



RFP Scorecard

*A Guide to Tracking
Investment Managers*



When looking for a potential investment manager or other service provider, some organizations find it helpful to prepare a request for proposal (RFP), which typically describes the organization and scope of services desired, and asks a variety of questions to elicit relevant information from the prospective service providers. You can then use this information to help decide which provider to hire. One helpful way to evaluate RFP responses is to create a due diligence “scorecard” by identifying the criteria most important for the organization.

The following sample scorecard template is intended for investment manager reviews; however, it can be adapted to evaluate other potential service providers or particular areas of your organization. Key factors, determined by your organization, are given weightings based on importance. Using the criteria you outline, each service provider or area of the organization is evaluated and ranked based on its score. In the case of evaluating third-party service providers, the total score can help your organization determine who to hire. And, when evaluating key aspects of your organization, this scorecard may help you discover areas that are operating particularly well or areas for improvement.

Sample Scorecard

	Max Score	Organization A	Organization B	Organization C	Organization D
Firm Profile	15				
People	10				
Investment Philosophy	15				
Process	15				
Portfolio Recommendation	15				
Fees	12				
Performance	12				
RFP Readability	6				
Total	100				

Sample Evaluation Criteria for Investment Managers

	Positive	Negative
Firm Profile	<ul style="list-style-type: none"> - Employee ownership - Investment focus - Gaining assets/accounts - Fiduciary qualities of prudence, duty of care and loyalty - Diversified client base - Business model aligned with client interests - Employee tenure 	<ul style="list-style-type: none"> - Outside ownership - Lack of employee ownership - Concentrated ownership at the top - Marketing/asset gathering focus - Trouble attracting new business - Losing current clients - Lack of fiduciary focus - Firm not profitable/experiencing declines in profitability - Regulatory issues
People	<ul style="list-style-type: none"> - Depth and stability of investment team - Credible client service - Dedicated endowment, foundation and nonprofit practice 	<ul style="list-style-type: none"> - Lack of depth - Unusual level of professional turnover - Retail focus - Questionable ethics - Motivated by earnings - Lack of endowment, foundation and nonprofit expertise
Investment Philosophy	<ul style="list-style-type: none"> - Well-articulated - Research-driven - Rewards commensurate with risk - Time tested 	<ul style="list-style-type: none"> - Not clearly articulated - Unclear about: <ul style="list-style-type: none"> - How portfolios are constructed - Where ideas are generated - Who evaluates ideas - Unclear or inconsistent valuation discipline - Leverage or derivatives are used to distort risk - Changing decision process
Process	<ul style="list-style-type: none"> - Explainable - Repeatable - Transparent - Disciplined 	<ul style="list-style-type: none"> - Fragmented and unexplainable - Inconsistent with philosophy or returns - Difficult to understand
Portfolio Recommendation	<ul style="list-style-type: none"> - Reflective of philosophy and process - Good risk-adjusted expected returns - Aligned with organization's needs and objectives - Sufficient active management 	<ul style="list-style-type: none"> - Unexpected trend in portfolio risk/return characteristics - Overly complex or unclear fee structure - Inconsistent with organization's needs and objectives
Fees	<ul style="list-style-type: none"> - Transparent - Reasonable 	<ul style="list-style-type: none"> - Complicated - Vague - Excessive
Performance	<ul style="list-style-type: none"> - Outperforms benchmark over multiple, rolling, long-term time periods - Performance consistent with approach and prevailing market conditions - Performance in line with expectations - Credible explanation of performance - Outperformance in down markets 	<ul style="list-style-type: none"> - Underperforms benchmark over multiple, rolling, long-term time periods - Tracking not consistent with benchmark - Performance inflated/deflated due to influence of a single time period - Performance not in line with expectations - Poor long-term performance - Outperformance during periods where approach should produce lower returns - Large negative returns in down markets

If you would like to learn more about implementing a due diligence program or receive other sample evaluation tools, like an RFP, please do not hesitate to contact [Samantha Audia](mailto:Samantha.Audia@glenmede.com) at 215-419-6038 or Samantha.Audia@glenmede.com.

