Proposal: A Vendor Approach to a Business Problem

Gopala Krishna Behara & Madhusudhana Rao

Abstract

Presenting a proposal is the best way to address the business problems of customers. In a proposal, you offer solutions to customer problems both from management and solution perspectives. The management perspective presents the project's scope, governance model, vendor management, etc., and the solution perspective presents an execution ,a technical solution, an estimate, etc. Proposals highlight the best available options and approaches so that customers can make the optimal choices for the solutions they're seeking..

In this Article, we attempt to consolidate the concepts and benefits of writing successful proposals, and to describe various pitfalls and best practices for proposal writing. We highlight the 5WH principle for defining the proposal and the various steps involved in developing a winning strategy.. We have defined how to write proposals that will enhance the opportunities for successful outcomes in competitive situations.

Why do customers need proposals?

A proposal is a clear, elegant, well-documented presentation on how to approach a problem. Proposal writing is not the same as scholarly or scientific writing.

Industry is becoming increasingly competitive and complex. In such an environment, clients are demanding more.. In order to meet client needs and to meet business goals, customers are looking for different options and solutions.

In order to successfully achieve those options and establish criteria, customers prepare an RFI/RFP which they present to different vendors, to evaluate the best available option/approach for them to achieve a higher return on investment (ROI), payback, and other peripheral benefits.

Most customers look for suppliers who will enhance their long-term performance, and who understand their business, their performance priorities, and their problem areas. A proposal should establish credibility and reliability. It should address a customer's problems, challenges to be met, and the direction in which the customer should proceed.
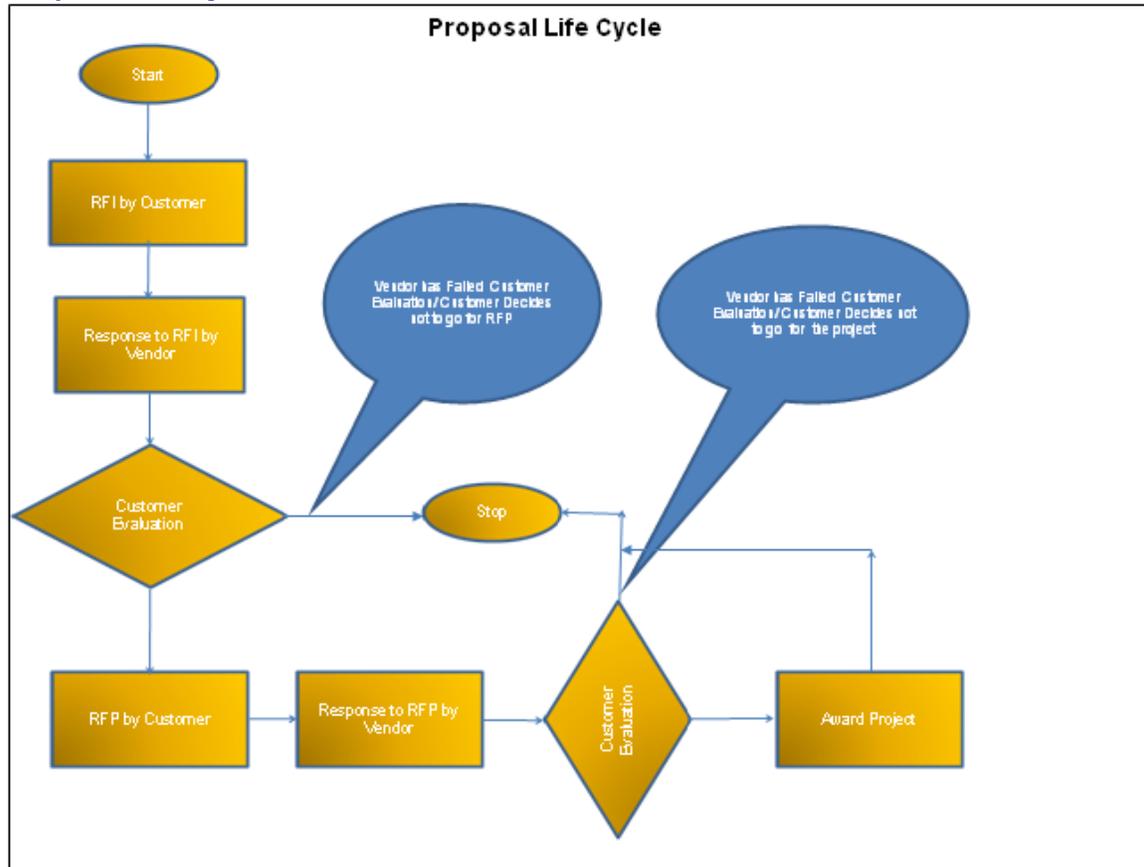
Proposal Lifecycle

Figure 1. Proposal Lifecycle

A customer releases an RFI to acquire a written response from a suppliers to define their unique capabilities to address its problems and provide solutions, and to obtain cost estimates for budget planning purposes. Based on information received, the client may decide to proceed with the project and plans for it in their budget. They will then create a short list of the suppliers the deem most qualified, release an RFP. The RFP, a formal request for a proposal and for cost information, is then responded to by the vendors. In some cases, the request for an RFI may trigger the letting of a contract.

Once the proposals are in, customers make a selection based on the response that best meets their criteria – their values, beliefs, ethics, history, fears, hopes, initiatives, relationships, and even unconscious, idiosyncratic reasons that no one from the outside will ever understand.

Classification of proposals

Proposals may be classified based on the size, complexity, and cost. The table below presents proposal classifications.

Type	Complexity	Technology	Cost
Small	Simple	Simple, Straight forward technology	<1 Million USD
Medium	Medium	Multiple vendors involved	1 Million to 5 Million USD
Large	High	Too many vendors involved	> 5 million USD

Issues in writing proposals

Based on our experience, the following are the main issues to anticipate when writing a proposal.

1. **Not understanding customer needs and scope sufficiently:** This situation can be avoided by conducting workshops, and making certain that the most relevant individuals in the organization are selected to serve on the team to correctly analyze the customer's needs..

2. **Not presenting a proper value proposition** will make the customer feel uncertain about vendor experience and ability to carry out the technical, and management aspects of the proposal.

3. **Recommendation not matching customer needs:** If the solution proposed by the vendor is not in line with customer expectations, the proposal may be rejected. This may occur from a misunderstanding of the problem statement, lack of knowledge of the customer's business, or lack of technical competency.

4. **Evidence not shown**: Evidence, such as case studies, references, and vendor expertise in the required areas, is not included in the proposal.

5. **Avoid the use of certain words,** such as could, should, may, and perhaps, may give the customer the impression that either vendor has not understood what is required or the vendor lacks confidence in what he is proposing?

6. **Not listening to the "Voice of the Customer":** Sometimes clients clearly spell out the basis on which they will evaluate suppliers, with specific reference to their budget and schedule. If the proposal does not respond to those specific criteria, their proposal will be ignored.

7. **Improper planning:** Once the vendor receives an RFI/RFP,the vendor may decide to skip critical internally-defined processes, such as reviews, as they feel the pressure of deadlines.. The reviewing process is important and should answer the following questions:

    ❖ Is the proposal fully compliant with the RFI/RFP, and properly structured and formatted?
    ❖ Are the approaches mentioned by the authors correct or incorrect?
    ❖ Is the value proposition clearly mentioned?
    ❖ Have the evaluation criteria set by the client been followed or not?
    ❖ Have required references, case studies, etc., been provided or not?
    ❖ Consider that if reviews are not done properly, and the proposal is submitted without meeting important criteria, there may be a negative impact.

8. **Resource identification and allocation:** Not assigning the right people at the right time to the right work. For example, a vendor has received an RFI/RFP that requires a niche skill set to provide the inputs. The necessary person is available in another department but the vendor is unable to get time with him or her to provide the necessary input.

9. **Number of resources required:** Not able to judge how many resources are required to complete the proposal in time as per the customer's specifications. Sometimes a vendor receives a very big proposals (say > 10 million USD); if the vendor cannot judge the proposal size at the initial stage and does not plan for the necessary number of resources, then the quality of the proposal will be diminished.

10. **Improper structure, format, and package:** A proposal should be properly structured; for example, it should not have the solution first and the problem last. As many people will be involved in writing the proposal, and each may be using a separate font and font size, once the inputs are received, the final proposal should be formatted consistently to give the proposal a professional appearance.

11. **Not using the client's language and terminology:** A proposal that does not adapt to the customer's language and terminology may cause him or her to think that the vendor does not fully understand the concepts put forth in the RFP and may doubt the vendor's ability to execute a solution..

12. **Improperly written;** The proposal creates the first impression. If it contains grammatical errors, typographical mistakes, and misspellings, the customer will most likely not consider it a serious contender..

13. **Vendor over confidence:** In some scenarios, customers may release an RFI/RFP only to a familiar vendor, thinking that that particular vendor understands their business needs. In such scenarios, the selected vendor may be over confident and submit a proposal without fully detailing a proposed solution and attendant costs. Don't be surprised if the customer opens the bid to competitors.

14. **Improper and unrealistic effort and estimates:** There is a risk of the vendor submitting unrealistic estimates because of the customer's lack of knowledge relating to the scope of the problems requiring solutions. Unrealistic estimates can also result from the vendor team's lack of experience in making accurate estimates. Overall, the results will lead to many problems during the execution process.

15. **Improper technology identification:** The importance of identifying appropriate technology solutions cannot be overemphasized.

Addressing a successful proposal

Creating a winning proposal is critical in a highly competitive market where traditional services are offered by multiple vendors. The secret to winning a customer's business usually comes down to the "value adds" or "extras" that an organization can bring to the table as a trusted partner and a one-stop shop. These extras are what differentiate the services of an organization from their competition..

Whenever customers issue an RFP, that RFP should clearly define the problems and issues they are hoping to solve. Similarly, the response should clearly indicate to the customer that the vendor has understood or has not understood the problems as defined in the RFP..

The following section presents a checklist the vendor should maintain to come up with a Go / No Go decision whenever an RFI/RFP is requested.

- ❖ What actually is customer's problem and what precisely do they require?
- ❖ Why is it a problem?
- ❖ What is the value add the customer is expecting from the vendor?
- ❖ Can we really solve the client's problem?
- ❖ What are the different ways we can resolve the customer's problem?
- ❖ What and how will it benefit the customer?
- ❖ Is the work within the scope of the vendor's technical abilities?
- ❖ Do the requirements in the RFI/RFP match vendor capabilities?
- ❖ Have you worked on this proposal for other customers?

If the vendor has decided to respond to the RFI/RFP, the next steps are to analyze the approximate size/cost, what departments should be involved, and how many resources are required? Then comes the decision on a winning strategy. Having the right people at the time for the right work plays a key role in preparing and submitting a proposal. Having a team that has complete understanding of the customer's business makes the response more leak proof.

Follow the key practice of Proposal Management: "**Plan before you write and write to the plan.**"

The vendor should identify a bid manager who will be responsible for preparing the bid plan and for managing and tracking the plan and the proposal until it is submitted to the client. The bid plan should include the list of activities, the schedule, who owns what activities, and participating resources contact details. The resources should include technical as well as customer participants.

After going through the RFI/RFP, the vendor should raise all queries within the required time frame specified by the customer. Queries should exhibit a comprehensive understanding of the customer's stated and unstated needs as well as the systemic issues that must be managed.

The vendor team should question themselves using the 5Ws (Who, What, When, Where, Why) and the 1H (How) principle when providing inputs to RFI/RFP.
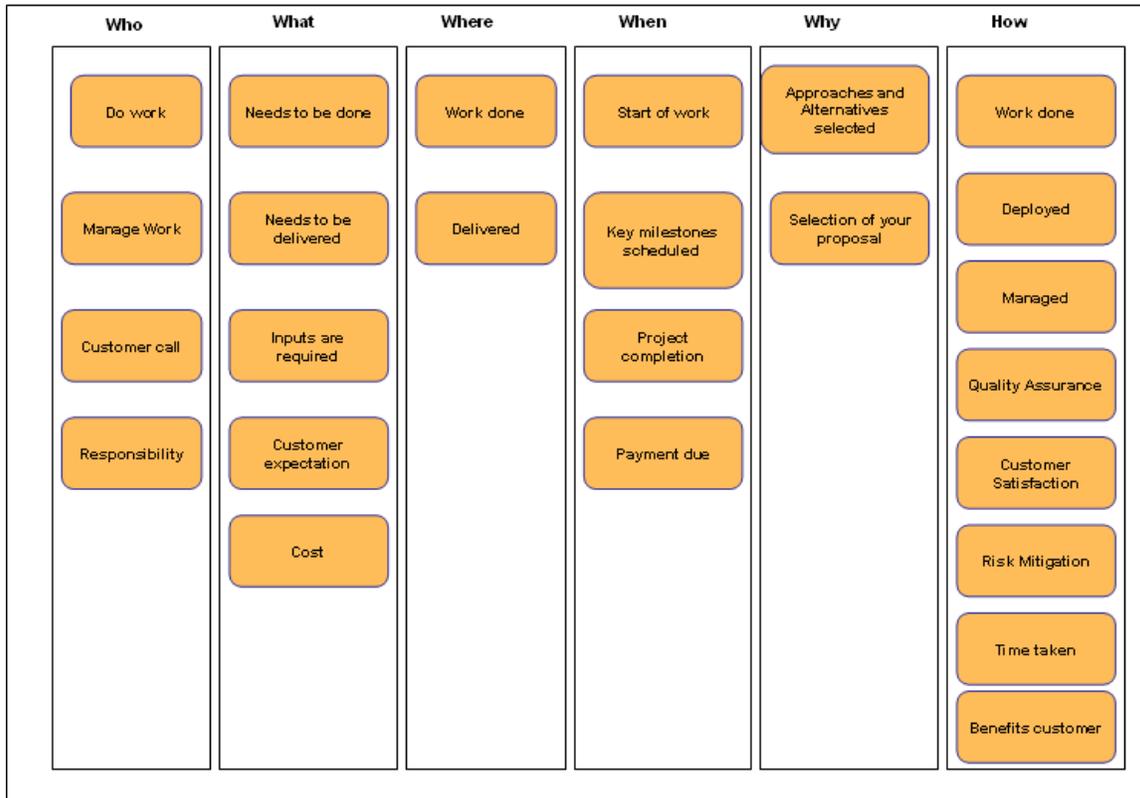
Figure 2. Who, What, When, Where, Why, and How

The following section elaborates the use of the 5W and 1H.

- ❖ **Who:** Who will do the work, who will manage the work, who does the customer call if there is a problem, who is responsible for what?
- ❖ **What:** What needs to be done/delivered, what will be required to do it, what can the customer expect, what will it cost?
- ❖ **Where:** Where will the work be done, where will it be delivered?
- ❖ **When:** When will you start, when will key milestones be scheduled, when will the project be complete, when is payment due?
- ❖ **Why:** Why have you chosen the approaches and alternatives you have selected, and why should the customer select you?
- ❖ **How:** How will the work be done, how will it be deployed, how will it be managed, how will you achieve quality assurance and customer satisfaction, how will risks be mitigated, how long will it take, how will the work benefit the customer?

The following factors make the proposals more competitive:

- ❖ Original ideas
- ❖ Focused project plan
- ❖ Cost effectiveness
- ❖ Knowledge and experience in the domain
- ❖ Experience in essential methodology
- ❖ Realistic amount of work
- ❖ Sufficient details
- ❖ Strong rationale or evidence of POC effectiveness

Best Practices in writing proposals

1. **Keep the proposal as short as possible.**
   The proposal needs to be crisp and germane to the problem(s) to be addressed..

   A lengthy proposal can often dilute the intent, and the customer is most likely limited by time constraints.

2. **Use graphics:** In the proposal, represent solutions, ideas, processes, or approaches graphically whenever possible. The adage, "A pictures is worth a thousand words,," particularly applies to proposals.

3. **Provide multiple options (not all proposals may have this)** as part of the vendor solution. Providing options demonstrates to the client that you have not only understood the problem, but have meticulously invested a great deal of time and effort to understand the project's business objectives and to provide the best available solution(s). Such a tack suggests genuine commitment and will help get you to the final selection.

4. **Involve the right people at the right time for the right work.**
   A proposal will involve multiple sections which frequently require resources with relevant expertise. Bringing in the right people will ensure that the proposal will get serious consideration..

5. **Provide a very clear value proposition to the client:** The value proposition is what a vendor "value adds" to the proposal. It should make the customer favorably inclined towards the vendor's organization. This should cover how the vendor solution benefits the customer and illustrate the vendor's expertise in providing solutions, preferably by case study examples.

6. **Customers sometimes clearly mention their evaluation criteria:** The proposal should be in line with the criteria. If there is a problem in meeting the criteria, provide a clearly stated reason why the criterion or criteria cannot be met.

7. **Proposals should be properly structured, formatted, and packaged:** Most of the customers will look for a clear and specific proposal. Keep the proposal readable and concise, with lots of white space on the page. Keep sentences and paragraphs short and

use headings and subheadings to give the customer contextual clues. If they have given any specific instructions, it is mandatory to follow them without exception.

8. **Follow the defined proposal management process:** Vendors will have their own defined process for proposal management. It is very important that the vendor stick to it. But if, for certain reasons, the vendor has decided to deviate from the process for a particular proposal, it should be planned and discussed internally during the initial stages. Effective reviews play a key role in submitting a winning proposal. It is always better to have review criteria specific to a proposal; it should be set during the planning stage itself.

9. **Wear the customer's hat:** When responding to a RFI/RFP, vendor should wear the customer's hat and consider on what basis the customer will select a vendor. This approach will help him or her get close to the solution.

   Evidence: Case studies, white papers, references, and vendor expertise in the required areas should be presented to the customer. These pieces of evidence should either say, "We have an idea, and we have already done initial work on it," or "We have a good track record." This evidence will address the key factors of an RFI/RFP and also give an impression to the customer about vendor expertise in the required area.

10. **Refer to the history database:** When responding to a RFI/RFP, the vendor should refer to the history database that they maintain internally to check if they have submitted a similar type of proposal earlier to the same customer or other customers. Details related to earlier proposals such as cost, solution given, lessons learned, etc., should be maintained in the history database.

11. **Use RASIC chart (Review, Approver, Support, Information, and Control)** to clearly identify responsibilities of customer and vendor(s) relating to activities and deliverables of the project (in case of multi vendor environment); this plays a vital role in the estimation process.

The following table provides the sample RASIC table.

		Supplier1	Supplier2	Supplier3	Client	Comments
R	Responsible					
A	Approver					
S	Support					
I	Information					
C	Control					
SR No	**Activity Description**					
1	**Project Planning and Monitoring**					
1.1	Project Plan creation	R			A	
1.1.1	Quality Assurance Plan	R			A	
1.1.2	Configuration management plan	R			A	
1.1.3	Data management plan	R			R	
1.1.4	Identifying resources, tools, and training needs	R				
1.1.5	Project training plan	R				
1.1.6	Stakeholder involvement plan	R			A	
1.1.7	Product quality plan	R			A	
1.1.8	Risk management plan	R			A	
1.1.9	Identifying critical dependencies and issues	R			A	
1.2	Project Schedule MPP (Integrated)	R	S	S	A	
1.3	Project Planning and Monitoring	R			A	
1.4	Project Document reviews and sign off	R	S	S	A	
2	**Requirements Phase**					
2.1	Verifying the Business Requirements Document (BRD)	R			A	
2.2	Developing the Requirements Traceability Matrix (RTM)	R			A	
2.3	Deriving, prioritizing, and obtaining agreement for system requirements	R			A	
2.4	Updating Business Requirements Document	R			A	
2.5	Creating the Systems Requirements Specifications	R			A	
2.6	Updating Requirements Traceability Matrix	R			A	
2.7	Developing Use Cases	R			A	
2.8	Managing requirements	R				
2.9	Creating the System Architecture	R	S		A	
2.10	Creating the IT Standards Bill of Materials (BoM)	R			A	

12. **Review Validations:** Generally suppliers deviate from the defined process (from proposal planning to submission) due to lack of time. There is a need to do the proposal reviews for the following validations to avoid any deviations.

> ❖ Proposal is fully compliant with RFI/RFP
> ❖ Mention of correct approaches
> ❖ Mention of clear value proposition
> ❖ Follow the evaluation criteria set by the customer
> ❖ Provide required references and case studies

If the reviews are not properly done, there are chances that proposals will be submitted without meeting some of the important criteria.

Conclusions

This paper consolidates the pitfalls involved in writing proposals. It also addresses the best practices for writing proposals. This paper introduces the 5WH principle to address the customer RFI/RFP request.

Vendors should always learn from their mistakes and never repeat them in the future. Other vendors may have failed to note previous proposal mistakes that cost them later contracts. Vendors can also save a lot of time, energy, money, and grief by learning from their competitors' mistakes. That's the cheaper, better way of doing business. Not responding professionally to an RFI / RFP will move an organization to the back burner in the customer vendor list. By responding, the vendor will continually improve the proposal development process and proposals, which helps the vendor to increase the proposal win ratio.

Glossary of Terms

Acronym/Abbreviation	Definition
RFI	Request for Information
RFP	Request for Proposal

References

www.capturelearning.com

www.santcorp.com

Acknowledgements

Authors

Dr. Gopala Krishna Behara is a Senior Enterprise Architect in the Wipro consulting division of Wipro. He has a total of 13 years of IT experience. He can be reached at gopalkrishna.behra@wipro.com

Madhusudhana Rao is a Principle Consultant in the Wipro Consulting Division of Wipro. He can be reached at **madhusudhana.rao2@wipro.com.**

Disclaimer

The views expressed in this article/presentation are those of the authors, and Wipro has no responsibility for the substance, veracity, or truthfulness of the opinions presented.