

## Put More Muscle in Your RFPs

BY DAVE HARRISON

**M**easuring and managing costs, regardless of project scope and scale, begins with a request for proposal. Yet so often, RFPs and the subsequent bids become precursors to challenging, change order-heavy and costly projects.

RFPs can be too prescriptive or too broad. A project owner loses its advantage when an RFP limits the contractor's ability to demonstrate innovation and cost- or time-saving techniques. An RFP that is too

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broad can be cause for misunderstanding or confusion, which leads to change orders and higher costs.

The goal of any RFP is to provide contractors and consultants with the necessary parameters to understand the scope of the project, such as square footage, cost and estimated number of components, but flexible enough to give contractors some latitude to differentiate themselves from their competitors.

Bottom line: A well-constructed RFP is about clarity and definition. Following are a few tips for both owners and contractors to add extra muscle to their next RFP.

### **Describe the Organization**

Owners often reuse old materials, which can lead to confusion for everyone involved. Each RFP should clearly describe requirements, the organization and the project stakeholders. Paint a clear picture of the organization from the top down to help responding firms know and understand the owner's commitment to this specific RFP. If possible, document the expected involvement of key stakeholders and the leadership team. Define the anticipated outcome of the project. For example, is the goal to resolve operations issues or improve life cycle costs?

As respondents to RFPs, contractors should ask questions about the owner if the RFP does not provide enough insight so they can develop a proposal that will truly meet that organization's needs. The more an owner explains about the team, the more likely bidding companies will develop their teams and their proposals in ways that will prove most logical for the owner and the stakeholders.

Owners shouldn't assume that proposing firms will automatically understand the evaluation criteria. Contractors should ask if the owner will use a specific valuation formula and how the valuation process will work, and which criteria will be rated highest and lowest.

### **Know the Desired Outcome**

Simply put, a company can't manage what it can't measure.

A quality RFP defines scope qualitatively and quantitatively,

and in such a way that will help an owner clearly compare one company's attributes against another. The more precise an owner is, the less ambiguity that will be found in the responses and the less chance for misunderstandings during construction.

For contractors, the key is to clarify cost qualifications. Contractors typically sort construction costs into hard costs and soft costs. Hard costs are more easily calculated, as they include physical construction elements such as the cost of materials, labor and equipment to complete specific tasks. Soft costs can be less obvious. These are fees that might include architecture and engineering services, permits and taxes, and certifications, as well as all the necessary presentations and deliverables to keep stakeholders informed. Within a scope, owners and contractors should quantify as many soft costs as possible.

For instance, many projects go over budget because of additional meetings. Try to quantify the number and frequency of meetings as well as who will be involved. Consider balancing the number of onsite meetings with virtual conference calls.

If possible, attempt to quantify how many drawings, reports and presentations will be required throughout construction. What are milestone dates? What are the review procedures? Are there add-ons? How will change orders be handled? How many electronic (versus hard copy) reviews will occur?

If an owner has requested 3-D models as part of the deliverable, the contractor should ask for specific requirements. Is it a true 3-D intelligent model, or is it a 3-D model used for coordination and clash detection with final 2-D drawings?

### Define Coordination Intersections

Every RFP should address how the project team is expected to coordinate system intersections (e.g., mechanical/electrical systems to structural systems) as a way to manage risk.

Remember, a good design controls risk, but a great design embraces risk and turns it into a complete solution.

There's considerable discussion in the construction industry about "integrated" teams and the value this approach brings to the owner and the project team in terms of project delivery and time and cost savings. If an RFP clarifies potential unknowns, an integrated team has a much better chance of providing a project on time, on budget and on task.

### Establish Expectations and Avoid Assumptions

Assumptions, poorly stated and hazily defined, can break the budget once a project is under way. That is why it is so critical to invest in creating a thorough RFP that gives explicit expectations, and for contractors to clarify RFP requirements as much as possible.

The owner should make sure the consultants know how its staff will be involved and what information they will provide. At the same



time, the owner should ensure the internal team is engaged in the process and has the bandwidth to support the project's overall success. If there are undefined expectations, a contractor should take the time to request clarification. Remember, a consultant cannot be successful on its own. The owner team is critical to the project at every phase and must remain engaged and involved.

Within the RFP, an owner should ask consultants to include their assumptions—and contractors and consultants should use this space to separate themselves. These assumptions might include scope items of concern that could change based on various scenarios once the project is under way, or items that may have been excluded from the scope.

In today's consulting and construction market, people pulling together responses to RFPs tend to believe the construction adage: "When in doubt, leave it out. Be the low bid, win the job and then

change order your way to a profit." However, the more old-school approach is to provide clients with that additional service and value automatically, which leads to more work down the road.

Every RFP should describe how each response should be structured, the necessary formatting, word counts, etc. The owner should provide an outline of the proposal sections along with page limitations (if necessary) and clarify expectations for any essay questions. For example, if the owner asks each proposer to describe how evolving technology may affect A, B and C in the project, the response should be formatted in a defined way. If these details are not included, the contractor must ask for clarification. The idea is for respondents to provide answers that can be compared easily against other submissions.

### Be Selective

Once an owner has gone through all the effort to develop a great RFP, share it sparingly. Owners should prequalify firms and only send it to the companies that seem best suited to serve them.

The RFP response time should correspond to the complexity of the scope and size of the fee. At least two weeks is recommended and, if possible, avoid Monday due dates. Typically, responding firms will refine RFPs until the deadline—and all-nighters are not unusual. 

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