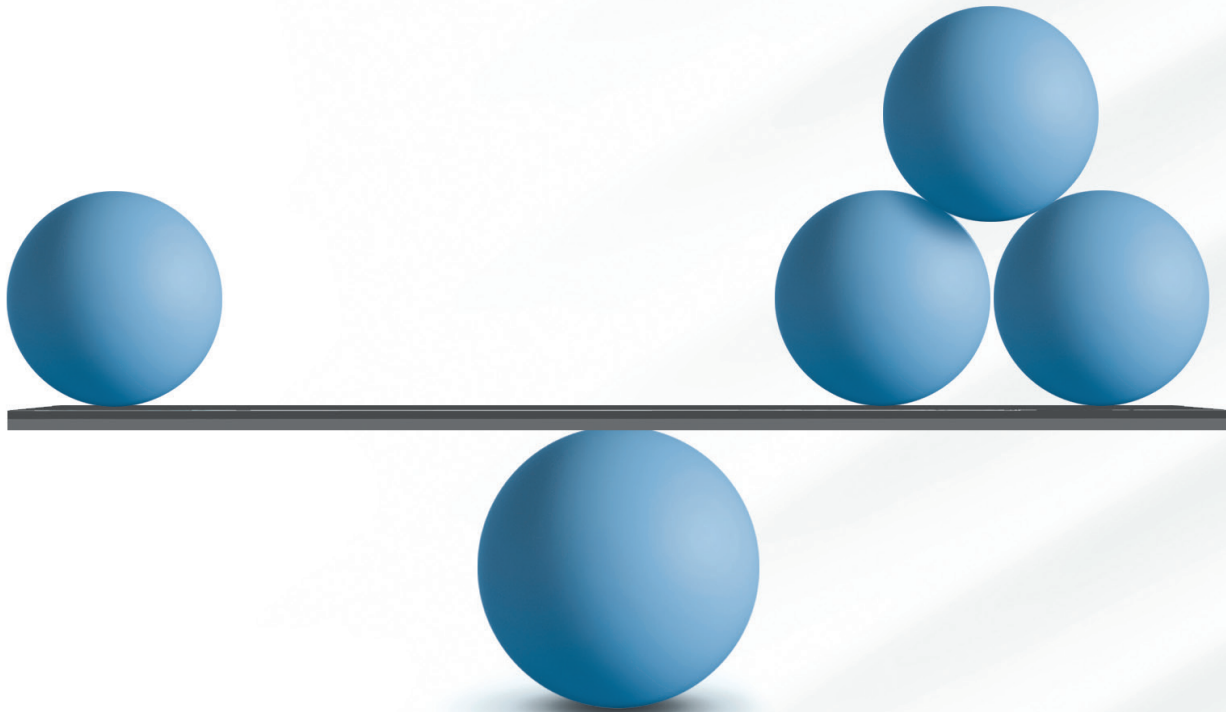
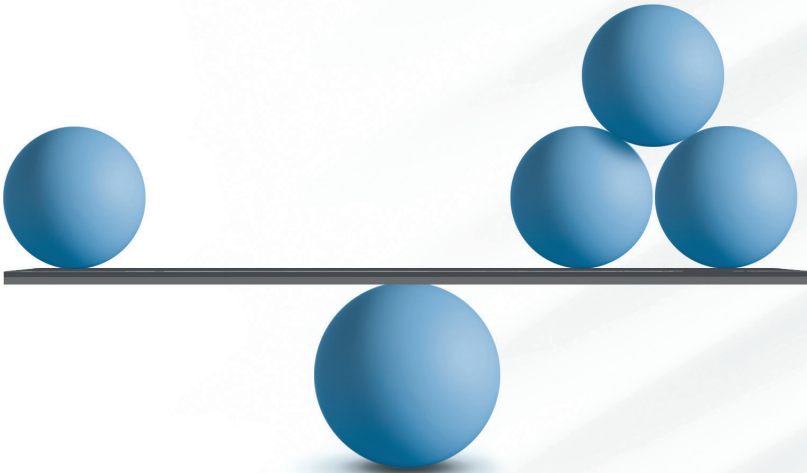


Request for Information  
– maybe the best tool that  
investment committees  
aren't using



**A well-run request for information can provide information and insights that far outweigh the work required.**



A Request for Information (RFI) is an effective and often underutilized tool for boards and investment committees. An RFI can help organizations assess market trends and new technologies, while also identifying potential risks and challenges that may need to be addressed. A well-run RFI process will help investment committees:

- Fulfill their fiduciary responsibilities.
- Stay current on investment offerings and evaluate fees.
- Conduct and document periodic vendor due diligence.

**What is an RFI?**

Simply put, a Request for Information (RFI) is an information gathering process. As it relates to investment advisory services, current and potential investment consultants are asked for a range of information, including their perspectives on markets, investment strategies, and services to support investment committees. A standardized questionnaire also highlights respondents’ experience, areas of expertise, scope of services, performance, fees, and relevant certifications.

The responses help boards and investment committees periodically survey the marketplace and confirm they are engaging the right advisory firm for their needs and at a competitive fee.

**Why conduct an RFI: Balancing performance, fiduciary duty, transparency**

**Fiduciary Duty.** Foundation and endowment boards and their investment committees are required to act in the best interest of their constituents. One aspect of this responsibility is to maintain a current knowledge of market offerings and periodically review their selection of an investment advisor.

**Investment Programs.** With the proliferation of new investment strategies, keeping track of performance, fees, and product innovations can be difficult, even for the most sophisticated investment committees. An RFI provides a current view of investment services, providers, and available resources.

**Transparent Due Diligence.** According to the Center for Fiduciary Excellence (CEFEX), a fiduciary best practice is to conduct a formal Request for Proposal (RFP) process every 5–7 years. In the interim years, an RFI process serves as a “check up”; providing due diligence on current providers and possible calibration of service and fees.

**Did you know?**

A Request for Information (RFI) is used to gather information and does not necessarily signal a change in service provider. A Request for Proposal (RFP) is more in-depth and typically signals a change in service provider is likely.

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Conducting an informal RFI every few years is a recognized best practice of institutional stewards. An RFI can help answer:

- Have there been innovations in services since our last review ?
- Are we paying appropriate fees?
- How does our performance stack up?
- Does our investment manager understand our mission?

## The RFI Process in Five Simple Steps

For mission-based organizations with long-term investment resources, retaining the right investment advisor should be the result of a disciplined, ongoing, and thorough process rooted in a current understanding of the market environment.

	STEP	BEST PRACTICE	HELPFUL RESOURCE <i>(Available from SouthCol upon request)</i>
<b>-1- Questionnaire</b>	Every RFI starts with the questions. Questions should reflect your objectives/priorities and cover a range of topics including the investment advisor's experience, investment philosophy, fees, and performance.	Make sure your questionnaire communicates information about your organization and mission. Respondents should understand what drives your institution and connect their responses to your mission and values.	<b>RFI Questionnaire Template</b> – this questionnaire incorporates fiduciary best practices and is formatted as a fillable PDF. Customizable upon request.
<b>-2- Determine Respondents</b>	The quality of respondents is key to success. Invite respondents that have institutional expertise and services that meet the needs of your organization. Include advisors beyond the constraints of your local community.	Consider limiting your respondent pool to approximately ten firms. This will help keep your RFI administratively manageable.	<b>RFI Invitation Email</b> – the email informs respondents of the RFI process, establishes expectations and a process, and invites them to participate. Customizable upon request.
<b>-3- Distribute Your RFI</b>	An important part of distributing the RFI is setting expectations by defining a fair and objective process. All RFIs should be distributed the same day with a clear deadline. A cover note should clearly establish expectations, a process, and schedule.	Identify an "RFI point person" to shepherd the process internally and externally. The point person should follow up with respondents to answer clarifying questions.	<b>RFI Instruction and Schedule</b> – to help set expectations for respondents, this document includes information on process and schedule. Customizable upon request.
<b>-4- Receive, Consolidate, Evaluate Responses</b>	RFI responses received by the deadline should be evaluated using a consistent scoring rubric. Scoring can then be consolidated into a summary document for board consideration and discussion.	Designate a "quality control officer" within your organization to help ensure all responses are complete and the evaluation process is fair. Remove respondent identifying information so evaluation process is unbiased.	<b>RFI Evaluation Scorecard</b> – the scorecard ensures consistency in how RFI responses are evaluated and scored against key metrics. Customizable upon request.
<b>-5- Keep a File</b>	Part of the Board and Investment Committee's fiduciary duty is to maintain a record of due diligence activities. When the RFI process is complete, keep a file with all of the responses, the scorecard, and outcome. This file becomes the record of your due diligence.	Every RFI should be retained as a record of due diligence and vendor oversight. Past RFIs can also be a helpful reference for future RFIs.	<b>RFI Consolidated Scorecard</b> – this scorecard contains all the evaluation information, enabling a consistent and comprehensive assessment of all RFI respondents. Customizable upon request.

**When properly utilized, the RFI can be a beneficial tool in helping Boards and Investment Committees fulfill their fiduciary duty. A well-run RFI process can provide information and insights that far outweigh the work required.**

For more information on SouthCol's RFI Questionnaire Template and additional tools, please contact [james.lumberg@southcoladvisors.com](mailto:james.lumberg@southcoladvisors.com) or [jeanne.enright@southcoladvisors.com](mailto:jeanne.enright@southcoladvisors.com).



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