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## How To Prepare Your RFPs To Lower Expenses

*Limousine operations often fill out RFPs to secure business. But do you insist on the same standards when you're looking for vendors?*

**By Ron Sorci**

**CONTROLLING EXPENSES IS CLEARLY ONE** of the most important actions a business must examine.

Limousine operations rarely look at expenses thoroughly enough where they should be getting to the point of sending out RFPs to vendors for most line items on their income statements.

We are constantly faced with filling out RFPs to secure business, yet when we get to the expense side, companies never seem to try to find out if other vendors can reduce their expenses through an RFP process.

The first step is to research the names and addresses in your area that offer the services and products you need to run your business. Once done, you are ready to prepare the RFP to help you choose the best vendor at the best value for your company.

The five goals you are attempting to accomplish with your RFP include:

1. Get detailed proposals to evaluate each vendor's response so the best interests of your company are met on all fronts.

2. Leverage the competitive nature of the vendor selection process to negotiate the best possible deal.
3. Ensure the interests of all management team members will be met and a consensus reached.
4. Put your company in control of the entire vendor selection process and set the selection rules up front.
5. Start building the partnership between you and the vendor from the start.

The RFP should contain the following sections, each tailored for your individual needs:

- **Submission details:** Should include deadlines, mailing address of your company, contact person for questions, and clarifications.
- **Introduction and executive summary:** Write this section last after the entire document is finished. This is used to provide prospective vendors with a brief overview of your company and the requirements for the product or service you may need.

- **Business overview and background:**

Give a brief overview of your business and the market sector you service. This will help your prospective vendors understand what business needs you are trying to fill with the vendor selection process. You should also provide important background information that will benefit the vendor when responding.

- **Detailed specifications:** This should be the longest section of the document. For an RFP, it will contain the qualitative measures and requirements that will drive the vendor selection decision. Specifications of what you may need from vendors may include:

1. Service levels
2. Milestones (benchmarks for discounts)
3. Deliverables and timelines
4. Technical or business requirements
5. Software functionality
6. Hardware requirements (if applicable)

- **Assumption and constraints:** Any assumptions and/or constraints the prospective vendors need to be made aware of must be listed here. Failure to be forthright and upfront with the vendor will open the door to renegotiation of the agreement at a later date and runs the possibility of straining your relationship with your vendor.

- **Terms and conditions:** Expectations must be listed for the vendor to give a fair and honest response. These may include financing options, discounts, warranties, service levels, etc.

- **Selection criteria:** The final section should be an overview of the selection criteria you will be using to make your decision. Some companies prefer to keep this information confidential, while other companies believe this will help prospective vendors focus on what is important to your company.

Finally, compose a cover letter and send two copies of your RFP to each of the vendors you selected. Include appropriate contact information to help any vendor who may need it. This process will boost your bottom line. **LCT**

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