

The Sales Chief's Newsletter

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RFPS – LOVE `EM OR LEAVE `EM?

Selling Coach Graham French starts a discussion about Requests for Proposals, the way suppliers get bossed around by large organisations, the time spent responding - despite poor success rates - and suggests way of tackling them

Imagine you are a salesperson who has spent most of the month trying to generate new business by cold calling without much success. This morning, out of the blue, your sales manager hands you a request for a proposal (RFP). Phew!... you can stop prospecting. Here's someone who *actually wants to buy your product!* You can put the phone down and start work right away on a real live one!

Is the euphoria about this opportunity misplaced? The problem is that responding to an RFP is a big job involving not only *your* time as a salesperson but, more than likely, a lot of time from pre – salespeople, technical and/or business experts – at least that's how it usually is in the IT space. And if that isn't the case you're probably just snatching at it and sending out barely camouflaged boilerplate.

Typically A Poor Success Rate with RFPs?

I recently reviewed a software firm's list of forecast opportunities - deals that they had forecast to close last year. What proportion of these opportunities involved an RFP? One in five involved responding to an RFP. What was their success rate? Their win rate on RFP's was just 19%. Losses to competitors plus "no decisions" amounted to 81%.

As their overall win rate on all forecast opportunities was 52% (higher than the software industry average of 48%) it was clear that as far as RFP's were concerned this was a disaster area for them. Where RFP's were involved their chances of losing were 4 to 1 – a huge waste of scarce pre- sales and domain resources! How does your RFP success stack up?

Experience tells us that if an RFP arrives unexpectedly without any prior involvement from us we stand a very small chance (10% -15%) of winning the business. We might be better off chucking it

in the bin and going back to cold calling rather than taking the trouble and time to respond. In these cases the buying firm will have already researched the market, may well have met with one or more of our competitors and, worse case (not that uncommon), already have a preferred supplier in mind. But nevertheless they need to go through the motions of a procurement process, searching the market and getting competitive quotations. Hence your RFP, you lucky salesperson!

How Often Does This Happen?

A little story: an RFP arrived unexpectedly at a software vendor - from a major building society (now a bank). It was completely out of the blue; nothing had been known about it before the envelope plopped on the mat. Everyone in the firm – a start up firm struggling to gain traction in the market - was excited. "At last... people are beginning to send us RFP's" exclaimed the ecstatic CEO. Asked for my advice, I suggested that the salesperson call the contact name in the RFP and ask for a meeting. He did and the meeting was denied. Nobody in the firm, by the way, had any contacts in the building society. Our knowledge about the building society was zilch.

I suggested that our CEO write to the contact person thanking them for the opportunity to provide a proposal but strongly requesting a meeting in order to understand the requirement better. If this request was denied we would respectfully decline to respond in the best interests of both parties. The letter was sent and again our request to meet them was rejected. If there were any questions, however, we were to email them to the contact who would provide a response. They would then circulate the questions and answers to all competing firms.

The signals were becoming depressingly clear. I recommended a last ditch attempt - the CEO should write again, this time to the finance director whose department we were fairly sure would be initiating the RFP. But our CEO did not want to do this and had got cold feet about not responding. Against my advice, a decision was made to complete the RFP document and submit our proposal regardless.

Surprise, surprise in a week or two we got a standard letter telling us that we hadn't been successful on this occasion but our proposal would be kept on file in case...in future etc etc. Phone calls to try to find out who had won proved fruitless; the building society refused to discuss it.

And the Moral of the Tale?

To me the lesson is clear. If you aren't involved in discussions with the buying organisation before the RFP arrives your chances of success are so very small that you should 'no bid' and save the time and expense. But not before you have tried this. Insist on meeting at least the RFP's gatekeeper to understand the drivers for the RFP. Ideally, you want to meet with the sponsor and the people who would be using your product or service. If these requests are denied you are probably going to be what US sales guru Mike Bosworth, calls "column fodder" – the buyer wants to have multiple firms responding so they can demonstrate that they have done a thorough job of gathering competitive bids.

In a brilliant little book entitled "RFP Sucks!" Tom Searcy counsels thinking hard before responding; ask yourself, he says:

"Do we know anyone within this buying company? Does anyone in our company know his peers in their company? Does our CEO know their CEO or does our CFO know their CFO? Do we know any former employees? Any board members? ...If you don't... think about skipping this RFP. You won't be able to present yourself in your best light".

One highly successful consulting company I know will not pitch for a job in an organisation where they don't have a "friend at court".

Spending All Your Time on RFPs?

A year or so ago I talked with a sales director of the market leader in their industry. Whenever anyone sent out an RFP his firm was top of the list to get one. He told me that his salespeople spent most of their time responding to RFP's and invitations to tender.

Why did they respond to all of them? "We have to... to be in the game" he said "but we've got it down to a fine art now – we use a template and cut and paste so it doesn't take too much time to respond." Their loss rate on proposals submitted was staggering. Looking at a sample of their proposals I could see that 90% of every proposal was pure boilerplate - generalisations about their products features and benefits – not specific in any way to the individual prospect's business.

I was fairly forthright in my recommendations which the sales director considered too radical and refused to accept; I never did any work for them. Some time later I met the sales director again. He informed me - without any acknowledgment of our past conversation - that they were now very selective in responding to RFP's. I bit my lip and congratulated him on his smart thinking.

As Tom Searcy says "Don't answer every RFP. Be very selective.....even for those of you who are adamant about avoiding RFP's at all costs there will inevitably come a day when that irresistible RFP lands on your desk. You know the one; you glance at it and can almost smell the boatloads of money and hear the accolades of your business associates. I think we should do this, you say to yourself.."

Better Off Saying "Thanks But No Thanks"?

Who knows? It may be the big one. Or just possibly you may be better off resisting the temptation to respond. Spend your time prospecting, maybe even cold calling! (now there's a topic for another bulletin!).

If you would like more information on how to tackle RFPs more effectively, talk over how your team could save time and money and win more RFPs, call us on 01608 66 37 52 or email gfrench@enterprise.net