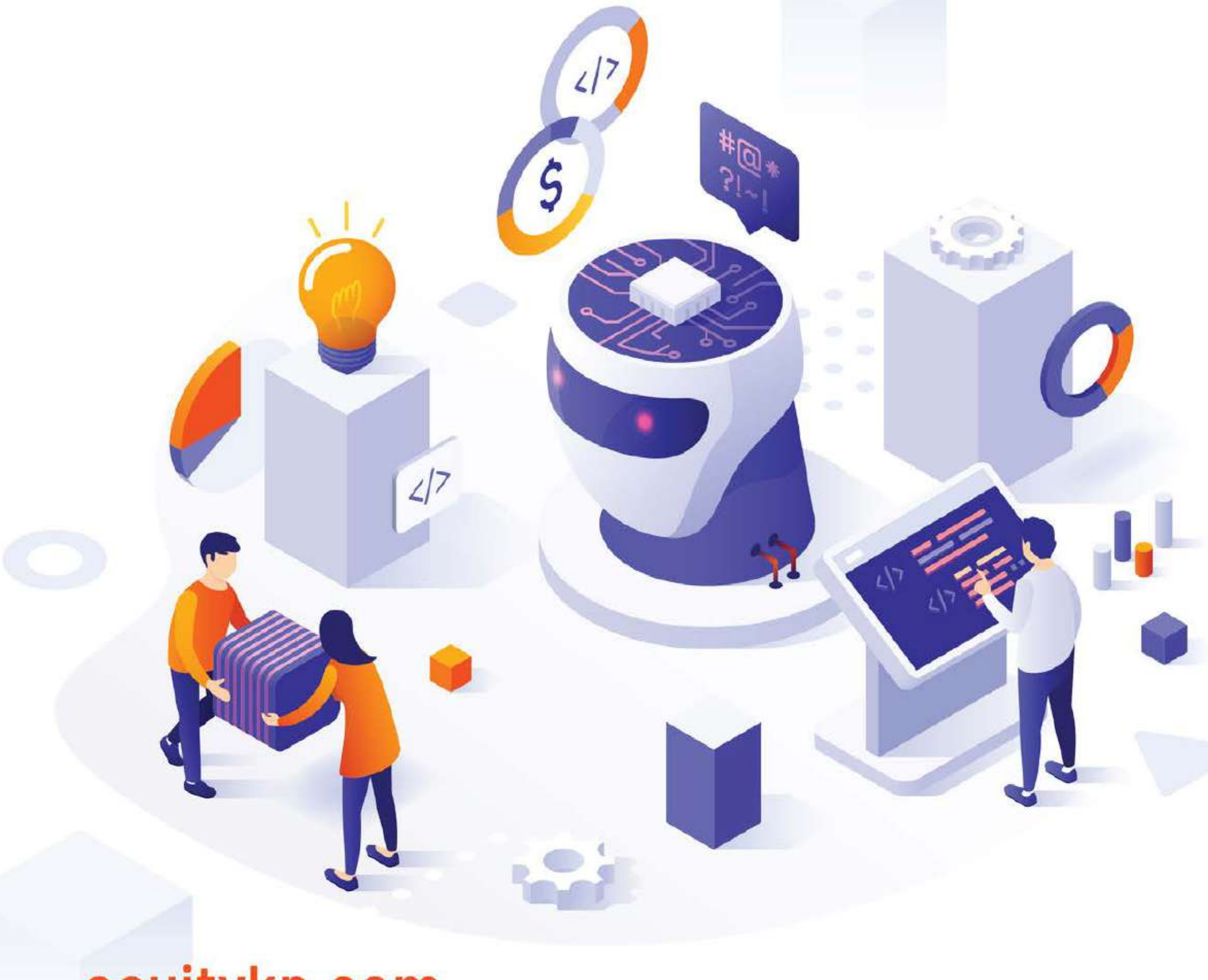
INSIGHTS

The RFP Playbook

Your guide to ensuring deal-winning responses



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Executive summary

As investment managers navigate a difficult new normal, ensuring they are well equipped with winning RFP mandates is critical.

During a recent RFP webinar hosted by Acuity, which included RFP experts from across the asset and wealth management industry as attendees, we ran a survey to understand the various approaches taken to address the RFP headwinds of rising volumes, complexity and budgetary constraints. To combat this, 27 percent hired more onshore resources, and about 6 percent of the attendees hired temporary resources and interns, while 16 percent of the respondents preferred to outsource/offshore components of their processes. Despite this, we found that 36 percent of the attendees are challenged by manual, dated processes as a means to handle the rising complexities and resources challenges.

This insight paper attempts to highlight both macroscopic and microscopic facets of the RFP process so that asset managers could be assured their strategic AUM goals are met.

We look at 10 interdependent areas – ranging from ESG and fixed income to understanding writing-related nuances and best practices – to ensure your company comes out on top.

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01

Asset management trends – adapting to ESG and sustainability

A look at how the world is adapting to changing requirements for ESG implementation. How exactly do asset managers keep their RFPs and RFP content databases ahead of the curve?

Climate change has emerged as a major priority for the US, and President Joe Biden has pledged over USD2tn to address environmental concerns. The US aims to make electricity generation carbon-free by 2035 and reach zero emissions by 2050[i]. New Zealand was the first country to consider making climate disclosures mandatory for financial institutions[ii]. Modelled along the lines of the Task Force on Climate-Related Financial Disclosures (TCFD), New Zealand's new law requires companies and institutions, including asset managers, to disclose the impact of climate change on their business[1, iii]. Similarly, Australia now requires companies with consolidated revenue of more than USD100m to complete modern slavery statements. These commitments and regulations are part of a broader trend towards sustainability. The asset management industry is not exempt. Responsible investing (RI) addressing sustainability concerns has become mainstream in recent years. Environmental, social and governance (ESG) concerns, the building blocks of RI, are becoming important criteria in manager selection[iv]. Sixty percent of investors surveyed state that commitment to RI is now a key parameter, up from 41% in 2018[v]. This is reflected in the requests for proposal (RFPs) and even regular due diligence questionnaires (DDQs) and ad hoc queries being completed by asset managers.

Moving towards specifics:

Although an RFP/DDQ used to contain only a few generic ESG-related questions until a few years ago, a separate ESG questionnaire or dedicated section on ESG is now the norm. Investment databases such as Mercer and eVestment include focused ESG sections and are actively updating these to keep pace with the rapidly evolving ESG/RI landscape. As RI becomes more mainstream, clients are also increasingly interested in specifics of ESG incorporation and asking in-depth questions on a wide range of topics.

A More Specific Line of Questioning

Incorporation of ESG in Investment Process

Integration of ESG Considerations

- Approach towards responsible investing and ESG consideration
  - Integration
  - Exclusion
  - Thematic Focus
  - Impact Objectives
- Relative weighing of E, S and G factors
- Weighing of ESG factors against traditional considerations
- Internal ESG scoring methodology and score reports
- Qualitative versus quantitative assessment
- Industry specific ESG KPI's and thresholds
- Handling of ESG controversies
- ESG Return Attribution

A More Specific Line of Questioning

Active Ownership - Engagements

- Engagement type and examples
- Impact on active investment decision making
- Thematic focus
- Documentation and success rate

Active Ownership - Proxy Voting

- Proxy Voting activity broken down by E, S and G considerations
- Proxy Voting Coverage
- Support for ESG Resolutions and votes against management
- Abstentions

Firm ESG Adoption and Capabilities

- Proprietery ESG Capabilities/Tools/Systems across asset classes including Alternatives
- ESG focus product range, evolution nad developmental focus
- Reporting capabilities, both customized and regulatory
- Preparedness to conform to new regulations
- Evolution of ESG practices
- ESG goals and objectives
- Memberships and initiatives
- ESG budget
- Alignment of ESG priorities with the emerging trends

Asset managers, acknowledging the increasing complexity of these questionnaires, are developing comprehensive narratives and investing in both propriety and third-party tools to address these requests and position themselves in the best light. We at Acuity Knowledge Partners (Acuity) have extensive experience in working closely with our clients on RI/ESG questionnaires. We have keenly followed the evolution of these questionnaires and understand that they now require an investment manager to communicate on responsibility from both a company and asset-management perspective. Our RFP/DDQ experts, already experienced in traditional asset classes, are very well aware of the contrasting approaches to and best practices for addressing ESG questions on different asset classes and the full spectrum of RI methodologies. As focus shifts to specifics, showcasing the impact of ESG analysis and engagement on investment decision making through security examples has become important. It has also become imperative to eventually have tailored strategy-specific write-ups that communicate differentiated strategy-specific ESG focus. A generic approach to ESG incorporation is now becoming obsolete. We understand such aspects of this swiftly changing RI/ESG landscape and work with our clients both collaboratively and consultatively to address this new and fast-evolving trend in asset management.

1. Source: *Joe Biden: Climate change is 'number one issue facing humanity' (cnbc.com)*
2. Source: *https://www.theguardian.com/world/2020/sep/15/new-zealand-minister-calls-for-finance-sector-to-disclose-climate-crisis-risks-in-world-first*
3. Source: *https://www.responsible-investor.com/articles/new-zealand-becomes-world-s-first-country-to-introduce-mandatory-tcfd-disclosure*
4. Source: *https://www.ipe.com/five-key-trends-shaping-manager-selection/10030353.article*
5. Source: *Asset owners say ESG expectations now play 'major role' in manager selection (institutionalassetmanager.co.uk)*

02

Nuances of a fixed-income RFP

With fixed income such an important asset class, what exactly does the RFP team need to keep in mind to deliver a successful fixed-Income response?

For most global asset managers, fixed income is one of the more prominent asset classes, with a significant proportion of assets under management that have been growing steadily over the past decade. This is understandable since the asset class provides the holder with a fixed income at regular intervals, an important consideration for insurance and pension clients who seek fixed returns. It is, therefore, no surprise that the majority of requests managed by RFP teams are for fixed-income asset classes. Given the number of managers in the market, it becomes very important for the manager to distinguish itself by providing the required information in an efficient manner. We list below certain points that we feel should be part of every fixed-income RFP document.

RESEARCH PROCESS

TEAM INFORMATION

PERFORMANCE DATA

ESG INTEGRATION

Research process

The research process for fixed income requires input from several participants. For example, the portfolio manager relies on CIO views, country research, issuer research, duration, credit research, etc. Additionally, there are multiple sources of alpha, including asset allocation in investment grade or high yield, rating allocation, duration, yield curve, currency hedging, sector allocation and security selection. This is why it becomes very important for managers to explain the research process in detail when responding to RFPs. Correctly explaining the various sources of information and how they are communicated to portfolio managers helps differentiate the asset manager from the competition.

Team information

Fixed income is a complex instrument, with a number of factors affecting its performance. To navigate through the ever-changing world of fixed income, one needs many years of experience. This is why most insurance and pension clients select an asset manager whose portfolio management team has, on average, at least 10 years of experience. Hence, it is important that the RFP team provide detailed information on the team managing the mandate, such as their years of experience in managing the strategy and years of experience in the industry. Turnover data including details of joiners and leavers is also a good indicator to showcase the stability of the team. The RFP should also highlight information on the other teams – such as the research and trading teams – that help the portfolio management team manage funds. This would highlight the strong support the portfolio manager has to fulfil his responsibility.

Performance data

The sources of fixed-income returns are many. This is why clients request performance attribution data, as this helps them gauge the skill set of a portfolio manager. An incomplete set of performance data downplays the capabilities of an asset manager; this is why asset managers need to make sure they set up representative accounts for all flagship fixed-income strategies and when required, showcase the appropriate performance data. Given the complexity of fixed-income performance data, clients prefer that the data comply with Global Investment Performance Standards (GIPS), providing assurance that the asset manager has followed standard practices when calculating returns; the client could then compare this data with other asset managers' performance data.

ESG integration

ESG funds, once considered to be a niche investment, have now become mainstream. With increasing awareness and more investors seeking resilience, integration of ESG factors into the investment process has become more important than ever. ESG integration in the fixed-income asset class differs from that in equity primarily because of the absence of active ownership. There are, however, different approaches to integrating ESG factors into the fixed-income investment process. Integrating ESG factors helps identify risks and opportunities that a traditional financial analysis could miss. This significantly reduces the risk of default. Identifying and engaging with turnaround companies can be a key generator of positive alpha. Even in the absence of active ownership, as in equity, bondholders have access to management. Hence, showcasing ESG integration in a fixed-income strategy would help persuade the investor towards a particular asset manager.

03

The importance of infrastructure functions in an RFP

What does it take on the asset manager's part to successfully pitch for a mandate? How do investors view the requisite infrastructure functions?

When managers deliver world-class products and solutions, should the credit go solely to the product and investment teams or are there others also contributing to the success? In capital markets, investors weigh not only the "alpha-generating" capabilities of a manager, but also the "infrastructure functions" or "firm-level topics" such as audit, compliance, human resources, cybersecurity and business continuity that are critical to the business. This is evident in the structure of RFPs, where prospective investors assign equal weight to firm-level topics. What does it take on the asset manager's part to successfully pitch for a mandate? We believe the answer lies in a company's overall ability to create upstream value in an environment where support functions are positioned to excel.

Compliance

From an investor's perspective, an area of interest beyond portfolio and risk management is the compliance division, which acts as controller. One of the responsibilities of the compliance function is ensuring investments adhere to the numerous regulatory and client restrictions/guidelines. Managers are expected to have in place a state-of the art, comprehensive system encompassing the portfolio, risk, trading and compliance functions. The other factor has to do with how the organisation and its workforce operate. More specifically, investors focus on ring-fenced procedures and guidelines in place to comply with relevant legislation, regulations, codes and best practices and high ethical standards. These procedures can cover – but are not limited to – conflicts of interest, personal trading, code of ethics and gifts and entertainment.

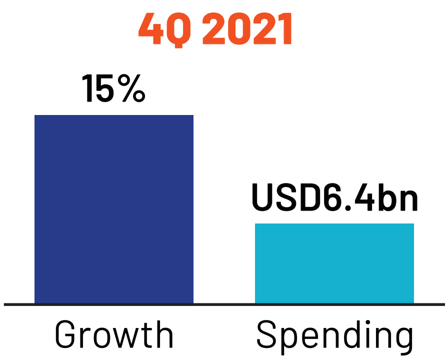
Human resources

Managers are the stewards of investors' capital, and their fiduciary responsibility is to invest this capital in a responsible manner so that client objectives are met. Investors expect asset managers to have in place a balanced fixed/variable compensation framework that does not reward excessive risk-taking behaviour, while being competitive; this doubles as a key retention strategy. Focus is also directed towards the proportion of fixed and variable compensation, with preference given to deferred-compensation structures and investment in their own portfolios managed by the respective investment professionals. Another area of focus for investors is employee churn, both at the top management and within the respective portfolio groups, with high turnover rates indicating instability and resulting in lost business opportunities.

Lastly, investors also seek organisations that provide equal opportunities and are concerned about diversity within the workforce.

Cybersecurity and information technology

To excel, investment professionals require state-of-the-art technology to augment their research and trade-execution capabilities. Data theft is a very real and dynamic challenge today, and investors expect asset managers to have robust policies and infrastructure in place to secure their data and counter such threats. Storage platforms across the IT infrastructure technology domain saw the fastest year-over-year growth in 4Q19 at 15.1%, with spending reaching USD6.6bn, according to International Data Corporation.



Securing a safe platform to protect sensitive data has become the priority. Automation tools and the use of artificial intelligence (AI) are leading the digital transformation in the banking space. Using AI to improve core banking operations and tailor services will deliver over USD250bn in value across the industry, according to McKinsey Global Institute. Managers are expected to dedicate sufficient capital to build up their technological prowess.

Audit

Investors prefer an independent audit function within the group that acts as a third line of defence (LoD), after the respective business units (first LoD) and the compliance function (second LoD). An independent audit function provides a fresh set of eyes, enabling the business to identify risk areas and build the necessary controls.

Investors also closely study external audit findings and are concerned about the independence of the auditor and any inherent conflict of interest.

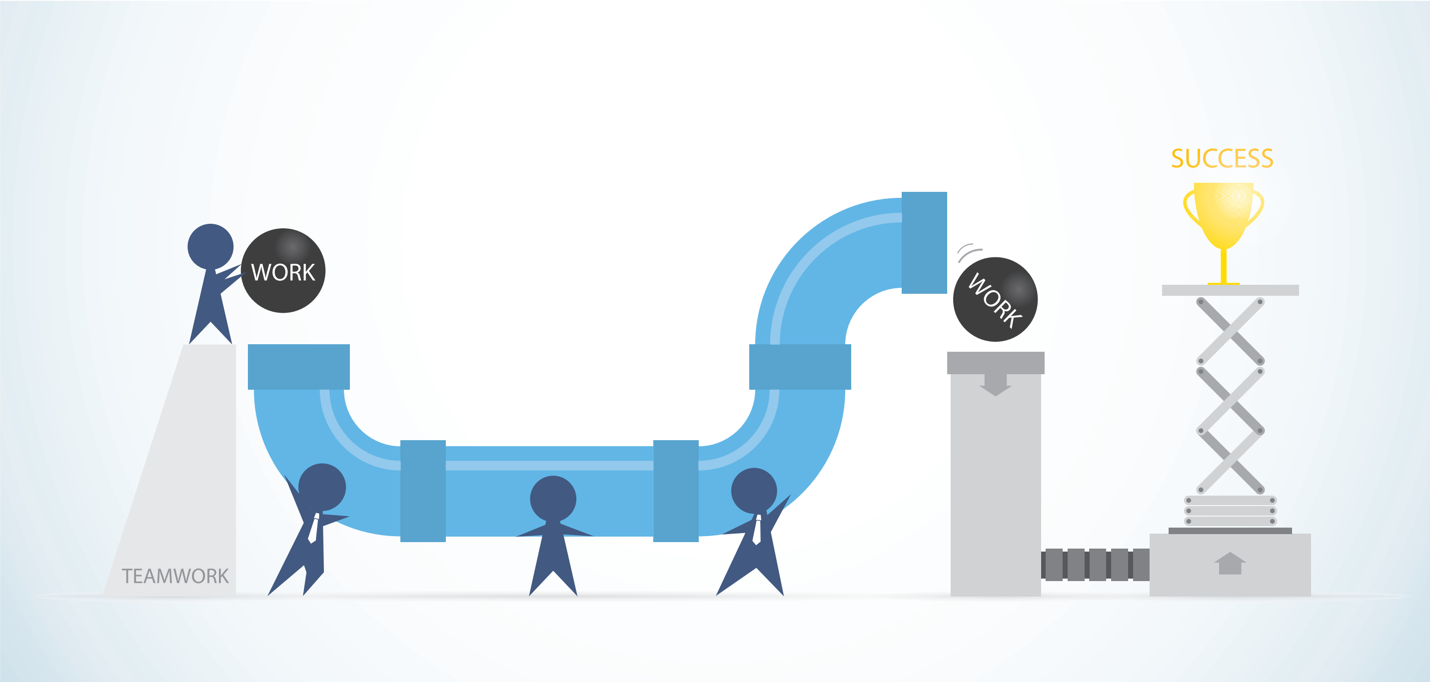
Business continuity

Finally, it is not only having all the infrastructure, but also having an agile disaster recovery and business continuity plan (BCP) that assures no disruption in services. Investors are concerned about how often businesses test their BCPs and the results of such tests. The purpose of this function is to enable asset managers to deliver their services under any circumstances without compromising quality.

Dynamic externalities call for flexible solutions; hence, infrastructure facilities should be assessed and enhanced regularly to deliver credible services at the desired level. As all of an asset manager's success now depends increasingly on developing in an economically, environmentally and socially sustainable way, they must focus on how they can build the infrastructure needed to support a better future for all. There is also the belief that the world we build after this pandemic needs to be significantly different from the one we had before. The dual economic and health shocks of 2020 seem to have increased appetite for change, offering a rare window for radical thinking. The infrastructure that results must be the type of sustainable infrastructure that can help us meet the challenges of the future.

04

Tools and techniques for effective pipeline management



Insights on what asset managers can do to ensure they maintain a healthy and effective pipeline to keep up with changing investor preferences

The RFP and due diligence processes have become more arduous and complex over the years. The inability of proposal teams to cope with increasing volumes and changing investor preferences has resulted in RFP teams just being busy catching up without necessarily getting an opportunity to rethink pipeline management.

The following are some tools and techniques for effective pipeline management:

Team structure:

Setting up teams based on asset class or specialisation creates a platform for proposal managers to channel new requests to a particular set of writers. The proportion of writers dedicated to an asset class will vary depending on the volume of requests managed, and a team would usually be backed by one or two general (usually new and inexperienced) writers. This setup has a positive impact on the quality of deliverables and process, as the writers get an opportunity to build a rapport with the product teams to become owners of all RFPs and DDQs related to their asset class. This setup has also proven to be an effective motivational technique, as the writers gain a deeper understanding of the asset class or strategy.

Defined responsibilities:

If the team is divided between more than two locations, clearly defined responsibilities will be critical for effective pipeline management. Typically, only the regional manager for that location should be responsible for assigning new cases. Unless operating as a back-up to the pipeline manager, other senior writers must avoid the temptation to assign cases. This is especially important if the team has an offshore location as well. Additionally, it is good practice to have the regional managers discuss outstanding deliverables and unassigned cases when they catch up twice a week.

Customer relationship management (CRM) tool:

Using a CRM tool enables effective communication between the sales and RFP teams. If used comprehensively and consistently, it could also prove to be a valuable pipeline management tool when all RFP details are available to the RFP team. When used to their full potential, CRM tools help reduce unnecessary communication among stakeholders and enable writers to update the status of the RFP. Reporting features also help assist pipeline managers understand progress and tailor discussions with the writers accordingly.

Group mailbox:

All emails from the sales team, new request notifications and RFP-related communication should go through a dedicated team group mailbox. This helps the pipeline manager see all relevant communication in a single place and promotes transparency. This practice has resulted in 100% case assignment, ensuring no new case requests fall through the cracks.

Shared leave calendar:

A 30-day rolling leave calendar for the team gives pipeline managers foresight on availability and allows for efficient RFP assignment. This, in turn, avoids mid-project case transfer between writers, which often leads to errors and mismanagement. This practice also encourages writers to plan their days and minimise unplanned leave, further helping in effective pipeline management.

05

The art of RFP management – tips and tricks

To be a good RFP writer, you don't need to know everything, but you do need to know where everything is!

Investment management firms are seeing an increase in RFP and DDQ volumes. The nature of the questions has also evolved over the years. Investors are asking more difficult questions and expect their asset managers to provide smart and bespoke answers, and asset managers now have different tools and resources available to help them do this. A good RFP writer knows the resources available to them.

The following are some of the primary tools available to any writer.

DEVELOP BUILDING BLOCKS

CONTENT LIBRARY/ KNOWLEDGE BASE

PUBLICLY AVAILABLE DOCUMENTS/MARKETING MATERIAL

SUBJECT-MATTER EXPERTS (SMEs)

Develop building blocks

RFP writers these days have only a short time within which to respond to proposals; hence, it becomes difficult to develop customised responses quickly. Writers could compile content using some of the customised, repeatable sections or topics frequently covered in proposals. These are called building blocks and will help RFP writers develop high-quality responses that could be tailored if needed.

Content library/knowledgebase

Different asset managers use different content libraries available in the market to stock standard responses. Some have exceptionally well-structured content libraries, while others, due to their business being smaller, build their content libraries on a need/ad hoc basis.

- The order of things: In most cases, you would be asked to use the existing content library, but if you have the freedom to structure your repository for increased convenience or efficiency, please propose building a well-defined library to stock firm-, strategy- and product-level responses.
- Searching for the needle: Every content library has advanced search options. Searching for that one perfect response in a dump of information can be quite frustrating, which is why it is crucial that RFP writers understand the advanced search options available. When you have a repository of more than 3,000 responses, you need to learn to filter it to get one perfect answer. The more you explore the knowledge base, the more you learn these functions.
- Build that "mind palace": As you become more experienced with the process, you start to see certain patterns in the questionnaires you answer, and you start to anticipate the kind of response expected. It would, therefore, be ideal to bookmark some frequently used responses in the content library for your convenience or, if more convenient, maintain a spreadsheet listing the frequently used responses.

Publicly available documents/marketing material

Publicly available documents updated regularly are a good source of information for an RFP writer. A lot of information related to, for example, a fund's policy, limitations, risks, characteristics and expenses is available in fund documents such as prospectus, annual reports, fact sheets and pitch books. Make sure you look for a response in these documents before reaching out to subject-matter experts.

Subject-matter experts (SMEs)

When reaching out to SMEs for responses, provide them with as much information as possible, for example, on the client and the fund they are invested in; if it is a DDQ, provide them with the previously used answers, check your knowledge base for content that answers at least 50% of the questions and confirm those responses with them. Try to build a rapport in the long run and help them to help you.

Having a good understanding of the aforementioned tools is important, but it is also important that RFP writers do their homework on the client before initiating the RFP completion process. What are they asking, and why are they asking these questions? Understanding the reasoning behind a question is an art, but one that can be mastered by understanding the context of an RFP. This is possible only if a writer does their initial research properly.

There is no standard rule book for RFP writing; one learns by practice. However, we hope these tips will help new RFP writers find the perfect answers to the client's questions and make the RFP process efficient.

06

Why a solid kick-off call is important for the successful delivery of an RFP

Exactly how important is a kick-off call? It provides an opportunity for all key stakeholders in a project to clearly understand all aspects of the project and a platform to fully examine each aspect

An RFP kick-off call is the first meeting between the RFP writer and key stakeholders in a project, and essentially sets the tone of the RFP project. The importance of a kick-off call cannot be overstated, as it provides an opportunity for all key stakeholders in the project to clearly understand all aspects of the project and a platform for participants to discuss every key detail necessary to clinch the deal.

Usually, the RFP team, represented by an RFP writer, takes the lead on the project and works with several teams to create a comprehensive RFP. The teams usually represented on a kick-off call are the RFP team, sales team, product team/client specialist (a team that works closely with the portfolio management team and has a clear understanding of the product being offered), legal team and compliance team and any other teams, as required. There are three stages to planning and executing a solid kick-off call. Proper execution of each of these stages could lead to a potential RFP win.

Three steps to a solid kick-off call

Step 1 – Preparing for the call

At least 10-15% of the effort needs to go into planning the RFP project. Even the best RFP writers would not be able to deliver a winning RFP unless they get the right input from the right people at the right time. The RFP writer needs to read and comprehend all RFP material shared for the project. Such material would include the RFP questionnaires and product documents such as legal and regulatory requirements.

No question is a bad question, and when in doubt, always ask. There have been cases where an asset manager has lost a deal or had to withdraw their participation mid-way due to not satisfying one small clause listed in one RFP-related document. List all the questions that need to be asked, identify all those that could answer them and schedule calls with these individuals/teams. At Acuity, we have a practice of creating a "kick-off-call checklist" at this stage, ensuring we cover all the relevant points during the call.

Step 2 – Acing the kick-off call

The best approach to acing a kick-off call is maintaining a calm demeanour while being enthusiastic, as this encourages participants to be more responsive and open to sharing their ideas. It is advisable to list the participants and the teams they represent at the start of the call, so that everyone is familiar with the attendees and could raise relevant points or questions during the call. It is best to start the call with a brief introduction of the RFP and then proceed with the discussion. The aim of the kick-off call is to create a near-perfect project plan that ensures timely completion of the project and avoid confusion as to the responsibilities of the participants and redundant communication. This could be achieved by ensuring discussion of the following key aspects.

» Questions/clauses pertaining to regulation, legal implications or compliance need to be discussed upfront (for example, requirements such as compliance with laws of a certain region/country, MiFID II and EMIR). This is to ensure we can meet all the client's criteria and there are no surprises after we win the deal.

» Understanding the scope of the RFP accurately. The aim of the call should be to get clarity on client expectations. The RFP writer needs to ensure that all participants are on the same page and there is no conflict of opinion on any aspect.

» Allocating responsibilities and setting timelines. Agree on the parties responsible for each section/question and set delivery timelines with a buffer to finalise the end document. Send reminders from time to time and have follow-up calls to resolve issues relating to a section/question.

» Understanding the delivery mechanism. It is important to discuss the delivery mechanism on the call, as a hardcopy submission would affect the timeline and project plan. Delivery could be via email, online submission on a portal, submission via pen drives or hardcopy submissions via courier.

Step 3 – After the kick-off call

It is essential to share a summary of the kick-off call with all participants, as this would not only list the information requested from them, but also indicate the timelines they need to adhere to. It is good practice to include a brief description of the points discussed that were either confirmed or approved by a participant (e.g., compliance with a particular regulation) or a point that had conflicting opinions. There have been instances where teams have denied agreeing to certain requirements, and call summaries have come to the RFP teams' rescue.

We have listed above best practices to be followed at each stage of the RFP kick-off-call process that would add value to the entire RFP process. Not having a solid kick-off call could impede successful delivery due to the following reasons:

» Lack of proper assignment of tasks with corresponding timelines could lead to delay and missing the deadline
» Lack of open discussion on client expectations could make the product team pitch the wrong product or a product with wrong packaging or pricing
» Not discussing the mode of delivery could result in the RFP team working towards a deadline that entails softcopy submission when hardcopy submission was required; the team would, therefore, miss this deadline

To summarise, a kick-off call is an opportunity to initiate conversation with key stakeholders and build a clear roadmap together, with no confusion or mismanaged expectations. Effective management of the kick-off call and subsequent effective management of the RFP project built on the strong foundation of a solid kick-off call would help compile a winning response.

07

Streamlined content management – the backbone of a successful RFP process

A look at the challenges asset managers face with knowledge and content management, and insight on how effective RFP content management can help overcome them

Responding to RFPs is challenging

Each sales manager knows how challenging responding to an RFP can be. From following up with subject-matter experts to compiling responses, uploading documents and getting everything together without an efficient process, it could feel like a race against time. RFP content database management would help smooth the process.

What if content is manual and not organised?

Individuals from different business units respond to RFPs. To ensure a quality response, these individual responses have to be centralised and organised so they can be easily accessed by RFP writers.

In reality, however, much of the content is scattered across spreadsheets, Word files or Google drives, resulting in a disjointed RFP response process that could delay the chances of a company being shortlisted for the second stage.

A company could face the following challenges due to the content being stored manually and not organised:

01 **Most SMEs are spending too much time on RFP responses**

02 **Proposal managers can't keep content up-to-date and accurate**

03 **Inconsistency in responses**

04 **Marketers are wearing too many hats and don't have time for RFPs**

05 **Sales people struggle with focusing on sales-related activities**

When responding to large numbers of RFPs, DDQs or RFIs with tight deadlines and the company name and money involved, a team cannot afford to start from scratch each time.

To overcome this, RFP teams likely think about maintaining a content library, although they often come up with a workaround. Maintaining a content spreadsheet or going back to previously completed RFPs and digging through old emails is practically a job on its own and not efficient. It is also difficult to keep pictures, charts, graphics and supporting attachments on a spreadsheet or Word document.

A content management process makes it easy to find, create, customise, review, format and audit content. Having an RFP content database would help a team solve most content-related issues.

An RFP content management tool is a dedicated solution that provides a robust, collaborative answer library along with automation features that will save most of an RFP writer's time and increase RFP team efficiency.

Advantages of having a well-organised RFP content database

Time and automation are key to responding to RFPs. An RFP content database consists of reusable content available in an organised manner.

An RFP content software answer library gives you the option of browsing responses to similar questions. This helps quickly stitch together high-quality responses to customise your response for a better chance of closing the deal. It is never one-size-fits-all where RFP responses are concerned; therefore, it is important to have a level of control over your content.

The best RFP content software has functionalities that enable creating a review cycle to update outdated content, build proposal templates and customise design elements in line with client requirements. An RFP response is a team effort that involves multiple contributors and reviewers who need to sign off before final submission. RFP tools can accommodate multiple users, helping them all work in collaboration.

When we have a good content management process and a best-in-the-industry tool for content library management, we have a readymade platform for automating responding to recurring DDQs (those that need to be submitted every quarter or every year). A good content management tool provides you with a host of features to semi-automate responding to recurring questionnaires or standard DDQs, provided your content platform is well organised. Most of the latest content management tools (such as RocketDocs, Upland Qividian, RFPIO, Loopio and RFP365) come with automation features such as Answer Auto-fill, RFP Project Tracking, Smart Content Library and Salesforce Integration, which could reduce completion time of recurring questionnaires by more than 60%, increasing the efficiency of the RFP team.

Without an RFP content database, content and responses cannot be kept in one place, resulting in delaying the process and the need to merge multiple documents, copy and paste from emails, or transcribe verbal answers, making the process inefficient and time-consuming. Having a robust internal process and technology that offers continued support is the effective way. A manual RFP response approach, with a lack of direction, process and accessibility, leads to inefficiency.

08

RFP writing: navigating the nuances

We list below some of the nuances we have come across while working with RFP teams of leading global asset and wealth management firms over the past 10 years

"There is no secret ingredient to success. You are the secret ingredient", we heard said in the 2008 movie Kung Fu Panda. Similarly, there are no secret ingredients for writing a compelling proposal. The "secret" behind writing a perfect proposal is knowing the nuances (the art and science) of effective RFP writing.

We list below some of the nuances we have come across while working with RFP teams of leading global asset and wealth management firms over the past 10 years.

Customization: Each client is unique, and so are their requirements; hence, RFP writers need to compile bespoke proposals vs generic ones using stock responses from the knowledgebase.

Doing the research: To compile bespoke proposals, effective RFP teams spend time scanning news articles on the prospective client and also follow them on social media platforms, weaving in publicly available unique client intelligence to their proposal.

Work in phases: Using a phased approach to "check all the boxes": When faced with a complex situation, we generally try to break it down into a few simple and easy-to-understand steps that we then act upon. Similarly, for RFPs, a key best practice is to follow a phased approach, for example, mapping the lifecycle of an RFP into phases such as planning, drafting, editing, quality control, submission and post-submission.

Knowing your audience: Global asset managers deal with clients across geographies. It is, therefore, imperative that their RFP teams are aware of cultural and regulatory nuances and adapt to them such as by adjusting keyboard language setting for US/non-US RFPs, using the proper email salutation when sending final deliverables to a client distribution list and knowing the length of disclaimers.

Formatting and aesthetics: It is not just content that matters; formatting and the aesthetic appeal of the response package play an equally important role. Many high-impact RFP teams gather additional client intelligence to design bespoke RFP themes that connect with the hearts and minds of key decision makers.

Consistency is key: Consistency plays a key role in RFP writing. Successful RFP teams maintain a centralised repository to store client-specific intelligence from previous submissions to the same client to ensure consistency in overall messaging.

Identifying synergies: To create cross-functional synergies, successful RFP teams leverage readily available content from other marketing functions within the firm, such as presentations and consultant database teams.

Optimal use of RFP software: To ensure an efficient and smart workflow management approach, many effective RFP teams have workflow/CRM tools integrated within the RFP knowledgebase. They also leverage the project management functionalities available on these platforms, leading to efficient and seamless collaboration between writers and SMEs.

Lessons learnt from previous wins/losses: Lastly, successful RFP teams focus on industrialisation of knowledge gained. Writers share not only success stories of winning bids but also lessons and key takeaways from difficult conversations, tricky situations and submissions that did not go well. This culture of "sharing and telling" ensures the wider team responds rather than reacts to tricky situations.

09

Reinventing the RFP model – overcoming challenges in managing RFP teams

Each global asset manager requires a robust RFP team not only to handle the peaks in market demand but also to write winning responses. Amid the current uncertainty and volatility, an asset manager's RFP team has to have the right mix of skill and experience; this has led to a spike in demand for expert RFP professionals

RFP requirements are unique

Responding to RFPs is a complex job. An RFP specialist must be adept at understanding the company's products and the spirit of the client's questions. Ideally, the writer should be persuasive in writing style yet skilful in delivering the right message. An efficient RFP writer must be able to manage projects efficiently, liaise with sales partners and a number of SMEs and develop a good working rapport with various stakeholders, and be willing to continue to work under pressure to meet strict deadlines.

According to an RFP veteran formerly with a US-based top 10 manager, an RFP specialist must be a good project manager, should not shy away from keeping multiple "balls in the air", should appreciate good processes and be flexible to adapt when necessary.

Challenges faced by asset managers

The RFP process is a leading indicator of an asset manager's business. Senior executives, marketing heads and RFP managers strive to hire and maintain teams that can churn out winning proposals. However, the unique requirements of the RFP role make this difficult.

Challenges faced by money managers:

- The responsibilities of an RFP specialist have been increasing as have the complexity and length of client questionnaires, with investor interest in areas such ESG, BCP and post-COVID-19 operations
- The introduction of synthetic products and newer asset classes has increased demand for RFP specialists. DDQs are also becoming lengthier and more complex, with factors such as increasing guidelines, regulatory norms and ESG awareness making DDQs time-consuming
- The constant need to improve the quality of content means money managers need specialists with the abilities mentioned above and who can write persuasively
- Due to these increased responsibilities, the cost of hiring and retaining RFP specialists has increased considerably, especially in the US and European markets. Moreover, with all money managers looking for such specialists, it is becoming difficult to retain the right talent at the right cost, resulting in high turnover in RFP teams in the US and Europe
- Increased complexity, lengthy questionnaires and high capacity utilisation result in a lack of bandwidth for process improvement, creative thinking and efficiency optimisation. Teams are unable to innovate and end up working production-line style
- An RFP writing role provides an opportunity to understand businesses because of frequent contact with SMEs. However, it also presents an opportunity to understand other areas and switch to roles that are less demanding

Formula for a winning team

There is a clear gap between what money managers are willing to do and what RFP specialists expect. Challenges asset managers face include budget constraints and the rising cost of hiring RFP specialists.

Money managers, therefore, need to change the way they manage RFP teams, to get better results. They must foster a culture within the company of respecting and recognising RFP teams. Those participating in the RFP process must be given more authority to engage in the decision-making process of whether to accept or reject a proposal. Decision making driven solely by sales partners or investment teams may not be ideal for creating strong RFP teams.

Providing skill-based training to keep RFP specialist(s) intellectually engaged could help differentiate yourself. Examples of training initiatives:

- **Training on how to write winning proposals**
- **Commercial writing skills**
- **Data source and data mining trainings**
- **Functional trainings on tools and enterprise softwares, etc.**
- **Exploring alternatives to free up capacity for innovation and process improvement**
- **Searching options to reduce overall cost of RFP teams**
- **Robust reward program for tenured and skilled RFP specialists of the team**

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Winning mandates by crafting successful RFPs

What drives success is a combination of innovative strategies and lessons learned

Our industry has evolved with technological advancements that enhance collaboration and help make optimal use of time and resources. Client-driven organisations need to strategically keep building client intelligence, which contributes to new client wins, client retention and client advocacy.

What drives success is a combination of innovative strategies and lessons learned.

Understanding client requirements

» Thorough research and understanding of the client and how to satisfy their requirements through in-house expertise and well-adapted solutions.

» For instance, setting up a kick-off call to gain a better understanding of the interests of all parties involved, discussing our in-house expertise and where we fit in and having a plan of action with clear, realisable deadlines. This discussion is important to manage expectations, which could be done by creating a customised mind-map of all the solutions we offer.

» Identifying the client's market is essential to building a connection and enhancing collaboration.

» Understanding where the client comes from (e.g., EMEA, APAC or the US) helps understand what is required. For example, the US market has been evolving for over 200 years, and market mentality there is more mature than that in Asia. As such, Asian RFPs are more elaborate than US ones.

» Building and maintaining a rapport with clients is equally important.

- Keep in mind the value of time and show precisely why we should win the deal, assuring the client that the services we provide are the best in the market.
- Understand the client's business model.
- Have insight on the business/service the client is trying to expand, its scope and investment expectations.

Use simplicity to your advantage

- Make appropriate use of technical jargon, use the right amount of data and ensure the orderly flow of information.
- Numbers: when providing historical AuM figures, show how well the firm/fund has expanded graphically.
- The more complex and incoherent the response, the more difficult it would be to win the deal in one go. This could lead to numerous follow-up calls/emails, and the essence of the offering could get lost.
- Unless absolutely necessary to present more than one document, a response should be compiled in one document, avoiding addendums that may disrupt the flow. Aim to deliver the package intact rather than in fragments.

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Showing "what we offer" accurately and clearly

- The end goal must be precise communication of our product/service offerings.
- The writer should address client expectations with evidence-based performance and attribution reports.
- Procuring hard-to-get information about the opportunity/client shows our willingness to enter the deal and enhance the business relationship.
- Success also lies in presenting a unique selling proposition (USP) that is well aligned with client goals and provides a 360-degree view, and shows we are a solution provider.
- Highlight our product-market fit (what we offer best) against industry standards to better position ourselves.
- Support our offerings through proprietary research, tools and services that will provide the necessary leverage against peers

Strategise presentation before a go-to-market plan

- Be conscious of self-branding and advocacy, patenting against any fabrication of your ideas or process. Sticking to brand guidelines in terms of the RFP template or email content matters.
- Focus on delivering a structured proposal by providing all the information and resources an end RFP user will be interested in, while removing any information that may be redundant to the client. This will reassure the client that we value their time and are keen on doing what is best for their business.
- The writer should think like a business owner while working on an RFP, knitting all the expectations together in one fine-tuned document and other supplementary material (appendices).

RFP writers should keep in mind that they represent the organisation on calls and via RFP submission, and abide by company etiquette.

A team of successful RFP writers alone could transform an organisation from one that merely exists in the industry to one that is phenomenally present everywhere.

About Acuity Knowledge Partners

Acuity Knowledge Partners (Acuity), formerly part of Moody's Corporation, is a leading provider of bespoke research, analytics, staffing and technology solutions to the financial services sector. Headquartered in London, Acuity Knowledge Partners has nearly two decades of experience in servicing over 350 clients by deploying its 3,000+ specialist workforce of analysts and delivery experts across its global delivery network.

We provide our clients with unique assistance to innovate, implement transformation programmes, increase operational efficiency, and manage costs and improve their top lines.

Our expertise includes the following:

» Investment Banking: origination and trading support
» Investment Research support: covering all asset classes in terms of ideation, data science, and research support across the buy side and sell side
» Commercial Lending support: across origination, credit assessment, underwriting, and covenant and portfolio risk for all lending types
» Private Equity: origination, valuation and portfolio monitoring support
» Asset Management services support: across marketing, investment research, portfolio management/ optimisation, risk and compliance
» Corporate and Consulting services: market and strategic research; survey work; treasury and counterparty risk support; and CEO office support, including M&A, FP&A and investor relations support
» Compliance support: AML analytics, KYC, counterparty credit risk modelling and servicing across banks, asset managers and corporates
» Data Science: web scraping, data structuring, analytics and visualisation These services are supported by our proprietary suite of Business Excellence and Automation Tools (BEAT) that offer domain-specific contextual technology.

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Acuity Knowledge Partners is backed by Equistone Partners Europe, a leading private equity organisation that backs specialist growth businesses and management teams.

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