



The
10 Steps
to a Successful
Kitting and Packaging
Request for Proposal
(RFP) Process



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for Proposal (**RFP**) Process

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Introduction

Kitting and packaging are critical in order fulfillment processes, especially in the world of manufacturing and aftersales parts distribution. Many original equipment manufacturers (OEMs) choose to outsource kitting and packaging services to **allow them to focus on their core competencies,** including manufacturing, research and development, customer experience, and sales growth. Outsourcing your kitting and packaging to a third-party logistics (3PL) company will lead to overall **cost savings, increased quality, added flexibility, and focused business growth.**

Before you connect with prospective 3PL's for your kitting and packaging needs, it is imperative to collect the proper data internally first through a **Request for Proposal (RFP).**

If you have never put together an RFP, you may find that the process can be overwhelming. What are the **right steps to take to successfully launch your RFP project?** This guide will step you through the process.

The 10 Steps to Successful Kitting and Packaging RFP Process

1. Get buy-in internally
2. Put an internal team together
3. Establish your needs and parameters
4. Create your RFP
5. Research prospective service providers
6. Connect with prospects, send out your RFP
7. Review the data
8. Choose a provider
9. Transition the business
10. Follow the progress, adapt as needed



1. Get Buy-In Internally

From subordinates to management, buy-in is a crucial step which could make or break the success of your RFQ process. Thus, it is important to show your team why outsourcing kitting and packaging services, or switching your outsourced kitting and packaging provider, is necessary to improve your production efficiency, grow sales, and achieve your company goals overall. One of the most effective ways to start approaching this step is answering these following questions with your team.

A. What is the problem with our current system and production?

B. How can outsourcing kitting and packaging help solve those problems?

Comparison data, stat, figures and case studies to show:

- How much money outsourcing kitting and packaging can save your company in comparison to using an internal program (profit)
- Efficiency rate and accuracy rate improvement
- Reduce Error Rate
- Minimize back orders



2. Put a Design Team Together

After buy-in is established, collaborate with your team to help create the process. Constructing an RFP is not a one-person job, or at least it should not be. Utilize your resources and strengths around you, from all departments, years of service, and backgrounds. During this step, you should determine who will manage and execute the RFP process. They will need to have organizational knowledge and project specific knowledge needed to accurately evaluate the proposal that will be submitted.

For example, your Accounting team can help provide actual numbers for cost of goods sold (COGS) and profit before taxes (PBT) for financial data comparison and forecast financial changes if the company outsources kitting and packaging. Your Production team can provide order volume and time estimates to forecast the efficiency rate while the Quality team can set the parameters for pertinent quality metrics.



3. Establish Your Needs and Parameters

The first goal of the design team is to review your business case from step 1 and efficiently outline the company needs and parameters which will help fuel growth. After the first two steps, you will know what information you need to include and who can provide that information. This will help you in the next step as you create the RFP document.

Your design team will need to establish a meeting cadence, project boundaries, develop a realistic timeline, and include an estimated budget. Additionally, the team will need to make a conclusion on how you will evaluate the potential service providers and what are your top priorities are, such as cost containment, on-time delivery, proximity, and volume handling capability.

To make this step seamless, you will need to have a list of questions to consider when drafting the proposal document. Asking the right question is a crucial step to understand your needs and parameters. The next page is a list of questions to ask your potential kitting and packaging providers to get you started.



Questions to ask your potential kitting and packaging outsourcing providers:

- A. What differentiates the potential provider among other competitors in the industry?
- B. What kind of technology and innovative processes does the provider utilize to enhance the process and improve on key performance indicators (KPI), as well as reduce cost?
- C. Is their technology compatible with your system?
- D. Is their culture and operation management compatible with your company?
- E. Is the provider committed to continuous improvement at all levels of the business?
- F. Has the provider demonstrated experience with similar products, services, and/or industries?
- G. Does the provider have the flexibility needed to scale up or down with fluctuation in demand without sacrificing cash or customer service?
- H. Does the provider's implementation timeline meet our needs?
- I. Does the provider hire qualified and skilled employees that will meet quality standards?
- J. Do the provider's pricing metrics align with our budget requirements?



4. Create Your RFP

Based on your company needs, write the RFP. The more specific your RFP is, the more accurate information and straightforward answers you can have from the providers' responses. The following bulleted list includes information that you need to include in your RFP:

- Timeline
- Contact guidelines
- Basic contract language
- Non-disclosure Agreement
- Length of contract
- Quality metrics
- Safety metrics
- Volume estimates and forecasting
- Business/Company culture
- Organization chart/company information
- Previous experience/past performance history



5. Research Prospective Service Providers

How many providers should I start with?

The kitting and packaging market is competitive with many players. You may find it is overwhelming to do research and narrow down the number of potential providers. It is recommended to start with 3-5 companies. This will allow you to focus your energy and efforts into thoroughly understanding what each company has to offer.

What are good resources to investigate during the researching process?

Apart from the general online search to view company services, experience, and locations, referrals can be great resources. Connect with colleagues within your company, industry, location, or trade associations and ask for potential kitting and packaging provider information. Experiences from a trusted source could prove to be useful to your RFP efforts.

What information do I need to look up about the prospective provider?

Based on your project objectives and expectation, the information you need to look up may be different. However, there is a base guideline to get you started. The below list outlines the type of information you need during your 3PL research phase.

Information you need to look up about the prospective provider:

- Types of services offered
- Industry experience
- Customer base
- Years of their experience by service and industry
- Proven case study data
- Location(s)
- Company size
- Certifications and Quality Metrics



6. Connect with Prospects, Send Out Your RFP

After collecting a list of prospective providers and creating your RFP, it is time to reach out to them regarding your RFP.

Once the provider's representative responds, set up a meeting to discuss and ask any questions you still need them to answer. Having a list of questions before the meeting will help you save time and not omit any important information. If possible, request an in-person presentation at their location to better understand the company culture, the value-add and their overall operational structure.



“Having a **list of questions** before the meeting will help save time and not omit any **important information**”



7. Review the Data

When you have all the needed information from your potential providers, it is time for you and your design team to review the bids. Scorecards are an easy way to compare the data among prospective kitting and packaging providers in a consistent manner. The following are some suggested criteria for your scorecard:

Criteria for Reviewing Potential Providers Scorecard:

- Completeness of their RFP responses
- Pricing structure
- Continuous improvement methodology: Dedication, efficiency, etc.
- Ability to handle the scope of work on the project:
 - Labor consideration, technology, infrastructure consideration, etc.
- Timeliness: Are there any factors hindering the provider's ability to meet the estimated timeline?
- Trouble-shooting ability: Will there be any issues that need to be considered?
 - Does their team have problem solving experience?
- Evaluation metrics: How does the provider match up to your KPI expectations?



8. Choose a Provider

How will your design team choose a provider? Create a rubric or use the scorecard from the previous step, and review with the design team, splitting into smaller groups to help fuel discussion. Evaluate the positive and the negative aspects of each potential provider to determine the best fit.

After making a decision, announce the information to your team and the chosen kitting and packaging provider. Next, connect with the legal teams of both parties to officially request a contract discussion to negotiate.



9. Transition the Business

This is a very important phase as your company enters into a kitting and packaging business contract. Integrating your business into the provider's kitting and packaging processes will require constant communication and technological integration from both parties. Internally, your design team will need to coordinate data sharing, such as shipping and receiving processes, inventory management detail, shipment volume, timeline, and delivery. The design teams at both companies will be in charge of making the transition smooth to avoid supply chain disruptions.



10. Follow the Progress, Adapt as Needed

Transitioning the business is just a start. Once operational processes are solidified, continuous improvement (CI) measures can be discussed to reduce waste and improve efficiency. This on-going process for both parties ensures a mutually beneficial relationship through communication and performance evaluations and improvements. Consider setting up quarterly CI meetings with your provider to keep opportunities for improvement top of mind.

