

PROPOSALS

Proposals are written offers to solve problems, provide services, or sell equipment. Let's say that sports shoe manufacturer Nike wants to upgrade the computers and software in its human resources department. If it knows exactly what it wants, it would prepare a request for proposals (RFP) specifying its requirements. It then publicizes this RFP, and companies interested in bidding on the job submit proposals. Both large and small companies, as proposal consultant Tom Sant says, are increasingly likely to use RFPs to solicit competitive bids on their projects. This enables them to compare "apples to apples." That is, they can compare prices from different companies on their projects. They also want the legal protection offered by proposals, which are legal contracts.

Many companies earn a sizable portion of their income from sales resulting from proposals. That's why creating effective proposals is especially important today. In writing proposals, the most important thing to remember is that proposals

✓ Quick Check

Proposals are persuasive offers to solve problems, provide services, or sell equipment.

are sales presentations. They must be persuasive, not merely mechanical descriptions of what you can do. You may recall from Chapter 7 that effective persuasive sales messages (1) emphasize benefits for the reader, (2) "toot your horn" by detailing your expertise and accomplishments, and (3) make it easy for the reader to understand and respond.

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Both large and small companies today often use requests for proposals (RFPs) to solicit competitive bids on projects.

INFORMAL PROPOSALS

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Informal proposals may contain an introduction, background information, the proposal, staffing requirements, a budget, and an authorization request.

Proposals may be informal or formal; they differ primarily in length and format. Informal proposals are often presented in two- to four-page letters. Sometimes called *letter proposals*, they contain six principal parts: introduction, background, proposal, staffing, budget, and authorization. The informal letter proposal shown in Figure 10.1 illustrates all six parts of a letter proposal. This proposal is addressed to a Pittsburgh dentist who wants to improve patient satisfaction.

INTRODUCTION

Most proposals begin by explaining briefly the reasons for the proposal and by highlighting the writer's qualifications. To make your introduction more persuasive, you need to provide a "hook" to capture the reader's interest. One proposal expert suggests these possibilities:²

- Hint at extraordinary results, with details to be revealed shortly.
- Promise low costs or speedy results.
- Mention a remarkable resource (well-known authority, new computer program, well-trained staff) available exclusively to you.
- Identify a serious problem (worry item) and promise a solution, to be explained later.
- Specify a key issue or benefit that you feel is the heart of the proposal.

For example, Joseph Geckle, in the introduction of the proposal shown in Figure 10.1, focused on a key benefit. In this proposal to conduct a patient satisfaction survey, Joe Geckle thought that his client, Dr. Hricik, would be most interested in specific recommendations for improving service to his patients. But Geckle didn't hit on this hook until after the first draft had been written. Indeed, it's often a good idea to put off writing the introduction to a proposal until after you have completed other parts. For longer proposals the introduction also describes the scope and limitations of the project, as well as outlining the organization of the material to come.

BACKGROUND, PROBLEM, PURPOSE

The background section identifies the problem and discusses the goals or purposes of the project. Your aim is to convince the reader that you understand the problem completely. Thus, if you are responding to an RFP, this means repeating its language. For example, if the RFP asks for the *design of a maintenance program for high-speed mail-sorting equipment*, you would use the same language in explaining the purpose of your proposal. This section might include segments titled *Basic Requirements*, *Most Critical Tasks*, and *Most Important Secondary Problems*.

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Effective proposal openers "hook" readers by promising extraordinary results or resources or by identifying key benefits, issues, or outcomes.

PROPOSAL, PLAN, SCHEDULE

In the proposal section itself, you should discuss your plan for solving the problem. In some proposals this is tricky because you want to disclose enough of your plan to secure the contract without giving away so much information that your services aren't needed. Without specifics, though, your proposal has little chance, so you must decide how much to reveal. Tell what you propose to do and how it will benefit the reader. Remember, too, that a proposal is a sales presentation. Sell your methods, product, and "deliverables"—items that will be left with the client. In this section some writers specify how the project will be managed and how its progress will be audited. Most writers also include a schedule of activities or timetable showing when events will take place.

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The proposal section must give enough information to secure the contract but not so much detail that the services are not needed.

STAFFING

The staffing section of a proposal describes the credentials and expertise of the project leaders. It may also identify the size and qualifications of the support staff, along with other resources such as computer facilities and special programs for analyzing statistics. In longer proposals, résumés of key people may be provided. The staffing or personnel section is a good place to endorse and promote your staff.

BUDGET

A central item in most proposals is the budget, a list of project costs. You need to prepare this section carefully because it represents a contract; you can't raise the price later—even if your costs increase. You can—and should—protect yourself with a deadline for acceptance. In the budget section some writers itemize hours and costs; others present a total sum only. A proposal to install a complex computer system might, for example, contain a detailed line-by-line budget. In the proposal shown in Figure 10.1, Joseph Geckle felt that he needed to justify the

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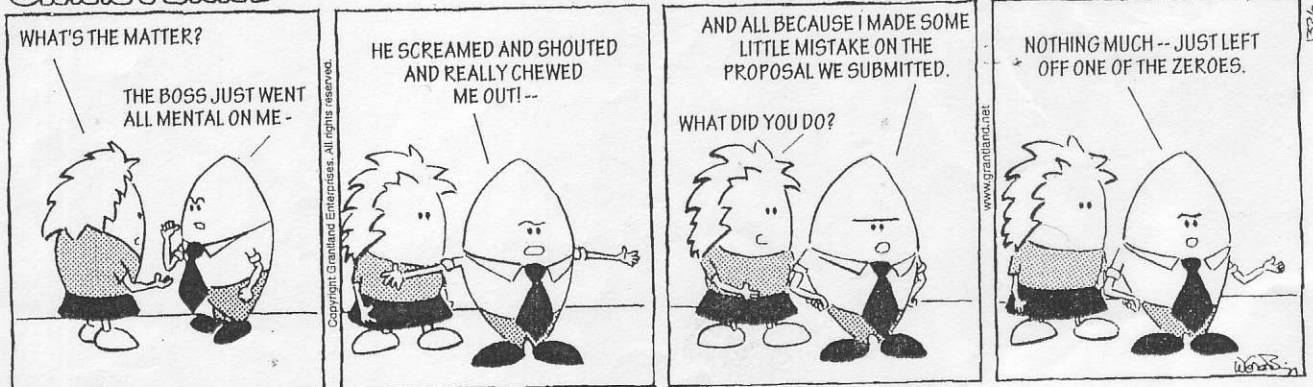
Because a proposal is a legal contract, the budget must be researched carefully.

budget for his firm's patient satisfaction survey, so he itemized the costs. But the budget included for a proposal to conduct a one-day seminar to improve employee communication skills might be a lump sum only. Your analysis of the project will help you decide what kind of budget to prepare.

AUTHORIZATION

Informal proposals often close with a request for approval or authorization. In addition, the closing should remind the reader of key benefits and motivate action. It might also include a deadline date beyond which the offer is invalid. At some companies, such as Hewlett-Packard, authorization to proceed is not part of the proposal. Instead, it is usually discussed after the customer has received the proposal. In this way the customer and the sales account manager are able to negotiate terms before a formal agreement is drawn.

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May 15, 200x

Michael Hricik, D.D.S.
4032 Wilkinsburg Place
Pittsburgh, PA 15673

Dear Dr. Hricik:

Helping you improve your practice is of the highest priority to us at Geckle Research Associates. That's why we are pleased to submit the following proposal outlining our plan to help you more effectively meet your patients' needs by analyzing their views about your practice.

Background and Goals

We understand that you have been incorporating a total quality management system in your practice. Although you have every reason to believe your patients are pleased with the service you provide, you would like to give them an opportunity to discuss what they like and possibly don't like about your service. Based on our conversations, we understand that you would like the patient surveys to allow you to do the following:

- Determine the level of satisfaction with you and your staff
- Elicit suggestions for improvement
- Learn more about how your patients discovered you
- Compare your "preferred" and "standard" patients

Proposed Plan

- To help you achieve the goals listed above, Geckle Research proposes the following plan:

- **Survey.** A short but thorough questionnaire will probe the data you desire. This questionnaire will measure your patients' reactions to such elements as courtesy, professionalism, accuracy of billing, friendliness, and waiting time. After you approve it, the questionnaire will be sent to a carefully selected sample of 300 patients whom you have separated into groupings of "preferred" and "standard."

Analysis. Survey data will be analyzed by demographic segments, such as patient type, age, and gender. Our experienced team of experts, using state-of-the-art computer systems and advanced statistical measures, will study the (1) degree of patient satisfaction, (2) reasons for satisfaction or dissatisfaction, and (3) relationship between your "preferred" and "standard" patients. Moreover, our team will give you specific suggestions for making patient visits more pleasant.

- **Report.** You will receive a final report with the key findings outlined here. The report will include tables summarizing all responses categorized by "preferred" and "standard" clients. Our staff will also draw conclusions based on these findings.

Grabs attention with "hook" that focuses on key benefit

Identifies four goals of survey

Announces heart of proposal

Divides total plan into logical segments for easy reading

Dr. Michael Hricik

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Schedule. With your approval, the following schedule has been arranged for your patient satisfaction survey:

Questionnaire development and mailing	June 1-16
Deadline for returning questionnaire	June 24
Data tabulation and processing	June 24-26
Completion of final report	July 1

Staffing

Geckle Research Associates is a nationally recognized, experienced research consulting firm specializing in survey investigation. I have assigned your customer satisfaction survey to Dr. Kelly Miller, our director of research. Dr. Miller was trained at Temple University and has successfully supervised our research program for the past nine years. Before joining GRA, she was a marketing analyst with Procter & Gamble Company.

Assisting Dr. Miller will be a team headed by James Wilson, our vice president for operations. Mr. Wilson earned a bachelor's degree in computer science and a master's degree in marketing from the University of Pennsylvania. Within our organization he supervises our computer-aided telephone interviewing (CAT) system and manages our 30-person professional interviewing staff.

Budget

	Estimated Hours	Rate	Total
Professional and administrative time			
Questionnaire development	3	\$150/hr.	\$ 450
Data processing and tabulation	16	50/hr.	800
Analysis of findings	15	150/hr.	2,250
Preparation of final report	5	150/hr.	750
Mailing costs			390
Total costs			\$4,640

Authorization

Patient satisfaction is vital to the success of your practice. Our professionally designed and administered client survey will help you determine how best to meet the needs of your patients, thereby assuring the success of your practice. Specific results from your survey can be ready for you by July 1. Please sign the enclosed duplicate copy of this letter and return it to us with a retainer of \$2,320 so that we may begin developing your survey immediately. The rates in this offer are in effect only until September 1. Thank you for giving us this chance to help you better serve your patients.

Sincerely,

Joseph A. Geckle

Joseph A. Geckle, President

JAG:mem
Enclosure

Uses past-tense verbs to show that work has already started on the project

Builds credibility by describing outstanding staff and facilities

Itemizes costs carefully because a proposal is a contract offer

Summarizes benefits, makes response easy, and provides deadline

FORMAL PROPOSALS

Formal proposals differ from informal proposals not in style but in size and format. Formal proposals respond to big projects and may range from 5 to 200 or more pages. To facilitate comprehension and reference, they are organized into many parts. In addition to the six basic parts just described, formal proposals contain some or all of the following additional parts: copy of the RFP, letter of transmittal, abstract and/or executive summary, title page, table of contents, figures, and appendix.

Well-written proposals win contracts and business for companies and individuals. In fact, many companies depend entirely on proposals to generate their income. Companies such as Microsoft, Hewlett-Packard, and IBM employ staffs

of people who do nothing but prepare proposals to compete for new business. For more information about industry standards and resources, visit the Web site of the Association of Proposal Management Professionals (<http://www.apmp.org>).

Formal reports, whether they offer only information or also analyze that information and make recommendations, typically have three characteristics: formal tone, traditional structure, and length. Although formal reports in business are seen infrequently, they serve an important function. They provide management with vital data for decision making. In this section we will consider the entire process of writing a formal report: preparing to write, researching secondary data, generating primary data, documenting data, organizing and outlining data, illustrating data, and presenting the final report.

Quick Check

The primary differences between formal and informal reports are tone, structure, and length.

Quick Check

Formal proposals respond to big projects and may contain 200 or more pages.

FIGURE 10-1: Components of Formal and Informal Proposals

