

The RFP: A Compromising Process

For years large corporations have been sourcing vendors through the use of Requests for Proposals (RFPs). Lately, those same corporations have begun to source aircraft sales professionals in the same way.

Very different than the traditional, personal process we as aircraft sales professionals are used to, the RFP method is reduced to written answers to a series of questions. Somebody internal to the company, who might not know an aircraft from a copy machine, will then review those answers. Probably not that harsh, but the process of vendor choice is not like how our traditional corporate relationships have been forged. Instead, a separate corporate sourcing division, far removed from the flight department, makes the final decision.

The entire process can be very intimidating and time consuming. The lure of course is what we go to work for everyday - a new listing opportunity. Why not participate if asked? No reason not to. The better question is 'how to best reply so as to score higher in their process and win the business?'

I wish I had more answers to this question, but the simple fact is that over the years I have won very few of the many RFPs to which I have responded. The odds of winning RFP business are not much different than traditional methods. Typically, 10 to 12 RFPs are sent out and only one wins. I would imagine that many prospective sellers talk to that many brokers when making their decision about whom to hire.

The biggest difference is that when being interviewed for a job in person, both the seller as well as the prospective broker can establish a two-way dialogue that can result in a clear understanding of needs as well as deliverables. The RFP, on the other hand, only allows the participant to answer specific questions without the opportunity to ask questions and develop specially tailored answers using the years of experience the different brokers bring to the table. Often the wrong answer is given because the wrong question is asked.

Usually when I receive a call from a flight department to respond to an RFP, the flight department indicates that it will be making the final decision, and that while the procurement department is making up the questions, the input of aviation personnel will be heavily weighted.

Often, in seeing the selection that is made from the RFP process, I sometimes doubt if the flight department really did have that much, if any, input. I more often believe that the only input given by the flight department is to whom to send an RFP. I don't even think for a moment that the flight department is purposely misleading us in any way when they make that statement. I just think that ultimately the flight department's input has a weaker weight than the procurement department's traditional weighting system.

Generally what I see is that the plane is put on the market for a price higher than I would have ever thought it would sell for, and then I often wonder if the commission charged is lower than many of my colleagues. This narrows the selection to the company that offered the highest net to the company.

I'll watch the process of selling once I see an aircraft put on the market by the company that won the RFP, and during the sales cycle I'll usually see the price lowered, sometimes more than once, before it finally sells. Eliminating the personal dialogue between the broker and the seller also eliminates critical market shaping conversations that build market realities. Promising a higher number, then delivering a lower number, is not anyone's first choice, broker or seller.

Shaping market realities builds transactions founded on fact rather than the hope of securing an RFP nod. Actually, I wonder if the RFP process really yields good results for either the broker or the seller. Yes, the sellers may pay lower commissions based on this process, but if the net result is not attained, the sellers have fooled themselves as well. The sales process is so much more than the highest price promised and the

lowest cost paid. If it were that simple no one would hire any of us.

The truth is that the process is fraught with roadblocks: aircraft having bigger than expected maintenance repair costs, contract negotiation issues, pre-buy location disagreements, etc. There are so many hidden needs in a transaction. Choosing a provider without heavy involvement from an experienced flight department, one that understands skill sets of individual sales groups based on past relationships and sales successes, may yield outcomes that do not follow desire.

What is the lesson? If you choose to participate in an RFP process, do not compromise on your honest expectation of sales price, or more importantly, from charging what you know it really costs you to do business. The RFP process is not a relationship forging process. Lowering your costs to win will not reap you future business with that company, you will only have to enter the process again without the benefit of having already been hired once. The process starts all over again from scratch.

If you are the hiring company, foregoing the personal interview process for a process that may work well for the refrigeration company that puts in the air conditioners is by no means the same as hiring for such a complex process as selling a plane. The good old days of trusting the relationships forged by the flight departments should not be abandoned when choosing such a value added partner.

> Jay Mesinger is the CEO of J.Mesinger Corporate Jet Sales, Inc. He is on the Associate Member Advisor Council of the NBAA and the Duncan Aviation Customer Advisory Board. He also hosts the Aviation Leadership Roundtable found at www.jetsales.com ■

