



The Request for Proposal Process

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Agenda

- Background
 - Bank Relationship Management
 - Changing banks
- The RFP Process
 - RFI versus RFP
 - RFP Steps
- Implementation
- Wrap-up and Q&A

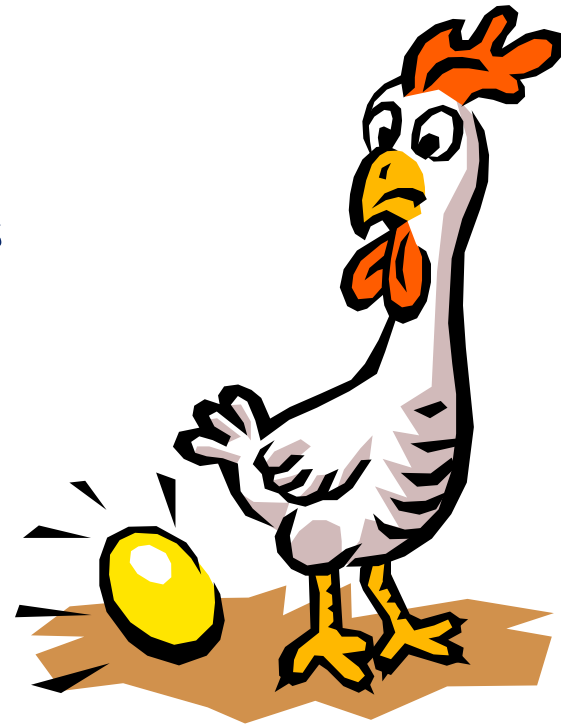
Background

Relationships are Valuable

- You don't want to change banks
- Your banker doesn't want you to change banks
- You're unhappy with your current banking services – or pricing – or quality – or something
- You need additional services
- Have you told anyone?

The Challenge

- Simple Objective
 - Mutually beneficial long term relationships with your financial partners
 - Providing high quality products and services
 - Ensuring mutual profitability
- Challenging Execution
 - Need for multiple banks
 - Wide range of service requirements
 - Regulatory requirements
 - Market capacity
 - Information transparency
- Price of Failure
 - Lack of service availability
 - Suboptimal pricing



Conduct Relationship Review

- What business do your existing banks have now?
 - By fees/balances earned
 - By country, type of service
- What is the quality of the relationship?
 - Frequency of contact and servicing
 - Evaluation of business units and locations
- Is there a need for improvement?
 - Enhance/improve existing services with present partners
 - Reassign existing business
 - Redo banking structure

Develop Relationship Summary

- Objective summary per bank
- Identify things you can do to help banks be profitable
- As well as things that they can do to help you

Bank Name	Revenue	Objectives	Comments
Loans			
M&A			
Bonds			
Equity			
Other Capital Markets			
FX			
Investments			
Country A			
Country B			
Country C			
Total			

Reasons for Issuing an RFP

- Mergers and acquisitions
- Internal downsizing
- Changes in bank's condition
- Service quality or pricing problems
- Consulting study
- "We haven't done it in awhile"

The RFP Process

RFI versus RFP

- Informal
 - Ad hoc
 - Addition or enhancement of existing service
 - Limited to one or two potential providers
 - Discussions and interviews
- Strategic requirement
 - Involve supply chain
 - Use RFIs and RFPs

The RFP Process



What do we need to do this?

Who are we and what do we do ?

What do we want the banks to do?

What do they say they can do?

Who best meets our needs



Project Plan

Project Plan – Step 1 is the creation of an overall project plan to help manage both the project and expectations

Major Tasks:

- Develop project timeline
- Identify stakeholders
- Quantify resources needed
- Select/recruit participants

Results

- Common understanding of project timeline and goals
- Allocation of resources
- Stakeholder buy-in



Treasury Footprint

Treasury Footprint – Describing who you are is just as important as identifying what services you need. If the banks don't realize the scope of your potential business you won't get a reasonable response.

Major Tasks:

- Document legal and organizational structure
- Identify your current bank account architecture
- Quantify current and projected transaction volumes
- Develop a desired bank account architecture

Results

- Documentation of existing banking network
- Quantified volumes for pricing and analysis

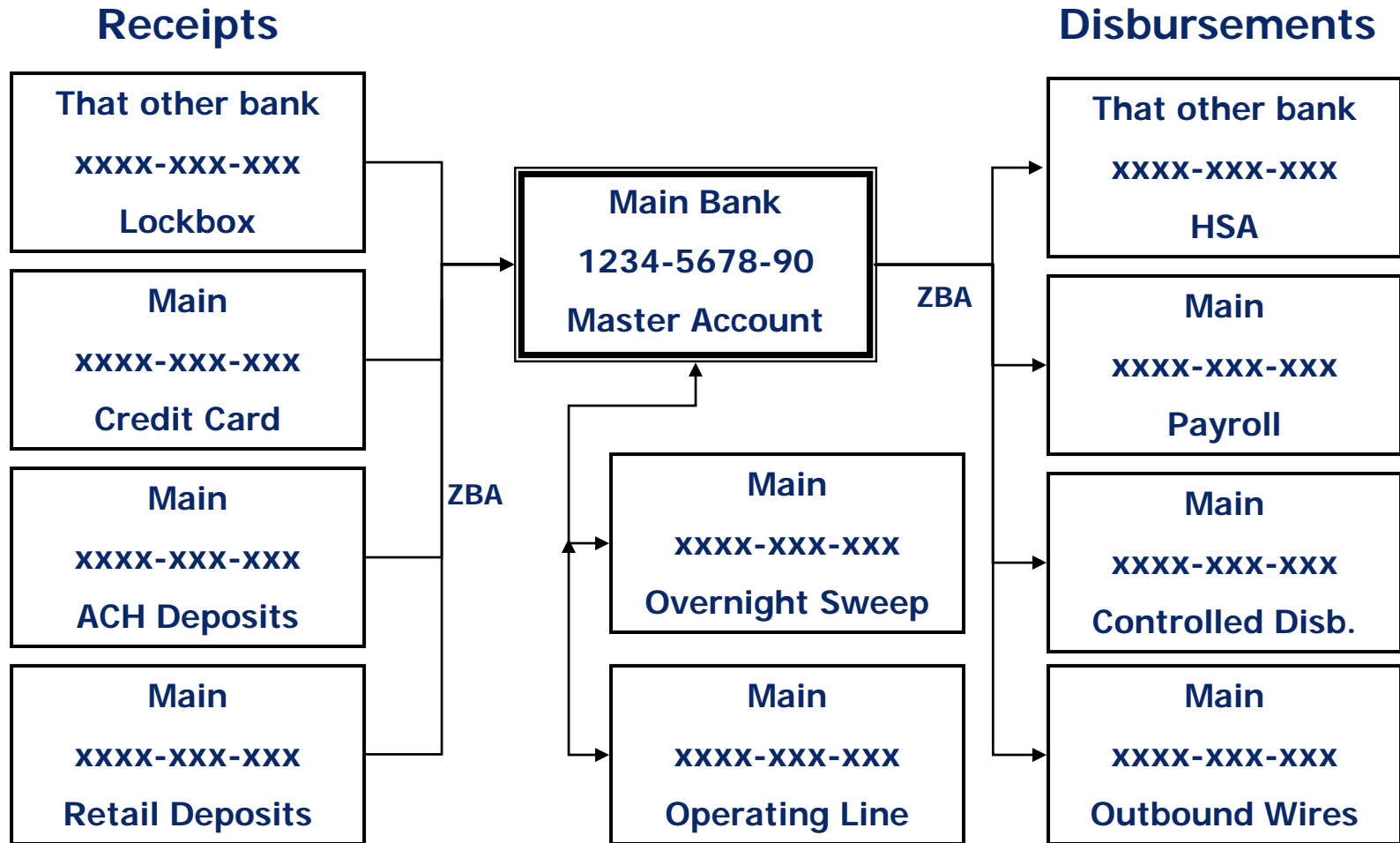
Assess The Situation

- Start with your account analyses
- What services do you currently use
- What are your volumes?
- How much do you pay?
- How does money move through the company?

The image shows a financial statement with the following sections:

- ACCOUNT ANALYSIS**: Includes account numbers and names.
- RELAT ACCOUNT BALANCE**: A table with columns for NAME, ACCOUNT #, NAME, ADDRESS, PHONE, BALANCE, and SERVICE. It lists accounts like 'BANK OF AMERICA' and 'WELLS FARGO'.
- MONTHLY BALANCE BY REPORT**: A summary table with columns for SERVICE, PERIOD, BALANCE, and SERVICE CHARGE. It lists services like 'CHECK DEPOSIT', 'CHECK CASHING', 'EFT DEPOSIT', 'EFT CASHING', and 'POSTAGE'.
- MONTHLY BALANCE BY REPORT**: A summary table with columns for SERVICE, PERIOD, BALANCE, and SERVICE CHARGE. It lists services like 'CHECK DEPOSIT', 'CHECK CASHING', 'EFT DEPOSIT', 'EFT CASHING', and 'POSTAGE'.

Funds Flow Diagram





Business Requirements

Business Requirements – Working from a bank neutral standpoint what services and support will you need from your bank or banks?

Major Tasks:

- Specify projected processing requirements
- Understand organizational issues
- Identify areas for improvement
- Assess available resources
- Determine overall treasury strategy

Results

- Documented list of requirements
- Desired future banking network

Understand Organizational Issues

- Treasury mandate and resources
 - Reporting lines
 - Regional treasury
- Tax considerations
 - US tax situation
 - Management of liquidity - jurisdictional issues
 - Withholding tax
 - Deemed dividends
- What type of financial/cash reporting does treasury have now?
 - Global view of cash?
 - Frequency?
- Is there an ERP system in place
 - Are there plans to implement?
- How decentralized are the business units?
- Business unit structure
 - Branch vs. subs
 - Distributors
 - Regional centers
- Are there regional centers in place for business/product management?
- How are operations funded?
- Who “owns” the cash?
 - Who makes decisions about opening/closing of bank accounts?

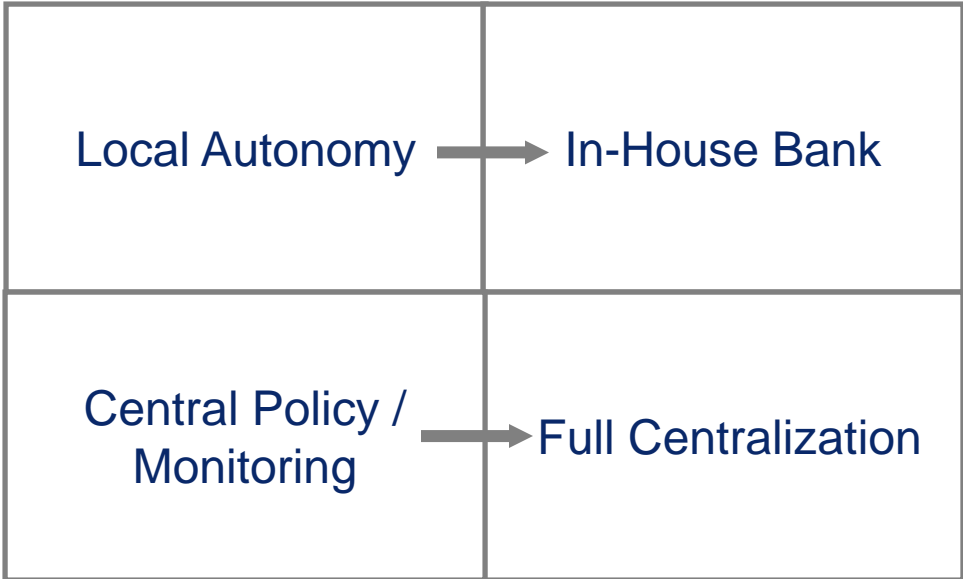
Assess Internal Resources

- Data collection
 - Treasury
 - Accounting
 - Regional operations
 - IT
- Design
 - Treasury
 - Tax
 - Regional operations
- RFP development
 - Treasury
 - Bank interface
 - Regional operations
- Proposal review
 - Treasury
 - Regional/local operations
- Selection process (presentations/visits)
 - Treasury
 - Regional operations
 - Systems
 - Tax
- Implementation
 - Treasury
 - Legal
 - Systems
 - Regional operations

Determine Strategy

Decentralized

Responsibility



Decentralized

Centralized

Processing

Centralized

Outline Banking Requirements

- Global
 - A massive undertaking
 - Easier to break into regional segments for review, RFPs and bank selection
- Regional
 - Transactional requirements by country
 - In country collections
 - Payables centralized/decentralized
 - Liquidity structure
 - Designed internally in conjunction with tax - not a bank's job to advise - only provide services
- Europe
 - Overlay bank/pooling structure
 - Local collections
 - Consolidated vendor payments across region
- Asia/Pacific
 - Regional capabilities/linkages
 - Unique partner solutions - China, Korea, India
- US
 - Bulk payments
 - Streamlined transaction processing
- Other
 - Trade Finance
 - Credit Facilities
 - FX



RFP Preparation

RFP Preparation and Response – The RFP is customized to your specific needs and requirements and allows potential banks the opportunity to show how and why they should be your partner.

Major Tasks:

- Prepare the RFP – based on your needs not standard packages
- Identify the banks that will receive the RFP
- Issue the RFP and publish response deadlines
- Hold bidders meetings as needed to clarify issues
- Use web based response tools to simplify and standardize responses

Results

- Comparable bid packages quantifying each banks capabilities and offerings

Issuance and Response

- Use a SPOC - “Single Point of Contact”
- Allow adequate response time
 - 4 to 6 weeks depending on complexity, locations involved
 - Consider regional factors - summer in Europe, Chinese New Year, religious holidays in Latin America
- Set firm response guidelines
 - No paper – including brochures, annual reports etc.
 - Be specific about due date – no points for early delivery
 - Outline internal review timeline
 - 2 weeks
 - Finalists will be asked to make a presentation and/or company will visit

Banks to Include

- Relationship banks
 - Main credit/revolver providers
 - Existing cash management banks
 - Can they realistically meet the service requirements?
 - Basic correspondent route is not the way to go
 - Look for strategic alliances
- Local/regional players
 - What are the internal political ramifications of including/not including?
 - Can they realistically meet the service requirements?
- Large global institutions
 - Short list those who are in the “cash management” business
 - Evaluate your company’s realistic chances of being serviced
 - Use any/all business and political connections to get their attention



Evaluation / Selection

Evaluation and Selection – Bank responses are reviewed, evaluated, and prioritized to identify the bank or banks most likely to meet your requirements. Bank visits are the first step in due diligence in selecting your new partner.

Major Tasks:

- Collect bank responses preferably using on-line tool
- Score the results on a weighted basis
- Conduct cost analysis
- Determine short list of finalists
- Conduct bank meetings to validate response and determine “fit”

Results

- Prioritized list of bank respondents
- Preliminary agreement on services and contracts.

Web Issued RFP

Please respond to all questions, pasting text from another source into a form if you find it convenient. If you have made an error, or wish to modify your submission after having pressed the continue button simply complete this section again. This will overwrite the previous submission and will be the only submission in this category used to assess your bank's proposal.

Please enter your userid:

Please quote all charges in even EUR to two decimal places.

Item	Functional Equivalent	Number of Units	Unit Price	Basis
Project implementation fee	<input type="text"/>	<input type="text"/>	<input type="text"/>	One time fee
Account set up	<input type="text"/>	<input type="text"/>	<input type="text"/>	One time fee
Account maintenance - main accounts	<input type="text"/>	<input type="text"/>	<input type="text"/>	One time fee
Account maintenance - subaccounts	<input type="text"/>	<input type="text"/>	<input type="text"/>	One time fee

Please enter your userid:

Will overdraft facilities be provided for each client LUX currency account? What is the amount that the bank is willing to offer?

Are guarantees required? From the client or each of the Holding Companies and/or Parent companies of the operating companies?

Final Scoring

Key Areas	Comment	Weight (1-3)	Scoring (3 - excellent; 2 - good; 1 - fair)					
			Bank A	Wtd. Score	Bank B	Wtd. Score	Bank C	Wtd. Score
Customer service		3	1.50	4.50	3.00	9.00	2.80	8.4
	relationship/people							
	access/location							
	languages							
	coordination							
Coverage		2.5	1.75	4.38	2.80	7.00	2.50	6.25
	branches							
	partner strategy							
	global capabilities							
Technology		3	2.00	6.00	3.00	9.00	3.00	9.00
	platforms							
	global reach							
	security/backup							
	payment product							
Implementation		2.75	1.00	2.75	3.00	8.25	2.80	7.70
	handholding							
	documentation							
	experience							
Outsourcing		2	1.00	2.00	3.00	6.00	3.00	6.00
	flexibility							
Trade Finance		1	2.80	2.80	2.80	2.80	2.00	2.00
	same platform							
	consulting							
Final			10.05	22.43	17.60	42.05	16.10	39.35

Evaluation Categories

Background

Relationship bank/participant in revolver
Other transactional services
Ancillary services eg. guarantees, FX

General Information

Country Presence
Strategic Business partner usage
Branches centralized or decentralized
Number of existing clients and names
Web based reporting services

Bank Solution

Linkage with strategic partners
Account structure
Customer service
Tools and platforms
Relationship centralization
ERP expertise

Funds Management

Overall approach to managing cash surplus
Bank to handle investment approach
Basis of interest rate applied
Rate structure (market, indexed or portfolio basis)
Mechanics

Implementation

Implementation methodology
Implementation support
Documentation requirements standardized
Realistic Timeline
Interface requirements
Overall transaction pricing

Overall Proposal Delivery

Answered all questions
Presented clear case; explained options
Presentation and discussion during meetings
Creative and well thought out

Implementation

Implementation

Implementation – The real work begins once a bank has been selected. Contracts need to be finalized and implementation plans need to be developed to allow you to move to your desired end goal.

Major Tasks:

- Negotiate service contracts
- Develop overall implementation plans:
 - Timeline and project dependencies
 - Staffing requirements
 - Key deliverables

Results

- Documented and *agreed upon* implementation plan and timeline
- Bank service agreements and contracts
- Management approval of implementation process

Weigh Implementation Issues

- Project plan
 - Realistic
 - Assigned team
- Systems requirements
 - ERP configuration
 - IT resources for bank/treasury/accounting interface
- Logistics/timing
 - Geographic considerations
- Tax/Legal sign-offs
 - Documentation process can be onerous in multi-country implementations

Project Timeline

- Project timeline is effected by many factors:
 - New versus existing relationship
 - Complexity of services
 - Number of countries
 - Legal and regulatory requirements
 - Restructuring of operations
 - Use of pooling and other liquidity tools
- Implementation takes time
- Set realistic objectives
- Don't forget training and conversion needs

Implementation Plan

The use of project management tools and a formal implementation plan will help keep things on track

<i>Project Summary</i>						
			•Plan		•Actual	
•S/N	•Task	•Sub-Task	•Start	•Finish	•Start	•Finish
•1	•Sales Handover	•	•1-Jan-06	•2-Jan-06		
•2	•Pre-Imp. Meeting	•	•3-Jan-06	•6-Jan-06		
•3	•Implementation	•Documentation	•7-Jan-06	•17-Jan-06		
		•	•18-Jan-06	•10-Feb-06		
		•System Setup				
		•Installation & Training	•11-Feb-06	•15-Feb-06		
		•	•Pre-live meeting	•16-Feb-06	•17-Feb-06	
•	•Closure	•18-Feb-06	•20-Feb-06			
•4	•Post Implementation	•	•22-Mar-06	•21-Apr-06		
	<i>Total no of days</i>		•110		•0	

Summary

- The RFP process is an excellent tool to assess and select vendors
- Requires hard work and planning
- Cannot be done in a vacuum
 - Involve business operations, systems and accounting
 - Tax and legal input required especially for multi-nationals
- Formalized process insures buy-in from a management and local operations perspective
- Be realistic
- Manage your valuable relationships

Join fellow alumni from this and other Treasury Alliance Group programs in networking about the issues discussed and simply keeping in touch. Go to:

<http://www.linkedin.com/e/gis/81318/37CD3F56BA8F>

For further information

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