

16 TIPS

FOR COMPILING
AN **RFP** FOR YOUR
NEXT MATERIAL
HANDLING PROJECT



*Get a fair and accurate quotation
by providing a complete and
precise request for proposal.*



Posting a request for proposal (RFP), also known as a request for quotation (RFQ), that is clear, detailed and provides the right scope of information will attract bids from the best suited vendors with the fairest price. Writing an RFP or RFQ can be difficult. You want to be sure that bidders understand your requirements, are qualified to handle the project and at the best value for your dollar. To accomplish this, you need to supply potential bidders with detailed and complete information about your needs.



Here are **16 tips** for compiling an effective RFP to ensure you get a fair and accurate price from qualified contractors:

1 INTRODUCE YOUR COMPANY

Start your RFP with the name and address of your business, along with relevant contact information. Tell the bidder a little bit about your company's operations and what it is you do. Include things like:

- ▶ What type of industry you are in. Are you in the automotive industry, or food distribution?
- ▶ What type of products you handle. Are you supplying syringes to the pharmaceutical industry, or t-shirts to the retail trade?
- ▶ How many people you employ. Are you an SME (?) with less than 50 employees or a multi-national company with a global workforce?
- ▶ How many employees work on the shop floor. Is material handling your core business or is it an integrated division within your company?

This information helps the bidder get an overall picture of the scope of your enterprise, and they can use this input when they begin to draft their quotation for you.



2 SPECIFY THE PRODUCT TO BE HANDLED

This information is the primary data that the bidder will be looking for in an RFP, yet it is something that most customers don't deal with in their RFP. Give as much data as you can about the material to be handled.

What does your product look like? Provide a detailed description of what your product is, including information such as:

- ▶ How malleable it is. Is it cotton candy in a bag or frozen steaks in a box?
- ▶ Its shape. Is it zip locks of earbuds or tins of cooked tomatoes?
- ▶ Its weight. Is it 5-ounce sachets of sugar or 1,000-pound engine blocks?
- ▶ Its size. Is it 1" cubes of beef stock or 12-foot lengths of 2" x 4" lumber?
- ▶ How it is being picked or packaged. Is it in cardboard cartons or in plastic totes?
- ▶ How it is being handled. Is it on pallets or stored in drums?

It cannot be stressed enough how important this information is to the bidding parties. The more details you give in this section, the more accurate the quotation.

3. DESCRIBE YOUR EXISTING FACILITY

Supply as much detail about your current facility as you can. Include the overall dimensions of the operational area, with width, length and clearance height. Remember to include the positions and center points of building columns on the floor plan, as well as the position and voltage of electrical supplies. An AutoCAD drawing of the facility will help a lot, but if that is not possible, a dimensioned PDF of the floor plan or an architect's drawing will do.



Other information about your facility you should include in the RFP:

- ▶ Is the operating environment dry, humid, damp or wet?
- ▶ Are there any dusty, corrosive, abrasive or sticky conditions to deal with?
- ▶ What are the maximum and minimum operating temperatures?
- ▶ What are the current operating rates (items per minute on average and maximum)?

Attach photographs and diagrams of both the interior and exterior of your facility, including access doors, ramps, loading docks, etc. Also, detail the general terrain of your facility.

4. OUTLINE YOUR CURRENT MATERIAL HANDLING SYSTEMS

Give a full description of exactly how and what quantity of your product is currently being handled. Detail the loading methods you currently use – is it manual or by conveyor? Does your operation use forklifts or pallet jacks? As your product moves along your material handling systems, does it change in anyway as a result of being packed or palletized? All of this information is important to the potential contractor.

Take an example from the food industry: The customer is handling cases full of canned spaghetti sauce and when they come down the line they want them palletized. Then they want the pallets to move through a stretch wrapper and then on to a forklift pick-up area. Among other things, the contractor needs to know the characteristics of the pallet (There are hundreds of types of pallets in use.). The customer should specify the dimensions and weight, not only of the product but of the pallet itself. If possible, the customer should also include a photograph or diagram. This will help the vendor to visualize the situation and help them determine what kind of equipment to propose.



5 DEFINE YOUR DESIRED END RESULT

Probably the most important aspect of an RFP is that it outlines exactly what you are trying to accomplish – even if it’s just a checklist. For example: If you currently have no mechanization or automation, but instead go out with a clipboard and pick your orders manually, put them on a cart and then wheel the cart over to dispatch.

Once you have established your current situation, define what you want to improve:

- ▶ Are you looking at automating your existing material handling systems to increase throughput?
- ▶ Are you trying to reduce the number of employees you have on your production line?
- ▶ Do you want to enable your material handling workforce to be more efficient and accurate?
- ▶ Is it a combination of the above or something else completely?

Give the potential vendor an overview of what you want to accomplish, not just a drawing of what you want, and ask for a quote. Giving the bidders a conceptual description rather than a distinct, functional specification list enables them to produce creative and innovative solutions you may not have thought of, and probably at a more realistic price than you imagined.



6 DETERMINE THE SCOPE OF WORK

The more comprehensive the scope of work in your RFP, the more complete and accurate the bids will be from the submitting contractors. Give a detailed definition of what you are expecting. Include photographs and diagrams wherever possible.

Start out with what the scope of work is going to be:

- ▶ Are you looking for the contractor to design and install an entirely new material handling system?
- ▶ Do you need a specialist that can integrate new material handling solutions into your existing system?
- ▶ Do you want to buy some equipment and install it yourself?
- ▶ Are you looking at upgrading or replacing existing equipment?
- ▶ Who is going to test and de-bug the equipment?
- ▶ Do you expect a warranty and/or a service plan?
- ▶ Do you need a manual or regular technical support or initial training?

It is important to identify and specify all aspects of the project – what is included and what is not included in the scope of work – and list them categorically in your RFP to avoid any misunderstandings at a later stage.



7 DEFINE YOUR DESIGN PARAMETERS

Apart from the overall design of the material handling system, if you have a particular type of device you like, such as a certain brand of programmable logic controller (PLC) or a certain make of scale, specify it. A good vendor will go out of their way to accommodate any special requests. But bear in mind that some bidders may only be able to supply a specific make or brand. If they are not a dealer for that particular supplier you may put them out of the running.

8 CLARIFY EXCEPTIONS AND ALTERATIONS

Recognize that some bidders may want to make alternative suggestions to your RFP. Try to be flexible to these ideas. They may benefit your operations in terms of performance and/or profitability. But, make it clear that these deviations must be submitted independently and accompanied by supporting documentation.

9 STIPULATE CODES AND REGULATIONS

If you are aware of any building codes or regulations that the bidder must take into account, stipulate these in your RFP. If you are not dealing with these issues yourself, make it perfectly clear that it is the contractor's responsibility to fully comply with these regulations and codes.



10 ESTABLISH A TIMETABLE

The two main components to an installation timeline are the start and the completion date. Considering that many components of a material handling system are custom manufactured, establish a realistic timeline accordingly.

In regard to the start date, take into account:

If it is a new facility:

- ▶ When can equipment be delivered to the site – before construction is complete?
- ▶ When do you expect the building to be completed and installation to begin?

If it is an existing operation:

- ▶ When can the contractor begin installing equipment?
- ▶ Can the installation be done during working hours or must work be done between shifts or on weekends?

Be reasonable with your timeline and remember that overtime and working on weekends will drive the price up. Remember that the start date will be affected by your ability to place a purchase order in a timely manner. If this is delayed, then the finish date will be affected also.

11 CREATE A CONTACT GROUP

Establish who will be the contact person or group from your own company, and request a breakdown of the team from the bidder that will be handling the installation and, if applicable, future maintenance and warranty claims.



12 CONSIDER A REALISTIC BUDGET

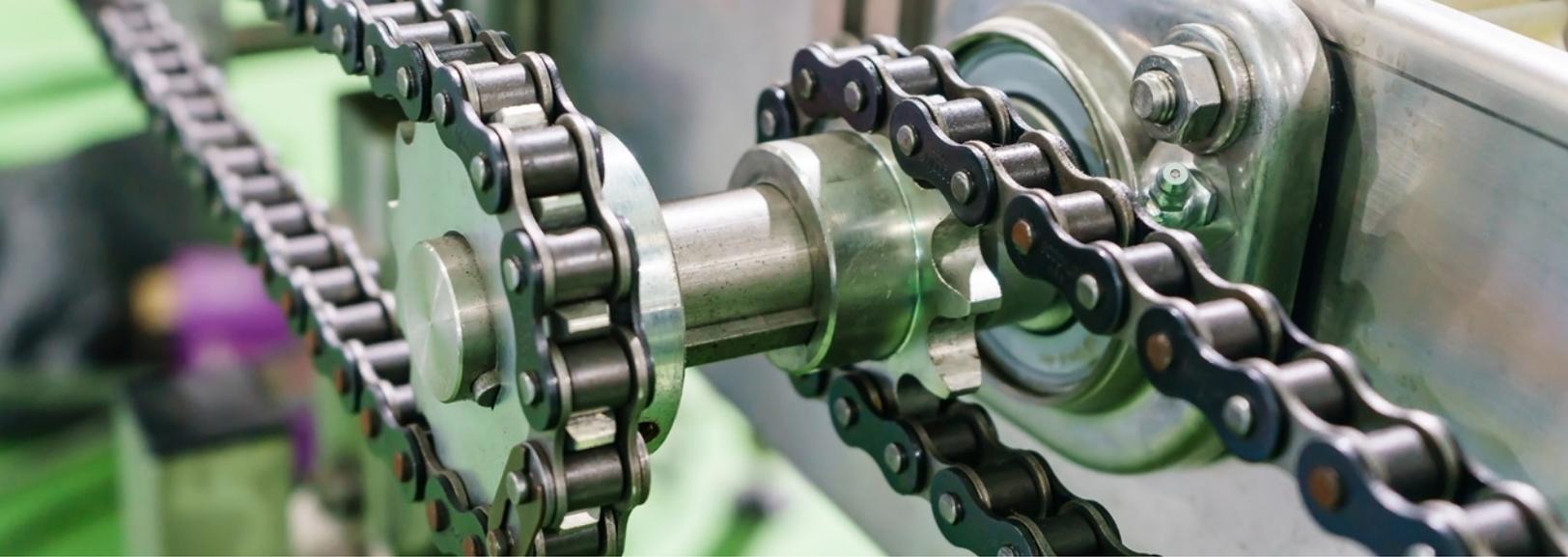
It is unusual to make your actual budget known in an RFP, but don't waste everyone's time and expect a million-dollar system for \$100K. Set a realistic guideline. Even if you don't make a dollar figure public, at least advise the bidders that you are looking for a high-end system or that you need something that will just get the job done for now.

13 SPECIFY CURRENCIES, TAXES AND COST OF PERMITS

Be specific about which currency you want the quotation to be submitted in. Also, detail which taxes you are exempt from and which ones should be included. If permits are required and need to be applied for, determine who is responsible to obtain these and who will carry the cost.

14 KEEP PAYMENT TERMS SIMPLE

Specify the payment structure in the RFP and how many days it is going to take you to pay. If the project is tied to other contractors getting things done on time, completion times can vary and billing cycles can get complicated. Payment terms are an important part of the RFP to your bidders – keep them as simple as possible.



15 SUBMIT YOUR RFP IN A SUITABLE FORMAT

RFPs have been submitted in as rudimentary a format as a drawing with a few ideas scribbled on a napkin – and have been accepted. Although not appreciated, it is a starting point for negotiations. A good RFP, that will attract professional and fair quotations, should be presented in much greater detail and preferably as a word document or in PDF format. Your RFP document should be clear, concise and accurate, as it will be returned to often, both during the bidding process, and during the project implementation, by all stakeholders.

16 MAINTAIN OPEN COMMUNICATIONS

After you have published your RFP and closed the bidding, stay in touch with all parties involved. The bidders have spent a great deal of time and effort putting their proposal together. By keeping the communications channels with the bidders open, you can give them feedback on whether they are still in the running, and maybe even give them a cut-off date for your final decision. This way, if and when they are selected, they can get to work on your project in the timeframe you need them to.

Compiling an effective and accurate RFP is an intensive exercise. Follow these 16 tips and you can expect a fair and accurate price from qualified bidders. For more information on securing a win-for-all quote on your next material handling project, contact Mainway. We will be happy to forward you a copy of our System Quotation Information Form. [\[insert link\]](#)