

RFP

GUIDELINES

**REQUEST FOR
PROPOSALS**

**For relocation management
and global mobility services**

INTRODUCTION

A Request for Proposal (RFP) can be a key component in the selection process when an organization is choosing a new Relocation Management Company (RMC) or evaluating an existing provider.

Let's start with the basics: The RFP is an invitation from you, as the prospective customer, to the RMC, as a prospective service provider.

The proposal response from the service provider contains a specific written offer, with detailed information on capabilities, technology, process, and pricing. The suppliers' responses allow you to select the best provider for your organization, based on your defined criteria.

Some companies require completion of an RFP process on a regular basis (generally, every three to five years) or to accommodate a management request. An RFP is often conducted when there are service issues with an existing provider.

An RFP may also be done periodically to benchmark fees, identify cost-savings opportunities, and update best practices. In some companies, an RFP is required before a contract for services can be signed.

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DOING AN RFP IS NOT SOMETHING I DO DAILY; YET, DURING THE PROCESS, IT FELT AS IF I WAS NOT WORKING ON ANYTHING ELSE. THERE ARE SO MANY FACTORS TO CONSIDER, AND THE PROCESS CAN BE OVERWHELMING.

— CORPORATE HR DIRECTOR

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A strong RFP can help you streamline the selection process, eliminate any favoritism, and obtain the most competitive prices.

During the past several years, corporate mergers and re-organizations have created a growing trend to outsource most aspects of relocation management. This trend, combined with the continued rapid advancement of globalization and technology, has caused the scope of RFPs to reach well beyond basic relocation services.

However, it's made the RFP process more time-consuming and complex than ever, even for veteran relocation managers. Streamlining the RFP process, without adversely affecting the outcome, is one of the highest priorities.

10 RFP PROCESS STEPS

The key steps in a successful RFP process are:

- 1 Identify any internal issues or problems to solve
- 2 Review industry trends and best practices
- 3 Determine RFP timeline parameters
- 4 Develop RFP questions
- 5 Design scoring matrix
- 6 Identify service provider participants
- 7 Distribute RFP
- 8 Evaluate and score supplier responses
- 9 Determine finalists for site visits or presentations
- 10 Sign contract with selected supplier

SHOULD YOU ISSUE AN RFP, RFI, OR RFQ?



REQUEST FOR PROPOSAL (RFP)

A detailed document with specific questions that require comprehensive answers. Usually includes a full pricing component.

REQUEST FOR INFORMATION (RFI)

Usually asks for general information, with limited questions, and no pricing. May be issued prior to RFP to narrow supplier field.

REQUEST FOR QUOTE (RFQ)

Focuses primarily on fees and costs, with only general information requested or a limited number of specific questions.



PUTTING A TEAM IN PLACE

For a balanced viewpoint, a team approach works well when creating and reviewing an RFP. The team should include representatives from human resources, recruiting, information technology, payroll, tax and legal, and any others who have a stake in relocation and the outcome of the RFP.

Clearly identify each team member's role and responsibilities throughout the RFP process. Make sure everyone understands the reason for the RFP and how your business objectives affect your relocation program goals. Develop key milestones of the process and assign a projected timeline for each stage.

The procurement representative should ensure that the organization complies with all internal policies and procedures. Procurement can also provide comparisons, insight, and leadership based on other recent RFPs within the company. This approach ensures that no one team member champions a specific issue or supplier that may have undue influence on the overall outcome.

With a variety of viewpoints, the team often discovers objectives and issues that they would not have considered independently. In many cases, the company's relocation expert drafts the RFP, based on the input from the other team members, to provide a solid foundation.

WHAT'S YOUR PROGRAM HISTORY?

Before issuing an RFP, make sure you analyze the history of your program. Take a look at the last three years of data to determine these key facts:

POLICY CHANGES

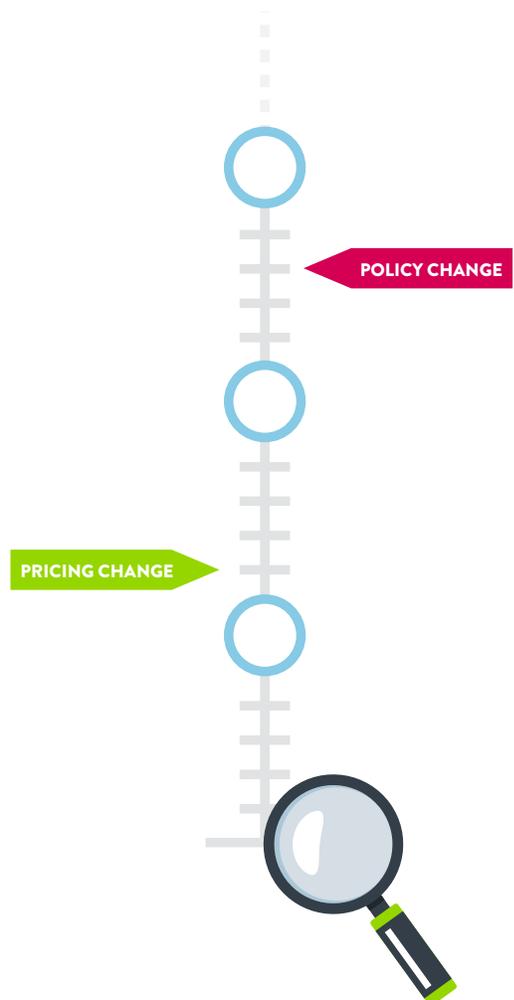
Review your current policy and the changes that have occurred. What talent management strategies or cost-saving initiatives within your organization impacted policy changes? This review can help you determine the scope of services for your RFP.

HISTORICAL VOLUME

Gather information on the number of relocations or assignments that took place. Determine the types of employees moved, such as VPs or managers. The volume of renters and homeowners, and the services required for each level, will be critical information to provide to the potential suppliers.

PRICING REVIEW

Examine pricing over the past three to five years. Determine your ratio of service provider fees, direct costs, and exception spending. Structure the pricing section of your RFP with this cost and fee data in mind.



CREATING YOUR RFP

The first step in creating your RFP is to include background information about your company and your objectives for your relocation programs.

Incorporate your historical relocation data on volume and service components. Provide information on the total number of homeowners, renters, lump sums, and international assignees.

If you have a tiered policy, the number of transferred employees in each tier is important to the supplier. Information on the average home sale values should be provided. Include your geographical moving patterns, if available. Provide a general projection for future volume if you expect significant changes within your program.

Include a list of required services, ideally in the form of a Statement of Work (SOW), which can become part of the contract agreement. It is very helpful to the suppliers if you include either a summary of your relocation policies or a copy of the actual policies.

List the required format for the responses and whether you will consider alternative proposals. It is easier to create the RFP around your requirements than to analyze numerous proposals in different formats.

Most organizations request electronic responses, which eliminates the need for multiple hard copy submissions. Keep your format as simple as possible and try to avoid specifying constraints that restrict the supplier's ability to respond.

Requiring detailed responses within an Excel spreadsheet, for example, can reduce readability and limit the suppliers' ability to use standard text formatting, graphics, or charts that illustrate their concepts.

Provide a contact name for suppliers in the event of questions or other issues. Other team members or employees should not meet or speak with participating suppliers during the RFP time frame to ensure fairness.

Clearly state the submission deadline for the proposal, as well as any required attachments.

DEVELOPING RFP QUESTIONS

If you are using sample RFP questions or a previous RFP from within your organization, evaluate each question and make sure it applies specifically to relocation and to your programs.

For example, if your company doesn't offer home sale programs, including standard questions on home buyouts will complicate your team's evaluation of the supplier responses.

Sample RFPs are available through NuCompass and other industry sources. There are also sample questions available for corporate members on the Worldwide ERC® website.

There is no set standard for the length or number of RFP questions. If you are receiving suggestions from multiple sources, review your final questions to make sure that the same or similar questions are not asked multiple times within the RFP.

The simpler the RFP questions, the better the answers — quality over quantity. Although it requires a significant amount of work for suppliers to respond to an RFP, it is also a lot of time for the issuing organization to invest in reading and evaluating the responses. It's helpful to divide the RFP into sections.

It's helpful to divide the RFP into sections to cover key areas and help guide suppliers in providing the most informative answers.



TYPICAL RFP SECTIONS

- Company Information
- U.S. Domestic Services
- International Services
- Service Delivery Process
- Account Management
- Technology
- Reporting
- Supplier Management
- Implementation
- Invoicing and Funding
- Client References
- Differentiators

REQUESTING PRICING

To facilitate pricing comparisons, create a pricing matrix that incorporates all of your required services and pricing requirements.

Relocation services can be offered as individual items, but are typically bundled into “packages” for homeowners, renters, or other policy tiers. Cost-saving opportunities can be offered through bundling and other pricing alternatives.

Keep in mind that “fees” are what the service provider charges to deliver the management services. “Costs” are the actual direct expenses associated with delivering the services, such as the physical household goods move, the rent for a temporary living facility, or the fee paid to an appraiser.

Direct costs are difficult to provide in a pricing proposal, since they will vary on every relocation depending on the departure and destination locations, as well as the time frame.

On average, only about 3 percent of total relocation costs are the fees paid to the relocation management company. The balance is typically direct costs. In your matrix, include questions about cancellation fees, interest, discounts, and referral fees that may result in additional charges.

Final pricing may be negotiated further based on conversations during the RFP's final stages of presentation or site visits.

UNLESS YOU CAN BE EXTREMELY SPECIFIC, AVOID PRICING SCENARIOS!

Companies frequently include pricing scenarios in an RFP, but provide vague examples. Without clear information, you will be inundated with questions. Suppliers will need to make their own assumptions to estimate the direct costs, making a side-by-side cost comparison virtually impossible.

VAGUE SCENARIO

What is the typical cost of moving an employee from Chicago to Denver?

NOT ENOUGH DETAIL

What is the typical cost of moving an employee from Chicago to Denver, including a homefinding trip, a household goods move, and temporary living services?

STILL NOT CLEAR

What is the typical cost of moving an employee from Chicago to Denver, including a homefinding trip for 2 people, a household goods move plus storage, and 30 days of temporary living?

BETTER CLARIFICATION

What is the typical cost of moving an employee from Chicago to Denver, including a homefinding trip for two people for three days and two nights; a household goods move with full packing and partial unpacking services with 30 days of storage at destination; and 30 days of temporary living for two adults in a one-bedroom unit in the downtown Denver area.



**EVEN WITH EXTENSIVE
DETAIL, COMPARING
PRICING SCENARIOS CAN
BE VERY DIFFICULT.**

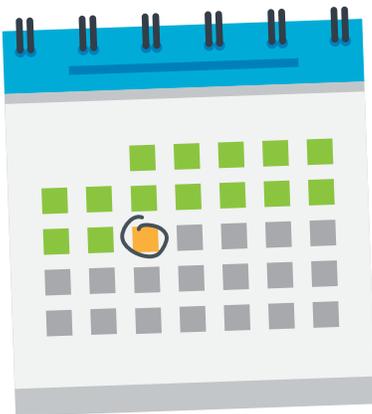
ISSUING YOUR RFP

Conduct research on potential suppliers before sending out an RFP. Talk to people in the industry, co-workers, or colleagues who are familiar with the marketplace. Look for suppliers that have won awards, both inside and outside of the relocation industry, for their technology and service.

Many organizations meet with suppliers prior to issuing an RFP to narrow down the distribution. Based on the size of your relocation program, select an appropriate number of suppliers to ensure a comprehensive response.

By sending the RFP to only well-qualified suppliers, you bypass receiving volumes of information on companies that do not meet your standards or are unable to provide all of the requested services.

The fewer the providers, the less complex the evaluation process will be. Remember that the more suppliers you invite to respond, the more RFPs you will have to review.



RFP TIME FRAME

Allow service providers a reasonable time to respond, typically a minimum of two weeks — longer if your RFP is more complex.

Check the calendar and consider the actual time period for suppliers to respond, including weekends or any holidays. For example, setting a due date for a Monday means the supplier will need to overnight any hard copies on Friday, reducing actual response time by three days.

Set a defined time period for suppliers to submit written questions. Publish the questions and answers to all participating suppliers. For more complex RFPs, some companies have a “bidder’s call” — conferencing all suppliers, so they can listen and learn about the varying interpretations of the questions and answers.

If an extension is requested by a supplier, evaluate the circumstances and the effect on your time frame. If allowing an extension, issue it early enough that all suppliers can readjust their response schedule.

ARE YOU FOCUSING ON THE BEST VALUE?

Your RFP needs to focus on the overall value that the relocation management company (RMC) can bring to the organization, rather than just the lowest bid.

Since relocation is a service business, rather than a commodity, it’s important to look at service-related factors that affect value.

These service-related factors — including reporting, technology capabilities, efficiency, and controls — all have a monetary value to your organization.

While obtaining competitive bids is critical, it’s also important to look at the overall value of the RMC’s services to find the best fit for your company.

EVALUATING RFP RESPONSES

All team members should remember that their goal is to select a relocation partner that fits the organization's overall objectives. The cultural fit and relationship are imperative. Look for answers that show thoughtfulness, uniqueness, and creativity, rather than canned answers that are “off the shelf.”

Make sure that all team members agree on the ranking method. Use a matrix or scoring method to compare suppliers or assign a value to the service items, depending on the team's criteria. Review responses to ensure that all questions have been answered thoroughly and completely.

Compare performance, service, and cost — as well as the level of quality that comes through in the answers. In your evaluation, you will want to look for the highest cost-effective service level with an organization that is committed to total quality.

If your organization has reduced its choices to one or two, and is confident that either choice could fulfill the job, a detailed scoresheet can help serve as the tiebreaker.

Most companies conduct site visits or have the selected the finalists visit their workplace for an oral presentation. This gives your team the opportunity to better understand the corporate culture and personality of the service provider.

Make sure to meet with the supplier's staff members who will handle the day-to-day interactions with your employees. The time and energy invested in these meetings are well spent.

**A WELL-EXECUTED RFP
PROCESS WILL HELP
YOU FIND THE SUPPLIER
THAT BEST MATCHES
YOUR BUSINESS GOALS.**

NEED HELP DEVELOPING A REQUEST FOR PROPOSAL?

NuCompass can help you create an RFP that is tailored to your company's relocation programs and business needs.

Call us today at +1.925.734.3869.

To learn more, visit www.nucompass.com.

