

RFP Revolution Overdue

Overhaul Needed To 'Antiquated, Expensive' Routine

Although the request for proposals process has long been a mainstay in the travel management process, change is overdue. The existing routine is an antiquated, expensive, time-consuming system that offers as many negative aspects as positive ones. Travel buyers need to move to a simpler, more productive method of obtaining the best rates and services. Indeed, the RFP model should be renamed either Really Frustrating Process or Reason For Poison.

The travel industry was built on partnerships, successful working relationships between suppliers and buyers. Airlines need seats filled, car rental companies and chauffeured car services need riders, hotels want sold room nights, etc., and buyers want the best in rates, safety and services that will help make their travelers productive. While a positive financial bottom line is important, it is one piece of the partnership puzzle. The goal, hope-



“The RFP’s time is past. The Really Frustrating Process needs to go away... now!”

KEVIN MAGUIRE
The University of Texas
at Austin intercollegiate
athletics travel manager

fully, is to develop a long-term working relationship that truly benefits both parties. The cornerstone to the partnership’s foundation: trust.

Enter the RFP process, a virus with the potential to harm or totally destroy the partnership base between a travel supplier and buyer. Many industry observers feel that by engaging in the procedure the buyer is essentially saying to the supplier, “Yes, you have been our partner, but...”

It is a solid business practice to review the rates, performance levels and services

provided by a supplier/partner. Diligent buyers with effective managed programs should examine and re-examine their relationships with suppliers, seeking ways to tweak existing agreements and comparing them with offers from potential new providers. However, asking a long-time supplier partner, one with a good relationship with your organization, to “re-apply” for preferred status by completing an often lengthy RFP every year or two is an insult.

If a contractual period is coming to an end or if a new supplier is being considered for preferred status, an uncomplicated approach is best. Buyers know what they need from a service, risk management and rate standpoint. Buyers know what they have to offer the supplier in terms of potential room nights, airline revenue, car rental days, etc. That knowledge of an organization’s travel program is the one essential component of discussions. The other key piece is what the supplier can do to fulfill an organization’s wish list.

In existing relationships, both parties should already know and understand each other’s programs. What is expected and what can be delivered by either side should already have long been established and any concerns already addressed. However, if more complete information is needed by either side, especially for or from potential new suppliers, answers may be obtained through discussions, site visits, etc. The time lost and the preparation-related expense of the RFP process is reduced. Score one for the buyers—and the sellers.

Few travel buyers fully appreciate the implications in cost and lost employee productivity to suppliers that elect to answer the numerous RFPs that are generated each year. How expensive is the response process for the supplier? The figures that surface in discussions on a regular basis are between \$5,000 and \$10,000 or more per RFP. Budgets, es-



pecially in tight economic environments, simply cannot afford such significant hits based on the single hope a supplier’s product or service “might” be selected by the buyer. In fact, more suppliers are choosing to limit responses only to truly viable clients and eliminating those perceived simply as shoppers. Would buyers be willing to pay that kind of fee for the “right” to submit a RFP? Of course not; yet, there seems to be little hesitation on the part of travel buyers to ask suppliers to absorb such costs for the possible right to have a certain organization’s business. Does this approach reinforce trust or partnerships? No!

There is a simple, effective solution; a way to eliminate the unnecessary and outdated RFP approach. Most arrangements between buyer and supplier can be handled by a Letter of Agreement, which is more concise in terms of information, easily renewable and changeable, and much less costly and time consuming than an RFP. Most importantly, in addition to covering any rate and performance concerns, this business approach helps encourage partnerships and strengthen or build trust. Again, both buyer and seller benefit. The RFP’s time is past. The Really Frustrating Process needs to go away ... now! 🔄

Kevin Maguire, travel manager for intercollegiate athletics for The University of Texas at Austin, also serves as National Business Travel Association chairman and immediate past president.