



THE REQUEST
FOR PROPOSAL PROCESS
A TREASURER'S GUIDE

INTRODUCTION

Companies routinely purchase treasury management products and services from banks in response to their changing business needs. Purchasing decisions can be driven by basic requests to open accounts for newly formed subsidiaries, IT-driven migration to an electronic payment platform or more far-reaching relationship criteria such as bank participation in the company’s credit facility. Over time an ad hoc approach can lead to an unwieldy network of products and services that is inefficient and costly to maintain, particularly if business is spread across the globe.

The resulting tangle of banking relationships, bank accounts and services needs to be rationalized, especially when there are also major systems changes, corporate consolidation initiatives or tax restructurings. This is best accomplished using a formal Request for Proposal (RFP). Well designed RFPs can lead to an improved banking structure and upgraded services at fair prices while also resulting in long-term, mutually rewarding banking relationships.

This paper outlines the RFP process, its essential elements and the project administration requirements. The objective is to provide the corporate treasury professional with a guide to successfully initiating, managing and completing an RFP. While our focus is geared towards bank selection the approach can be applied to other selection processes such as the evaluation of a Treasury Management System.

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GETTING STARTED

RFPs involve hard work on the part of the company and the responding banks. There is great temptation to reduce the workload by using a standardized RFP – available from a number of sources. These pre-packaged RFPs may be adapted slightly from their original form and then distributed to a group of banks in the hope that the right answers will emerge in the responses. However, many banks use specialized software to help automate responses to these standardized RFP questions. The resulting proposal is not the carefully thought out response to a precise set of business requirements that was hoped for but a lengthy and generic document of little value. There is no substitute for basic groundwork if you want a successful outcome.

The first step in an RFP project does not involve the banks. Rather, the company needs to develop and articulate a clear understanding of the drivers behind its decision to update or create new banking arrangements. This should incorporate the company's strategy, objectives and unique requirements. These drivers fall into three, often overlapping, categories.

■ Strategic:

- Acquisitions, mergers or the creation of new branches or subsidiaries in one or more countries can change the scope of a company's business and require new accounts or services.
- Structural adjustments or realignment, such as the establishment of new holding companies in response to tax or legal initiatives, may drive the need for treasury centers and special liquidity services such as pooling.
- Administrative actions including consolidation of accounting services in a Shared Service Center or the implementation of an ERP system can lead to process changes justifying banking platform improvements such as host-to-host payment processing.

■ Operational:

- New accounts or upgraded services at regional or local levels may be necessary to accommodate internal process improvements or customer and vendor requirements.

Is an RFP necessary? Why not contact a few banks and ask them to describe their global capabilities?

This can be a tempting, time-saving approach. But bypassing the RFP runs the risk that you will only receive a marketing pitch from the contenders selectively highlighting their capabilities without a logical approach or methodo-

logy for evaluating and comparing the alternatives.

Use an RFI? The RFI, or Request for Information, is a close cousin to the RFP. RFIs are appropriate when general background information or service offering descriptions are required. This approach works well in the "discovery

phase". Companies can explore what is possible and available in the market – such as determining if regular commercial bank accounts can be opened in a particular country or city. Normally, an RFI will contain no advice and provides indicative pricing, if any pricing information is included at all.

- Geographic expansion of existing businesses and product lines will require banks with branch or partner networks capable of servicing more than the needs of a simple sales office.

■ Treasury:

- SOX or other audit requirements may force treasury to increase oversight and control over bank accounts globally.
- External business or competitive pressure often demands improved liquidity management through access to internal cash or expanded bank credit facilities.

- Cost control and expense management initiatives create an opportunity to reduce the cost of banking services by changing the mix of services purchased.

Understanding the specific drivers and identifying key objectives allows the company to allocate the internal resources needed in the bank selection process and helps to determine the business information requirements. Also, this early assessment step may narrow the number of financial institutions that will be involved in the bidding.

PROJECT SCOPE AND PLAN

Determining the scope of the project and developing a project plan is essential as the entire RFP process will take months to complete. Companies often underestimate the amount of time required – leading to frustration as the process appears to drag on. If you are not able to invest the time and manage expectations, this may indicate the need for additional resources or a reduction in the scale of the project.

Keep in mind that the larger the scope of the project, the more time you will need to allow for the banks to respond. Short time frames may be desired by senior executives, but your objective should be quality, not speed. Most global banks have regional teams for the US, Europe, Asia Pacific and Latin America so a global

RFP will involve many people and different areas from each bank. If the timing is more than you or others within the company are comfortable with, consider doing the project in stages, perhaps Europe first, followed by the US.

While treasury usually initiates the project and is the project manager for the RFP process, it is important to involve all stakeholders – particularly for complex international RFPs. Major stakeholders include:

- **Business operations** – Local or regional business managers from sales, operations or finance will be using the services being solicited. They have the first line contact with customers and vendors. It is

up to them to assist in defining the types of receivable and payable services and account locations needed.

■ **Tax and legal** – These areas are of crucial importance when the RFP is international and involves the movement of funds across borders and between entities. They will play an essential role in the initial development of the structure and should be involved in the review of bank proposals. Documentation is a mandatory part of setting up new accounts and services and the legal department needs to participate in this review.

■ **Accounting** – Each bank account needs to be set up in the company’s ERP and all banking transactions will ultimately be reflected in the company books. So it is important that accounting be involved with the project. Reconciliation, cash application and payment processing are some of the key areas where bank selection impacts accounting.

■ **Systems** – IT professionals control the ERP and govern the types of technology within the company. They will be a critical player in setting up file transfers between the ERP and the bank. IT is also an excellent resource in helping with an assessment of the bank’s systems and technology.

Involving the stakeholders early helps determine if the necessary resources are available to handle the project internally or if outside help in areas such as treasury, systems, legal or tax may be required.

The major plan elements and the timing may look something like this:

Element	Time Required
Defining objectives and developing project plan	2 Weeks
Determining potential bank bidders	2 Weeks
Collecting transaction data	4 Weeks
Designing bank structure	2 Weeks
RFP preparation	1 Week
RFP issuance and administration	4-6 Weeks
Proposal review and scoring	2 Weeks
Bank selection	1 Week
Implementation	2-6 Months

TREASURY FOOTPRINT

Your company may be a household name in Europe and the US but a relative unknown in Asia Pacific or Latin America. If the banks do not realize the size and scope of the potential business, they will not devote the right resources to develop a proper response to your RFP.

The data provided to potential bank vendors will make a big difference in the quality of responses received. Detailed and accurate information allows the bank to clearly assess whether they are capable of – and interested in – handling the types of transactions you require. This will lead to a thorough and well thought out proposal which is a direct result of a well organized RFP.

Develop a clear picture of your company's business footprint which includes detailed information on:

Legal Entity Structure – The legal names and ownership structure for your company on a global or regional basis should be outlined in a chart. Information can include the ownership, business/product lines, tax/legal status, functional currency and the nature of business conducted – such as sales, manufacturing or distribution. Most companies have current legal entity diagrams and treasury can add value to these by including business details on the activities performed at each entity and how the entities relate to one another – including regional financial oversight, intercompany flows and commissionaire arrangements.

Organization – This portion of the footprint should depict the hierarchy of job functions including who has responsibility for banking relationships, the management of cash at the local and regional level, and investment and borrowing decisions. For internal purposes it is very helpful to know how financial management reports and relates to business management, including performance evaluation criteria. There are more than a few companies where country general managers improve ratios by discounting, using receivables financing or investment earnings on funds that should have been upstreamed years ago.

Current Bank Account Architecture – A chart can be generated from data provided by the company's ERP, TMS or other bank information such as account analyses. It should show all bank accounts including the name of the bank, the branch where the account is domiciled, currency of the account and average monthly cash balances. Where possible, the account hierarchies such as zero balancing and sweeping should be indicated so that there is a clear picture of how the cash flows are currently managed.

Planned Bank Account Architecture – Develop a description or series of diagrams of the planned bank account structure. This may include techniques such as local currency pooling in select countries, USD pooling in Asia Pacific, entrust loan arrangements in China, cash concentration in Mexico and ZBAs in the US.

Collecting the required information is a time consuming challenge. There are traditional sources of information such as ERP and TMS systems and account analyses for US domiciled accounts. But in many cases the information available through these sources is limited in detail and will not give the necessary picture of the transaction detail required. Although a US bank's account analysis shows the specific collection or payment service being

used and the associated monthly volumes, outside the US you are dependent on local finance staff to provide the data on payment instruments used – BACS, LCR, RIBA or Bloquetos to mention a few.

There is too much information to gather with just a phone call and physical visits are costly and time consuming. The data needs to be collected in a specific format that allows for efficient

compilation and consolidation. The best approach is to use a treasury intranet or other customized data gathering application such as Adobe Acrobat Forms. This methodology helps to ensure consistency of responses, makes it easier to followup with non-respondents and to clarify the data with those subsidiaries that have contributed. Because the information is in an electronic format it is easier to compile and analyze.

Bank name:

Branch location:

Account number:

Currency:

IBAN Number:

SWIFT BIC:

Please describe the purpose of this account and how it is used.

Is this account linked to other accounts?

Please describe how the account is linked. Examples: the balance automatically moves to an interest bearing account, the balance is swept to another account, cash pooling, zero balancing.

WEB-BASED DATA COLLECTION

Account has overdraft line: Rate of interest charged:

Account earns interest: Rate of interest earned:

How are bank charges paid? (Tick all that apply.)

Fees

Value dating

Commissions

Value dating is applied: When are bank charges paid:

Electronic balance reporting:

Please provide the following information for money coming in to the account. Examples: cheques, BACS credit, direct debit, ueberweisung, lastschrift, virement, drafts, LCR, RIBA, credit cards

Type	Source	Value of Incoming	Number of Items
Incoming	Please select	<input type="text"/>	<input type="text"/>
Incoming	Please select	<input type="text"/>	<input type="text"/>
Incoming	Please select	<input type="text"/>	<input type="text"/>
Incoming	Please select	<input type="text"/>	<input type="text"/>
Incoming	Please select	<input type="text"/>	<input type="text"/>
Incoming	Please select	<input type="text"/>	<input type="text"/>

Please provide the following information for money being paid from the account. Examples: cheques, BACS credit, direct debit, ueberweisung, lastschrift, virement, drafts, LCR, RIBA, credit cards

Type	Initiation	Value of Outgoing	Number of Items
Outgoing	Please select	<input type="text"/>	<input type="text"/>
Outgoing	Please select	<input type="text"/>	<input type="text"/>
Outgoing	Please select	<input type="text"/>	<input type="text"/>
Outgoing	Please select	<input type="text"/>	<input type="text"/>
Outgoing	Please select	<input type="text"/>	<input type="text"/>
Outgoing	Please select	<input type="text"/>	<input type="text"/>

Enter notes or comments concerning this account in this space.

Transaction Values, Volumes and Types –

The average monthly value of cash flows by currency and the volume of transactions along with the type of payment instrument such as wire, ACH, and check. This can easily be obtained from account analyses in the US, but is more difficult to obtain for international accounts. It is usually necessary to create a spreadsheet or other data request to collect the required information from international sources. This can be a somewhat frustrating exercise, but it is very important – as the more accurate you are with your volumes and values – the better the pricing detail and service recommendations you will receive from prospective banking partners. For example, specify whether electronic payments are local bulk payments (ACH) or cross border transfers, delineate which transactions

are intercompany or third party, and segregate payroll volumes and amounts.

Banking Services – The services required by your business in the relevant geographies should be identified. In addition to traditional services such as checking, wire transfer and web-based balance reporting most global companies require additional services such as payroll, rent guarantees, export guarantees, import letters of credit, VAT reimbursements, tax payments and specialized software. As with the transaction values and volumes, it is a good idea to structure a data request to make sure that the inventory of services is a complete as possible. This is best understood before working with the banks.

BUSINESS REQUIREMENTS

With the facts in hand, it is time to develop the business requirements and the products and services that will be needed. Approach this step from a bank-neutral standpoint, simply determine the transactional requirements, the account structure and any special services that should be considered.

This is also a good opportunity to identify areas for process improvement such as eliminating the use of checks. More and more countries use predominantly electronic methods for both collections and payments – with notable exceptions in the US, Canada and In-

dia – and the RFP is a good time to capitalize on this trend. It is important to highlight this within the RFP document itself, for example – “Checks are currently used in the UK, but we intend to switch to BACS in our future banking arrangements.” Take the extra time to make sure that local operations are on board with your plans – it is cheaper and easier to make internal changes before you make external ones.

Another area to consider is leveraging the corporate ERP by centralizing payments through a global or regional hub. Host-to-host file transfer is an excellent

way to take advantage of bank capabilities for straight through processing (STP). This approach offers many of the benefits that some corporates are trying to get through SWIFT membership at a fraction of the cost. The RFP represents an opportunity to go beyond basic requirements and implement a banking structure that introduces improved treasury management techniques. Examples include:

■ **Europe** – Within Europe, it is possible to have a single pan-European bank to handle both in-country transactional banking and a liquidity management overlay, such as pooling. This is a key decision both from a corporate perspective and in terms of bank selection. Internally, this will require tax input and evaluation and buy-in from European financial management – long before the RFP is developed. Be prepared for compliance requirements for the Single European Payment Area (SEPA) which will impact formatting of payment files and the data required from existing providers.

■ **Asia Pacific** – This region is larger and encompasses more regulatory regimes and currencies making it more difficult to centralize than a European treasury. It is still possible to use a global bank with a combination of local presence and strategic partnerships as the primary banking provider for the region. And while concentration solutions such as pooling are not common, except for USD or EUR, having a single bank platform for visibility is an appealing proposition for many companies for risk and relationship management purposes.

■ **Latin America** – From a regional perspective,

Latin America is more problematic. Given the strength and coverage of large local banks in countries such as Argentina, Brazil, Chile, Mexico and Peru as well as the limited presence of global banks, the decision needs to be made as to the continued use of existing local banks or a switch to a global provider. Although you can include Latin American countries as part of the RFP, keep your expectations modest in comparison to Europe and Asia. Another point to take into account is that most Latin countries cannot participate in an intercompany overlay or pooling arrangement and there are significant withholding tax implications with intercompany lending.

■ **North America** – Most companies have a centralized banking structure in place in the US and in Canada. So the “if it ain’t broke, don’t fix it” model can be a sensible approach. North America does have a number of national and regional banks with excellent capabilities in the US and Canada, but with limited reach or services elsewhere. This provides an opportunity to balance relationship management criteria – such as credit facility participation – with the RFP. Often companies decide that a separate RFP should be issued for the US and Canada. Whether this can be done in parallel with a global RFP or handled separately will depend on the available resources for the bank selection process and the subsequent implementation.

The result of the treasury footprint and business requirements should be a clear, technically accurate and detailed description of how the company currently operates and how it intends to manage liquidity and transaction flows in the future.

RFP COMPONENTS

The RFP distributed to bidding banks must contain all of the information that the bank will require to submit a complete response. While each RFP is different depending on the individual company and the scope of the initiative, the general components of an RFP are:

■ **Company Description** – This general section is designed to give all participants a common level of background about the company's products, services and operating structure. Even if the bank's relationship team knows the company well and much information can be obtained on the web, the background description is important, as the RFP will be distributed to many product areas and geographic regions within the bank where the familiarity may not be as high. Further, it is important to ensure that each bank is working from the same information and background.

■ **RFP Objectives** – The company's specific objectives need to be clearly spelled out. Possible objectives include centralize liquidity in Europe, reduce total number of bank accounts in the Asia Pacific, concentrate all cash, offset credit and debit positions or net intercompany flows.

■ **Transaction Information** – Using the data from the Treasury Footprint provides the banks with current and planned transaction values, volumes and types. This allows the bank to determine pricing and input precise fees.

■ **Banking Arrangements** – The required account structure should be described and graphically depicted and relate to the transactional details that have been provided, for example, if a concentration account in Europe is required for all EUR collections. The best way to lay this out is geographically (US, Europe, Latin America, Asia Pacific) and functionally (web reporting, payments, collections etc.).

■ **Specific Questions** – Within each of the geographic and functional areas include a short series of questions. The questions should fulfill two objectives:

1. To help differentiate one bank from another. For example, you might ask questions to determine if a solution will rely primarily on a bank's network of branches or the use of strategic banking partners.

Questions

In preparing RFP questions you need to steer between the extremes of too much specificity – “How many people are employed at your branch in Kuala Lumpur” – and vague, general queries such as “What is your approach to relationship management”. You should have a mix of yes/no questions, short answer questions and a few questions permitting a longer response.

Good examples of each type are: • Can you bank handle LCR collections in France? • Are all electronic banking services on the same web platform available through a single logon? • Where do you suggest the EUR concentration account be located and why?

2. The framing of the question requires a precise response from the bank rather than a generic statement. For example, a request to provide specific information on technology initiatives relating to payment products is more useful than a general question on the bank's approach to technology, or asking if the bank can handle specific transactions such as tax payments or direct debits in a country is preferable to asking whether they have a branch or strategic partner located in that country.

■ **Administrative Requirements** – Provide clear instructions on the required format and timing

of the responses. Describe the expected decision making process and selection criteria that will be employed and offer the opportunity for respondents to ask questions regarding the RFP to a designated individual – by email or phone. Establish firm guidelines surrounding supplementary information that can be incorporated in the bank's response.

Ideally, this information would be limited to three to four pages of PowerPoint or Visio diagrams. The inclusion of annual reports or product brochures should be discouraged.

Pricing

Developing a precise comparison of bank pricing is a difficult exercise that can be simplified with a carefully prepared template for the bank fee input. Banks have varying approaches to bundling products and services – the charging basis can be quite different, such as per user or per location, and terminology and descriptions for services are not standardized – pooling, sweeping and concentration can be used interchangeably at one bank and refer to separate services and price points at another.

A well designed template requires that prices be specified in a common currency such as USD or EUR. For example, a bank might suggest that since all services provided in Singapore are billed in SGD, that prices should be quoted in that currency. A good counter to that request is

that the primary purpose of the RFP template is comparability and that final pricing will be negotiated following the award of business and at that time can be quoted in local currency.

In general, the broad categories of bank charges are:

- Implementation
- Maintenance
- Account Services
- Transaction Processing
- Information Delivery
- Technology

Within each category include the major items that will be required such as number of accounts/sub-accounts, deposits and payments by type (checks, drafts, ACH, wire—local and cross border) and web banking access by location and users. Describe each service as clearly as possible from a

functional perspective because banks often have different names for identical services, for example, “domestic electronic batch payments” (ACH) or “cross border foreign currency transfers”.

Ideally, the template should be in Excel. The individual bank spreadsheets can be consolidated easily into a master which allows efficient quantitative evaluation and fee comparisons. It is important that the banks populate your template with pricing data and not simply include standard price lists, terms and conditions or substitute their own spreadsheet. If a bank chooses to ignore your pricing template and instead includes their own fee form or pre-packaged pricing brochure, it is a pretty good indication of that they may not be the best or most flexible banking partner in the long run.

BANK MANAGEMENT

There are two points within the RFP process where managing the bank participants is especially important. The first is early on when considering the broad group of banks that will receive the RFP. The second is the focus on relationship and timing.

1. If you use a US bank in the States and an assortment of indigenous banks internationally for your current requirements, you need to decide on the combination of banks that will be required and the extent to which existing banking partners can be eliminated or pared down. There are three broad approaches:

■ **Large Local** – This approach uses large indigenous banks in each country where you operate. The benefit of this approach is the availability of a wide branch network and direct membership in the local payment and clearing systems. In-country pricing can often be lowest. A significant shortcoming is that cross-border pricing and integration costs may make it an expensive choice and the local focus may make it difficult for treasury to manage centrally.

■ **Regional Players** – This approach divides the globe into logical regional segments and allows the selection of global or regional banks to serve one of the regions – such as Asia Pacific. It offers the benefit of diversification but does require a minimum company size to be effective. Common divisions include North America, Latin America, Asia Pacific and Europe. Where company size is insufficient for this many categories, another common division is US and Global.

■ **Hybrid** – As the name implies, this approach uses a combination of one or two global banks working with strategic or network partners in countries where the global bank does not have full coverage or is not permitted for regulatory reasons to offer certain services. This is the most common approach. The key is to effectively leverage the global bank and its strategic partners. This simplifies the RFP process as the number of banks capable of providing this type of solution is relatively limited.

If you do not have a relationship with any of the global banks and plan to adopt a structure that includes one of these players it is time for a reality check – do they want to have a relationship with you? While the recent financial crisis has made banks risk averse, profitability concerns have been changing the way banks make their global networks available to customers. Check your Rolodex for the names of bank representatives that have called on you in the past but do not be surprised if your contacts have moved on. Banking is a tough business these days. Corporate peers may be able to provide contact information and it is a good idea to set up an informal dialogue at this point. Expect to share basic financial information about your company as well as your intentions to issue an RFP within the near future. It is critical that the bank knows your company before the RFP is actually issued as this will increase the likelihood – and quality – of their response.

2. The second point in managing the participants is making your prospective banking partners aware of your intentions so that they can plan their response and address relationship issues – such as credit availability – before the RFP is issued. Keep scheduling issues in mind; it is never a good idea to issue a

European RFP in August with a two week response window.

Let the banks know the sequence and timeline you will follow in the RFP process. The schedule in the sidebar below is a reasonable one.

RFP SCHEDULE

Advise of RFP – four to six weeks in advance of issuance

Issuance of RFP – pick a date that does not conflict with major secular or religious holidays.

Questions – one week after RFP issuance for questions directed to a single source within the company

Response – four to six weeks following RFP issuance

Analysis and Evaluation – two to four weeks

Oral Presentations – one week in a common location

Selection – Approximate date

Implementation – Approximate date

EVALUATION

The traditional RFP response has been a beautifully bound color proposal document. This approach makes less sense now for several reasons ranging from the need for global distribution to the sheer size of some responses. Responses including attachments submitted by email or CDs are more common.

Two more efficient approaches are:

■ **Hosting the RFP on a secure web site.**

Respondents are directed to a specific url where the complete RFP is housed to answer all questions relating to the RFP within forms on the site. This approach reduces the amount of paper, facilitates the ability to compare bank responses and is in some cases simpler for the banks themselves.

■ **Preparing the RFP as an Adobe Acrobat form** (similar to many of the tax forms available from the IRS). This has many of the same benefits as hosting the RFP on a secure web site.

Evaluation of the bank proposals should be undertaken by all members of the project team including operations, tax, legal, accounting and IT. All bank responses can be summarized in a common format – spreadsheets work well for this purpose. A scoring and weighting methodology that will be used by all reviewers needs to be developed.

This scoring approach should be set up ahead of time. There is no set format, 1-3 or 4 work as proxies for poor to excellent, but the answers must be weighted by level of importance to the company. The weightings may vary from 1 (not important) to 3 (very important). For example, branch locations may be essential to a company that has a physical presence throughout a region but less important to the company that has centralized collections and payments through a Shared Service Center. This brings the answers into perspective and favors the bank that has positive answers in areas which are key decision drivers for the company, such as having a regional operations center, being part of the local clearing or offering specialized services in a region. Once all the scoring is reviewed, points of disagreement can be discussed by the entire team. The proposal review and selection timeframe will probably take about three weeks. It is important that treasury keeps to this strict timetable.

Scoring Categories

GENERAL
Existing relationship
Clarity and focus of response
Robustness of systems platform
Willingness to extend credit
GLOBAL COVERAGE & SOLUTIONS
Customers/experience — Europe
Recommended structure — Europe
Customers/experience — Asia Pacific
Recommended structure — Asia Pacific
Local payments — member of clearing — # countries
Local collections — member of clearing — # countries
Strategic partners — arrangement
Support by region
Pricing harmonized
SYSTEMS
Overall strength
Processing center
Integration with other platforms
Other
IMPLEMENTATION
Overall strength
Processing center
Integration with other platforms

The analysis of responses is the mechanism to identify 'finalists' in the selection process. Situations vary but the goal should be to reduce the banks under consideration to a manageable number, typically two to four banks.

A presentation is normally part of the final selection process. It may include all the banks that have been asked to bid or the finalists that have been selected after the initial review of the responses. This meeting is an excellent time to ask detailed questions and drill down into the proposal as well as better understand how the implementation will be handled. Normally these presentations are held at Corporate headquarters, but if it is a regional solution, then the appropriate regional financial center would be the best location for the meetings. This ensures that the right people attend – from both a company and a bank perspective. Set firm timing for the meetings – three hours is the maximum – and it is not a good idea to hear more than two presentations in a day. The banks should be encouraged to make this more than a generic sales presentation and make sure the appropriate product and implementation specialists are involved. If the proposal is international in scope, the bank may want to include associates that are knowledgeable in the nuances of the regions that are being covered. We do not recommend linking specialists in by phone as this is more distracting than beneficial.

Use the scoring summary as a guide to ask specific questions of the banks during the meetings, especially in areas that need more clarification.

There may be a sense, especially among non Treasury team members, that perhaps there is not that much difference between the bank finalists, so careful attention needs to be paid at this point on how specific questions are answered and if the bank representatives are experienced and knowledgeable in their respective areas. Having a regional specialist who knows China well, for example, can make a big difference if the company has a concern about that particular country and needs answers to some very specific questions. This is where the top global banks distinguish themselves, there is a realization that a generic sales approach is not as effective as real on-the-ground knowledge.

Immediately following the meetings, the team can sit down and discuss impressions and observations and review – or adjust – the scoring based on what was learned. Often, there may be additional questions for one or more of the banks, so it may not be possible to decide that day. However, try to make the final decision within a week or two after the meetings – it is not fair to keep the banks waiting – especially after the work they have put into the process.

IMPLEMENTATION

The process of designing a structure, collecting data, preparing the RFP, and bank selection has been completed. But the real work now begins. Much will depend on whether you want to implement the regions sequentially or do a “big bang” approach. Also, if STP is one of the required services, then significant internal IT resources must be involved. This type of implementation takes from six months to a year and the time is required by the bank and by the company. From experience, most companies know that account opening and documentation is a time consuming process. Opening new accounts in many countries puts a large

burden on the company, even though the bank usually has documentation experts on the implementation team to guide you. One of the biggest mistakes companies make is underestimating the time and resources required for a global bank implementation. The team will most likely mirror the RFP project team – Treasury, Accounting, IT, Legal and Tax – as well as operations people locally in each country. There are specific tasks that company and bank team members need to coordinate and complete and these are usually tracked and reviewed during weekly implementation conference calls.

SUMMARY

If your organization has the need to consolidate, centralize, upgrade and automate banking services then a formal RFP is the best approach. It provides focus and highlights other process improvement opportunities. It also gives management and business operations the

confidence that the bank evaluation has been undertaken methodically and that the final selection will bring financial and administrative benefits. Although the process may seem daunting, a measured approach will guarantee the best long term results. Good Luck!

ABOUT TREASURY ALLIANCE GROUP LLC

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