PROPOSAL PREPARATION KIT

Proposal/Tender Preparation and Presentation Guidelines

PROTECH
AUSTRALIA

CONTENTS

1. INTRODUCTION

In the seemingly always tight Australian economy, with the challenge of a competitive environment, all of our business units are under pressure to develop new business opportunities. The Marketing Unit has prepared a model Proposal Preparation Kit to enable each of our business units to win more work.

It is always up to each Account Executive to convince the client to use our products and services. More often than not we are in competition with other companies. Some of our existing clients are trying out other providers: simply out of pique; we may not have come up to expectation as suppliers; or because of competive quoting processes. Whatever the reason, there is a challenge to improve our performance, show our quality approach, and win our share of business, increasing our success rate in the marketplace.

With this in mind we cannot establish our presence by trial and error. We must use the most professional approach, be prepared to analyse the market thoroughly, and apply our knowledge more efficiently.

This Model has been put together carefully and with some input from the successful proposals and tenders completed by Protech Australia in recent years. It must be emphasised that, even by following this kit to the letter you cannot be guaranteed to win. However, by applying the principles, taking note of the hints and the checklists, we believe you will win more work in the future.

When you prepare a proposal, you must realise that the process is not confined to just publishing some text and graphics for your document. The procedures encompass a whole range of activities, from identification of the opportunity for which a client is seeking products and services to the formal agreement and engagement to provide those services. Furthermore, there is the provision of follow-up quality checks on performance and the ongoing quality asurance controls. The purpose of all of these activities is to sell ourselves to that particular client for that particular opportunity. We must realise that marketing of our products and services is very similar to marketing a commodity, and the principles and practices of selling apply no less to our products and professional services than to any other saleable commodity.

1.1 What Each Section Covers

This proposal preparation kit includes guidance on all activities involved in the process of winning business.

This kit is in five sections.

SECTION 1 is this introduction.

SECTION 2 deals with all those activities which surround the preparation of the formal proposal including:

- identifying the opportunity
- selecting the opportunity to go for
- understanding project and client needs
- organising the proposal
- presenting the proposal
- follow-up activities

SECTION 3 provides source data and recommendations for the content of a proposal. The options enclosed will outline handy hints designed to assist with the speedy production of effective documents and aim to show the competitive advantages that we can offer better than our competitors in fulfilling the client's needs.

- content recommendations
- text for proposals
- hints on preparation of the covering letter
- how to sell the Executive Summary
- relating the proposal to the client needs
- creative use of graphics
- the layout of the management proposal
- setting a competitive fee/commercial offer
- organisation planning for the successful tender
- curriculum vitae (packaging the expert team)
- checking why the proposal is successful (or otherwise)

Each business unit can use this format as a guide. We expect that each group will use the layout and develop its own text according to the criteria in each Propoasal Brief/Tender Document/Expression of Interest.

SECTION 4 is provides information on matters such as:

- how to set the price
- reasons for unsuccessful proposals

- procedures

SECTION 5 shows the format and text of a model proposal. We do not expect that this example will suit every proposal opportunity, nor do we want to see the same phrases occuring in future proposal documents. The objective behind this model is to show the style, quality and detail required in today's competitive environment.

1.2 Scope

The scope of this kit is such that any person within the organisation could use it to prepare a proposal which would be effective and would clearly be identified as our proposal no matter which office prepared it.

The kit is set up as a loose-leaf document capable of being easily updated to insert ideas, techniques and relevant topics should the need arise.

1.3 References

International Federation of Consulting Engineers, *FDIC Tendering Procedure*, The Hague.

1982 Marsh, P.D.V., *"The Art of Tendering"*, Gower Publishing Company, Aldershot, 1987.

Property Services Program, *Tender Preparation Kit*, December 1991.

Australian Surveying & Land Information Group, *Tender Presentation Kit*, 1992.

2. PROPOSAL PREPARATION

2.1 Identifying the Opportunity

By the very nature of our business we cannot go for every opportunity; neither can we win every opportunity we go for. By using some of the basic checks and following some simple steps, we can make the job of picking the right opportunities easier, making our efforts to apply them more realistic, in turn ensuring a higher success rate. We are obviously interested in putting in successful bids — **we want to make every post a winner**.

Please look at Flow Cart 1 which outlines the steps that we can take in the proposal process. It all seems too easy, yet in many cases we try to take short cuts, miss out on some minor details and lose the chance to gain the business.

2.2 Selecting Which Opportunity To Go For

2.2.1 STEP 1 — Appoint a Proposal Manager

When an opportunity has been identified, appoint a Proposal Manager to:

- evaluate the opportunity and make the GO/NO GO decision;
- take responsibility for the proposal, its content and management.

The Proposal Manager needs:

- to be available throughout the proposal process to provide a continuity of presence to the client;
- the ability and willingness to respond in a commercial manner;
- good organisational skills;
- the ability to work well under pressure;
- good sales, liason and communication skills; and
- technical skills where relevant.

TIP

The Proposal Manager does not need to be the person who will eventually lead/deliver the job but it would be preferable to avoid “passing the batton” and to give the one point of contact for the client.

2.2.2 STEP 2 — Seek out required information

Identify additional information required or documentation to be researched.

CLIENT CHECK LIST	OUR CHECK LIST
• client annual reports	• market objectives
• client audit reports	• business objectives
• client organisational charts	• skills required
• client decision makers	• workload resource
• client influences	• availability of job information
• CVs of key client people	• competitors
• client capabilities	• client relationship teaming partner
• financial position of client	• consultants and/or suppliers

TIPS

- If it is necessary to talk to the client to obtain the above information, follow step 6, "Make First Contact".
- Consult with the Marketing Unit for client intelligence, market and business objectives.

2.2.3 STEP 3 — Evaluate the opportunity

Evaluate the opportunity with the assistance of the "Proposal GO/NO GO Chart". Give weighting or priority to factors identified on Flow Chart 2.

2.2.4 STEP 4 — NO GO decision

If the decision is NO GO and contact has been made with the client, tell the client that we will not be putting in a proposal.

TIPS

- Avoid preparing large numbers of proposals which have a poor chance of success.
- Concentrate on a smaller number of proposals and increase their chance of success by improving information and presentation.
- Ensure that the reason we are not proceeding is our concern for the client, e.g.
  — skills currently committed to other jobs;
  — skills offered in other proposals may not be available;
  — suitable teaming partner not available.
- Question if the addition of specialist resources from other offices, consultants or joint-venture arrangements enhance the proposal and significantly increased the chance of success.
- Always follow up an invitation to put in a proposal.

FLOW CHART 1

	STEP	
SELECTING	1	Appoint Proposal Manager
THE	2	Research the opportunity
OPPORTUNITY	3	Evaluate the opportunity
TO GO FOR		Use Go/No Go Chart 2 ----> **NO GO**
		GO — 4 Notify Client
UNDERSTAND	5	Set up the proposal team
PROJECT AND	6	Make first contact
CLIENT NEEDS	7	Arrange the Interview
	8	Prepare for interview
	9	Interview
ORAGANISING	10 11	Organise the Proposal <---- 12 Think Tank
THE	13	Continue client contact/dialogue
PROPOSAL	14	Prepare draft
	15	Review draft
	16	Second client visit
	17	Final Graphics
	18	Final text <---- 19 Covering letter
PROJECT MANAGER SIGN OFF		
PRESENTING	20	Presenting the Proposal 21 22 23
THE PROPOSAL		
FOLLOW UP	24	Follow up
	25	Determine What Won/Lost Job
	26	Feedback

FLOW CHART 2

PROPOSAL GO/NO GO PROCESS

Priority

Which of the following reasons justify the pursuit of this project?

Fits our market objectives
Fits our business objectives
Avoids laying off key staff
Offers reasonable or better profit potential
Establishes our credential in a new market
Trains staff members
Keeps competition out of traditional markets
Opens the door to a new client

How much profit is estimated for this project?

Fee $__________________ Budget $___________________
Profit $________________ Proposal Cost $_____________

Do we have:
- a good client relationship? yes no
- a track record with the client? yes no
- a directly related experience? yes no
- a credible project manager? yes no
  if yes, who? ___________________________________
- skills to do a quality job? yes no
  if yes, which? _________________________________
  if no, which partners? _________________________
  if no, which consultants? ______________________
- client's selection criteria? yes no
- enough job information? yes no
- staff to do a quality job? yes no
- time to do a quality job? yes no

Do we know enough about the 'territory' in which the opportunity is located to make a competitive bid? yes no

Do we understand client politics? yes no

Does the client require 'local representation'? yes no

Is the client prevented from using us? yes no

Who are our competitors? ______________________________________

Are are chances good? yes no

What is our real competitive adavantage? ________________________
____

Can we prepare a quality proposal? yes no

Would you bet your money on our winning? yes no

What can we do to improve our chances? _______________________

2.3 Understanding Project and Client Needs

2.3.1 STEP 5 — Establish the proposal team

Identify the skills needed for the proposal team, appoint the members and define the roles. For example:

- research assistance
- graphic design and layout
- proposal production
- technical advise
- editorial input
- consultants
- partners
- planning and management

TIPS

- Build up a reliable consultant base to call on at short notice.
- Establish partners that you know can and are willing to work with us.
- Team members should involve (or even consist of) the key staff offered for the job.

2.3.2 STEP 6 — Make first contact

Do this within 24 hours of learning about the opportunity.

TIPS

- The first and only contact should be made by the Proposal Manager. The client expects to deal with the same person all the time and will rapidly lose interest if confronted with substitutes.
- Be first to phone and have questions prepared (being first gets the best hearing).
- Avoid making contact with the client until the go/no go process has been completed. An exception to this general rule applies when contact is necessary to complete the go/no go decision. In this case make it very clear to the client that you are only ‘fishing’ at that time. Clients do not like wasting their time on people who are not genuine ‘sellers’.

2.3.3 STEP 7 — Request a personal visit

Ask for a personal visit at the earliest possible opportunity.

TIPS

- The selection of metting place should maximise the client's appreciation of our interest.
- Agree a length of time for the interview.
- Seek approval to ask questions and take notes.
- Listen — don't talk too much. Clients enjoy telling you about their problems.
- Re-affirm client's wishes.
- Gain his/her confidence.
- Be careful about giving the client a memento (such as a pen) as this is a marketing tool — offering them at this stage of the selling process may be too overt and may offend.
- Ask problem and implication questions.
- Have client confirm problems in their own words. Focus on understanding the client's need rather than finding the need that matches our current capability.
- Formulate approaches to resolve client-expressed needs.
- Demonstrate our ability to answer the expressed needs.
- The clearest message is when the organisation's needs are the same as those of the decision makers, end users and individuals.
- Watch out for conflict and inconsistencies that can blur the message.

2.3.4 STEP 8 — Prepare for the client interview

CHECK LIST

- Who will attend from the client's organisation?
- Names of client staff
    - ♦ correct spelling, titles
    - ♦ interests
    - ♦ who they know in our organisation
    - ♦ who in our organisation knows them
    - ♦ previous involvement with our organisation
    - ♦ previous involvement with competitors
- Review research finding
    - ♦ what are the client organisation's business, mission, goal?
- Reassess client needs and forulate possible approaches
    - ♦ How does the client's organisation survive?
    - ♦ Are they short or long-term needs?

- ♦ How strategic is the investment decision?
- ♦ Any political agenda?

- Identification of our experience related to the client needs.
- Questions to ask the client.
- Answers to questions which may be asked by the client.
- Who should attend from our organisation (at least two) and their roles.

2.3.5 STEP 9 — At the client interview

At the client interview seek out additional information and get the client to like and feel comforable with our organisation.

CHECK LIST

- Identify client requirements and expectations.
- Find out the client’s budget.
- Ask about time frame.
- Ask if there are any experts/techniques which the client expects on the job.
- Establish whether or not the job has any unknown conditions.
- Identify who is the decision maker and who within the client organisation influences him/her.
- Agree approach to be adopted in proposal.
- Gain commitment to a future course of action.

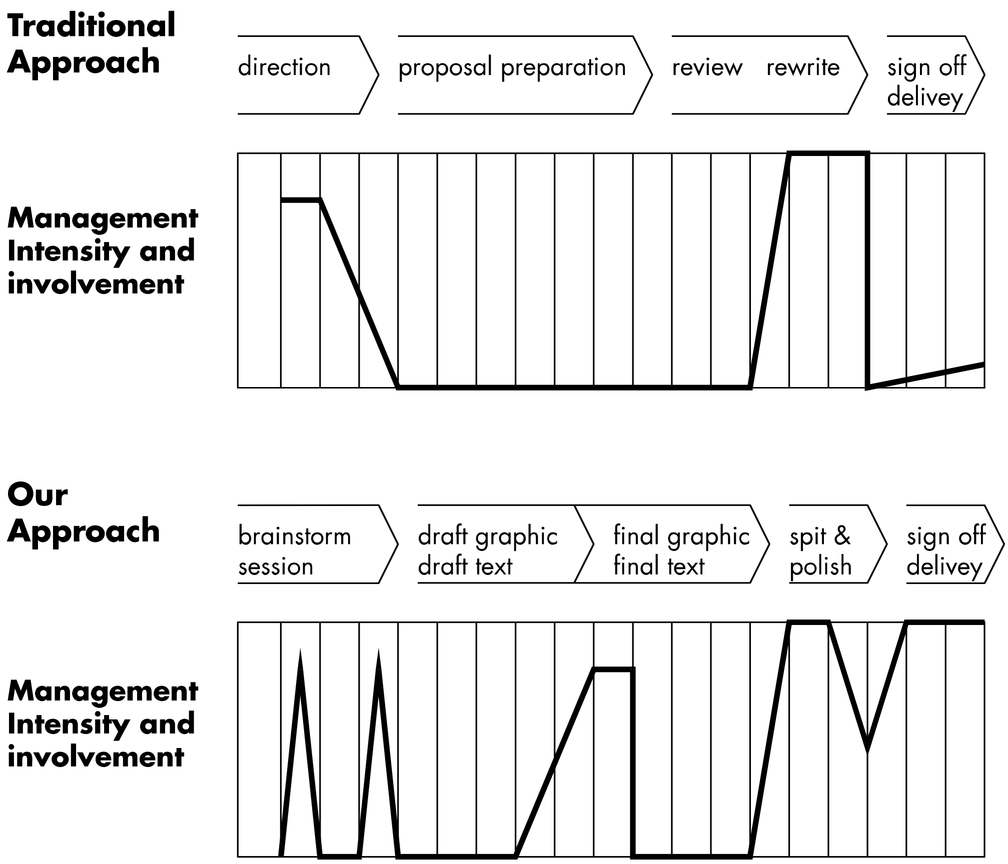
2.4 Organising The Proposal

2.4.1 STEP 10 — Establish the proposal timetable

TIPS

- Prepation will depend on the time and resources available, the degree of difficulty and the value of the job.
- Use the 'Proposal Coordination Approach' — Chart 3 (illustrated below) which emphasises continuous management involvement. This approach ensures quality assurance and efficient preparation of the proposal.

CHART 3



2.4.2 STEP 11 — Establish proposal budget

Establish the budget for the preparation of the proposal.

TIPS

- The best proposal is the one that wins the job at the cheapest cost. As a guideline, 1.5 to 2.0 per cent of the total fee, or 5 per cent for overseas work. These should be regarded as upper limits for most proposals.

2.4.3 STEP 12 — Set up a 'brainstorming' session or 'think tank'

The purpose of this session is to:

- ♦ agree the proposal theme and approach
- ♦ agree the type of respose (letter or proposal)
- ♦ define the proposal content (refer section 3)
- ♦ reassess the skills required
- ♦ decide the membership of the job team
- ♦ define the roles of the job team

TIPS

- Focus on critical issues and associated graphics.
- Establish the message which the proposal must clearly deliver if client needs are to be met. Include the members of the job team in the session if possible.
- Our major competitive advantages should be the foundation of the proposal.
- Prompt for lateral thinking. Alternatives to those briefed can often attract the client's attention.
- Know your competitors.

2.4.4 STEP 13 — Continue client dialogue

Continue client dialogue to keep in touch and be close to the client. This approach can influence client choices and improve your position in his/her mind.

CHECK LIST

- Question to clarify needs.
- Do test briefing.
- Check out pricing, identify how the client will assess the proposal:
  - ♦ an overseas expert?
  - ♦ a local presence?
  - ♦ a particular expert?
  - ♦ dulication of a previous job?
  - ♦ a fee limit?

TIPS

- Do the whenever something needs clarification.
- Maintain a higher profile than all competitors.
- Use language that implies we have already won the job,
  e.g. DON'T say 'For this part of the job, we would provide...'
  DO say 'When we do this part of the job, we will provide...'

This generates an air of expectancy which may result in a feeling of obligation for the client's decision makers. It also expresses confidence and enthusiasm, both of which are contagious and will increase our chances of success.

- This is hard to do. Don't find an excuse to put it off!

2.4.5 STEP 14 — Prepare a first draft

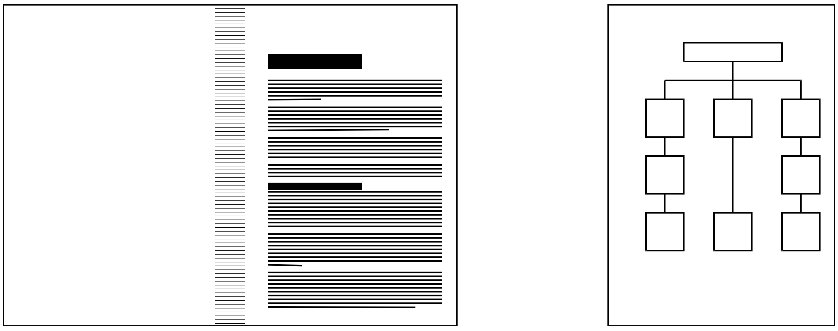
TIPS

- Use the 'Presentation Concept' — Chart 4, (illustrated below).
  Graphics have more impact than text.
- Review research.
- Reassess Client needs.
- Address all requirements of the client's stated brief.

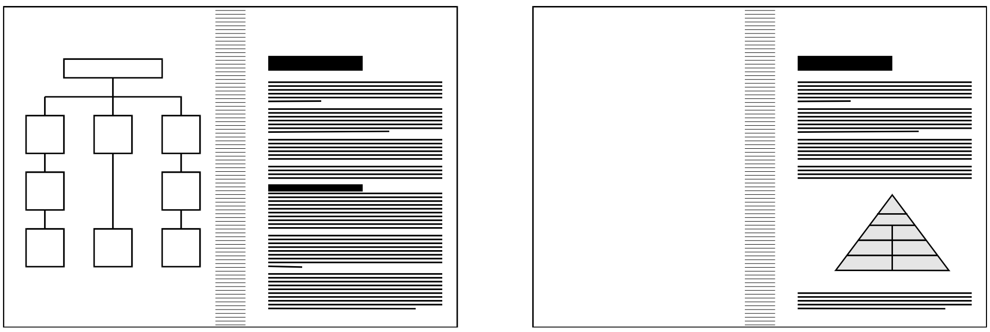
CHART 4

Presentation Concept

Traditional Approach = Words (Description) + Exhibits (Appended later)



Our Approach = Graphic (Description) + Words (Persuasion)



2.4.6 STEP 15 — Review first draft

Convene a review session for draft graphics and text.

CHECK LIST

- Would a reader be convinced after the first two pages of the Executive Summary that we should be short-listed?
- Does the writing exude confidence?
- Are the benefits include early in the proposal?
- Is there a graphic near the beginning of the proposal which clearly sums up our approach and the result/benefits the client will get?
- Do we convincingly indicate our understanding of clint needs and issues?
- Do we state early in the proposal our experience and expertise in Australia and other relevant places by specific people and organisations?
- Are the specific client needs linked to our specific experience?
- Does the proposal say how we would provide a client pay-off through the use of this expertise and a particular methodlogy?
- Does the methodology domonstrate clearly and enthusiastically how we would provide solutions to client problems?
- If the methodology was necessarily long, is it summarised in the proposal with details included as an appendix?
- Are the 'deliverables' highlighted progressively or do you have to wait until the last page of the proposal to find out what the 'deliverables' are?
- Are benefits built in or do you have to wait until the benefits chapter to find out what the benefits are? Is there a logical flow from client needs to solutions to benefits?
- Is there a logical flow to arguments?
- Are the graphics used to effect, i.e. do they stress client benefits? Are the graphics clear? Do they demonstrate understanding? Are they used as analternative way of expressing a difficult point?
- Are short sentences used?
- Is there repetition?
- Are paragraphs short? Is spelling 100 per cent correct?
- Is the language understandable to the client?
- Is the text clear?
- Is the timetable clear?
- Does the diagram highlight milestones in client involvement and points at which major 'deliverables' would be delivered?
- Is the chapter on fees clear?

- Does the fees chapter provide for possible future variations in the terms of reference?
- Are billing arrangements and terms of settlement covered?
- Is the context of the resumes relevant to client needs?

2.4.7 STEP 16 — Second client visit

- Prepare as for first visit, refer step 8 and 9.
- Discuss a draft of the submission with the client.
- Identify the key results the client wants.

TIPS

- Some clients — Defence in particular — will be interested in the way submissions arepresented regarding cash flow, terminology, options available and funding.
- Be flexible and listen. The client will signal the important aspects.
- Sound out approached to solving client needs including possible solutions.
- Search for unexpressed requirements and preferences.
- Don't be totally committed to anything you are presentign as your commitment may block out messages of disapproval from the client.

2.4.8 STEP 17 — Final graphics

TIPS

- Prepare after incorporating all client requirements.
- Use graphics that are clear, expressive, relevant and demonstrate understanding.

2.4.9 STEP 18 — Final text

- Check and edit (consider using a journalist)
- Spit and polish

2.4.10 STEP 19 — Prepare covering letter

CHECK LIST

- Is it one page (or two at the most) in length?
- Does it include selling points?
- Are the fees mentioned?
- Does it state principal benefits?
- Does the covering letter, of itself, tilt the reader our way?

- Does it request a formal presentation?

2.5 Presenting The Proposal

2.5.1 STEP 20 — Deliver the proposal

Deliver the proposal personally when in town and, if permitted, describe the proposal. When out of town, fax offer and send proposal by courier.

2.5.2 STEP 21 — Pre-presentation action

- Ensure that the submission has been received in full.
- Contact the client (during the first five days of the proposal).

TIPS

- Assume that the proposal will be short-listed.
- Don’t wait until the client rings to offer an appointment to discuss the proposal.
- Be prepared.
- Talk to all the decision makers to establish:
  - ♦ if your proposal is on the short list;
  - ♦ if not, what can be done to get on the short list?
  - ♦ issues that will win the job;
  - ♦ if more information (profiles, case histories etc.) are required.

2.5.3 STEP 22 — Presenting the proposal

CHECK LIST

- Location, time, duration of interview.
- Who will attend from the client organisation?
- Who will attend from our organisation?
- Layout of the room.
- Available visual aids.
- Roles of presenters — leader, backup.
- Handouts.
- Decide on what issues the clint will make his/her decision and construct the agenda around these decisions.
- Decide who says what and what the format of the presentation will be.
- Anticipate questions and decide how and who should resond.

- Work out how the decision is likely to be made, e.g. is it solely fee-based, or is it based on experience or other aspects?
- Rehearse the presentation with independent participants.

N.B. A sample of an excellent presentation format will be incorporated in Part 3 of this kit.

TIPS

- Have the interview on home ground. This gives time to prepare the room, lighting and refreshments.
- Be sure the 'right' people attend the interview — one at least must have authority to make on-the-spot decisions. Our competitors will be sending their most senior people and the client will not be impressed if we have to refer to some higher authority on major issues such as nominated resources, timing and fees.
- Check out premises, facilities and equipment available if interview is to be held in the client's organisation.
- BE ON TIME (EARLY).
- Make sure the presenters KNOW the subject material and the audience.
- Make one person the obvious leader — the spokesperson — who will make the introduction and closing remarks. These should be committed to memory and rehearsed to overcome any nervousness.
- Build the presentation around the 'Presentation Concept' — not too many, about four visuals per ten minutes of presentation.
- If on home ground, use displays.
- Typical audience is two who haven't read the proposal, two who have skimmed the proposal, one who knows in detail. Present the proposal anyway.
- Don't give out handouts before or during the interview to avoid distraction. Leave handouts to afterwards.

2.5.4 STEP 23 — At the presentation

CHECK LIST

- Set up and test equipment.
- Introduce the team.
- Explain the purpose of the meeting and set the agenda. Agree the duration.
- Agree time segments, e.g presentation and questions.
- Explain roles.
- Get commitment (if appropriate).
- Thank them and make sure there is a way back to the client.

DO

- Be presentable.
- Organise set-up before the interview.
- Prove competence and that we can ‘deliver the goods’.
- Be sure to direct your presentation to the decision maker.
- Be sincere.
- Be enthusiastic.
- Be confident.
- Be open.
- Be respectful but friendly.
- Be relevant.
- Be persuasive. If you have an expert in the group with a good track record use him/her last to say ‘l’ve/we’ve done it before, this is a great team and I believe we will delieve we will deliver the best job’.

DON’T

- Rush the introduction.
- Present the benefits before the client is ready. They need to understand the methodology before they can accept the benefits.
- Get too technical; keep it persuasive.
- Bluff if you don’t know the answer to a question.
- Make a speech.
- Make unnecessary statements.
- Be superior.
- Be to informal.
- Interrupt.
- Be sidetracked.
- Apologise.
- Um and ah.
- Simply repeat the written proposal.
- Argue among yourselves.

2.6 Follow Up

2.6.1 STEP 24 — After the presentation

- Assess performance.
- Determine next action.
- What needs to be done now to win the job?
  - ♦ Who should be visited and by whom?
- Provide any additional information requested or promised at the interview PROMPTLY.
- Visit the decision maker to keep the proposal alive, to clarify issues or consolidate position. If short-listed, be prepared to negotiate on any or all aspects of the proposal including the fee.

TIPS

- Plan action on any negative or positive elements that arose during the presentation.
- Follow-up should be the responsibility of the primary contact with the client.
- Detect the client's uncertainties. Be ready to respond to questions such as:
  - ♦ Have you allowed this in your fee?
  - ♦ Will so and so be on the project?
- Manage the 'rebel' in the client's decision-making committee. When negotiating, consider the outcomes, e.g.

WE	CLIENT	OUTCOME
win	wins	ideal outcome
win	loses	worst result
lose	wins	worst result
lose	loses	second best

2.6.2 STEP 25 — Determine exactly why we won or lost the job

CHECK LIST

- What did the winning firm do to impress the client?
- What was the client's selection review procedure?
- What in the client's view were our strengths/weaknesses?
- In what way could our proposal/presentation be improved?

2.6.3 STEP 26 — Provide feedback

Provide feedback in the form of a written report to the marketing area, see Chart 5 below.

CHART 5

SECTION THREE

3. PROPOSAL CONTENT

3.1 Introduction

Section 3 provides source data and recommendation for the CONTENT of a proposal. It is designed to assist with the speedy production of effective documents and aims to show competitive advantages that we can offer better than our competitors in fulfilling the client's needs.

3.2 Content Recommendations

If you are daunted by the thought of writing a proposal, you are not alone! The first impression is one of an insurmountable task which is not possible in the time available.

By examining the strategies established in Section 2 and breaking down the proposal into logical sections as described in Section 3 the words will come to you more easily.

The format for most proposals will generally take the following form:

1. Covering letter
2. Cover page
3. Title page
4. Contents
5. Executive Summary
6. Project appreciation
7. Technical proposal
   - Task appreciation
   - Methodology or approach to the task
   - Program
   - Strengths of the proposal (the organisation's capabilities)
8. Management proposal
   - Project team
   - Relevant experience
9. Fee proposal or commercial offer
10. Appendixes
    - CVs

- Testimonials
- Organisational structure
- Work plans

3.3 General Principles

- Read Section 2 first!
  Confirm the extent and presentation standards of the graphics.
- Make the time available and use appropriate resources to produce a quality proposal. Read the brief carefully three times:
  — the first time to gain an overview;
  — the second time to absorb the vital information; and
  — the third time to read between the lines.
- Ensure the structure of the proposal is well defined to avoid overlapping and repetition.
- Put yourself in the client's place and ask, "What would I like to read in the proposal to ensure that I was choosing the right organisation to do the job?".
- Prepare a summary statement first which outlines the objectives of your proposal and ensure this is reviewed periodically during the preparation phase to ensure consistency in your proposal.
- Frame the proposal around the client's buying criteria, e.g. low price, credentials, experience or similar projects, innovative solution or local content.
- Know who your competitors will be and what they will be offering.
- The major competitive advantage should be the foundation of the proposal, e.g. key staff, related experience, knowledge of industry, project control system, integrated service.
- Address all the requirements of the client's brief and consider alternatives to those briefed. They may attract the client's attention!
- Tailor all sections of the proposal to suit the project.
- Content should flow from needs to solutions to benefits for the client.
- State key issue and priorities, i.e. the messages that clearly identify and address the client's needs.
- Tell the client all that you are offering, including your valuable good ideas. There is little value in holding an 'ace up your sleeve' if you don't get a channel to play it!
- Use the Graphic Concept. Graphics should be clear, expressive and demonstrate understanding.
- Ensure the readers will be able to find the section most important to them, e.g. Executive Summary, Fee or CVs.

- Present the proposal in the way preferred by the client, e.g. cash-flow terminology, options and budget funding.

3.4 Text for Proposals

The best proposal is the one that wins the job at the cheapest cost and includes the 'perfect clauses'.

- Use short sentences and short words.
- Do not use business speak of computer industry jargon.
- Do not use abbreviations.
- Use active tenses, not passive.
- Make it a graphical document. Make the text fit the graphics.
- Have clear paragraph structure (need to make the point first, then describe the rationale).
- Don't hide anything in the body of the text.
- Write persuasively. Remember most people are scanners (not readers) so clearly marked paragraphs plus persuasive writing are effective.
- Use sentences as headlines for special impact (occasionally has major impact).
- Make it easy to read. Refer Section 5, Model Tender.
- Put graphics first. Descriptive text is boring.
- Use the client's words to ensure the same context and to sound familiar.
- Use the client's jargon. Put the proposal in the client's language.
- Text should focus on benefits, strengths and competitive advantage.
- Edit text. Delete unnecessary words for more impact.
- Reduce 1.5 pages to 1 page.
- See some key words phrases in Chart 6.
- See some key words and phrases in Chart 6.

Chart 6

Save	'This approach will save...'
New	'This new package of software will...'
Healthy	'This will result in a healthy...'
Results	'Results of the survey...'
Easy	'This procedure will make it easy...'
Safety	'Safety features are...'
Discovery	'When you make the discovery...'

Proven ‘The analysis has proven...’

Guarantee ‘In our endeavour to guarantee quality we...’

3.5 Proposal Preparation Kit

3.5.1 PART 1 — The Covering Letter

Introduction

The covering letter presents the first impression of the written submission. It does not need to be detailed — the detail is in the proposal — but it should be a positive, concise statement of our willingness and ability to carry out the project.

Contents

The covering letter should be tailored around the invitation, brief, advertisement or discussions during personal contacts which initiated the proposal preparation; therefore the format is, to some extent, variable.

- Every paragraph should be written in a positive ‘can-do’ style.
- Use plain English. In particular, avoid IT terminology.
- Be brief (rarely more than a page).
- The letter should be formal.

Consider binding the covering letter, or a copy of it, inside the front cover of the proposal-then the letter, which contains details of the contact at Protech Australia, will not be lost so easily.

Format

Para. 1 (always) includes:

- in response to your request, etc;
- project name;
- appreciation of opportunity to participate;
- mention of lead-up meetings, telephone calls etc. where appropriate.

Para. 2 (as appropriate) includes:

- a statement that Protech Australia has tailored the proposal to meet any special client requirements (time, cost etc.).

Para. 3 (always) includes:

- a summary of the principal benefits to the client;
- a one-paragraph capability statement demonstrating how Protech Australia has the experience to handle the project and why it should be the preferred tender;
- mention of key personnel known to be favoured by client (e.g. Project Manager).

Para. 4 (one or two paragraphs as applicable) includes:

- the fee offer;
- point of contact in your organisation. Include phone and fax numbers;
- invitation for client to inquire about any aspects of the proposal;
- willingness to visit client to discuss proposal and/or to assist client to develop any areas of brief, etc.

Para. 5 (as appropriate) includes:

- thanks for opportunity to submit proposal (inclusion depends on what is said in para. 1).

Yours faithfully (sincerely)

3.5.2 PART 2 — Cover

Refer Section 5 for sample of tender.

Should attract the client's attention by standing out from other proposals. Use the standard cover which includes the Protech Australia logo.

Include the title. The title should reflect exactly the client's briefing, e.g.

Expression of Interest

to

Review the Management Information System

for

XYZ Client

Don't use abbreviations for client and our organisation's names.

N.B. With joint venture proposals, refer to the Marketing Unit for instructions.

3.5.3 PART 3 — Title Page

Repeat the cover.

N.B. With joint venture proposals, refer to the Marketing Unit for instructions.

3.5.4 PART 4 — Contents

- Clear and well set out graphically.
- Keep section numbers to a minimum; subsections are not a good idea unless absolutely essential or unless it is major proposal.

3.5.5 PART 5 — Executive Summary

- Should be a *selling-orientated section of the tender, highlighting positive aspects of the proposal, benefits, advantages etc.*
- Should act as a *summary of key points* raised in each section of the proposal.
- Should *outline generally your methodology and benefits* of appointing your organisation.
- Should address the fee offer.

There are people within the client organisation who may only read the Executive Summary — particularly when short-listing — so make sure all key points are addressed.

TIPS

- Prepare a draft of this section before writing any of the proposal to act as a statement of your objectives and approach to meeting the client's needs. This summary will provide valuable assistance during preparation of the proposal to ensure conformity to the brief and a consistent approach to the task.
- Change the words when you have completed the proposal and refined your approach.
- No longer than two pages.
- Don't use "motherhood statements", i.e. "Protech Australia will deliver the job within time and budget constraints and to an acceptable quality." If necessary refer to Section Numbers of the submission that will tell them how we will achieve these things, but make a summary here!
- Use short, crisp, punchy sentences.
- Use subheading as per the body of the proposal.

3.5.6 PART 6 — Project Appreciation

- Clearly describe the project and the requirements of the client's brief, i.e. the service which the client wishes you to provide.
- Demonstrate to the client that you fully understand the reasons for the project, what the client is hoping to achieve and what needs to b e done to meet the client's need.
- Talk about the client's problems and needs, not yours. Clients are not interested in what you want, only in what they want. Note that this is not always what the clients say they want!

3.5.7 PART 7 — Technical Proposal

The Technical Section of the proposal must provide information to the client on your solution(s) to the client's needs and your abilities to perform effectively.

It should provide:

SERVICE DETAILS — To provide the solution to the client's needs
(What you are going to do)

SERVICE DELIVERY METHODS — Methodology or Approach
(How you will deliver the service)

SERVICE DELIVERY TIMING — Program
(When you will deliver the service)

STRENGTHS OF THE PROPOSAL — Benefits to the client
(Why the client will get value for his/her money)

It must demonstrate a planned methodology with considerable attention given to breaking down the work into identifiable components which are resource and logicallylinked. Create a chain of cause and effect.

Consider the following:

Methodology

- Management of the project
- Technical approach
- Quality assurance
- Design methods
- Construction methods and controls
- Computer-aided tools
- Delivery methods
- Forms of contract
- Reporting to the client
- Client reviews and consultations
- Government procedures
- Risk assessment
- Value management
- Time and cost management
- Environmental issues

Program

  - Approval processes
  - Environmental procedures
  - Holiday periods
- Dependencies
  - Resource limitations
  - Sub-consultancies
  - Client inputs
  - Milestones
  - Client and other reviews
- Quality assurance
- Time for printing
- Time for calling tenders
  - Tender assessment
  - Float/contingency
  - Regulatory approvals
  - Client's critical target dates

TIPS

Compile matrix of:

- FACTS
- FEATURES
- ADVANTAGES
- BENEFITS

to act as a structure to determine content.

- Demonstrate your appreciation of the processes necessary to deliver the result required.
- Demonstrate that actions necessary to complete the task have all been identified and that adequate provision has been made for the times required for each task.
- Consider alternative solutions that may be appropriate. The client is looking for innovative ideas, especially those that save money!
- Explain technical problems that could be expected and how you plan to overcome them.
- Remember, it's not that you are great, it's that the client will receive *quality service*.
- Detail what you believe is unique to your proposal due to the capabilities of your organisation.
- Demonstrate perceived benefits to the client.
- Use graphics.
- Include relevant reports, schedules and other technical information as appendices.

3.5.8 PART 8 — Management Proposal

The management proposal must detail how our organisation has the experience, professional staff and organisational ability to complete the job well.

The main requirement s should be:

Project Team

- Introduction to the key team members defining what each team member will do in the consultancy (Appendix CVs).
- Demonstrated ability of all team members to undertake the project successfully. Include their relevant experience.
- Organisational charts for the team.
- Management Control System detailing procedures for maintaining control of variables. (Explain role of key members and their responsibilities.)
- Statement of any proposed consultants and the rationale behind their selection as part of the team (a brief technical and management report for each consultant is recommended).

Relevant Experience

- Check your organisation's own record for similar projects or methods which can be used as a reference.
- Check on the past experience of your staff to establish links personally, professionally or through relevant project experience which may be useful.

- Make sure the experience stated is relevant to the proposal. It may need to be specific or demonstrate the depth of experience. The more related the experience the more convincing it will be.

Graphics

Graphics can be used to display a wide range of information about our organisation and how we propose to approach a project and carry it out, e.g.

- Task and Responsibility Matrix to describe the assignment of responsibility for the various tasks of the team members and possibly allocate time requirements for these tasks.
- Staff Capability Matrix. This graphically summarises the resumes of the key team members and highlights relevant information for the project. (Often clients do not read through detailed resumes to find how well-qualified or suitable the project team is).
- Organisational Capability Matrix. This graphically summarises the past experience of the organisation in providing services for a similar project or where a similar task was undertaken. (See sample in Section 5)

3.5.9 PART 9 — The Fee Proposal/Commercial Offer

In the marketplace generally, clients are buying on price. Our fees will need to be comparable with those offered by our competitors who are regularly offering fees as low as one-third of the 'scale' fee.

Common links in setting a fee are:

- knowledge of the market
- knowledge of the client
- personal experience of the fee setter

The offer should contain:

- actual services to be offered (listed individually, priced separately and not totalled)
- the human resources proposed to be used
- any conditions which apply to the offer, e.g.
  - — a maximum time for the delivery of the service after which extra fees will be charged;
  - — a maximum dollar value for the project after which additional fees will be charged;
  - — a limitation on the value of charges to the scope of works and brief;
  - — a limitation on the value of Professional Indemnity Insurance to be offered.

It is not enough to just provide a competitive price to your client. You must show them that the price is competitive. This is best done by having a thorough knowledge of:

- the make-up of the service offered
- the charging structure for the service

By communicating the above to the client and how each affects the price offered, the client will be better informed and able to judge value for money.

TIPS

- Setting the fee depends on a clear definition of the task and identification of a client's requirements for which the fee is being prepared and submitted to that client, e.g.
  - — project brief (identify why the client wants each item and its purpose)
  - — project budget (provided by the client or your best assessment)
  - — project time scale
  - — project delivery method preferred by the client
  - — hidden agenda items

Determine the service the client needs, not the service he thinks he needs, or what you want to do for the client (the client is not usually after a design award!)

In determining the service to be offered, give consideration to:

1. Requested service
2. Minimum service (our competitors will quote this)
3. Maximum service
4. Optimum service

Probably the best way to quote the service is:

Firstly	— The minimum possible way
Then add as options	— Other items you consider necessary
Then finally add as options	— The remainder of the requested service

Prices can be given in a number of ways:

- as a base price with a series of add-on options, each with their own price
- as a series of rates
- as a products price with a service/management fee
- as a lump-sum price

Use the pricing in the most advantageous way to suit the situation and convince the client:

- Price the works as specified, not to our standards, nor for what you foresee as the possible outcome of doing the works as specified (e.g. if the documents say a Intel486 100 MHz file server, price for that server not a Pentium 100 MHz server, even if in your experience the Pentium 100 MHz server will be needed!)

- The fee should be prepared by staff who:
  - — fully understand the project and fees to be offered
  - — are capable of calculating staff time requirements and who will be responsible for the implementation of the commission if the fee offer is accepted.
- Aim at achieving your targeted percentage profit margin.
- Be prepared to negotiate your fee downwards. Separately determine the fee below which you will not negotiate. This minimum fee may not be a break-even fee. You may be willing to ‘invest a loss’ in order to achieve some future goal.
- Do not make the fee section too long.
- Provide sufficient preamble to qualify the service to which the fee is related (the client often reads the fee first).
- Provide the fee in the format (fixed lump sum, hourly rate etc.) which has been requested.
- Provide alternative fee structures if appropriate.
- Clearly specify your terms of trade, plus penalties/damages if these terms are not met.
- Try to make the fee proposal a positive/value-for-money statement rather than the ‘bad news’.

3.5.10 PART 10 — CVs

Photos of key team members aid the memory of the client. When your team meets the client face to face they may instantly recognise you, removing one more barrier.

In many instances the client has been found to read CVs carefully, especially those of key personnel. So for the preparation of general capability proposal it may be satisfactory to use a ‘standard’ CV for key personnel. However, for most projects it is best to tailor the CVs to suit the project.

Change the ‘standard’ CV to show the person’s experience in the best light relative to the project.

Generally match the detail of the CV with the detail of the proposal. Long detailed CVs will probably only be required for personnel in critical roles or in cases where the client has requested the information.

Read every word in the CV to ensure it is relevant to the proposal.

Refer Section 5 for sample.

4. ADDITIONAL INFORMATION

4.1 How to Set the Fee

TIPS

On major Tenders, greater than $250,000 the Proposal Manager should also involve the General Manager and/or the Business Development Team.

4.1.1 Identify the Servicing Costs

Service costs comprise:

- salaries and on-costs
- variable overheads
- fixed overheads
- sub-consultants

Calculate Labour efficiency for every category of labour as being the percentage of total hours invested in direct fee-earing activities.

A typical labour efficiency calculation would take the form shown in Schedule 1 on the following page.

Senior staff will spend a good deal of time doing things which cannot be directly charged to a client, e.g. planning the business's work, programming, training less experienced staff, financial control, profit and loss review and marketing.

On the other hand, junior staff cannot be fully charged to a client either because of the time spent in training.

Also all labour loses production time on statutory absences.

Schedule 1 — Calculation of Effective Hours

	Executive	Senior	Intermediate	Junior
Total Capacity (Weeks)	52	52	52	52
LESS				
Statutory Absences				
Annual Holiday	4	4	4	4
Public Holiday	2	2	2	2
Sick Leave	2	2	2	2
General Administration				
Planning	6	2	-	-
Programming	3	2	1	-
Monitoring	3	2	-	-
Briefing Staff	-	1	-	-
Staff Discipline	-	1	-	-
Research & Development				
(Collection of data, identifying opportunities, developing new products, monitoring competitors)	1	3	-	-
Financial Administration				
Planning	4	1	-	-
Monitoring	4	1	-	-
Damage Control	2	1	-	-
Profit & Loss Review	2	-	-	-
Reporting	1	-	-	-
Training				
(Trainers & trainees including preparation time, staff time and review and revision time)	2	4	2	6
Marketing				
General Client Liaison	4	4	-	-
Advertising	1	1	-	-
Cold Selling	3	1	-	-
Submissions	3	1	-	-
Weeks Available	5	19	41	38
Efficiency	10%	37%	79%	73%

TIPS

- If the predetermined efficiency factors, and total productive hours are achieved, then all corporate costs will have been covered.
- Decreases in productive hours and/or team efficiencies will increase overhead percentages and reduce profit.
- Increases in productive hours will increase profit, but not if excessive hours are being applied to a particular project.

Calculate overheads which should include every non-effective cost incurred by the business, including non-effective time. Express the overhead cost as a percentage on effective time costs. The overhead will be roughly in the range 120 to 200 per cent of effective time costs.

A typical overhead calculation would take the following form.

- Effective costs are those salary/wages costs plus employee benefits applicable to each hour of labour expended on fee-earning work.
- Non-effective costs are those salary/wages/benefits applicable to each hour of non-fee earning labour expended plus all variable overheads plus all fixed overheads.

To establish true labour costs/hour, add to salaries, the following:
(a) Cost of other employee benefits
(b) Variable overheads
(c) Fixed overheads

Employee benefits include:
(a) Superannuation
(b) Health Benefits
(c) Motor vehicle
(d) Home telephone
(e) Expense account
(f) Membership to Clubs and Associations
(g) Plus applicable fringe benefits taxes
(h) Less proportion of costs utilised for business purposes (e.g. motor vehicle)

Variable overheads include:
(a) Workers' Compensation
(b) Payroll tax
(c) Long service leave
(d) Training

Fixed overheads include ALL other costs to be recovered by the Group.

A typical overhead calculation would then take the following form:

Schedule 2 — Calculation of Corporate Overheads

Effective Costs

	Salary x Efficiency x No.	
Executive Staff	$50,000 x 10% x 10	50,000
Senior Staff	$40,000 x 37% x 15	222,000
Intermediate Staff	$30,000 x 79% x 45	1,066,500
Junior Staff	$20,000 x 73% x 30	438,000
	Effective Costs	$1,776,500

Non-effective Costs

Variable Overheads	500,000
Fixed Overheads	1,500,000

Non-effective Labour

	Salary x Non-efficiency x No.	
Executive Staff	$50,000 x 90% x 10	450,000
Senior Staff	$40,000 x 63% x 15	378,000
Intermediate Staff	$30,000 x 21% x 45	283,500
Junior Staff	$20,000 x 27% x 30	162,000
	Non-effective Costs	$3,273,500

Overhead Calculation

$$\frac{\text{Non-effective Costs}}{\text{Effective Costs}} = \frac{\$3,273,500}{\$1,776,500} = 184\%$$

4.1.2 Establishing Job Cost Rates

by taking every labour salary by normal working hours per annum + overheads.

i.e. net salary + overhead
---------------------------------- = job cost rate/hour excluding profit.
annual paid hours

(Profit should always be added as a separate bottom line item.)

4.1.3 Determine Profit Goals

including a provision for normal business risk.

Only you can determine the level of profit you require and/or consider to be reasonable.

Remember your provision for profit is also your provision for risk.

TIPS

- Some projects lose money. These losses need to be set against profits on other projects to produce a positive result of profit/risk.
- To protect our investment our goal is to meet profit targets. To meet profit targets we need to meet turnover targets, and for that we need return business — hence high-quality service is a prerequisite to meeting profit targets.
- However, in tough times, the temptation exists to cut profit margins in order to win tenders for service — you lose sight of your goal.

4.1.4 Determine The Service To Be Offered

giving consideration to:

1. Requested service
2. Minimum service
3. Maximum service
4. Optimum service

Probably the best way to quote service is:

Firstly, the minimum possible service;

Then add as options other items you consider necessary;

Then finally add as options the remainder of the request service.

4.1.5 Structure The Team And Calculate Staff Hours Of Service Required

to ensure that the required service can be provided satisfactorily within the programmed time scale, allowing a sufficient level of staff and at the same time maintaining the lowest possible average rate.

4.1.6 Consider

- the experience of available staff
- the effect of known disturbances during the project execution phases
- any potential reduction or increase in the extent of the work
- re-use of documents or details from previous projects
- specialist involvement
- reimbursements
- additional services
- program requirements

TIPS

- A reasonable estimate of staff and therefore salaries can be prepared based on experience of similar projects and the client's normal requirements.
- By manipulating the numbers of staff from various classifications it is possible to determine the optimum team by incorporating high cost but highly experienced personnel with lower cost but less experienced personnel. (The use of less experienced personnel is a common way for competitors to attempt to undercut us on fee quotations.)

4.2 Reasons For Unsuccessful Proposal

Price too high

- over servicing of the proposal
- higher level of resources input (human resource and time)
- higher unit rates for its resources
- knowing too much about a project and potential problems when dealing with a demanding client
- not recognising the potential for variations increases in scope of works

Not prepares to take risks

Keeping the work local

Use of local subconsultants

Perception that our organisation is a 'box mover', not a contractor or consulting organisation

Engagement of the first consultant to execute subsequent work

Proposals ‘too bland’ — we don’t sell ourselves

Others include more detail

- photos
- resumes of staff proposed
- internal support of the organisation
- previous experience on projects of similar nature
- details of proposed external consultants

Proposal in general too brief

Haven’t fully exploited our advantages, i.e. being able to be objective and not biased by other commercial interests — ‘added value’.

Looking for an innovative approach

Others make their proposals sound ‘interesting’, e.g. offer of a ‘low carrot fee’ but tied to a percentage ‘cut’ of profits from major development. It is in all parties interests to maximise project benefits.

Don’t target the particular project, e.g. show recent experience and demonstrate our awareness of ‘trends’. We don’t sell ourselves.

4.3 Some Further Reasons For Unsuccessful Proposals

Extra charges for disbursements

Previous experience in a project of the proposal type

No site inspection or client contract

Over qualification of our organisation

Limited ‘local’ experience or knowledge

Team too large — Lacking cohesion

Team too small — Lacking resources

Not enough information on reporting to the client

Fee structure too complex

Presentation at interview poor, uncoordinated, not enhancing our proposal, unprepared, not persuasive

Errors in the proposal

Editorial skills poor

Lack of understanding of the tasks as perceived by the client

Distance of office from client

Contractual offer not the best commercial solution

5. MODEL PROPOSAL

The following pages shows the format and text of a model proposal. We do not expect that this example will suit every proposal opportunity, nor do we want to see the same phrases occuring in future proposal documents. The objective behind this model is to show the style, quality and detail required in today's competitive environment.