

Define Your Strategic Sourcing Goals: Align your organization’s purchasing power with its overall value proposition. Strategic sourcing improves efficiency and quality through building a robust, diverse supply base. Analyzing the general market with past spend data is an important first step that reveals issues surrounding visibility, compliance, and control. Organizations must choose areas to minimize risk/cost, identify suitable suppliers, negotiate, and implement a new supply structure with a monitoring system. We challenge procurement professionals to reassess their organization’s RFP process, to adapt today’s sourcing strategy for tomorrow’s business needs.

About ConnXus

ConnXus supplier management software simplifies the complexities of global supply chains and allows procurement professionals to achieve their goals of responsible and sustainable sourcing. With a host of buyer and supplier solutions, ConnXus is a NMSDC, CPUC, CAMSC and Ohio-certified minority-owned business enterprise with local, regional and international capabilities. Learn more at www.connxus.com.