

WHAT IS THE DIFFERENCE BETWEEN RFP & RFQ?

WHY ARE THEY
DIFFERENT FROM A BID?



REQUEST FOR PROPOSAL (RFP)

- A good RFP document serves to allow more flexibility when obtaining goods and services.
- It is important that the document be written in a clear and concise way to avoid any possible confusion on the part of the Contractor.
- With an RFP you are able to give more weight to items and concerns that address more than just pricing alone.
- The term “value engineering” is one you may hear associated with the RFP process. It is a way that allows both Contractor and end user to negotiate for a more satisfactory outcome for both.
- RFP’s are especially useful when the end user is not clear on exactly “what” will meet the need. The RFP process allows for proposals from experts in the area.



WHEN TO USE AN RFP

- Any time you need to obtain goods or services, and do not have a set of specifications to work from, and are unclear on a number of points involving the need, it is a good idea to examine the possibility of utilizing the RFP process as opposed to a straight bid.
- An RFP will allow you to identify the parameters of the need and what the end result needs to be, and lets the Contractor propose how they can do it.
- It allows for negotiations to ensure you actually get what you need and at a price you can afford.
- If you know what you need, and have a clear set of specification and requirement, it is better to use a bid process.



WHEN NOT TO USE AN RFP

- Once something has been purchased and has been found to be satisfactory, you can usually standardize the specifications and requirements from that purchase to serve you in creating a bid for future purchases, unless it is something that will be changing continually in the future.
- For example: Services for Cathode Protection in a City's water storage system were obtained via an RFP since the specifics of the need were not clear. Later, when the contract needed to be re-solicited, it was possible to combine it into the contract for Diving and Inspection Services of the water storage tanks since the specifications and requirements had been established after the award of the first contract and were easily incorporated into that bid since they were related services.
- If you are just trying to establish a list of qualified vendors, you would use an RFQ instead.



BUT WE'VE ALWAYS DONE IT THIS WAY!

- Just because something has been obtained through an RFP previously, that doesn't necessarily mean it needs to continue being done that way. Sometimes it makes more sense to make it a price competitive bid. When a Contractor knows there are going to be negotiations, they may come in higher on the price to allow for concessions. When they know they will be competing with other vendors based on the first price offered, they tend to look much harder at what they are offering, and come in with their best offer first.
- It is very important in a bid to ensure that Specification and Requirement will cover **every** aspect of the final need.



REQUEST FOR QUALIFICATIONS (RFQ)

- Whenever you wish to establish a list of prequalified Contractors, you can use an RFQ. (An RFQ can also be a Request for Quote depending on the context in which it is being used.)
- Similar to an RFP, an RFQ extends a solicitation notice to known Contractors and to others by invitation. Rather than making an award, bidders and proponents are pre-qualified based on the criteria contained in the solicitation notice and the Statement of Qualifications (SOQ) the Contractor submits for consideration. The respondents' names may then be placed on a list for future solicitation opportunities as they arise during a specified period of time. Internal users or customers of the organization can then select any of the pre-qualified Contractors or service providers for contract award without the delay of a competitive sourcing process. Only those pre-qualified suppliers can be used for work described in the original solicitation notice. A subsequent request for similar work does not have to be posted for competition, thus saving the organization time, effort, and expense.
- An RFQ may also be used to narrow an award down to a single Contractor based on the SOQ and subsequent negotiations.



LOOK FOR EXAMPLES

- The Internet is a great place to find examples of bids, RFP, RFQ, and other forms of procurement tools. If anyone, anywhere ever procured it, there is probably an example of that procurement somewhere on the net. These examples are often great resources for specification and requirement that you can use to build your own solicitation from.
- Arizona Western College Purchasing Department belongs to the National Institute of Governmental Purchasing, and they have a library of specifications and bid examples that we can access to assist you if you have need of it, and we're always happy to help. ☺



CAUTIONS!

- Contractors should not be contacted unless it is through the bidding process and through Purchasing. Contacting a Contractor for help in writing specifications and requirements can be seriously detrimental to the solicitation process. It compromises the integrity to an almost irreparable degree. The only exception is if the Contractor who assists you in writing the specifications is not participating in the solicitation in any way and are only acting as a consultant on the project.
- Even if nothing illegal or unethical took place, the very appearance of any impropriety is just as damaging in the public eye as any actual wrong doing.
- Every purchase made by a College Faculty or Staff member becomes public record and the details of that purchase can be requested by anyone at any time through the Freedom of Information Act. When unsure, ask yourself, “would I be comfortable to have all the details of this purchase posted on the front page of the paper?”

