

More on the RFP Process

by Charles B. Wendel

A few weeks ago I wrote about the RFP process in banks. That newsletter received some helpful feedback, pointing out the need for banks to spotlight this area with greater intensity.

At many banks the RFP process needs to be fundamentally rethought in light of the power of Core providers and the need for banks to enhance their ability to recognize and adopt technology-changes more quickly than ever before.

Some of the issues related to today's RFP process include:

1. **Banks fail to create RFPs with sufficient line input.** We have seen instances in which staff groups create an RFP without enough involvement of the line units that should best know customer requirements and will be selling the resulting product to their end customers. No surprise, this can result in a product offer that misses the mark.
2. **RFPs are not neutral but rather stacked in favor of a legacy vendor.** These RFPs allow the bank to check off the box regarding an RFP, but do a disservice to the bank. Early in my career FIC was the victim of this type of faux-RFP process, causing us to spend hours writing proposals destined to be rejected (although we did not know it at the time). Frankly, in recent years we have sometimes been the beneficiary of a "slanted" RFP.
3. **Some RFPs fail to reflect the current marketplace.** Banks may often put in criteria such as "years in operation" as a major screen for a potential vendor. But the nature of today's digital banking landscape is that many competitors are only a years old and not decades in tenure. RFP criteria may should reflect this new environment and be more flexible than in the past.
4. **The wrong person is in charge of the process.** Related to point one above, putting a "biased" person in charge of the process is a recipe for at best mediocrity and at worst disaster. Admittedly, the rest of this sentence is self-serving, but RFP development provides one case in which an independent consultant can offer value to a bank. I would stress the word "independent" because some consultants have ties to IT firms they work with for big dollar implementation programs.
5. **Some RFPs are too complex.** We remember one Fintech that told us of a bank that had provided vendors with hundreds of questions to be answered as part of their RFP process. That vendor commented that he hoped one of his competitors would win the bid, believing it would drag that competitor into the abyss. Understandably, RFPs often circulate to multiple internal groups with the RFP coordinator trying to include everyone's concerns rather than selecting key issues for vendors to address.
6. **Banks do not tie answering strategic questions to RFPs.** Yes, the RFP process can be a time consuming and a sometimes annoying process for bankers, causing them to spend

hours building out the RFP and even more hours screening possible partners. But every RFP should provide vendors with the strategic imperative driving the project, that is, what is the end goal of a vendor's work?

The answer to that question may seem self-evident, but it seldom is. In creating RFPs we often interview top managers concerning the proposed project's goals. We find that sometimes insufficient agreement exists across the bank concerning the project's purpose. Before moving forward, banks need to close any gap around a project's strategic direction.

An RFP cannot direct a bank if the bank itself lacks clear direction.