



## **What is the Difference (RFI, RFQ, RFP, RFT)? Why is IT Important? Knowing the Difference is Critical and Key in ALL Successful Projects!**

### **What is the Difference?**

It is important to understand the following terms in the procurement / business world: Request for Information (RFI), Request for Quote (RFQ), Request for Tender (RFT), and Request for Proposal (RFP).

As global business and procurement become more important due to the necessity of lean costs, resource lack, the global market, supply chain disruption, competition, and many other things, the processes behind these four terms have steadily grown in popularity in the business world. The problem in using these terms interchangeably causes improper bidding processes and outcomes – sustainable outcomes become more of the norm by knowing their meaning and application.

### **Knowing these Terms**

To know these terms will help you and your organization with best value, which includes your organization specifications (including cost). Best value can mean different things to different people. Some examples are:

- Cost.
- Warranty.
- Customer service.
- Delivery time.
- Terms.
- Contract.
- RMA.
- Green.
- Compliance.
- Right to audit.
- Online ordering.
- Reporting.
- A host of many other areas.

### **Many Change Management and Leadership Solutions!**

There are many things that can be done to improve your organizations buying power, best value, negotiations, how your suppliers work with you, the relational respect between your organization and your vendors, and the entire supply chain process.



Keep in mind that more than 40% of organizations receive their goods and services after the requested / ship date needed which can interrupt what you do for you clients. Therefore, the proper foundation must be set up – what your organization wants from each good, service, project, RFI, RFQ, RFT, RFP, vendor/supplier, and process.

When you clearly outline each of these areas, understanding, clarity, the right vendor / suppliers / partners, best value, and respect are a few of the many outcomes that take place.

### What are these four terms and what do they mean?

#### The Four Terms Outlined

- **Request for Information (RFI)** – An open enquiry that spans the market seeking broad data and understanding. RFI's gather information to help in the process of what step to take next and seldom the final stage, but instead are often used in conjunction with the RFQs, RFTs, and RFPs.
- **Request for Quotation (RFQ)** – An opportunity for potential suppliers to competitively cost the final chosen solution(s).
- **Request for Tender (RFT)** – An opportunity for potential suppliers to submit an offer to supply goods or services against a detailed tender.
- **Request for Proposal (RFP)** – Requirement based request for specific solutions to specific needs, a specific sourcing problem, or an entire new project.

#### Request for Information (RFI)

An RFI is a solicitation sent to a broad base of potential suppliers for conditioning, gathering information, preparing for an RFP, RFT or RFQ, developing strategy, or building a database about:

- The suppliers.
- Supply market state.
- Supply market dynamics.
- Trends and factors driving change.
- Alternative pricing strategies.
- Supplier competition.
- Breadth and width of product/service offerings, by supplier.
- Supplier strategic focus, business, and product plans.

RFIs may include a detailed list of products/services for which pricing is requested. The pricing should be used for comparative purposes, not as the basis of buying decisions. Through analysis



of RFI responses, strategic options, lower cost alternatives, and cost reduction opportunities may be identified.

### **Request for Quotation (RFQ)**

RFQ's are best suited to products and services that are as standardized and as commoditized as possible so that suppliers' quotes can be compared. A few examples are food, toner, paper, toilet paper, janitorial cleaning supplies, and certain raw materials.

An RFQ is a solicitation sent to potential suppliers containing in exact detail a list or description of all relevant parameters of the intended purchase, such as:

- Competencies.
- Human Capital.
- Part descriptions, specifications, and/or numbers.
- Quantities.
- Volumes.
- Description.
- Drawings.
- Quality levels.
- Delivery requirements.
- Contract term.
- Terms and conditions.
- Other value-added requirements or terms.
- Draft contract.

Vendor / Supplier / Partner decisions are typically made following a comparison and analysis of the RFQ responses.

### **Request for Tender (RFT)**

An RFT is an open invitation for suppliers to respond to a defined need as opposed to a request being sent to potential suppliers. The RFT usually requests information required from an RFI. This usually covers not only product and service offerings, but also includes information about the suitability of the business.

It is not unusual for a buyer to put out unclear or vague business requirements for an RFT. This makes it challenging for the supplier to propose a solution. RFTs should only be used when the requirements and the possible solutions for the buyer's needs are clear.



In some cases, an RFT is not a very time or cost-efficient method to source supply due to its lack of defined business requirements and open invitation for suppliers to respond.

### **Request for Proposal (RFP)**

An RFP is a solicitation sent to potential suppliers. Typically, the RFP leaves all or part of the precise structure and format of the response to the discretion of the suppliers. Indeed, the creativity and innovation that suppliers choose to build into their proposals may be used to distinguish one from another.

Effective RFPs typically reflect the strategy and short/long-term business objectives, providing detailed insight upon which suppliers will be able to offer a perspective. While specific data, offerings and quotations may be sought, questions about the following make up a significant portion of both an RFT and an RFP:

- Specific items on which the suppliers are proposing.
- Business requirements.
- Performance measures.
- Information.
- Ideas / solutions.
- Instructions about how to reply.
- Due date(s).
- Proposal evaluation.
- Provided feedback.
- Selection process.
- Request for cost breakdown (if needed/requested).
- Communication – RFP letter, RFP outline, RFP cover letter, and/or RFP Scope of Work.
- Point of contact for questions.

### **Those Implementing**

To implement these processes requires an organizational infrastructure to support it. If this is not in place, the RFI, RFQ, RFT, and RFP will only be an exercise in vain.

### **Vendors / Suppliers / Partners**

How and if you participate in these processes is the first question you need to address. If you have a company policy, be sure to examine your competitive position and power before you participate.



**What is Your Proactive Proposal Process?  
How Can We Serve You?**

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