



Why RFPs Waste Time

Choose a better approach to finding a great consultant

Chances are, you've been in this position: The foundation for which you work needs to find consulting expertise to help with a particular project, program, initiative, etc. Everyone agrees that the first step is to develop an RFP so you can get qualified consultants to respond. It's a thorough, fair, and transparent process. Right?

Wrong.

I rarely respond to RFPs for consulting engagements. Their expectations are often unrealistic or undefined (not thorough), I rarely have an opportunity to discuss the project goals with decision makers (not fair), and I have no idea who or how many consultants I am competing against (not transparent). Because of this, I find RFPs to be, on the whole, not a good use of time and a considerable impediment to my ability to improve our clients' conditions.

What's worse, many foundations fail to understand how creating an RFP process for finding consultants can be a waste of their own time and an impediment to securing the best services and best value.

Foundations use RFPs to find consultants for four primary reasons:

- 1. They hope the consultants' proposals provide them with free insights into how best to implement the project (which they will then use without compensating the consultant).
- 2. They aren't aware of many consultants and they hope the RFP process identifies quality consultants.
- 3. They believe the RFP process demonstrates the holy grail of "transparency."
- 4. They declare it to be "our policy."

All of these reasons are flawed. While there is nothing wrong with seeking free advice, identifying quality consultants, wanting to ensure transparency, or creating standard policies for hiring consultants, none of these goals requires the use of a time-consuming and talent-limiting RFP process.

Here's why RFPs rarely fulfill their goals, as well as a look at some better alternatives:

1. Using RFPs to get free advice.

I once had a client at a family foundation solicit consultants using an RFP, and he specifically told me that his plan was to identify the best ideas from all the proposals and then have the chosen consultant (likely the cheapest) implement them. Like most consultants, I find this approach completely offensive. It takes a tremendous amount of unpaid time and uncompensated resources for a consultant to put together a well-considered scope of work, budget, and proposal. And every proposal is infused with the proprietary intellect, creativity, and experience of the consultant. It is not the job of consultants — often sole proprietors without consistent income — to subsidize philanthropic foundations that have millions or billions in assets. If a grantmaker is not aware of the best approaches to tackling a project, then it should either pay for that information or it should solicit it in honest, risk-free ways.



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What's better: I would much rather meet a foundation president for lunch and share free advice about ways they could plan a project than spend 16 hours putting together a proposal that might or might not get approved. In fact, I'd rather give an hour of free advice for a project I know I won't get than spend hours working on an RFP response for a project I might get. It's a much more honest relationship and leads to better conversations, network building, and opportunities down the road for everyone involved.

2. Using RFPs to find high-quality consultants.

Most of our business, like that of any consultant worth his or her cost, comes from referrals. Generally speaking — though not always — the consultants who have time to respond to multiple RFPs either aren't getting enough repeat or referral business or they need to charge high fees to compensate for all the staff time spent submitting proposals. If this is the case, these probably aren't the best consultants to choose among. There are, of course, exceptions. All consultants — I include myself — have hit highs when business is flowing and lows when business is scarce, often due to changing external environments or lack of their own marketing and business development.

What's better: I have successfully responded to RFPs that resulted in large, multiyear engagements for which we were able to add tremendous value. But in those cases, I had built relationships with the clients over many years and had opportunities for extensive discussions with them about their needs and objectives — neither of which are supported through the typical RFP process. Both the client and I knew this would be a high-quality engagement for both of us, because we already had a relationship. That's why I'd take three strong referrals over three unknown proposals any day. Referrals are built on positive relationships. RFPs are built on assumptions and guesswork.

3. Using RFPs to demonstrate transparency.

Foundations are under pressure to be transparent, and they should be — they are stewards of the public trust. They often view sending an RFP to multiple consultants as one way to demonstrate transparency, because they aren't picking the specific consultant (often called "sole sourcing") "behind closed doors." But there is very little that's transparent in the RFP process. Foundations don't publicize which consultants they chose to invite or what criteria they used to identify them. Nor do they publicize how they made their final determination, which is always "behind closed doors" anyway. The process is least transparent to the consultants themselves, who typically have little opportunity to meet with the ultimate decision makers and therefore have no way of fully understanding the foundation's needs or objectives regarding a specific project. They often aren't told why they were chosen to submit a proposal and are rarely told whom they are competing against or even how many people they are competing against. While most RFPs outline a specific scope of services and timeline, the consultant has no idea how or why this was determined, or if it even makes sense.

What's better: Instead of creating an RFP process, the foundation could invest less of its own staff time and yield a better result by seeking referrals for consultants and then inviting the best of those consultants in for meaningful conversations with decision makers, being open about who else the foundation is talking to, what plans and questions it is considering, and how it ultimately makes its decision.

4. Requiring RFPs to hire consultants.

An evaluation director of a private foundation recently told me that it's their policy to use RFPs when hiring any evaluator, and they generally ask at least three evaluators to submit proposals. This makes little sense and is frankly



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a waste of time and resources. If a foundation knows of a terrific consultant or evaluator with whom they have worked before, who has demonstrated high-quality results, is qualified to do the work, and who they want to hire, why wouldn't the foundation just hire that consultant again and save everyone time and money? It may be that foundations consider obtaining multiple proposals to be a measure of financial stewardship, but is it really good stewardship to continually invest in an RFP process if you've already secured good value? Trading efficiency for transparency can waste precious philanthropic resources that could be better allocated to advance the foundation's mission. It also smacks of micromanagement. If you hire talented staff, you should trust them to choose talented consultants.

What's better: Instead of mandating policy that requires an RFP process every time, trust yourself and your staff to know when there's a better and more efficient way to hire a consultant. The point is not that it's a bad idea to issue a request for proposals — it's just a bad idea to limit yourself and waste your resources with an unnecessary requirement. When issuing an RFP is the best way to get what you need, go for it. Otherwise, use the tips below to find a high-quality consultant — and save your time and resources for more urgent needs.

5 better ways to find and retain quality consulting help

Based on my experience and that of other consultants and organizations I know, there are other — and better — ways to find a great consultant to help you with your project. Before you send out another RFP, consider these alternatives:

- **1. Continuously source and build relationships with consultants.** Don't wait until you desperately need a consultant to start looking for one. Ask peer foundations to share their experiences with you. Better yet, create a shared list of consultants who have delivered pleasing results. Even if you're just beginning to think about a project, ask a consultant or two to help you brainstorm ideas in the early stages in exchange for lunch.
- **2. Ask colleagues, including consultants, for referrals.** Word of mouth truly is the best source. Send an email to colleagues in your foundation and at other foundations, briefly describing what you're looking for and asking for suggestions. Listservs or directories provided by funder networks, affinity groups, and regional associations can also provide valuable contacts and referrals.
- **3. Turn to the National Network of Consultants to Grantmakers (NNCG).** NNCG's mission is to increase the quality, effectiveness and capacity of grantmakers by mobilizing and strengthening the work of knowledgeable, ethical and experienced consultants. It hosts a free online directory that offers a complete list of vetted consultants across the country and in multiple disciplines.
- **4. Issue a "Request for Qualifications" instead of a "Request for Proposals."** It is much less time-consuming for you to prepare an RFQ and review all the responses, and for the consultant to submit a two-page list of qualifications. You will likely identify terrific consultants who aren't the right fit for this particular project but who might be good for future needs. Keep their information as part of your consultant sourcing efforts (see #1 above).
- **5. Be open and honest with prospective consultants** about what you are doing, what you are looking for, and the stage you are in. If you want some free advice, tell them that, limit their time, and buy them breakfast or lunch. If you need more of their time, pay them for a half or full day to come in and brainstorm and vet ideas, with no expectations of any further work.



Why RFPs Waste Time, continued

If you strongly prefer to use an RFP process (or if you are trapped under your foundation's RFP policy), here are five suggestions to make it as successful as possible:

- **1. Limit the number of consultants** invited to submit proposals. A director of evaluation at a community foundation near San Francisco once invited me to respond to an RFP. I asked him how many other evaluators he reached out to. "I invited 50 evaluators to submit proposals, and I prequalified all of them by reviewing information about them on their websites and evaluators' directories," he proudly stated. This was for a relatively small project. I politely declined. He later told me that he was so overwhelmed in reviewing all the proposals that he had to completely reprioritize his workload.
- **2. As you create your RFP, encourage meaningful opportunities for discussion** with prospective consultants so that they can help you identify your objectives, measures of success, and the value to your organization. This will result in higher-quality proposals, mutual agreement of goals, and superior results. Instead of sending an email that says, "You are invited to submit a proposal by this deadline; see attached," pick up the phone and discuss the project with your short list of consultants.
- **3. Provide opportunities for prospective consultants to talk with decision makers.** A consultant must understand the needs and objectives of the people whose budgets are funding the project, to ensure the proposal meets those needs.
- **4. Don't pretend to know everything about the project.** Sometimes you might not be in the best position to determine the specific scope of work, but you can allow the consultant you retain to help do that. Focus the RFP on your needs, your goals and objectives for the project, and critical deadlines. Instead of specifying that you need ten focus groups and a survey, let the consultant use his or her knowledge and experience to help you determine the best approach to meet your stated goals.
- **5. Tell the consultants why you have invited them to apply,** and let them know the others who are competing for this work. I once convinced a group of health funders to tell me whom I would be competing against if I responded to an RFP, and I was given the names of large, statewide nonprofit research and advocacy organizations, as well as several universities. I quickly concluded that either they threw me into the mix as an outlier to see what I came up with, or they had no idea what type of help they needed. Either way, I realized, responding to their RFP would be a waste of my time and theirs.

I'm not saying that RFPs never generate talented, effective consultants. I am sure many readers of this article have an example of terrific consulting expertise they obtained through an RFP process. However, I suggest that instead of turning to an RFP as the default, foundations might be better served by checking their assumptions about the value of this process, considering the actual human and financial resources involved in executing it, and brainstorming other ways of engaging consultants that involve honesty, trust, and relationship building.

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