

RFP Analysis

MRKT 4160, New Business Development

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Introduction

As a key account manager for a telecommunications maintenance service, one of the largest opportunities in British Columbia is work related to BC Hydro. As BC Hydro is a crown corporation, almost every major contract is submitted publicly using the BC Bids website, to ensure transparency in the process.

However, opportunities related to government work are based primarily on cost, and are highly competitive. The RFP discussed below is related to a contract, in which the telecommunications maintenance service will inspect a set number of BC Hydro towers, replace small parts and equipment as necessary, and will report major items in need of attention to BC Hydro. Below are three questions that a key account manager must ask themselves before responding to the RFP proposal.

Is it worth it for our business to submit a proposal?

The RFP from BC Hydro is very detailed, and requires substantial research. Many of the tower sites are only accessible by vehicle using 4x4 (off road), while others are only accessible by helicopter. Every tower location will have to be accessed, and cost will have to be established for the maintenance work and travel costs associated with each tower. The RFP has a closing date, in which a response to the RFP must be filed by a certain date. The key account manager must assess if they will have the time to complete the RFP by the closing date.

The process of accessing and responding to the bid will be time consuming to the key account manager assigned to the task. One, who has done the work before, will know how much time and cost will be needed for the process. Others will have to estimate how much time will be required, and exactly what cost will be associated with the bid.

The key account manager will also have to forecast how much revenue can be generated from the contract, and what the probability of winning the contract will be. (According to most research, a 30% success rate is pretty good (Brewster, 2005)). The key account manager will have to determine how much of their time they can realistically spend on accessing the RFP. If the

forecasted revenues are not large enough to cover the cost of preparing and responding to the RFP, then the key account manager must find a more suitable contract to bid on.

Do we have the time to take on all the work?

In Appendix 1-1 requirements, Part C of section 1-1 states that “the contractor shall not sublet the whole of the work”, meaning the contractor could not have another company come in and complete tower inspections for them. Even if part of the work is to be subcontracted, the name of the subcontracting must be submitted to, and approved by BC Hydro.

The implications of this section of the RFP are that the key account manager must access his company’s resources before responding to the RFP. The key account manager must see what other projects his company will be working on during the time of the BC Hydro contract, and determine if they will have the sufficient resources to complete the contract.

If the key account manager did not access his resources, responded to the bid, and won the bid, the company could find themselves in trouble. As stated, BC Hydro has approval of any subcontracted work, and could terminate the project if they determined any subcontractors are not suitable. Another scenario is the company would have to pull workers of more profitable jobs, in order to complete the contract with BC Hydro, hurting more profitable relationships.

As stated in the BC Hydro RFP, proposals are weighted, with one of the categories including “past BC Hydro performance”. If the key account manager did not do the proper research before responding to the bid, and the company did not have the resources necessary and performed poorly, such an incident could impact all future potential business with BC Hydro.

Do we have the proper aircraft operations requirements? If not, how much would this cost?

Due to being a crown corporation, the requirements for safety are high for the RFP. One of the most important aspects of the RFP regarding safety is section 2.9, Aircraft Operations Requirements. Some of the BC Hydro tower locations are so remote that they are only accessible by helicopter. Thus, BC Hydro requires all employees working on the tower, in conjunction with the helicopter, have the proper training to do so.

The key account manager responding to the RFP would have to ensure that, A) their staff has the certification to travel by, and work with, helicopters, and B) enough staff has the certification, in order to complete the required work.

If no staff or not enough staff has the training, the key account manager would have to determine how much the training would cost, how many employees would have to be trained, and how this would affect the overall profitability of the contract. Again, forecasting revenues from the contract is crucial, as the key account manager must be well aware of their profit margins on the contract.

Conclusion

As with any government contract, the RFP for BC Hydro regarding telecommunications towers is extensive and detailed. The requirements are clearly stated, but cost associated with such requirements must be extensively researched.

With such a public process, many companies will be responding to the RFP, meaning cost competition will likely be high. With margins being low, the key account manager responding to the RFP will have to be well aware of their company's cost and margins. The key account manager will also have to be well aware of their own time, and their ability to respond to the RFP in a timely fashion.

Bibliography

Brewster, M. (2005, March). Perfecting the RFP. *INC. Magazine* , p. 38.

Appendix

See attached PDF (it was too long to copy and paste with PDF, without producing an error. Saved as text file, made the report over 200 pages)