



Improving the RFP Process

by Andrew Klebanow

The Request for Proposal or RFP process, the method in which governments issue requests for proposals to a number of vendors, evaluate competing bids and select the vendor that can provide the best product/service at the best price, is an important process that can ensure governments and its citizens are not overpaying for goods and services. The process is used by municipal, state, federal and tribal governments. While the RFP process has proven effective in a wide range of purchasing decisions, the adaptation of the RFP process to the selection of vendors for casino companies has proven itself to be somewhat problematic.

RFPs can be used in a wide variety of purchasing decisions, from meat vendors and accounting firms to the selection of a new advertising agency.

Ambiguities Within RFP

The most common problems in the construction of RFPs center on ambiguities within the document itself. Recently, an RFP was issued that twice listed a timetable for submission. However, the due dates for submission were different in each one. One timetable listed the due date as 5:00 p.m. on a Sunday and another at 5:00 p.m. on the following Friday. As is often the case, the RFP identified a key contact person within the organization that would be the sole person to address any questions or concerns and duly listed a phone number and email address.

In this case, prospective candidates who attempted to seek clarification on the due date emailed their questions. Unfortunately, the casino's robust spam filter placed inquiries from unknown senders into a spam folder. Unable to differentiate between a true spam message and an inquiry from a prospective vendor, the spam filter prevented these messages from getting through to the contact person. Phone inquiries were automatically routed to the contact person's voice mail and calls were not returned.

Also, because of the casino's remote location, overnight delivery services did not offer early morning delivery. Standard deliveries were guaranteed by 2:00 pm. However, tribal administrative offices closed promptly at noon on Fridays so any submission sent on the prior Thursday would not be received until the following Monday, eliminating those proposals from consideration.

Be Careful What You Ask For

The most critical chapter of an RFP is what the casino operator asks for under the heading, "Scope of Work." It is here

where the operator outlines the specific items it would like the vendor to provide. It is important that the operator clearly define what they are seeking in a concise and unambiguous way. Failure to do so can result in proposals that differ wildly in both price and scope.

As an example, an RFP may ask candidates to outline specific strategies rather than ask for methodologies on how strategies will be developed. This may seem minor, but they are vastly different requests. Strategy formulation is a complex process that requires an examination of the casino operator's operations, the market in which it operates, a review of the competition, and the goals and values of the owner/tribe. It is the most critical element of any sound advertising campaign. An RFP that asks for a specific strategy will probably get a response that is nothing more than a generic advertising strategy and useless to most operators. Rather than ask for a proposed strategy, the operator should ask for the methodology that the agency will use to develop its strategy.

An RFP for an advertising agency sometimes asks for creative samples that require the agency to expend considerable time and labor. That is a reasonable request. However, such requests may include the production of sample television commercials or print ads specific to the operator that can cost thousands of dollars to produce. That is an unreasonable request that may discourage the best and most qualified agencies from responding to the RFP.

Don't Be Disingenuous

RFPs are sometimes used for an ulterior purpose: to garner free information. In 2007 a state lottery issued an RFP for a project that would examine the effects of free play on tax revenue. Casinos in the state wanted to replace cash coupons with free play coupons and also wanted to exclude those free play coupons from taxation. The state lottery, fearful of the loss of tax revenue, wanted to know if free play would generate a sufficient amount of incremental gaming revenue to compensate for the loss of tax revenue earned from customers redeeming and wagering cash coupons.

Several consulting companies responded to the RFP and, as requested under the "Scope of Work" section, provided detailed methodologies that explained how they would calculate the effects of free play on tax revenue. After the RFPs were submitted, the state lottery withdrew its request, promising a revised RFP at a later date. No revised RFP was ever issued. Armed with several methodologies, the lottery staff was able

to conduct its own analysis and ultimately allowed casinos in the state to issue free play without tax implications. In this case, the state lottery was being disingenuous. It used the RFP process to learn a specific methodology and once obtained, realized that it could conduct the analysis itself.

The Fix Is In

On occasion, a casino will issue an RFP with no intention of reviewing submissions. Operators will do this when they already have a pre-selected vendor. Since casino purchasing rules often require several competitive bids, the casino will issue RFPs with no intention of reviewing them. The goal is simply to get several proposals and then approve their favored vendor. This is an egregious abuse of the RFP process.

Experienced bidders have come to recognize this technique by looking at the RFP's timetable. In general, any RFP whose due date is less than 28 days out is suspect of being rigged. An RFP with a due date of 14 days virtually guarantees that "the fix is in."

Communicate With Candidates

Once an RFP is submitted, it is incumbent on the casino operator to keep participants informed on the status of their proposals. Often proposals are received by the casino

operator but no acknowledgement of receipt is sent to the vendor. The vendor is left wondering if the package was received by the due date and if it was indeed complete. Once a decision is made, casinos often fail to inform vendors who were not selected that a decision was made. Those vendors are then left to wonder about the status of their proposal.

The RFP process can be used to select all kinds of vendors, from meat purveyors to outside auditors. Responding to RFPs takes a considerable amount of man hours and often generates substantial costs. It is incumbent on the casino operator to treat vendors who submit proposals with respect. Avoid ambiguities within the RFP; test the channels of communication to ensure that they are open and functioning; keep candidates informed as to the status of their proposals, and above all, do not be disingenuous.

By taking these steps operators can be assured that the best candidates will respond to their RFPs. When they fail to do so, they shrink the pool of qualified respondents by discouraging vendors from participating in future bids. ♣

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