

WHITE PAPER

NO-ONE LIKES ANSWERING RFPs SO WHY BOTHER?

Let's get straight to it. I don't know any PreSales / Solution Consultants / Sales Engineers who actually enjoy answering RFPs (Request for Proposals), its siblings, RFIs, RFQs, DDQs (Due Diligence Questionnaires) or any kind of ITT (Invitation to Tender).

I'm going to argue here that RFPs are (with some exceptions) a complete waste of PreSales time; they don't reflect the pace of modern change and innovation, and decision makers have already made up their mind before the RFP was issued (as we'll see).

Even in the world of everything 'As a Service' or 'Consumption' services, completing RFPs can still be a major part of our PreSales job; you'll see it in most PreSales job specifications. I look at it as the drudgery that earns you the right to do the fun part, working directly with clients.

RFPs are typically issued for larger, costlier, higher risk and more complex B2B buying processes. Completing an RFP can take 10, 20, 30 plus hours of work, sometimes for a whole PreSales team working on their specialist sections, adding in required references, company financials (which better look good) and needs a major piece of project management and copy-writing to compile a quality response that no-one knows for sure will ever be read. [I have a colleague in an ERP services company who, for years, randomly put the word 'sausages' in RFP responses to see if anyone ever spotted it; they never did].

Having to complete an RFP is a very costly and time-consuming effort that can dramatically increase the cost of sale of an opportunity.

For sure, in the public sector and defence industries there are strict procurement rules for buyers where skipping procurement steps, including not issuing RFPs, could allow losing vendors to make legal challenges to the selection process; at great cost and elongating, usually already lengthy, procurement processes. Overall, however, the big winners and primary guardians of continuing the anachronistic RFP process, are the advising consulting firms.

RFPs can be seen as a very visible result of a dysfunctional buying process, the urge to consider everything (even disruptive technologies) a commodity and a lack of trust between buyers and sellers (see later). RFPs and the vendor responses cannot possibly describe the avalanche of change and business model innovation happening in enterprises and don't reflect the situation where a technology vendor (us) has better insights into the client's industry than the client.

It used to be said in the ERP industry that 'every customer deserves the system they get'. If you want to treat buying a business innovation platform like a commodity then that's what you'll get.

Henry Ford allegedly said "If I had asked people what they wanted, they would have said faster horses".

If Henry Ford was forced to complete RFPs to sell the Model T car, just imagine the buyer's RFP questions:



- does the propulsion system have a minimum of four hooves?
- can it do 30 miles to the bag of hay?
- emissions (no, let's no go there!)

Honestly, Why Bother?

Many smaller, rapidly growing Tech companies I work with have a simple rule; if they weren't engaged with the prospect before the RFP was issued and aren't already providing differentiation, promoting their USP (Unique Selling Points) and taking control of the buying process with insights and challenges, then they qualify out and move onto another opportunity where they can influence the buyers.

This fits in with the 'qualify out often and qualify out early' mantra built into many sales methodologies. Forrester Research backs this up; the first vendor to bring insights and value to a buyer are going to be much more successful than those who first join the buying process at the point an RFI / RFP or ITT is published.

RFPs seem even more anachronistic when we consider...

- "57% of the purchase decision is complete before a customer even calls a supplier." (CEB). This will increase to over 70% soon.
- "67% of the buyer's journey is now done digitally." (SiriusDecisions)

Already B2B decision makers are researching solutions and offerings, being influenced by insights and getting questions answered online, and increasingly through video. The RFP is far too late in the decision makers thought process.

A 'Necessary Evil'

So despite everything we've talked about let's say your sales team say you're still going to have to complete the RFP. Completing RFPs, in the end, are a 'necessary evil'. How do you reduce the cost and effort?

Most large tech vendors will have a qualification gate before they commit to completing an RFP. Ideally, the qualification criteria are inbuilt into the CRM system (minimum opportunity stage, forecast level, level of decision maker contacts, solution fit etc.) and oversight is expected by at least first-line Sales and PreSales management. In the real world of sales targets and quotas, this oversight can sometimes get shortcut if its getting near end of quarter, the salesperson is well below target, or if there is a dysfunctional relationship between Sales and PreSales where Sales always get what they want. [That's a whole different conversation about building the PreSales 'brand'].

Also, if you're an SAP, an Oracle or a Salesforce, you'll have the problem that you'll get invited to respond to almost every relevant RFP being produced. Buyers and advisory consultants always want to show rigour (and have negotiation options) in the procurement process and typically want at least one tier 1 vendor shortlisted even if the decision has already been made to select an alternative supplier.

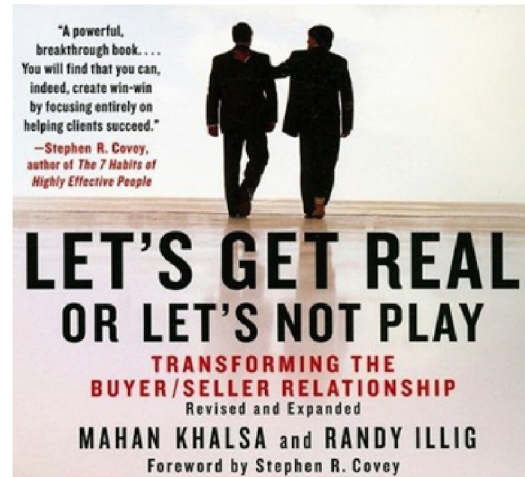
Large tech vendors go to great lengths to reduce the cost of RFP completion; building off-shore, shared-service PreSales support teams to do the bulk of the responses and using RFP response solutions like Avnio, Loopio, RFPIO and Qvidian.

Much 'ink has been spilt' over the years about the frustrations of competing in an RFP process. One view could be that you, as the vendor, are providing advice, insights, some IP, maybe, in your response and that should have some value. In many instances there are strong arguments that buyers should be paying for RFPs in the same way that some PoCs (Proof of Concepts) should be paid for.

A Dysfunctional Buying Process

So what did I mean before when I said RFPs represent a dysfunctional buying process?

Here's a brilliant quote from Mahan Khalsa and Randy Illig's book 'Let's Get Real or Let's Not Play: Transforming the Buyer/Seller Relationship'.



"Dysfunctional buying practices have arisen to combat dysfunctional selling practices. For instance, buyers may send out Requests for Proposals (RFPs) that, under threat of pain and death, refuse to allow any human being to talk to any other human being. When buyers do not trust sellers, they hide and protect vital information and restrict personal contact.

Sellers have to guess what would actually work for the client, and often guess wrong. This reinforces the perception that sellers can't be trusted, and dissatisfied buyers then create even higher hurdles. Sellers acquiesce and either go along with things that do not make sense, try more outlandish gambits, or choose to withdraw".

Sounds familiar?