Tips for a Successful Vendor Search

Pension & Investments/IBF Conferences
8th Annual West Cost
Defined Contribution 401(k) Conference
October 10, 2005

Contributed by the panelists for the break-out session:
"Strategies & Best Practices on the RFP Process"

Michael E. Falcone, Aon Consulting
Keith Hocter, Bellwether Consulting
Stacey Sandler, Deloitte Consulting
Martha Tejera, Tejera & Associates

Before you begin…

1. Try to resolve problems within your current vendor first.
2. Implement a formal process for conducting the review.
3. If you don't have the expertise or staff resources in-house, hire someone who does.
4. Determine whether changing vendors at this time is an option in the context of other business issues.
5. Review your existing contract(s) to identify any financial penalties that might apply.
6. Define your objectives – be sure to gain consensus from all key stakeholders

As you develop your RFP…

1. Consider different structures... even if you later reject them.
2. Develop selection criteria that allow you to differentiate between vendors and include these in the RFP --- don't make the vendors guess.
3. Provide vendors with sufficient information so they can respond with their most competitive bid.
4. Avoid "RFP Junk" -- questions that serve no purpose and do not support decisions.
5. Evaluate the "breadth" of investment options when developing the RFP (evaluate specific investments later).
6. Ask and insist for full and open disclosure of all fees, especially revenue sharing.
7. Require electronic copies of everything for your files – recycle the paper.

When preparing your proposal….

1. Be sure you know what the selection criteria are – if you don't, ***ask***.
2. Understand the prospect's goals and objectives and tailor the approach to that prospect.
3. Answer all RFP questions as asked. Limit the use of visuals and text heavy responses. Don't refer to other questions for your responses.
4. Ensure your differentiators are emphasized throughout your responses.
5. Edit your response before sending --- ***read it***!
6. Provide strong references that are relevant to the search at hand - similar market size, industry and business model.
7. Be responsive --- keep it simple, timely and enthusiastic!
8. Build credibility by having the right client team at the table.

When evaluating responses…

1. Be professional and respectful at all times. Do not share proprietary information between bidders.
2. Evaluate all respondents on an apples-to-apples basis and use "scenario" pricing to compare and contrast prices for different combinations of investment and service features.
3. Keep the salesperson focused on facilitation --- you are hiring the client team, not the sales team
4. Avoid trying to make the vendor fit your mold. Rather, think about how ***you*** can do things differently.
5. Document your work -- ERISA is process driven.
6. Pay attention to your intuition…if you don't like the vendor at a gut level it will not be a successful long term partnership.