



# Agency RFP's

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# Agenda

- Understanding your own requirements
- Improving the bid process
- Transitioning the process from sales / procurement to operation

# Requirements

- Service requirements
- General requirements
- Financial requirements

# Levels of service requirements

**Results from a survey regarding the service requirements (4 levels) of a Travel Management Company.**

## **Levels:**

- Must-be (Non-performance is the death of the TMC)
- One-dimensional (degree of performance is proportional to perceptual quality)
- Attractive (Performance is leading to high perceptual quality)
- Indifferent (neutral, lets see)

Total Strength	Must-be	Attractive	Mixed Category
90 - 100%	Quality Assurance Software; e-Mail-booking; Immigration rules		
80% - 89%	1-hour-Confirmation; localisation of travellers during crises; Account Management	worldwide service; MIS-consolidation; staff with university degree	
70 - 79%	Steering travel expenses; messenger service; Transaction Fee; qualified staff; visa procurement	Travel Management System; actual market information; environment protection	Use of management techniques; decision-making power
60 - 69%	local TMC		Business travel portal; Performance fee
50 - 59%			Consulting; 24-hour-service; Chauffeur-service

## Requirements by size of corporation

Requirements	Corporation < 1.500 employees	Corporation > 1.500 employees
Visa procurement	Indifferent	Must-be
Steering travel expenses	One-dimensional	Must-be
Localisation of travellers during crises	Attractive	Must-be
Decision-making power , i.e. Account Manager	One-dimensional	Must-be
24-hour-service	Indifferent	Attractive
Chauffeur- and Shuttle-service	Indifferent	Attractive
Worldwide service	Must-be	Attractive
Performance fee	Attractive	Must-be
Business Travel portal	Attractive	Indifferent
Use of management techniques, i.e. project management, Balance Scorecard	One-dimensional	Attractive

## Requirements with indifferent results

Consulting
MICE
Airport location
TMC-Credit card
Video-, telephone- and web-conferencing systems
Business car management
Relocation-service
Business Jet management
Travel insurances
Management-Fee
Mobile communication
Travel expense report systems

## General Requirements

Provision of services: Guarantee to deliver the services promised in the proposal

Maintenance: Guarantee to deliver the services during the complete duration of the contract

Reliability: Best-Buy-Guarantee for air, hotel car, rail

Cost effectiveness: Best price for the service package

Comfort: Delivering of reports in the format the client requests. Not always online reports.

Simplicity: One telephone number for all services

Reliability: Training program for agency staff

Information: Newsletter

Pricing: Again Best-Buy-Guarantee

Coordination: Key Account Manager as main contact person

Guarantee: Compensation for bad service

Customer Service: Key Account Manager available at short notice

## Financials

### Transaction Fee vs. Management Fee

- Implant or call-center
- Internal charging of agency costs
- Ways of distribution (online vs. offline)
- Payment of services by using the service or in general
- Costs for invoicing process
  
- **Commission:** The black hole.

## Improving the bid process

- Closed questions
- Implant or call-center
- Internal charging of agency costs
- Ways of distribution (online vs. offline)
- Payment of services by using the service or in general
- Costs for invoicing process
  
- **Commission:** The black hole.

## Timetable

- 30.04.2009 Shipping the RFP per e-mail
- 09.05.2009 Briefing the agencies at clients office. Agencies have the option to ask questions regarding the RFP document and process.
- until 30.05.2009 Receipt of the proposals.
- until 06.06 2009 Invitation for presentation to agencies with best proposals
- 18./19.06.2009 Agency presentations
- until 25.06.2009 Receipt of revised proposals
- until autumn 2009 Decision
- afterwards Begin of implementation
- 01.01.2010 Begin of co-operation

# Evaluation of the proposals

Keep in mind: Every evaluation is subjective

Utility analysis as an example for structured methods

## Utility analysis

Requirement	Two level Weighting	Points	Part worth utility
<b>Air</b>	(2)		
Data-base for CNR	0,3	2	1,2
Low cost carrier (invoicing)	0,3	1	0,6
Best-buy-guarantee	0,2	3	1,2
Credit card usage for all carriers	0,1	5	1,0
Quality assurance system	0,1	5	1,0
<b>Hotel</b>	(2)		
Rates	0,5	8	8
Online-system	0,4	8	6,4
...			
			...
© Andreas Wilbers Total utility (Sum of all part worth utilities)			55,8

And the winner is....

Financial Analysis

Utility Analysis

# Transition process from sales / procurement to operation

Project Management

Balanced Scorecard

## Project Management

Numerical classification	Task	Responsibility	Deadline	Remarks

## Balanced Scorecard

Target	Indicator	Target value	Actions
Reduce number of flights	Number of flights	5% per year	Before each reservation, agency asks, whether there is an option to substitute the flight by a telephone or video conference
Reduce carbon for meetings	Carbon emission	10% per year	<ul style="list-style-type: none"> <li>- Find central meeting locations</li> <li>- Find solar energy-generating convention centre</li> </ul>
Reduce hotel costs	rate per room-night	to fall below X Euro	<ul style="list-style-type: none"> <li>-negotiate with other hotels</li> <li>-training for agency staff</li> <li>-bonus for agency</li> <li>-improve travel policy</li> </ul>