THE BUSINESS LINK
Alberta's Business Information Service

Writing A Proposal

MARKETING

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Introduction

Writing a proposal is usually the result of one of two scenarios; you are responding to a Request for Proposal (RFP) which asks for a solution to a problem or; you have identified an opportunity to provide a product or service to satisfy a requirement a potential client may not even know that they need. This is usually referred to as an Unsolicited Proposal.

Regardless of the situation, the steps to writing an effective proposal are the same. Here are some guidelines and tips.

Components of a Proposal

Cover Letter

Although the cover letter is generally written after you have finished all the other components of the proposal, it is the first item seen by the recipient and it forms your opportunity to gain the reader's trust and support. Your cover letter should be brief and straightforward, including what you are submitting. The same letterhead and style should be used as your company's regular letters.

Take this opportunity to briefly state the main strengths of your bid. The key unique selling points that differentiate your bid from the competing bids should be emphasized.

Close your cover letter on a cordial note by adding warmth and a personal touch to the letter. A good way of achieving the touch is to liberally sprinkle the letter with "I" and "you". This technique adds personality and makes a positive and personal connection between your proposal and the reviewers. This is particularly effective if you have met the reviewers at some earlier stage.

Have the most senior person possible sign the cover letter, as this shows the commitment of your company to the proposal.

Title Page

The title page is an interesting study in contrast. On one hand it is simple and short, yet on the other hand, since it is one of the first components of your proposal that the readers see, it can be profoundly persuasive in its ability to form a strong and lasting impression.

The title page has four components: the title, the name of the client or recipient of the proposal, the name of your company, and the date. Note that the name of the client is usually at the top whereas your firm is listed on or near the bottom. This indicates your client-oriented approach; that is, you are proposing to improve the client's business, not selling your service.

Other information such as the client file or reference number may be included. This can be useful for large clients such as government departments who issue many Requests for Proposal.

You may wish to add some simple graphics to enhance the visual appeal of the title page, however the graphics should not be so elaborate as to detract from the main message.

The appearance of the proposal is a reflection of the quality of the report that you would produce.
A professional design and layout can also be a significant factor in the evaluation, especially in consulting where

the final report is often the main product. For particularly large and important proposals, you should consider designing a unique cover that reflects the theme of the proposal.

Proprietary Notice

An optional consideration is a proprietary notice. This warns the client that the information in the proposal: 1) is confidential, 2) is to be used solely for the purpose of evaluating the proposal, and
3) is not to be disclosed to anyone outside the discussion group without your written authorization. This notice should be used when you have confidential data, innovative ideas, or other information in your proposal that you do not want falling into the hands of your competitors. It can be very frustrating to lose the bid, and then have the winning consultant use your brilliant concepts in the subsequent work. A good place for the proprietary notice is on the inside of the front cover.

Introduction

The main purpose of the introduction is to gently lead into the subject, rather than jumping in cold. You should also use this opportunity to give the reader confidence in the service or product that you are presenting.

The introduction should provide a brief summary of the background to the project in question, outlining the need for the service or product. It can also include a brief summary of what is to follow in the remainder of the proposal. You should highlight the key points that make your company suitable for providing it. The readers/evaluators of your proposal should not have to search for your unique selling points; they should stand out, guiding the reviewers to the conclusion that your proposal is the best one. The introduction should be kept short; generally less than two pages.

Technical Approach

This section allows you to reinforce your authority as an expert by laying out a sound technical plan for the project. The technical approach must demonstrate that you understand the problem and have a methodology for resolving it. This is the time to introduce innovative ideas or solutions. Your impact will be greatly lessened if the plan is fuzzy or general in nature, as invariably happens if you have not taken the time to thoroughly research the subject. The methodology must be described, including the resources that will be required.

The more professionally you present the technical approach, the more competent you will appear and the more confidence the evaluator will have in your proposal. Brainstorming with some of your best technical experts is a useful way of giving an understanding of the problem and developing a sound methodology. Innovative approaches should be sought and any unique selling points that your team can bring to the project should be highlighted.

A task must be measurable and assignable. That is, you should be able to assign a single person, the task leader, to be responsible for its execution, although other staff may also contribute to it. Each task should have a definite outcome, a budget, and duration. In other words, a task is a work element that can be assigned, have its progress monitored, and produce discreet deliverable components.

If the project is complex, a flowchart of the technical approach will help the reader. A flowchart is like a road map and should guide the reviewer through the technical network of your proposed methodology. It is often very helpful to you as well, as its' preparation forces you to analyze the logical flow and interrelationship of the technical tasks that you are proposing.

A section on anticipated difficulties is generally helpful as it shows you have taken the time and interest to analyze potential problems and to think of ways of overcoming them. If the project has a particularly difficult schedule or budget to satisfy, then the effort you have invested in recognizing these obstacles and thinking about their resolution will gain the client's respect.

The technical approach is generally the longest section in your proposal and should certainly be the one that consumes the deepest thought.

Project Team

This section presents your project team to the reader. If you have sub-consultants on the team, you will want to include a simple corporate team organization chart. It is generally useful to include the name of the key coordinator for each organization.
The main purpose of this section is to introduce the reader to the project staff. A project organization chart is a valuable tool and shows at a glance the hierarchy that you will use and the individuals involved.

For the key staff you should provide a brief capsule resume that describes the person's qualifications for this project and also the responsibilities he or she must assume. You should take the trouble to customize the capsule resumes so they specifically address the needs of the project, rather than just using your standard ones.

Special emphasis should be placed on the project manager because he or she is the key technical person as well as the main conduit of communications between the project team and the client. You should strive to paint your project manager as a person who has most if not all of the following traits:

- Authoritative in the subject under consideration.
- Excellent verbal and written communication skills.
- Influence within your organization, strong organizational skills.
- A track record of successful projects.

Relevant Experience

Your description of relevant experience is a vitally important part of the proposal. This section must establish the qualifications of your team and must forge a strong sense of confidence that your team has the technical and organizational expertise to perform the project. The bulk of this section should consist of capsule descriptions of relevant projects that your company has performed. Lengthier descriptions should be placed in an appendix. Magazine articles, conference papers or other publications are particularly effective in establishing your technical credentials and they should be summarized in this section.

In addition, you should specify relevant equipment, facilities such as laboratories or computers, information sources such as databases, and any other factors that show you can fulfill the technical requirements of the project and/or which provide you with an advantage over your competitors.

Avoid discussing your competitors' weaknesses. Instead, highlight your own strengths; a good evaluator will be able to draw the proper comparisons.

In spite of the importance of this section, it should not consume a great deal of your proposal preparation time. Most of the information can be drawn directly from files of relevant project descriptions in an appropriate word processing format which you have compiled expressly for the purpose of preparing your proposals efficiently.

Project Price/Budget

Your proposed price/budget is the single most important part of your proposal. Every other part of your proposal is qualitative, but the budget is quantitative and can be summarized in a single number.

There are two basic kinds of price that can be proposed. The first is a fixed-price contract in which a single price is quoted. Your service will cost the client that exact amount. If you can do the work for less, then you will gain. If it costs you more, then the client will be the winner. This kind of contractual arrangement is often preferred by a client when there is some element of risk involved in the project. A firm price removes the risk for the client. The fixed price may be in one lump sum on completion of portions of the project, with the remainder due when the job is done.

The other kind of contract, and the most common one, is where the cost of services is given a ceiling. Here you are only paid for the amount of work that you perform, up to the specified ceiling. This kind of contract is used when there is some uncertainty about how much effort is required. It offers protection to the consultant in the event that the scope of the work is not well defined or if there are unforeseen developments. Usually, billings are made at the end of every month for the labor and expenses incurred.

Regardless of the type of contract, you will need to perform a budget analysis. The client will usually want a detailed breakdown of your budget estimate. The cost for each of the following cost categories should be estimated:

- Labor
- Outside services (i.e., studio rental)
- Travel
- Equipment
- Supplies
- Communications (i.e., long distance telephone, courier, fax)
- Sub-consultants
- Miscellaneous
- Contingency

This kind of budget estimating is well suited to computer spreadsheet software. You should have a standard template for performing these cost estimates efficiently. For the labor cost, you could provide a table of the key staff, each person's hourly charge rate, and the number of hours each person will spend on the project. It is also useful to provide a table that is subdivided by task so that the total cost per task is shown.

A spreadsheet is helpful for both the client and your project team as it presents costs broken down in several useful categories. The client can readily see how the resources are allocated and which tasks are receiving priority. This format is also a valuable planning aid once you win the contract. Each task leader can easily see who is assigned to the task and how many hours are allocated. Each person can also see the total hour commitment to this project and can integrate this information with the other project requirements.

The fixed fee or the ceiling price should be clearly shown; under no circumstances should the reader have to search for these key numbers. It will aid the reader if there is a summary table, which lists each of the cost categories with their estimated budget. Other summary tables might also be included.

If it has not been specified in the Request for Proposal, it is important that you tell your future client how you expect to be paid. The payment method depends on a number of factors such as the nature of your business, your relationship with the client, your cash-flow position, etc. One common method is to request payment on a monthly basis, with your invoice submitted shortly after the month end. Another common method of payment is based on milestones, that is, certain fractions of the payment are released by the client as you reach specified milestones in the project.

In some cases, when the project is of a relatively short duration, a single payment on completion of the project may be appropriate. Alternatively, if the client is a new one, or one whose credit worthiness is suspect, you may wish to collect all or some of your fees in advance. Because of the large variation in how the payment can be made, it is essential that an understanding be established in advance and that you clearly note your preference in the proposal.

Your proposal should define the terms of payment that you expect and the penalty if those terms are not met. For example you might specify that your invoice is due within a certain period of its receipt, say 30 days, or you might request that payment be issued immediately upon receipt of the invoice. In either case, you may also wish to include a statement that a penalty of 1 to 5 percent per month, will accrue to overdue accounts.

Schedule

The timetable for the project is specified in some detail in the schedule section of your proposal. One of the best ways to convey the schedule to the reader is to develop a diagram that shows:

1. Each task as a function of item.
2. The interrelationships between tasks. (i.e., can task #3 begin only when task #2 has been completed or can it be done in parallel?)
3. Major meetings.
4. Milestones.

By identifying potential difficulties in the schedule and how you propose to overcome them, you are demonstrating to the client that you understand the problem. This will gain his/her confidence and trust-very important commodities-which you should relentlessly pursue.

The client always has a strong interest in closely following the project to ensure that it will be completed on schedule and successfully. To help the client track your progress, you can provide him/her with a set of milestones that should be clearly marked on the schedule diagram and also described in the text of the proposal.

The final date of completion of the project and the total duration should be clearly identified and should match the expectation of the client.

Certifications

With some proposals, particularly on government bids, various certifications are requested.
These might include:

- Certification that none of the goods or services to be provided originates from countries the government does not do business with.
- Certification that the price will remain valid for 90 days.
- Certification that if your company wins, it will enter into a contract according to the terms specified in the attached contract document.

If only one relatively brief certification is required, it might be included in the cover letter. However, if several certifications are involved, they should be placed in one section where they can be readily referenced. Since certifications are necessary material, but do not enhance your bid, this section should be placed in the appendices or some other “out-of-way” section so that it does not interfere with the important parts of your message.

Appendices

It is convenient to place some of your lengthier material in appendices so it does not obscure the main message that you are presenting. Typically, there are three standard appendices. The first contains corporate descriptions of your firm and any sub-consultants you may be using. This would include brochures. The second contains technical information regarding project experience such as descriptions of projects, copies of technical papers, lists of similar projects, etc. The third appendix contains resumes of the key staff. It will help the reader if these are arranged alphabetically and if the names of the individuals are listed on the appendix cover page.

Final Review

Always allow sufficient time to perform a thorough final review. This should be considered a formal part of the proposal preparation process. The reviewers should be very objective and should use the evaluation criteria specified as their yardstick. In addition, do a careful final check of the Request for Proposal; because it is remarkably easy, for example, to leave out a certification. A final proofread of the assembled document is also mandatory. It is amazing how often a figure is omitted or put in upside down. Make sure that nothing is overlooked!

You should take a final opportunity to go over the unique selling points, ensuring that they are clearly established and placed frequently and positively throughout the proposal. If possible, a knowledgeable person who was not involved in the proposal writing should perform this review.

Because of the overwhelming importance of price, you should perform a final evaluation to determine if your pricing strategy is satisfactory. Perhaps some new information has surfaced or the proposal preparation has given the opportunity to think more carefully about the strategy.

Following these tips will help you put together a professional and hopefully successful proposal!

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