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WEDNESDAY'S
News You Can Use

Best Practices in Developing a RFP for Banking Services

Presented by: **Alan Minnick**



Today's Presenter



Alan Minnick is an Executive Director and Senior Proposal Manager at JPMorgan Chase Bank, N.A. He supports J.P. Morgan's Commercial Banking sales force in responding annually to 400 treasury services RFPs for middle market businesses and state and local government units across the United States. He has over 25 years of experience in proposal management. During that time, Alan has implemented bid and proposal units in several organizations. He developed and put into practice proposal management methodologies, including opportunity screening and proposal management processes. Alan also has seven years of business development and product management experience in the e-Government services market.

He is a member of the Association of Proposal Management Professionals. He has served on the Board of the Greater Midwest Chapter of the APMP since 2008. Currently he is the Treasurer for the Chapter. Alan holds foundation level certification from APMP. Alan lives and works in Chicago, IL.

Learning Objectives

At the end of this session, you should be able to:

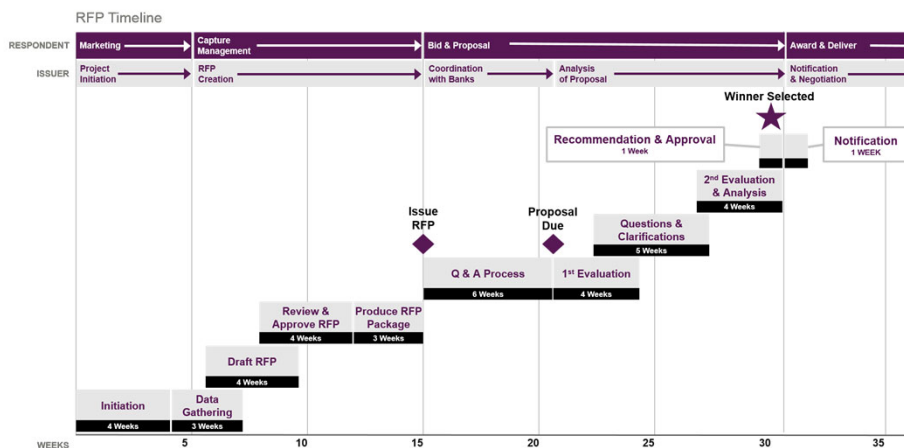
- Recall best practices for government bodies in preparing and issuing RFPs, specifically for banking services
- Include industry trends and developments in your procurement and RFP processes
- Reduce miscommunications between government and industry in the RFP/procurement process

Best Practices in Developing a RFP for Banking Services

What is an RFP?

- The methods and document that initiate the process of selecting a service provider
- "A solicitation inviting proposals from vendors who believe they can provide the products and/or services your government entity needs" – Jim Culotta, NACo

RFP Timeline



1. Project Initiation

Issuer begins RFP process



- Identify key stakeholders
- Form RFP team
- Begin analysis of current situation and new requirements
- Learn about trends and new products/services
- Identify scope and objectives for the RFP
- Determine preliminary selection criteria
- Set RFP project timeline

2. RFP Creation

Data Gathering



Bank meetings

- An industry day – an event held:
 - to present requirements to industry representatives
 - to provide vendors a showcase to present new products and services and discuss trends in the industry
- Individual meetings:
 - with vendors, associations, or stakeholders who make a request
 - with vendors who respond to an RFI

2. RFP Creation

Data Gathering



- Requests for Information
 - Used to collect general information about the products and services available in specific areas
- Complete analysis of current situation
- Complete definition of new requirements

2. RFP Creation

Drafting the RFP



- Typical RFP sections include:
 - Introduction
 - Proposal Instructions
 - Scope of Banking Services
 - Description of Bidder
 - Fee Schedule
 - Selection Criteria

2. RFP Creation

RFP Contents - Introduction



- Introduction
 - Perspective on banking services for your entity
 - Current/historical
 - Future
 - Objectives of the RFP
 - Due date
 - Contract term, including renewals and transition

2. RFP Creation

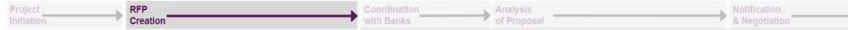
RFP Contents – Bidder Instructions



- Proposal Instructions
 - Timeline
 - Bidders conference
 - Question process and point of contact
 - Response format
 - Number and type of responses
 - Delivery instructions

2. RFP Creation

RFP Contents – Example of Bidder Instructions



Each Proposal must contain the following information, chronologically in order, with tabbed sections as listed below:

1. Cover Letter and Mandatory Requirements
2. Certification
3. Signed Contracts
4. Offeror Profile and Prior Projects
5. Offeror References
6. Staffing Plan
7. Personnel Profile Summary
8. Work Plan
9. Support Requirements

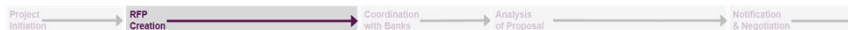
II. Proposal Submissions

Proposals should adhere to the following structure include each of the following elements:

- a. A response cover letter
- b. Table of Contents
- c. A contact person for the RFP process
- d. A description of your institution's Equal Opportunity Employment practices and local certifications
- e. A description of your institution, which also addresses your experience in serving similarly situated governmental entities

2. RFP Creation

RFP Contents – Example of Bidder Instructions



A. → Proposal-Format¶

All Proposals must be submitted within the prescribed format to facilitate objective review. Any Proposal that materially deviates from this format will be rejected without further consideration of its content. Proposals that contain false or misleading statements or that provide reference that do not support an attribute or condition claimed by the Respondent may also be rejected. Narratives should provide a concise description of capabilities to satisfy the requirements of the RFP. Emphasis should be on clarity, brevity and completeness of response. The following are the sections that must be provided in the Proposal. The sections should be labeled accordingly.¶

1. **Cover Page** – The Proposal must be accompanied by a transmittal letter that designates the name, physical address, e-mail address, and telephone number of the person or persons available for contact concerning the Proposal and who is authorized to make representations on behalf of the Respondent.¶

Table of Contents – Include a listing of the main chapters and paragraph headings contained in the Proposal, including page numbers.¶

2. **Introduction** – Include any introductory remarks, not to exceed two (2) pages, deemed appropriate. Briefly discuss such topics as the Respondent's background, management, facilities, staffing, related experience, and financial stability.¶

3. **Scope of Work** – Provide a narrative, not to exceed five (5) pages, describing the general conceptual approach to the delivery of specific services and any other information Respondent believes is relevant.¶

4. **Answers to Questions** – Respondent must respond to all of the questions presented in Section IV.B of this RFP. Respondent's answers must include the headings (e.g. "Background") and be numbered in the order provided in Section IV.B.¶

5. **Service Team** – Provide an organizational chart, biographies, and resumes for the proposed Service team, including research staff and support staff. Please identify the primary contact person and describe the role of each key person.¶

6. **Subcontractors** – Respondent shall provide a list of the subcontractor(s) that will be used to provide the services, if any, and the general type of work to be performed by each subcontractor.¶

7. **State Certifications and Disclosures** – Respondent and any subcontractor(s) must submit the following three (3) fully executed documents: NAME State Treasurer Certifications, Disclosures Financial Interest and Potential Conflicts of Interest (Disclosure Form A), and the Disclosures Other Contract and Procurement Related Information (Disclosure Form B), attached as Appendix 1.¶

8. **Cost Proposal** – Respondent's price ("Cost Proposal") shall be provided in a separately sealed envelope. The required elements of the Cost Proposal are provided in Section IV.C of this RFP.¶

2. RFP Creation

RFP Contents – Scope of Services



- Scope of Banking Services
 - Focus on results not current process
 - State requirements
 - Typically in Q&A format
 - Provide the RFP document in Word and the fee schedule in Excel
 - Provide historical balance and transaction data (appendix)

2. RFP Creation

RFP Contents – Scope of Services



- Scope of Banking Services
 - Collections
 - Depository Services, i.e. Vault
 - Lockbox & Electronic Lockbox
 - Remote Deposit
 - Electronic Funds Transfer ("EFT") – ACH, Wires, Real Time Payments
 - Digital Payments
 - Integrated Receivables

2. RFP Creation

RFP Contents – Scope of Services



- Scope of Banking Services (cont'd)
 - Disbursements
 - Cash Orders
 - Controlled Disbursement
 - Positive Pay and Account Reconciliation
 - EFT
 - Commercial Card
 - Single Use Accounts
 - Digital Payments
 - Integrated Payables

2. RFP Creation

RFP Contents – Scope of Services



- Scope of Banking Services (cont'd)
 - Electronic Banking & Information Reporting
 - Internet Banking Services
 - Security & Administration
 - Investments
 - Collateralization
 - Implementation approach and sample plan
 - Other Services/Value Added Services
 - Purchasing Card
 - Merchant Processing

2. RFP Creation

RFP Contents – Bidder Qualifications



- Description of Bidder
 - Resumes of key relationship personnel
 - Community involvement – Community Reinvestment Act (CRA) Rating
 - Credit ratings
 - Organizational structure
 - Customer service approach
- References
 - Experience with similar government entities

2. RFP Creation

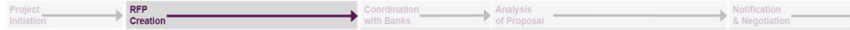
RFP Contents - Pricing



- Fee Schedule
 - Require bidder to price services
 - Request banks to list AFP codes for line items
 - Require pro forma with bottom line of fees for services
 - Optional/Value Added services presented "below the line"
- Investment interest rate(s) with rate basis, if applicable
- Earnings Credit Rate ("ECR") with rate basis and sample calculation

2. RFP Creation

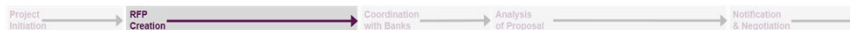
RFP Contents – Evaluation Criteria



- Selection Criteria
 - Evaluation process
 - Evaluation criteria
 - Experience of vendor and team
 - Ability to meet current needs/requirements
 - Implementation process
 - Completeness of proposal
 - References
- Weighting
 - Weight times score = weighted score

2. RFP Creation

RFP Contents – Example of Evaluation Criteria



- 3.3 Proposals will be evaluated using the criteria listed below:
- 3.3.1 Ability to perform and provide the required and requested services, including vendor responses to Questionnaire; 100 points
 - 3.3.2 Reputation of financial institution and quality of services; 75 points
 - 3.3.3 Rates, charges and all other elements of cost; 75 points
 - 3.3.4 Transition cost, retention and transition offers and incentives; detail of transition team and steps; 100 points
 - 3.3.5 Funds availability; 100 points
 - 3.3.6 Interest paid on interest bearing accounts and deposits; 100 points
 - 3.3.7 Earnings credit calculation on account balances; 100 points
 - 3.3.8 Completeness of proposal and agreement to points outlined in the RFP; 100 points
 - 3.3.9 Physically located within [REDACTED]'s boundaries; 50 points
 - 3.3.10 Convenience of locations; 50 points
 - 3.3.11 Previous service relationship with [REDACTED]; 50 points
 - 3.3.12 Financial strength and stability of institution; 100 points

2. RFP Creation

RFP Contents – Example of Evaluation Criteria

Project Initiation → **RFP Creation** → Coordination with Banks → Analysis of Proposal → Notification & Negotiation

Award Criteria	Weight	
1. Proposed Cost	35	This proposal will be evaluated on a cumulative point system using the rating scale shown below (fractional points may be selected within this range).
2. Firm's Experience and Resources/Qualifications	9	
3. Assigned Relationship Team	6	
4. Implementation and Timeline	9	
4. Ability to Provide Lockbox Services	9	
5. Disaster Recovery	9	
9. References	7	
10. Acceptance and Compliance of RFP Terms and Conditions. <ul style="list-style-type: none"> Firm's acceptance of [redacted] terms and conditions. Is a separate negotiated agreement required? Reasonableness of separate agreement. Etc. 	6	
11. Overall response of RFP. <ul style="list-style-type: none"> Did the vendor's proposal provide all the necessary information requested in the RFP in a professional manner? Did the proposal cause doubt regarding vendor's ability to complete the necessary services/tasks? Was the proposal easy to understand and did it provide answers to questions or create more questions? Etc. 	3	
12. Interview/Demo/Site Visit or Assessment – (if required and for applicable firms)	10	

Scoring (0 to 10)	
Outstanding	10
Good	8
	7
	6
Average	5
	4
	3
Poor	2
	1
Not Addressed or Unacceptable	0

2. RFP Creation

RFP Contents - Evaluation Criteria Example

Project Initiation → **RFP Creation** → Coordination with Banks → Analysis of Proposal → Notification & Negotiation

Evaluation-Factor ^a	Maximum-Number-of-Points-Possible ^a
Background and Experience ^a	20 ^a
Qualifications and Quality of Financial Services ^a	40 ^a
Diversity ^a	10 ^a
Corporate Responsibility-- Environmental, Social and Governance Practices ^f	5 ^a
Local Presence ^a	10 ^a
Cost Proposal ^a	15 ^a
Interview, if applicable ^a	5 ^a
TOTAL^a	105^a

2. RFP Creation

Issuing the RFP



- Review and approve draft
- Produce RFP
 - Provide in softcopy, e.g., Word and Excel
 - Provide any required forms as fillable PDF or Word forms
- Distribute RFP

2. RFP Creation

Recap



- Be informative
 - Provide detailed information
 - State objectives, selection criteria and timeline
- Be specific
 - Questions, implementation, references
- Be interactive
 - Vendor meetings/RFI
 - Bidders conference
 - Question process and point of contact

Knowledge Check

This section of a banking RFP might include the "ECR" with rate basis and sample calculation...

- A. Scope of banking services
- B. Description of Bidder
- C. Fee Schedule
- D. Proposal instructions

3. Coordination with Banks

Communications with Potential Bidders



- Bidders conference
 - Hold early in the timeline
- Question process
 - Allow enough time to provide answers back to banks at least 8 business days before the proposal due date
- Addenda
 - Used to provide answers on bank submitted questions or to change RFP requirements such as due dates

4. Analysis of Proposals

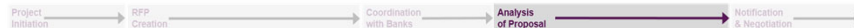
Proposal Evaluation



- Team evaluates together or separately
- Pass/Fail versus scored sections
- Contact references
- Pricing evaluations
- Best and Final Offer (“BAFO”) and/or Orals
 - In case of ties
 - Large or complex implementation

4. Analysis of Proposals


Evaluation Worksheet Example



	Desired	Bank A	Bank B	Bank C	
Service Capability					
1	Exception Reporting	On-line	Email w/link	Email	IR system
2	Exception Notification	10:00	10:00	11:00	10:30
3	Teller Line Positive Pay	Yes	Yes	Yes	No
		Points			
1	Exception Reporting	5	5	4	2
2	Exception Notification	5	5	2	3
3	Teller Line Positive Pay	3	3	3	0

4. Analysis of Proposals

Selection Sheet Example



	Points	Bank A	Bank B	Bank C
Minimum Qualifications	P/F	Pass	Pass	Pass
Experience of vendor	10	8	7	8
Ability to meet current needs/requirements	20	16	12	10
Implementation process	10	8	9	7
Completeness of proposal	10	9	8	6
Experience and knowledge of bank team	10	8	7	5
References	15	14	10	13
Cost	25	25	22	19
Total Evaluation Score		88	75	68
Cost Evaluation				
Total Fees		\$7,000	\$8,000	\$9,000
% of Lowest		100%	88%	78%
Cost Evaluation Score		25	22	19

5. Notification & Negotiation

Award



- Publish decision
- Contract negotiation
- Offer debriefs to bidders

Knowledge Check

Steps in the RFP process include...

- A. Project initiation
- B. RFP Creation
- C. Coordination with the bank
- D. Analysis of proposal
- E. All of the above is correct

Implementation

Implementation

- Schedule kick-off
- Designate key internal and bank contacts
- Establish escalation process for issue resolution
- Set-up regular status meetings
- Finalize contract and account documentation
- Set up and test services
- Go live

A Banker's Perspective

A Banker's Perspective

3 Pluses

- A usable soft copy of the RFP and required form and submissions
- Sufficient time for responses
- Historical transaction volume and balance data

3 Minuses

- Ambiguous requirements
- Insufficient time
- Lack of transaction and balance data

Critical Success Factors

- Be clear on your objectives for the RFP
- Involve key stakeholders throughout the RFP process
- Ask questions that allow for differentiation
- Allow sufficient time for responses
- Provide historical transaction volume and balance data with any expected changes noted
- Get commitment from the RFP team and management
- Follow a process and a plan

Best Practices in Developing a RFP for Banking Services

Best Practices - Banking Services RFP

- Engage banks upfront in the RFP process
- Focus the RFP on outcomes/results, not on current processes
- Provide RFP and attachments in usable soft copy formats
- Require banks to include pro forma analysis statement covering required services
- Allow for new services to be added to contract

Knowledge Check

Critical success factors of a banking RFP include all but which of the following...

- A. Historical transaction volume & balance data
- B. Sufficient time for responses
- C. Scope and well defined objectives
- D. Questions that don't allow for differentiation

QUESTIONS?

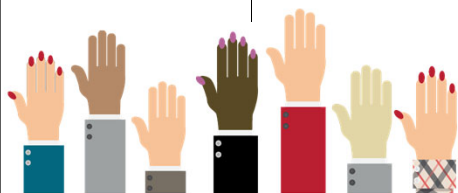
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Thank You!



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