

How to Write an Investment Management Request for Proposal

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There are many factors associated with writing a request for proposal (RFP) for investment management services; however, there are a few key components that should be covered in order to receive desirable responses from qualified organizations of your choice. A well-written RFP will result in thorough and thoughtful responses.

First, supply adequate background information about your organization. True, that it is important for these organizations to conduct some of their own research to learn more about you; however, keep in mind that the bidder's responses can only be enhanced by the amount of information made available to them. Below is a list of important information that should be covered in order to provide a thorough representation of your organization:

- Organization's name and primary mission
- Intended purpose of the RFP
 - Specify the type of response being solicited
 - Highlight specific concerns of which the respondent should be aware
- Decision makers involved in the review process
- Details relative to timing
 - RFP response deadline
 - Anticipated review process upon receipt of the response(s)
 - Projected timeframe for when the decision will be made
- Other relevant information that may be appropriate to include:
 - Investment Policy Statement
 - Funding sources
 - Current copy of investments held
 - Balance sheet and/or income statement
 - Board guidelines, policies, procedures and bylaws
- Location for where responses should be delivered

Secondly, be considerate of the time and expertise involved in writing an RFP. Do not be reluctant to consult with a trusted advisor for additional assistance. This person(s) should be able to help draft pointed questions that are specific to your unique concerns. Not only will this consultation provide insight and education into more specialized details, but it will also save you valuable time *and* make for more fruitful responses from the bidding organizations.

Thirdly, create thorough, thought provoking questions that allow the respondents to elaborate on their organization, employees, processes, objectives and costs. This is their opportunity to articulate their expertise. With the right questions, their responses should provide a solid representation of their organization's capabilities. A thorough RFP would include open-ended questions relative to the subjects detailed below:

- General information on the responding organization
 - Investment philosophy and process
 - Representative client list similar in size, nature and complexity to yours
 - Biographies of the primary contacts for the relationship
 - History, ownership, areas of specialization and accolades
 - Organizational chart
- Investment policy development and review
- Asset allocation methodology and portfolio construction processes
- Investment management research
 - Information sources and databases used
 - Investment manager search process
 - Evaluation and monitoring of managers, both preliminary and ongoing
- Performance measurement capabilities, periodic statement reports and meetings
 - Request examples
 - Frequency of reporting
 - Customization options
 - Online account access
- Fees for services
 - Description of the specific services provided for the fee
 - Any additional or separate fees for specific services
- Other general questions or concerns
 - Strengths and weaknesses of the organization
 - Value-added attributes of working with the organization

Next, be prepared to receive follow up questions from the bidding organizations to help them clarify details within your RFP. It is reasonable for you to take notes and call them later. It is not imperative to share more information with the bidder; however, keep in mind that the information provided will usually result in more substantial and directed responses.

Lastly and most importantly, remember that in the review process, interviewing or asking questions to clarify the bidding organizations' responses is acceptable and encouraged. It will help your decision making process, establish more open lines of communication and provide insight to their talents as relationship managers.