

Creating the Perfect Proposal

By Robert Middleton

“A proposal is not an exploration, it is a summation.”

Alan Weiss

Not all projects require proposals. This is especially true if you are dealing mostly with individuals, not companies. But in most cases businesses will require a proposal.

Getting the business often requires a successful pricing strategy and a proposal that outlines exactly what your client will get for their money. How your pricing and proposal is structured can be the difference between getting the business and losing it as well as the difference between making good money or poor money on a project.

A proposal starts with the understanding that you only prepare a proposal after you have gained conceptual agreement to do the work. A proposal is not so much a sales document as it is a way to clarify what you've already agreed upon.

Failure to understand this simple idea is the foundation of most problems with pricing and proposals. What we tend to do is jump in too early with both feet, proposing things that are not based on a response to the desired objective of the client. We prescribe without diagnosis. In the medical profession that is called malpractice but many professional service businesses do it as a matter of course.

I've seen so many people get led around by the nose by prospects who were not serious buyers or simply time-wasters and tire-kickers. The worst harm they can do to you is waste your precious time. And a huge amount of time and energy can go into creating a proposal that shouldn't have

been prepared in the first place. What do you need to know before you prepare a proposal and reveal a price? Several things, all very important. They include:

- The stated objectives of the client
- The value to the prospect of solving the problem
- The relative importance of the project to other projects
- The cost of not acting to solve the problem
- Their experience of working with a service like yours
- Their expectations going in of what can or cannot be accomplished

This list could probably go on forever, but I hope the point is clear – the more you know about a prospect’s situation, the better prepared you will be to put together your pricing and proposal.

So your first job is to find out everything you can. For instance, in interviewing your prospects I recommend asking basic questions about the company such as what their gross sales are, their profit for last year, how many people work for the company, who their competition is and how much they spend annually on consultants.

To me those questions barely scratch the surface of what I would want to know about a prospective client. Most simply neglect to get all that important information. How can you prepare a proposal for a prospect if you don’t know, at minimum, the foundational business information about their company?

The answer is, you can’t. You need to position yourself as someone who is interested and concerned with your potential client. If you don’t know the basics, how can you expect to solve their most pressing problems?

What You Need to Learn Before You Write the Proposal

Situation/Problem

The most important thing you need to learn about a company or a potential client is “where does it hurt?” Where is the pain? What is the nature of the pain? How long has the pain been going on? How big is this pain relative to other pains? And what are the possibilities for the company if the pain is dealt with successfully?

Remember, in the section on Marketing Message, we talked all about using pain or problems to get the attention of your prospective clients? If you are an expert at relieving a certain kind of pain, people are usually going to give you some time to take a look at theirs. However, you then need to take that time to dig in and understand the details of their pain.

“You’ve said you’re losing a lot of people from attrition. How many people are you losing, what percentage of the workforce each month and how difficult and expensive is it to replace those people?”

Now when you meet with your prospect you will not, must not start talking about your solution – that is what the proposal is for. No, you want to take more time to explore their problem. For instance, not all attrition in all companies is caused by hiring poor people. It might be that management is terrible. It might be that the opportunities are limited. It’s your job to find out exactly what’s going on first before you come up with your solution.

Objectives or Desired Outcomes

Next, you want to learn about their objectives. You know people are leaving because they are hiring the wrong kind of people. Perfect. Now you want to know what they really want to accomplish. And you don’t want to be general. You want to be specific.

- What is an acceptable level of attrition?
- What exactly is attrition costing you now?
- What would it mean to your competitive position to reduce attrition?
- What percentage of your attrition costs would you be willing to dedicate to reducing attrition?

Value to the client

Next you want to understand what value this project has to them. Nobody seems to ask this. We often ask about budgets but that doesn't really help much. You want to learn what the actual value is of doing this project. I don't mean a dollar figure, necessarily, but sometimes you can get even that.

- What would reducing your attrition by 25% per year mean to you? (in dollars)
- If you got your projects out on time instead of 10 days late, on average, what kind of savings would you realize?
- If you cut the steps in this process in half what would that mean to your bottom line?

If the answers to these questions can give you a general feel of the value, you have something to go on. If they will be saving 1 million dollars a year by reducing attrition by 25% it wouldn't make much sense to give them a \$5,000 proposal. That's way too low given what's at stake.

How they'll know you're successful

Finally you want to know what success looks like to them. How would they know the project was successful if they tripped over it? That is, what specific things would need to be different to know that things had improved, that you had met your objectives?

- What changes in behavior would you see?
- What difference would you see in costs?
- What results would occur that didn't occur before?

When you have information like this, you have much better foundation for developing a proposal. This is the actual information that goes into the proposal. This information is much more important than “what we are going to do.” Yet in most proposals, that is what they usually consist of. They are all about the process or methodology.

Sure there needs to be some information about what and how you will do what you do but it usually needs to be a lot less detailed than you think. Give yourself some breathing room. They are buying results, not processes.

Before you present your proposal, there are a few other things you should consider.

- Once you give them a proposal, can you expect an answer within a week? If not, do you really want to be playing the game of hurry up and wait?
- If you promise to deliver a proposal by a certain date, why not make an appointment to deliver that proposal and answer any questions as they come up?

Proposal Format

What is a successful proposal format? That is, what is a format that will increase your likelihood of getting the project?

I recommend the following nine main sections (which I learned from Alan Weiss):

- **Situation Summary**
- **Objectives**

- **Value**
- **Measure of Success**
- **Methodology**
- **Timing and Scope of Work**
- **Joint Accountabilities**
- **Risk Reversal**
- **Compensation**
- **Agreed To**

All of these sections will be outline in detail below. For further reference, go to the Do It section or see sample proposals in the Resources section.

Situation summary

Here is where you sum up what you know about their current situation. If you haven't asked a lot of questions, you aren't going to look too sharp, but if you've been tuned in, this section will let them know.

Objectives

This is undoubtedly the most important section of the proposal. In your meeting or meetings, your prime objective was to dig these out. Now you want to regurgitate them in a form that will make your prospective client nod in agreement. This is what they are buying. This is what they get. This is the problem you solve. This is what will make them happy.

You may have an overview paragraph or two and then several bullet points outlining each specific objective.

Value

Outline what the problem is costing them. You don't have to tie this directly to your compensation, but you can point out that you can reasonably expect to decrease costs by X% saving them Y dollars over so-and-so a time. This can have a lot of attention-value in a proposal. If you estimate, be conservative.

Measure of Success

This is, in some ways, a repetition of the objectives, from the point of view of a successfully completed project. When you are done, how will things be different? How will behaviors change? How will the numbers change? How will everyone really know if the project has been successful or not? Outline all of these in detailed bullet points.

Methodology

This is what you will do to accomplish the objectives. You want to give an outline of the things you will do but you don't want to give away the store. If you are giving training sessions, don't include the manual. If you are doing statistical analysis, don't give a long-winded technical explanation. Keep it simple and keep it credible.

Timing and Scope of Work

When will you start and complete and what exactly will the project entail? You want to be explicit about this or you're liable to get into "scope creep" when things keep getting added without additional compensation. You need to include some of this in your estimate but you don't want a client "adding an extra department or two" to your training program without additional compensation.

Joint Accountabilities

Who will do what? What will you be accountable for and who in your client company will be accountable for what? Make sure you know who is reporting to whom and know where the buck stops.

Risk Reversal

You're offering some kind of guarantee aren't you? To what degree do they need to be satisfied? What if they're not satisfied? What happens then? The whole purpose of this is to set up a win-win project. If you don't promise anything, how can you really know what you're expected to do? How do you know what their expectations are?

Terms and Compensation

This is where you tell them how much your services are going to cost. Whether you price by the hour, day or project, make it very clear what you will be billing for. And don't forget to ask for something up front. Always. And ask for the balance in 30 days. There's no rule that says 50% down at the beginning and 50% upon completion. If you bill a daily rate, don't bill monthly, bill twice a month.

And don't forget expenses. If you forget, they won't remember.

Agreed To

Finally, you want a short section for signatures and dates. Print your name and company and the client's name and company. Once the proposal is signed, you're ready to go.

Secrets to Successful Proposals

- **Sometimes it is better not to do a proposal until you have done a needs-assessment of some type.** Perhaps you do this on an hourly basis and then follow-up with the more detailed proposal once you better understand the situation and scope of work.
- **For any large project, you protect yourself by doing a proposal.** You clarify expectations and avoid misunderstandings. Sometimes a proposal can be in a more informal format such as a letter of agreement.

Nevertheless, it should follow the outline and topics above.

- **Never do a proposal on speculation.** It wastes your time and usually doesn't increase the chances of getting a project. This includes not answering to RFPs. Unless you specialize in this sort of thing, it's very risky.
- **Make sure you don't give away the details of the methodology of what you will do.** Why do they need you if you tell them in great detail what to do? Keep this part of the proposal fairly broad. Tell them you will be doing one-on-one coaching sessions plus group training. Don't give them the complete syllabus of the training program. This will be one of your first deliverables.
- **Provide the client with a choice of yeses** – give them two or three project options and prices for those options to increase the chance of you getting the project. Try offering “basic,” “standard,” and “deluxe” options.
- **The proposal should be no more than 2 or 3 pages long.** It's a proposal, not a book.
- **Keep the language simple and straightforward.** Nothing complex or confusing.
- **Keep the legalese out of the proposal.** If you add legalese, guess where the proposal goes? – to the legal department! Not a good idea!

Co-Creating the Proposal

Most people prepare a proposal by spending hours writing one, agonizing over pricing and finally getting it completed and delivered to the client. I want to recommend a somewhat different approach to developing proposals. After meeting with the client and going through the Strategy Session, the next step is do put together a proposal.

But instead of saying, "Let me put together a proposal for you based on what we've talked about," say the following instead:

"This is how I do proposals: I put together an initial rough draft with an emphasis on the objectives you want to accomplish, the measures of success and a little bit about our approach to working with you. Then I run it by you and we work on it together to make sure we are on the same page. We might add objectives, change a few things and, in general, fine tune it so that we are very aligned about exactly what this project will entail and what results you can expect. Once that stage is complete, then I'll provide pricing options for a few different approaches to the project. Does that sound OK?"

Prospects love this approach. This really enables you to collaborate on what the project will look like. And when you're working on the project together, you're treating them exactly as you'd treat a client. They have already started working with you. This makes it much easier to give the go-ahead when you've finalized the proposal and given your pricing.

Knowing The Prospect's Budget

A project for a business can run into thousands of dollars (or tens of thousands). So you don't want to start the proposal process before you have an idea of a budget. If they have a budget of \$5,000 and you deliver a proposal for \$50,000 you don't have much chance of getting it. Often a prospect will want to know the price before you prepare your proposal.

But if you have no idea of the scope of the project, you can't give a price. After the Strategy Session, you should ask, "Have you thought about your budget? I want to be mindful of your budget before I start with the proposal as it will determine the scope of the project."

Never leave a Strategy Session without at least a ballpark figure for a budget. And then as you work on the proposal

with them, you'll have a better idea of how to structure your project to fit their budget.

One way to talk about budget is to use metaphors. I like the building metaphor. "If you're a builder you could be building a ranch house or a skyscraper. When you give me a rough budget I can tell you what's possible (and not possible) to build within that budget range.

Proposing a "First Step" Project

If you are working with a client who has not previously contracted for large projects, then it's sometimes appropriate to propose a "first step project" that gets things rolling. Perhaps this is a series of meetings to explore strategy in more depth or do some initial assessments. Perhaps a day of training.

You need to be clear to them that these are the first steps you would undertake before continuing with the larger project but that there will be definite value in this first step project. If they are happy with the way this initial project goes, they are more likely to continue with you on the much larger project.

Action Plan - The Perfect Proposal

After your next meeting with a prospective client, use the proposal format as outlined above. By creating a template of the proposal on your computer all you need to do is fill in the details next time, saving you hours of work. Look at the sample proposals in the Resources section [link].