

Managing A Best In Class Broker and Risk Advisor RFP

Speakers:

- Timothy Kraft; Risk Management Consultant; Warrior Consulting Ventures

Learning Objectives

At the end of this session, you will learn □

- **How to design a multidimensional RFP that Brokers & Risk Advisors will want to participate in**
- How to conduct a fair and impartial review of each participant's offering
- Why a substantial debrief of all participant's offerings creates the “win/win” and **incentivizes all participants to put their best foot forward**

Speaker

Tim Kraft

- 28 years brokerage and risk management consulting experience
- Practical leadership experience gained through U.S. Naval Academy and as a USMC Infantry officer
- Early career: Direct sales as rep for Factory Mutual company selling to Fortune 1000 clients; managed teams of 12+ professionals
- Past 17 years: Consultant to Owners/Developers specializing in construction insurance administration (OCIP) and real estate risk management (development & property management); managing team of 7+ Broker/Risk Advisor professionals

RFP: Been There, Done That!

Show of hands please:

1.) How many people have participated in an RFP?

2.) What has been your experience?

- a. Awesome experience
- b. Waste of Time
- c. Predetermined winner
- d. Felt used
- e. Fair process
- f. Other?

The Problem With RFPs

- **Why RFP?**
 - Buyer has a problem that cannot be met with with existing Broker/Risk Advisor
 - Buyer wants to keep their existing Broker/Risk Advisor “honest”
- RFP’s **require a serious commitment of resources from participants**
 - Is this for real?
- **The problem is**
 - Put simply – **Motivation & Trust**
 - The market thinks – “is this just a beauty contest with a predetermined outcome?”

The Challenge – Creating a Fair Process

- **Buyer must convince the market their motives are pure**
- **It takes a strong Risk Manager with Management support to coordinate the mutual interests of all parties**
- **Process must be viewed as fair for all participants**
- **Objective evaluations**
- All participants must walk away with some sort of “win”

A Best In Class Approach

- **Buyer must define specific objectives and get Management buy in for the process**
 - Understand what is important and develop the RFP around that
 - **Management must agree to participate**
 - **Opening pitches**
 - **Scenario debriefs**
- **Design the process**
 - Communicate clearly to participants
- **Conduct the presentations**
- **Evaluations & scoring**
- **Decision**
 - Based on predetermine criteria
- **Debrief all participants**

The key to fairness is a standardized, consistent interaction with each participant which lends for as “apples to apples” comparison as possible.

Sing For Your Supper

- **Multi-Dimensional review**

- Allows the Buyer to see the Broker/Risk Advisor from several different angles
 - No one component of the process will determine a winner

- **The Components of the RFP**

- Invitations
- Written proposal– submitted in advance
- Opening Broker/Risk Advisor pitches
- Interviews
- References
- Problem solving
- Evaluations
- Decision
- Debrief

Invitations & Participant Interaction

- **Selection of participants**
- **Communicate**
 - Objectives
 - Process
 - Rules
 - Summary of the Company
 - Written questions
 - Timeline
- **INFORMATION SHARING – FULL TRANSPARENCY**
 - No coaching
 - All information shared equally
- Remind everyone:

There is no “right” answer, only your answer

Written Proposal

- **Simple format, required to be e-mailed back to Buyer in MS Word**
- **Covering:**
 - Broker/Risk Advisor sales materials (does not need to be in MS Word)
 - Broker/Risk Advisor firm and team information
 - Team org chart & bios
 - Practice groups
 - SME practice leader bios
 - Client references: emphasis on those as close to Buyer's firm as possible
 - Marketing expertise
 - Provide examples of marketing challenges/solutions
 - Carrier relationships with premium volumes
 - Claims management
 - Provide examples of good claims management
 - Loss Control
 - One page, free form pitch for the account

Following the format and an MS WORD delivery is critical

References

- **Who to ask for?**
 - Request references from similar accounts with similar exposures/needs
 - Risk Manager & internal service team members
- **The telephone interview**
 - Standardized questions
 - Open microphone – “So, tell me what you really think?”
 - Take notes

Opening Pitches & Interviews

- **Opening Pitches: have the participants keep it really simple**
 - Limited to 20 minutes
 - Introduce the team
 - Focus on expertise of like accounts
 - Differentiate
 - ***NOTE: MANAGEMENT PARTICIPATES***
- **Interviews** – these are with the “Get It Doners”, not the suits
 - Standardized questions
 - Focus on real world client examples of day-to-day service challenges
 - Two groups:
 - Team at large
 - Daily service providers
 - Take notes

Problem Solving Scenarios

- **Several real-world scenarios should be presented – NOT disclosed in advance**

- Create hypothetical scenarios using Buyer's actual properties
- For example:

On a hot August weekend Building A, located on the waterfront, had an 8' storm surge due to a passing hurricane. Water flooded the basement parking garage, filled with tenant vehicles, and totally destroyed the first 2 floors which included the data center. Due to the severity of the flooding, the local government denied access to all buildings in this area. When access was granted 8 days later, all 6 stories of the building were contaminated with mold. It will take months to make the building usable again.

Please describe the insurance policies that would be impacted, and what coverage issues could be anticipated and any measures you could have recommended in advance of the event to have mitigated the damages and speed a recovery.

- **Team level problem solving**
- **2 hour exercise**
- **Watch how the teams interact**

Scenario Debrief

- **Standardized briefing sheet**
 - MS Word
 - Typed by the participant in the meeting in real time
 - Printed for the record and for discussion in scenario debrief
- **Debrief**
 - 30 minutes
 - Use briefing sheet to guide the participants' presentations
 - **NOTE: MANAGEMENT PARTICIPATES**

Evaluation – You Need a Big Wall

- **Evaluation:** this is why you need a standardized format in MS Word
- **Literally – cut and paste each participant's responses on butcher block paper**
 - In their own words: a fair comparison
- **Look for both:**
 - Commonalities
 - Outliers

Decision

- **Buyer should have pre-agreed priorities upon which to evaluate all participants' responses**
- **Scoring matrix**
- **Input from each Buyer participant**
- **If necessary – follow up questions to participants**
- **Narrative summary**
- **Recommendation**
- **Notify the winner**

Consolation Prize: Feedback

- **This is the win for those who do not get the business**
- **Candid feedback on their offering relative to the competitors**
 - For example:

“Your team would have been more effective had you focused on examples of successes you’ve had that were relevant to our business. In particular, we are seeking heavy environmental risk analysis and coverage placement expertise due to the nature of our operations. Written question 5, claims scenario 2, and Problem Solving Scenario A were included to engage you in a discussion on environmental exposures and provide an opportunity for you to demonstrate your organizational experience/expertise in this area. Your team really didn’t “pop” in this area as compared to your competitors. Like us, we know our peers in the industry take this exposure seriously and we’d suggest you develop more focused examples of success for environmental placements and claims management.”

An Evaluator's Real World Experiences

- **Compliance with the instructions matter!**
 - Fight the process at your own peril
- **Be specific - write succinctly**
- Don't flood the room with bodies, its overwhelming for a Buyer
- **Be mindful of the success stories, make them relevant**
- **References count - find someone like me**
- **Details matter - errors in grammar and spelling are noticed**
- **Show teamwork**
- **Suits count less than work-a-bees**
- Don't provide special treatment, and that especially means to incumbents

Participant Responses to this Approach

- **Feedback from participants who have gone through this has been positive**
 - Transparency
 - Fairness
 - Objectivity

Questions?

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