

Factors Affecting the Request for Proposals Submission with Special Reference to Fast Track Projects in Middle East – A Survey

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ABSTRACT

The research paper focuses on rational factors that affect the submissions of Request for Proposals (RFP) considering the time constraints and fulfilling the requirements of the Client in the Construction industry, in particular, fast track projects in Real Estate Development projects across Middle East. There is always a topic of discussion and argument that once the consultant has been appointed, there is always a question whether it was a 'good deal' or not.

The real estate developments are developing considering different types of demands based on the shapes, sizes, locations & other amenities but the question is Which factors influence the most to appoint the right consultant to ensure the development is iconic and has attractive amenities to influence the behavior of the investors/buyers. Therefore, the researcher has tried to identify the factors that affect from client point of view and consultant point of view at the stage of RFP submission.

Keywords: Real estate, Request for Proposal (RFP), Consultant, Client.

1. INTRODUCTION

Having worked over a long period of time in the real estate business across various countries in the Middle East, the researchers have identified factors from this vast experience through involvement in the appointment of consultants and their mindset & thought process. The factors could be time constraints, the client's scope of services, the documentations, types of contracts, stringent bid submission requirements, bid evaluation process, and fulfillment of several requirements by the clients etc.

The research sample in the study consists of prospective consultants intending to submit their bids for providing architectural or design consultancy services for the large real estate development projects in the Middle East. The research population would be various Lead Architects and Design Consultants shortlisted for consultancy services for one of the iconic projects in the Middle East. The consultants are from various parts of the globe right from New Zealand, Australia, Far East, Middle East, Europe, and United States of America. The findings of the research would be applicable over the research population exclusively.

2. OBJECTIVE OF STUDY

- ✓ Identify the factors with most influences during the submission of RFP for the fast-track projects from the perspective of consultants and challenges faced by the Client during review of RFP submissions by the consultants.
- ✓ To measure the influence of rational factors on the challenges on the submission of RFP's considering the Clients expectations in the given time frame.

3. LITERATURE REVIEW

3.1 Answering A Request for Proposals- Challenges and Proposed Solutions

Ms. Barbara Paech, Robert Heinrich et.al from computer science presented a research work and explained that the main challenges of the tender process for the supplier are that the RFP is very large and the solution proposal has to be produced in a very tight time frame. Furthermore, there is typically very little direct communication between customer and supplier, which is needed to clarify the requirements in the RFP. So, the supplier needs to guess the meaning of the requirements. The main idea to overcome these challenges is to produce a structured documentation of available solutions and typical risks experienced in former tender processes. This documentation can be used to identify the most important risks of the current tender process and to efficiently produce a viable solution proposal. In this research they reported on the experiences of a supplier company with tender processes and summarized the challenges of the requirements from the viewpoint of the supplier and described the solutions envisaged by this company for these challenges.

3.2 RFP Process Challenges and Solutions

M/s. Kim Overstreet from the packaging world, has provided seven key steps, guidelines, challenges and solutions from invitation to participate, company information, instructions and schedule to complete and RFP, documents summary, project introduction, product and package description and performance success criteria. The solutions indicate communication and collaboration with client is not sufficient, but it is also necessary to have more internal and external communications to get good input.

3.3 Property Development RFPs: Securing and Navigating Bids

M.s. BID BANANA, A Bid lab company, provided the guidelines on RFP for property development. They stated that, the dynamic world of property development, the landscape is ever evolving. The global real estate market size was valued at USD 8.9 trillion in 2018 and is expected to grow significantly, offering numerous opportunities for developers. The industry is full of challenges, from fluctuating market conditions to changing buyer preferences. Amidst this flux, there is one consistent opportunity that property developers can leverage for growth: Property Development RFPs (or Request for Proposals). Responding to RFPs, especially with bid management services, can be a game-changer for businesses, opening doors to lucrative projects and establishing credibility in the market.

3.4 Rethinking of RFPs: Innovative Solutions for Business Challenges

Nick Lopez, June 19th, 2024. As per the author, the RFP is simply a means to an end. While we believe the RFP is the best way to go about things, that is only because of the effects it provides. Think about it: an RFP works because it forces the person writing it to organize their thoughts and receive adequate input from the rest of the team. It is also easy to distribute to people you know because everyone has a word processor on their computer, so most people generally have access to whatever is being shared. However, in recent analyses conducted by Prosal, several inherent problems with the RFP process have been highlighted, revealing its limitations in modern business environments: Expertise Mismatch, Misdirected focus, underestimated resources, resistance to change, contractual complications, lack of human consideration, exclusion of creative solutions etc.

3.5 RFPs are They Worth the Effort

Liezl Guipetacio, elaborated four ways to improve RFP process into opportunities such as limiting the shortlist, identifying relevant experience, streamlining the RFP, safety budget range. As per the author, one of the most glaring issues with the RFP process is its demand for key senior personnel within an organization, especially if it's a small one with few personnel playing multiple roles. This diversion of talent and resources can most certainly detract from current paid and time-bound projects, potentially impacting their delivery and most importantly, the bottom line. Moreover, despite the commitment of resources, there is no guarantee that organization will emerge victorious, given the often-extensive field of competitors, some with huge budgets, vying for the same opportunity, a typical case of too many predators chasing one elusive prey.

4. REQUEST FOR PROPOSAL (RFP) IS A PROCUREMENT PROCESS

The Request for Proposal (RFP) is a procurement process in project management wherein the project requirements are defined as per the scope of service requirements that are expected from the bidder to provide to the Client and the bidder to provide the price for the same. The RFP document is then drafted accordingly with supporting documents related to the project requirements and distributed to the potential vendors. Upon receiving the submission of the RFP, the proposals shall be evaluated based on predetermined criteria.

During the RFP submission, the bidder is to follow the procurement guidelines set by the Client. With effective communication protocols and review of documents thoroughly, understanding the client requirements, adhering to the submission milestones dates are critical to mitigate the challenges and risks especially over pricing or under-pricing the proposal.

Following the project management principles such as initiation, planning, execution, monitoring, and control and closing the documents submission will help to streamline the submission process and enhance the selection process.

4.1 RFP and Procurement Strategy Steps

A Request for Proposal (RFP) is a formal document issued by an organization seeking bids from potential consultants to provide architectural or design consultancy services for a project. At procurement stage, an RFP serves as request for the qualified consultants to submit technical and commercial proposals that outline their qualifications, capabilities, pricing, and approach to fulfilling the requirements outlined in the scope of services, specifications, and duration as per the RFP.

It allows the organization to communicate its needs and expectations to potential bidders clearly and provides a structured framework for evaluating and comparing proposals from different vendors.

Overall, an RFP plays a critical role in the procurement process of project management by facilitating transparency, competition, and fair evaluation of vendor proposals, ultimately helping the organization select the best-suited vendor to meet its project requirements.

4.2 Steps of the RFP Process

The RFP management process involves several key steps to effectively manage the Request for Proposal (RFP) from initiation to vendor selection. Effective RFP management involves careful planning, clear communication, thorough evaluation, and collaboration with stakeholders and vendors to achieve project success. The RFP should be clear, concise, and tailored to the specific needs of the project.

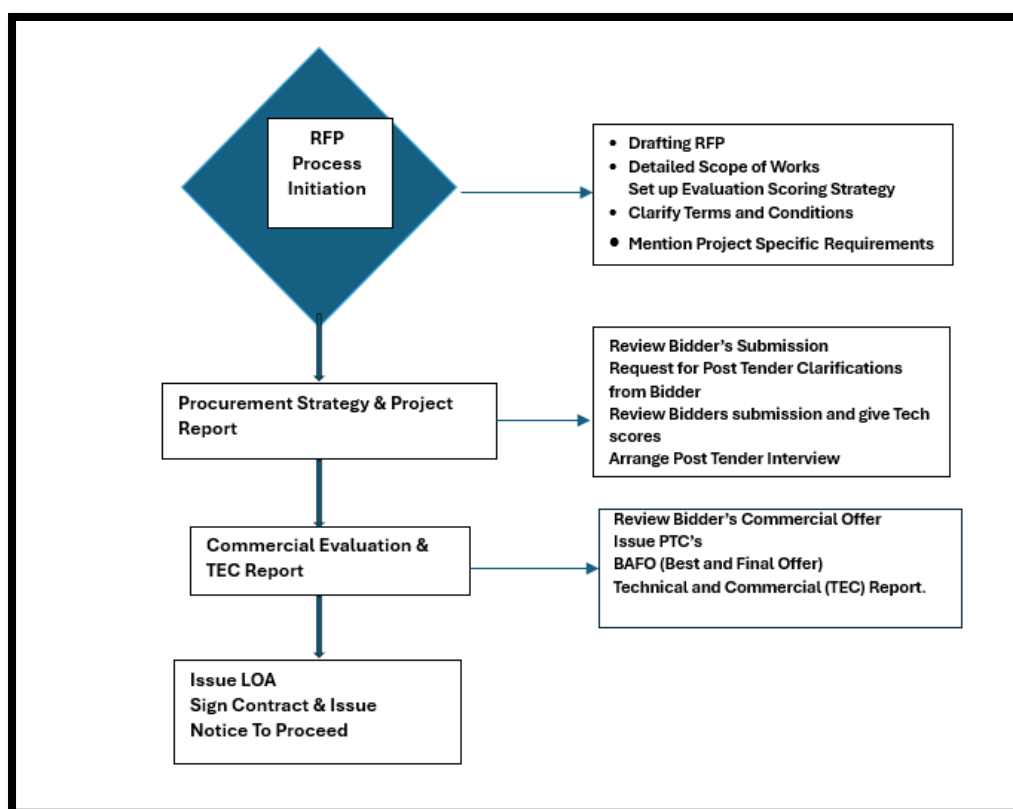


Fig 1: Overview of the Steps in an RFP Process

4.3 Post-Award Activities

After the contract award, the project team continues to manage the bidder/ consultant relationship, monitor project progress, and address any issues or concerns that may arise during project execution. Regular communication and performance reviews help ensure successful project outcomes.

4.4 Benefits of using RFP in Project Management

Using a Request for Proposal (RFP) in project management offers several benefits that contribute to successful project outcomes and consultants /Bidders' selection process. Using RFP in project management facilitates a systematic and transparent approach to bidder selection, enhances project outcomes, and mitigates risks, ultimately contributing to the successful execution of projects. Some of the key benefits include:

4.4.1 Project Requirement Compliance

The RFP process allows the client to clearly define project requirements, including objectives, scope, deliverables, and timelines. With this clarity, it is easy for the bidder to understand the project's requirements and client expectations, reducing the probable approximation and leading to misinterpretations & subsequently wrong pricing.

4.4.2 Competitive Bidding

Issuing an RFP, the client invites multiple bidders to submit competitive proposals. This competition can lead to better submission of the proposal considering technical deliverables, pricing, and innovative solutions, as the bidders will have a chance to exhibit their strengths and thus to differentiate themselves and submit bid for win the project.

4.4.3 RFP Assessment / Evaluation

Delivery managers can objectively assess bidder proposals in line with the predetermined evaluation criteria and scoring systems that are usually included in RFPs. In contrast to subjective considerations, this helps guarantee that bidder selection is founded on merit, alignment with project requirements, and value proposition.

4.4.4 Equity and Transparency

The RFP process encourages equity and transparency by providing e- platform for all bid participants with equal access to project information and accordingly an opportunity to submit the proposals. This enhances trust and confidence among the bidders and stakeholders in the selection process.

4.4.5 Risk Assessment and Mitigation Strategy

Through the RFP process, the client can identify and address potential risks for example availability of site, stakeholder's approval, project finances, timeline, local content, coordination with other consultants associated with the project early on. By specifying requirements, expectations, and contractual terms upfront, project delivery managers can mitigate the said risks.

4.4.6 Personalization and Adaptability

RFPs can be adapted to different project requirements and preferences, giving the client the ability to modify requirements, evaluation standards, and contractual terms according to the particulars of the project, including its typology, timeline pressure, and available funds.

4.4.7 Bidder's Capacity, Workload and Resource Deployment

The RFP process enables project managers to assess the qualifications, capabilities, and experience of potential bidders before issuing letter of Award. This helps ensure that the selected bidder has the required technical expertise, available resources, and history of successfully executing the project in the region.

4.4.8 Relevant Laws and Contractual Compliance

RFPs offer a methodical framework for establishing contractual and legal conditions, guaranteeing that all parties abide by relevant laws, rules, and industry standards. This adherence helps reduce the project's legal risks and obligations.

5. METHODOLOGY

The survey has been conducted among various prospective bidders who intend to bid for the real estate development projects. The bid submission survey was conducted by circulating a questionnaire to 25 bidders as elaborated below. The sample was chosen from the bidders who are qualified at Pre-qualification stage (name of the project is confidential) and showed their interest to bid for the multi-billion-dollar project. The sample was divided based on bidders from Europe, Middle East, Far East, USA, Australia and New Zealand. Therefore, the sampling technique chosen is stratified random sampling.

1. Type of Project:

- a) Mixed used Development
- b) Infrastructure project
- c) Hospitality project
- d) Golf course
- e) Hospitality Development

2. Duration of the Project:

- a) 24 months
- b) 28 months
- c) 33 months

3. Current Status:

- a) Pre- Contract – Appointment of Consultant

The questionnaires were distributed to 25 respondents, and were filled up during the interview session. The survey consists of RFP submission time, complexity of questionnaires, and creep in the Scope of Services as detailed below. They consisted of three main sections: background information of respondents, the rational factors and the irrational factors from the literature that are defined above.

- **Challenges Faced by Consultants (Lead Architects, Design Consultants)**

- *General timeline for RFP submission*
- *Client responses to the technical queries was satisfactory*
- *Quality of the RFP documentation & Questionnaire are Satisfactory*
- *Client provided sufficient documents for RFP Preparation–Scope of Services. Expected Deliverables with sufficient information for pricing*
- *Is Mid -tender interview necessary and helpful*
- *The RFP Questionnaire weightage requires changes or improvements*
- *Raising Post Tender Clarification, conducting post clarification session, is good step for bidders to improve their submission Quality*
- *Does Clients' expectations about detailed submission are very high*
- *Do you think it is high time that RFP questions are to be standardized for fast-track projects*

- **Challenges Faced by Client**

- *The Bid submission time is sufficient for Bidder to respond to the RFP*
- *The quality of Bidder responses to the RFP are satisfactory*
- *Quality of the Technical Queries raised by Bidders are genuine and satisfactory*
- *Response to the Post Tender Clarification interview– Does bidder reviewed Scope of Services, Expected Deliverables, Design Brief- Client Expectations*
- *Is Mid -tender interview necessary and helpful for the Bidder*
- *The RFP Questionnaire weightage and questions requires amendment*
- *Post Tender Clarification –This is important from Client and Bidders perspective*
- *Clients' expectations about detailed submission are very high*
- *It is high time that RFP questionnaires to be standardized for easy submission*

Close ended Questionnaire have used a five-point Likert scale from 1 = 'highly unimportant' or 'strongly disagree' to 5 = 'highly important' or 'strongly agree' & then the viewpoints from the Bidder and Client were recorded.

1=Strongly Disagree-Highly Unimportant

2=Disagree- Unimportant

3=Neither Agree nor Disagree-Neutral

4=Agree-Important

5=Strongly Agree-Highly Important

The respondents have been purely based on convenience and gathered during the bid evaluation process. The purpose was to obtain completed questionnaires quickly and efficiently. The survey was completed in 2 weeks.

6. DATA ANALYSIS

The Researcher has analyzed the quantitative data through manual calculations. The researcher has tested the reliability and validity of the questionnaire by piloting the questionnaire as the Pilot test was conducted among two participants.

7. RESULTS AND DISCUSSION

The first stage of survey analysis describes respondent analysis and thought process about the RFP submission and the counter view from the Client's perspective.

7.1 Survey Analysis of Challenges in RFP Process Management

Effective stakeholder participation and proactive planning are necessary to overcome the obstacles that come with managing the RFP process in project management. To overcome these obstacles, effective project management techniques and clear communication are crucial.

By addressing potential issues early on, project managers can enhance efficiency and ensure successful bidder selection and project execution. Few common challenges are noted which were specifically discussed during the interview session with the consultants. (Prospective bidders)

7.1.1 RFP Submission Timeline Pressure

It might be extremely challenging meeting project deadlines and extending the bidders enough time to draft an excellent proposal. This might have affected the bidder's submission quality, and they have submitted the proposal hurriedly to avoid disqualification. However, 68% bidders expressed their unwillingness to submit the RFP within the 4 weeks duration while 24% disagreed with Client intention as not to grant extension of bid submission time. The most of bidders expressed the reason for an Extension of Time (EoT) is to fulfil client's expectations, response from the sub-consultants, submission of resource deployment schedule. However, considering the 92% bidders have requested for additional time to submit the detailed and complied proposal, the client has granted the EoT. This has resulted in delay in the RFP process.

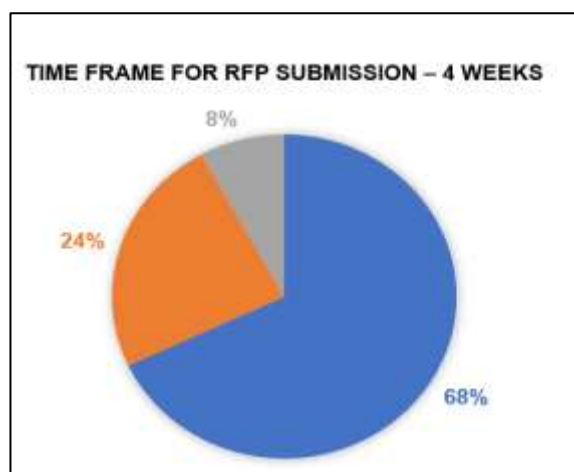


Fig 2: Bidders Response for “Time Frame for RFP Submission”

7.1.2 Mid Tender Interview and Client Responses to The Technical Queries was Satisfactory

Client Response: The Client has conducted Mid tender interviews before submission of the RFP explaining to the bidders the Clients expectations about the bid responses.

Bidder Response: During RFP submission, the bidders have raised several technical queries to submit the competitive proposal. However, the bidders were having challenges to understand the clients' inadequate responses.

Client Response: While the Client responded that several queries are raised unnecessarily to get the Extension of Time and delay the RFP process. The RFP questionnaire and supporting documents were crafted carefully so that it will not be overwhelming time and efforts for the potential bidder.

The client ensured that the technical queries were responded within 24 hours to all the potential bidders.

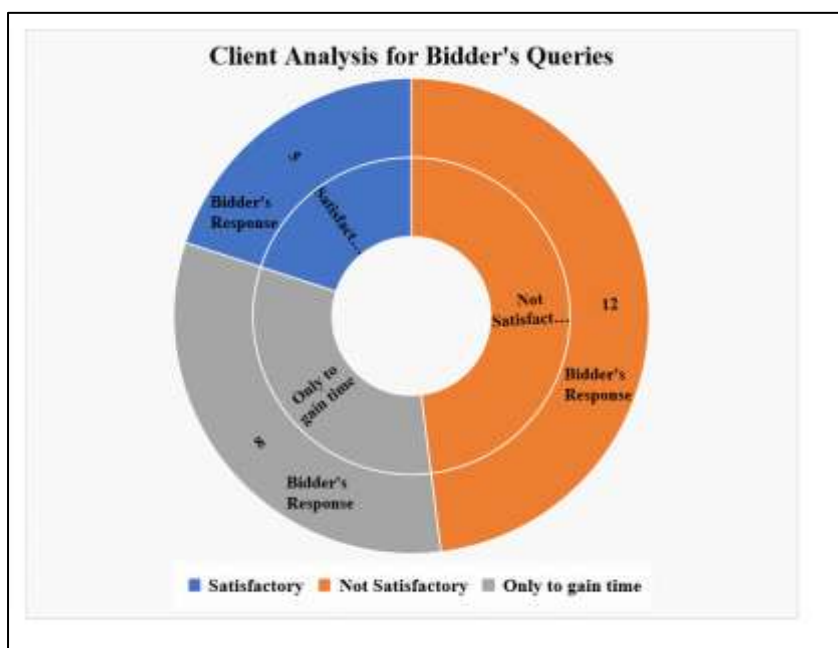


Fig 3: Bidders Response for “Client Analysis for Bidders Queries”

7.1.3 Quality of the RFP Documentation & Questionnaire are Satisfactory

Producing detailed RFP documents with well-defined project requirements can be challenging, especially for complex projects and satisfying the requirements of diverse stakeholders. The RFP is to be drafted carefully and ensure that the submission requirements are simple so that it will not be a surprise to the bidder, and it requires tedious time-consuming planning and coordination.

The Bidder: A few bidders insisted that few requirements are very stringent and can be submitted once they win the bid. Generally, so many details are not required at the bid proposal stage.

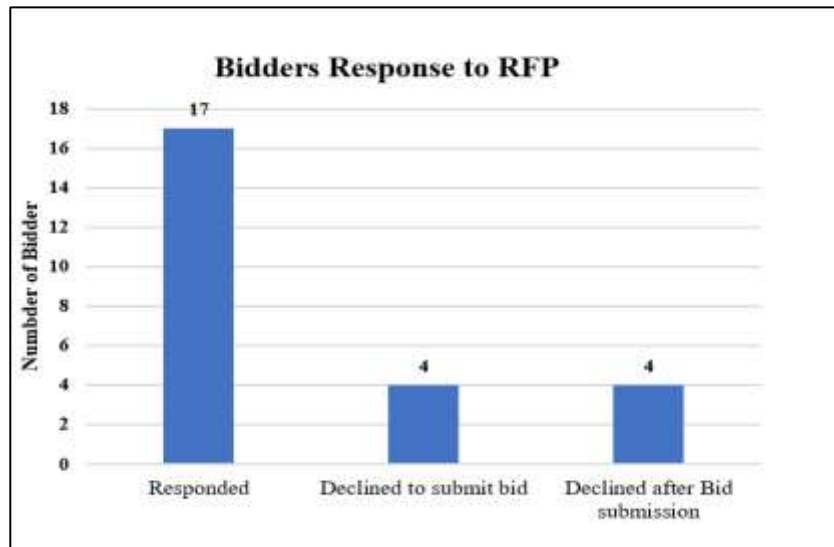


Fig 4: Bidders Response to RFP

7.1.4 Scope Creep

Managing scope creep, where project requirements expand beyond the initial scope defined in the RFP, is a common challenge. Project managers must carefully review and analyze proposed changes during the evaluation process to ensure alignment with project objectives and avoid scope-related issues.

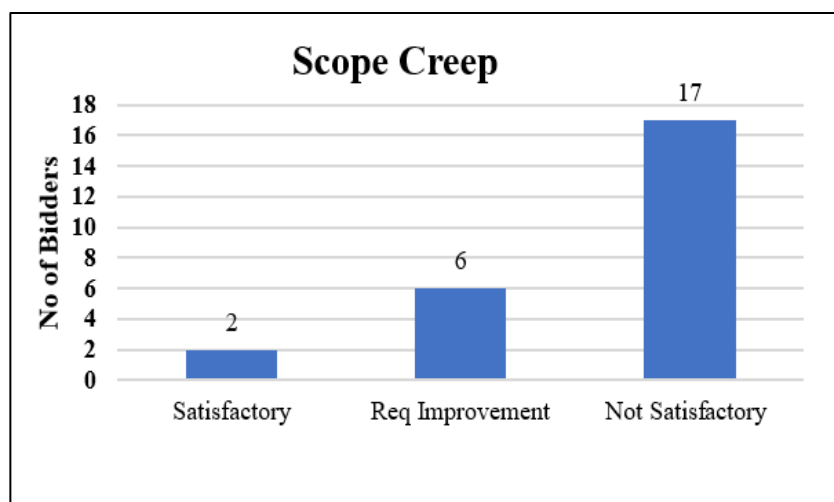


Fig 5: Bidders Response to Scope Creep

However, the client is insisting that questionnaires are drafted very carefully, and the bidder must submit their responses for RFP questionnaires.

7.1.5 The RFP Questionnaire Weightage Requires Changes or Improvements

Bidder: The bidder had no comments on the weightage of the questionnaires. However, few clarifications regarding scope of works were requested, especially the resource deployments schedules, roles and responsibilities, scope of works etc.

Client: The client has conducted a clarification session and provided additional time for bid submission. This has helped the bidder understand the flaws in the submission and client's expectations and quality for improvement of the technical score.

This was well Accepted by all the Bidders. The Success Rate is 100%.

7.1.6 Communication and Collaboration

Effective communication and collaboration among project stakeholders, including project managers, procurement teams, vendors, and end-users, are essential for the success of the RFP process. Ensuring clear communication channels, managing stakeholder expectations, and addressing feedback promptly can be challenging, particularly in large and distributed project teams.

7.1.7 Bidder Responsiveness

Encouraging Bidders to submit high-quality and competitive proposals requires proactive engagement and effective relationship management. Project managers may encounter challenges in motivating vendors to invest time and resources in preparing detailed and innovative proposals, especially if the project lacks a clear value proposition or market attractiveness.

7.1.8 Bidder's Selection

Evaluating and selecting the most suitable bidder from among multiple proposals can be daunting. Project managers must develop robust evaluation criteria and scoring mechanisms to objectively assess vendor proposals based on factors such as price, quality, experience, and capability.

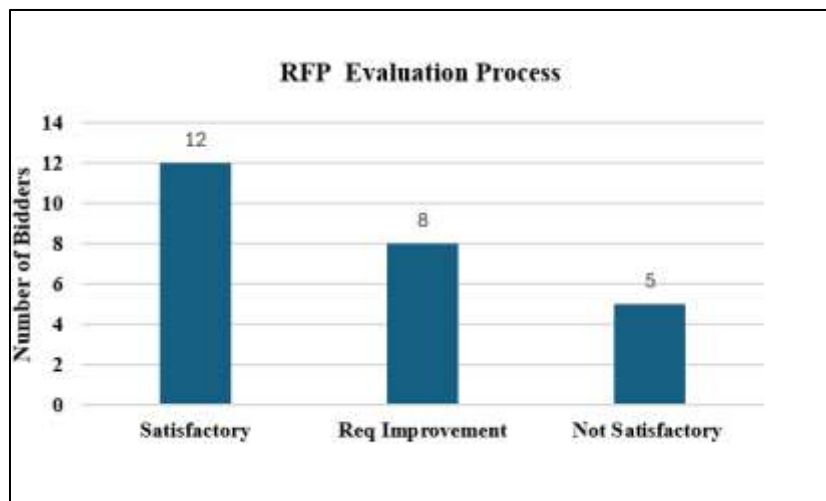


Fig 6: Bidders Response to RFP Evaluation Process

7.1.9 Legal and Compliance Risks

Ensuring compliance with legal and regulatory requirements, as well as organizational procurement policies and procedures, is crucial in the RFP process. Failure to address legal and compliance risks adequately may result in contractual disputes, regulatory penalties, or reputational damage to the organization.

7.1.10 Resource Constraints

Managing the RFP process effectively requires dedicated resources, including project management expertise, procurement support, and technical knowledge. Limited resources, such as budgetary constraints or staff availability, can impede the RFP process and compromise its success.

8. MITIGATIONS AND WAY FORWARD

- **Pre-Tender Interview:**
 - Pre-tender interviews are to be arranged so that the client's expectations are well conveyed to bidders before the submission of the RFP. This also avoids the few misinterpretations about the scope of services and thus resource deployments are not generic but take into consideration the disciplines. Furthermore, the chances of disqualifications of bids are reduced.
- **Technical Queries:**
 - As expected by the bidders, the client responses to the bid technical queries are to be responded to in a more elaborate way to give more clarity to the bidder, prior to their bid submission.
- **Post Tender Clarifications:**
 - The client, after reviewing bidders' response, for more clarity about the respective bid from the bidder and also to provide more information to enhance the bidding score, a post tender clarification to be raised with the respective bidder to enhance his understanding regarding the scope to works, expected deliverables and program duration. With this, the bidder can explore all opportunities to improve the scoring.

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