

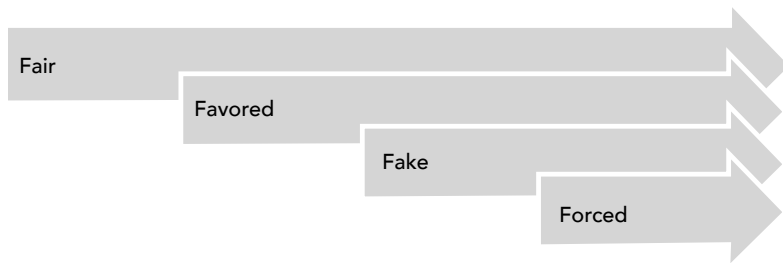
SURVIVING & WINNING BEAUTY CONTESTS

Sellers Challenge: *Develop a Sales Strategy that Incorporates Collaboration and Minimizes Conflict and Dispute with Procurement*

In building a sales plan, sellers are challenged to create a road map that allows the seller or selling team to communicate freely and openly with Procurement while accessing strategic buyers. Recent trends have seen growth in the power, size, and complexity of the Procurement function. Sellers are challenged to work collaboratively with Procurement to maximize contact with buyers, lessen pressure for price concessions, and convey a product's full value to the buying organization.

The Four Types of RFP's

- **Fair RFP:** The RFP identifies specifications and requirements essential to meeting the buying organization's needs. The fair RFP is intended to create an equal footing for suppliers and a format for presenting solutions, products and services.
- **Favored RFP:** The RFP is written in a way that favors one company over all others. The RFP process may be a smoke screen to create the impression of fairness while providing an advantage to one seller over others.
- **Fake RFP:** The buying organization is satisfied with their present vendor but uses the process to satisfy government or industry standards and statutes.
- **Forced RFP:** The RFP process is designed to compel the current supplier to provide favorable price discounts or other concessions for fear of losing the business.



There can be good reasons for RFPs. Often the process can serve one or more of the following seven needs of a buying organization.

1. Assist the buying organization in differentiating products that meet performance specifications from those that don't. It also allows them to see "what's out there" when they may not have stayed current with new products, technology advancements, etc.
2. Enable "side by side" price comparisons among suppliers for a reality check against what their pricing assumptions may have been.
3. Limit or contain selling activities that threaten to interfere with the formalized buying process and timeline.
4. Provide leverage in negotiating improved financial conditions with existing or preferred vendors.
5. Ensure compliance with governmental and industry standards for awarding contracts.
6. Provide free consulting or a customized road map for solving a problem.
7. Create a safety net. With several people involved, no one person will be blamed if the wrong product or service is selected.

Harsh Realities of RFP Processes

1. RFPs are often used by organizations to validate the decision they have already made and to drive the price lower by their preferred vendor. Organizations don't change easily. Sometimes, there are internal political dynamics in play, whereby the credibility and reputation of certain stakeholders in the buying organization may be tied to historical decisions that have already been made.
2. Buying organizations are measured and rewarded based on the unit price and savings they secure, rather than if the RFP meets the needs of customers (e.g., Total Cost of Operation, impact to outcomes, patient safety, etc.).
3. The win rates tend to be very low for new, small, or mid-sized companies. To win the business and overcome the buyer's real or perceived cost of change, these types of organizations may have to surrender significant discounts or provide free products or services.
4. Price is heavily weighted in most product comparisons.
5. The buying organization may have a preferred supplier list that is hard to crack.
6. It can be expensive and time consuming to craft a comprehensive response to an RFP.
7. Many buyers are less interested in buying and more interested in getting free consulting services.
8. Many decision makers read only select parts of the written proposals, typically dealing with subject areas that are already highly familiar to them.
9. Some RFPs are pre-sold by someone, and the RFP process simply provides the appearance of a level playing field.
10. RFPs that are heavily weighted on cost savings comparisons rather than value serve to commoditize the market.

Myths of the RFP Process

Myth 1: The RFP process outlines how the customer will buy.

Myth 2: Those who manage the RFP process are the decision-makers.

Myth 3: Proposal guidelines are binding.

Myth 4: Standardization promotes fairness and equality.

Myth 5: It's best to provide only the information required.



Develop A Plan To Win The "Beauty Contest"

- 1. Differentiate Your Proposal at the Executive Level.** Connect with executive-level decision-makers before distribution of the RFP. If possible, help to shape or write the RFP so you can "lay mines" for your competition. Confirm that your value messages resonate with decision-makers and differentiates your solution from the competition.
- 2. Understand the Buying Process.** Ask: Who will participate in the decision-making process? Who is responsible for the ultimate decision? Who will use the product or service? Who might resist or be a blocker in this process? Why now? What is the compelling business reason? What are the chances the buyer will stay with the status quo? Who is the incumbent? Who is managing the RFP process? Is it Procurement or the buying team? Do you know anyone in the buyer's organization?
- 3. Discover the Buyer's Decision Criteria.** Probe to understand how the buyers intend to scorecard proposals—including specific criteria and percentages. Do they have Key Performance Indicators (KPIs) that are vital to their decision? How do they calculate key measures? How important are these value metrics compared to cost savings? Does it appear that a competitor shaped the RFP? How has your existing provider addressed these needs? What are the problems that the buying organization is trying to solve?
- 4. Demonstrate Your Capabilities.** Show capabilities that surpass the scope of work but are relevant and valuable to the buying organization. What insight into the buyer's customers can you provide?
- 5. Probe Your Competitive Position.** Secure feedback on your competitive position and the relative strength of your competition. Is there a preferred supplier? How well entrenched is the status quo? What would motivate change?
- 6. Assess Buyer Risk.** Probe to understand all concerns that may stall or undermine the sales process. If the product doesn't perform as claimed, who (in the buying organization) is most at risk? Focus on the stakeholders who shoulder the greatest risk and reassure them that there are no risks with your solution.
- 7. Verify Timelines and Submission Dates.** Some RFPs have timelines that are "moving targets," making it difficult to manage a selling process. What steps will occur after the RFP has been submitted? How many suppliers received the RFP? When will a decision be made?
- 8. Develop a Proposal Strategy.** What steps must be taken to render a compelling proposal by the required submission date? Would each decision-maker see value from their perspective in your proposal? What resources are required by the selling organization? Will you have an opportunity to present your proposal to the buying team? Who will be your Subject Matter Experts (SMEs) when you present to the buying team?
- 9. Keep Messages Flowing.** Once you have established an open channel to executive-level buyers, keep messages flowing. Keep executives apprised of recent test results, additions to your client list, testimonials, or case studies. Continue to reinforce value messages. Do not retreat to your office and put your cell phone on mute so you can write your proposal. Continue to sell!
- 10. Qualify the Opportunity.** The temptation with a formal RFP process is to assume that the buying organization will make a good partner. The buying process will shed light on the buying organization's culture and values. Are the buyers likely to be long-term customers? Are they driven by price alone? Are there future opportunities to sell additional products? What is the cross-sell or up-sell opportunity? Can you schedule a telephone call or meeting with the process leader? Why was your firm selected to receive the RFP? What do they know about your company's products and capabilities?

Your Chances of Winning an RFP



14 Key Questions to Consider

1. Does the RFP present a level and equal playing field? Buyers may just want to confirm a decision already made, pressure their incumbent for a lower price, or gain free consulting.
2. Is this a winnable opportunity, or is the status quo or current supplier entrenched with strong internal support? Check your probability of success.
3. Do you understand the business goals and decision criteria?
4. Is your solution a good fit for the buyer?
5. Does the buying group have a history of selecting the lowest price?
6. Do you understand the competition and their relationships to the buyers?
7. Do you have the resources to respond to this RFP in the time allowed?
8. How entrenched or impenetrable is the "status quo"?
9. Is the financial return worth the investment of time and resources?
10. Are there opportunities to continue accessing buyers and connect with the executive buyer?
11. What materials, documents, case studies, business plans, or testimonials will help you succeed?
12. Are there channel partners or other small vendors who offer a unique capability or product that would elevate your chances for success?
13. Are there "top2top" opportunities to connect a senior executive from your organization with the executive buyer?
14. Do you have a strong relationship with the client or executive buyer?

