

# A QUICK AND EASY GUIDANCE TO COMMUNICATING WITH YOUR SUPPLIERS

Procurement  
Leaders' Club  
The MLBKT Chapter





## **GUIDELINES FOR PARTICIPATION AND PROCEDURES**

The Hungarian Association of Communication Agencies (MAKSZ) and the Hungarian Club of Purchasing Managers (BVK), (hereinafter jointly referred to as the Parties) are open and committed to the joint development of the processes of tendering for communication services, with the aim of supporting the actions of the contracting authorities and the tenderers in the tendering phase, based on mutual respect and proportionate efforts.

The parties accept that the contents of this guide are recommendations and cannot be binding on their members, as they are independent market participants.

The Parties shall consult at least once a year on the status of the overall development of these communication tendering processes. At this meeting, the Parties shall summarise and evaluate the comments and concerns regarding the tenders received by the MAKSZ and the BVK respectively.

Communication tenders are complex services where the know-how transferred is of higher value than usual.

Basically, we can distinguish between so-called ATL, BTL, Online, Media or integrated tenders.

For **ATL** tenders, the tenderer is looking for companies that provide a full range of services in a way that supports their clients' communication and market objectives. Their marketing communication services cover the following areas:

- marketing communications consultancy
- strategic planning
- creative design and implementation
- production preparation and production

For **media** tenders, the tenderer is looking for companies whose full-service activities include media research, media planning, media analysis and media buying. Their services cover the following areas:

- media research
- media planning
- media analysis
- media buying



For **BTL** tenders, the tenderer is looking for companies that use mainly BTL tools to achieve their clients' communication and market objectives. Their services cover the following areas:

- Sales Promotion (SP)/Field Marketing (FM) agencies include:
  1. developing a creative concept
  2. the design of a promotion mechanism
  3. the implementation of a promotion
- Direct Marketing (DM) for an agency includes:
  1. creative design
  2. database management
  3. the handling of mail
- Event Marketing (EM) agency includes:
  1. creative design
  2. planning a communication event
  3. the organisation of the event

For **online** tenders, the tenderer is looking for companies that use the Internet as a medium to reach their clients' communication and market objectives. Their services cover the following areas:

- Online, digital marketing advice
- Design and production of creative for the web
- Online media planning and buying
- Other online marketing services (search, viral, social media marketing)
- Website development, production.

Regardless of the service (ATL, BTL, etc.) and the way (single-round or multi-round, paper or electronic) in which the Tenderer wishes to tender, it is recommended that the following principles are taken into account and, where possible, adhered to:



## RFI - Request for Information

The purpose of this section is to enable the Contracting Authority to gather basic information on the main characteristics of the service to be tendered for and on the companies that would be able to provide the service to the Contracting Authority at the level and in the manner expected by the Contracting Authority. The request for information is rather general in nature. This stage should preferably be followed by an RFQ, RFP, if not, this will be brought to the attention of the Contracting Authority in advance.

### 1. Basic requirements

- a. When an RFI is issued, it is expected (unless the purpose of the RFI is to check the current partner) that the current (contracted) partner will be informed by the Contracting Authority that an RFI will be/has been issued for the service to be tendered for no later than the time the RFI is sent out. It is advisable - in order to ensure the most objective comparability - that he/she is invited to do so, or if not invited, it is recommended that he/she is/can be given/can request a justification.
- b. When issuing the RFI, all applicants must be guaranteed the same conditions, such as:
  - i. the amount and content of the information provided
  - ii. the timing and method of delivery (hard copy, in person, electronically, etc.)
  - iii. the time available for preparing the offer
  - iv. an indication of the number of Candidates invited
- c. Considering the current state of development of the Hungarian industry, inviting around 10 Applicants to the RFI on a single topic is sufficient to give a good overview of the market.
- d. Due to the complexity of the topic, it is recommended that the Proposer gives at least 2 weeks to the Applicants to prepare their detailed proposal, and it may increase the credibility if the Proposer provides a comprehensive briefing/briefing to the invited Applicants at the same time and even in one place.
- e. It is strongly recommended that the Proposer state at the time of issuing the RFI what purpose it serves, i.e. that:
  - i. preparation of an RFP to be issued in the near future, followed by an RFQ
  - ii. a general market orientation
- f. If a new Applicant is invited in the meantime, either at this or a later stage of the call, the original deadline(s) for submission must be valid for the new Applicant(s), or a new deadline (by which the new Applicant must submit its application) must be set as the deadline for submission for the original Applicant(s).



- g.** If, for any reason, the phasing of the RFI and the deadlines agreed to be met are changed as a result of the tendering process, the Contracting Authority must notify all applicants of the new phasing and the planned deadlines for each phase as soon as possible after becoming aware of the change, in the same time frame (at the same time) and with the same content (if possible, with the reason for the change).
- h.** When building up the successive phases, the Promoter should bear in mind that the preparation of the application materials is (are) a major human and financial burden for each applicant, and should therefore apply the principle of gradual progression from the general to the specific.
- i.** It is also important that the Proposer examines and defines the minimum/expected staffing and infrastructure requirements when compiling the list of participants in the subsequent RFP. This can be determined based on the volume, size, budget and complexity of the communication tasks.
- j.** It is recommended that when selecting the range of Applicants to be invited, the Applicant should take into account members of relevant industry organisations (e.g. MAKSZ, MARESZ), as it can be assumed that applicants belonging to a leading professional organisation of a particular industry have already passed a pre-qualification, which can be a guarantee of the appropriate professional level.
- k.** The Promoter is entitled to declare the application null and void at any time, without the Promoters being entitled to make any financial claim. In such a case, it is recommended that the reason be communicated to the Applicants and that they be invited to participate in another Call for Proposals.



## 2. Information to be requested during the RFI

### a. company information

- i. Date of foundation
- ii. Names and ownership of owners
- iii. Name of related enterprises and nature of the relationship
- iv. Organogram (with names)
- v. Turnover and detailed financial results (balance sheet, profit and loss account, cash flow) for the last 3 years, in electronic format
- vi. References (based on the current TOP 5 expenditure (turnover)) for **t h e** area covered by the survey
- vii. Implemented by \_\_\_\_\_ involved \_\_\_\_\_ persons(Name, professional \_\_\_\_\_ CV, industry/relevant awards)
- viii. Description of company processes (customer management, change management, risk management, error management, innovation, document management, etc.)
- ix. Proposed minimum and optimal staff and infrastructure conditions
- x. In order to carry out the work, the applicant must have at its disposal the analytical and research tools and specific analytical and research methods which it considers to be relevant to the subject and essential for the provision of a higher level of service.

### b. Industry information

- i. Potential competitors
- ii. The provision by the Contracting Authority to the Tenderers of the pricing information and parameters necessary to enable the Tenderers to submit a detailed proposal, including all costs (if not otherwise specified, on a unit basis), so that each tender can be effectively compared, including from a financial point of view.

### c. Of course, the scope of the data to be requested may be broader than what is listed above.



## RFP - Request for Proposal (Request for Proposal and Request for Alternative Solutions)

The aim of this stage is for the Contracting Authority to gather concrete knowledge about the actual capabilities of the companies applying, the quality of the work they will carry out and their overall costs. To identify the operational process elements (both on the side of the Contracting Authority and the Contracting Authority) that are necessary to ensure that any future cooperation is smooth and efficient. In this and/or the following (RFQ) phase, it is always appropriate to provide a personal presentation to the Contracting Authority, with the participation of the contracting area and the field of expertise of the Contracting Authority.

### 1. Basic requirements

- a. It is expected that the applicant will be able to outline the outcome of the call and the preferred marketing communication methods/media. At the same time, the Applicant is expected to be able and willing to develop alternative proposals that it considers more effective in order to achieve the best and most efficient communication of the call and to achieve the outlined objective.
- b. It is recommended that no matter how many Applicants are invited to the RFI, the later stages (and especially the RFP, RFQ stages) should not have more than 5 applicants, thus reducing the number of unnecessary applicants, unnecessary rounds, and increasing the chances of selecting the right applications for decision makers.
- c. Given the nature of the topic (a significant amount of subjective elements that are difficult or "not at all" quantifiable), it is strongly recommended that at this stage of the application process, the Applicant is given the opportunity to make a personal brief and brief presentation.
- d. In order to help you prepare accurate and structured briefs, the MAKSZ has developed a Briefing Guide. This recommendation - specific to ATL, BTL and media briefs - can be found on the OFSP website ([www.maksz.com](http://www.maksz.com)), under the "Legislation" sub-page under the tab Legislation and recommendations <http://www.maksz.com/hu/jogszabaly.php>.
- e. It is also recommended that, for the sake of simplicity and transparency, the Promoter should deliver the Brief to all relevant Applicants at the same time, so that all previously written questions can be answered at the same time.



- f. It is recommended that the Promoter specify at the time of the call for proposals that the application process (as planned):
- i. What communication service area is covered (see introduction)
  - ii. Approximate number of Tenderers concerned at the RFP stage (as long as this information does not reduce transparent competition)
  - iii. In how many phases (round 1, round 2, etc.) and what type of price negotiation is involved. What is the timing and order of these stages?
  - iv. What distinguishes these circles, what are the requirements
  - v. Approximate times for personal briefings
  - vi. Approximate deadlines (within how many days from the submission of proposals) for evaluating proposals and providing feedback to applicants
- g. Although the evaluation criteria or their weighting may change or be refined during the RFP, it is expected that the Proposer will provide adequate information to the Applicants during the RFP process about the main aspects of the selection process.
- h. Participants in a call for proposals, and the costs of participating in that call, are at their own risk. Nevertheless, it is recommended that the Promoter clearly communicates at the time of the call for proposals whether, taking into account and assessing the amount of work involved in the preparation of the application materials, there is a stage in the tender process at which the Promoter may not compensate the applicants to the extent that the Promoter may not be able to do so, due to the Promoter's intentional or unintentional conduct (e.g. unforeseen budget cuts), if the tender is unsuccessful. It is also important that the Parties clearly indicate to each other, in writing and in advance, if the other Party expects any extra work in connection with the preparation of the proposal which, in the case of an unsuccessful proposal, it expects the other Party to reimburse (e.g. animatics from a creative design).
- i. If the Contracting Entity engages the services of an independent media auditor or any other person outside its own organisation, a confidentiality agreement must also be drawn up with them in advance, so that the interests of the Parties involved in the tender procedure are not prejudiced. It is important to note that the MAKSZ agencies will accept as media auditors any person who has the relevant professional experience and the necessary data to be legally qualified to act as an evaluator. (A list of media auditors/external communication consultants currently recognised by the MAKSZ can be downloaded from the association's website.)





- j. It is strongly recommended that the Parties, in view of the fact that the applications of each Applicant may contain intellectual property and that confidential information about the Applicant may be disclosed, make a clear and written commitment/guarantee to each other that they will keep confidential any information they obtain in the course of the application and will not disclose it to any third party (e.g. other Applicants participating in the application or any other third party). An exception to this may be made for external experts involved in the implementation of the tender. It is important that this latter fact is communicated in advance by the Promoter to the participants and, ideally, included in the confidentiality document sent to the Promoters.

## **2. Information to be requested during the RFP:**

- a. Issuance of a specific proposal/proposal to RFP participants, for which Applicants must submit at least the following parts:
  - i. Description of the process of carrying out the work and the names of the participants
  - ii. The communication plans
    - a. Specific strategic plan for ATL or integrated mandates, creative plan and creative proposals (target group specific, with the possibility of integrated communication depending on the nature of the call)
    - b. Media analysis, media strategy, media mix for media assignments
    - c. Online commissions, online strategy plan, creative plan, and creative proposals, graphic designs
    - d. Concept proposals for BTL assignments, promotional and event creative proposals if requested, mechanism, implementation plan
  - iii. A description of the total cost of the proposal submitted by the Applicant (according to the cost structure provided by the Proposer, which should be developed using the responses received from the Applicant in the RFI)
- b. It is in the interest of the Contracting Authority that the application documents:
  - a. If it is an ATL topic, the so-called annual/project "scope" in as much detail as possible
  - b. Where BTL or media acquisition is concerned, next to 'scope', the planned budget limits (at least in order of magnitude) are given
  - c. Provide minimum staff and infrastructure requirements and confirm their existence with each applicant
  - d. At the RFP stage, it is essential to give Applicants the opportunity to make a personal presentation. In addition to the material submitted, the personal presentation will also help to answer questions for the Applicant about the compatibility of their organisation in terms of habitus and style, how smoothly the two teams will work together



## RFQ - Request for Quotation

In order to optimize the work of the parties involved in the tender process, if the RFQ is not yet justified (reflection is ongoing and the exact ideas still need to be further developed) or the task does not allow it, it is recommended to launch the RFI/RFP in the first round. After all, the purpose of the RFI and RFP stages is to gather concrete knowledge of the actual capabilities of the firms to be bid on, the expected quality of their work and the total cost of the work they will perform, as specified by the Contracting Officer in as much detail as possible. Also, to identify the operational process elements (both on the side of the Contracting Authority and the Applicant) that are necessary to ensure a smooth and efficient work in a possible future cooperation.

### 1. Basic requirements

- a. It is strongly recommended that, if it has not been foreseen in the earlier stages of the tender, the tender be accompanied by a model contract to be signed by the Contracting Authority, which will regulate all aspects of the future relationship (operational work procedures, rules, actors and deadlines, prices, payment terms, property rights, termination rules, penalty terms, etc.).
- b. If, within this phase, further narrowing down of the number of Applicants is to be made, it is recommended that the draft contract be accepted by all the Applicants intending to be short-listed before the short-list is defined (i.e. the refinement and clarification of the draft contract, taking into account the feedback from the Applicants, should be done before the short-list is finalised).
- c. It is proposed that, taking into account the principles of reasonable reduction, there should be no more than 3 applicants for this phase, thus reducing the number of applicants who would have developed communication plans unnecessarily. If the Proposer wishes to invite more than this, it is recommended that an RFI or possibly an RFP detailed process be implemented.
- d. It is necessary that all participating Applicants are notified of the outcome of the competition even if they do not win. The possibility of a personal consultation for non-winning agencies should be appreciated.



## 2. Information to be requested during the RFQ

In addition to the data submitted in the previous phases, the Promoter must, in relation to the tasks already specified as a result of the previous phases (target group, campaign objectives, campaign volume or annual/project scope, etc.), if the task has been refined or modified as a result of each phase or due to other factors, then for the "new" task

- you are advised to ask for and clarify the following:

- a. prices, hourly rates, commissions (production, media, subcontractors, etc.
- b. accurately define fixed vs. variable costs, own vs. subcontractor spend, own vs. in-house people at the client, etc.
- c. pricing model (glass pocket, project/fixed fee, commission-based, hourly, budget-based, success fee, etc.)
- d. prices for specific works broken down in increasing detail (e.g. design - adaptation for own-advertising - mutations - pre-press - CD - production - courier, etc.)
- e. other financial solutions proposed: rebates, discounts, penalties, factoring, hedging, etc.
- f. what guarantees are offered by the Applicants for each item (SLA, bonus malus, etc.)
- g. the deadlines and their information dependencies (the information that the Promoter must provide to the prospective Partner for each task and the way in which the Partner must provide it in order to be able to carry it out by the deadline it has agreed).