



Mastering Technical Sales

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Winning The RFP Game

How to Increase Your Win Rate and Decrease Your Costs

The standard small to mid-range technology company expends over 15% of all customer facing pre-sales time in responding to RFPs. Most of these companies do not have a centralized bid response team, so the workload falls upon the field sales engineers to balance RFP work against what they view as “real and worthwhile” sales activity.

A two-year study conducted by a larger software company within one of its areas concluded that they spent €2m per year in direct time and materials to capture €9m in revenue. However, the opportunity cost of the time was €18m (meaning potential sales made if that time had been spent selling instead of responding), leading to a net loss of €11m.

Simple mathematics shows that there are only two ways to improve your RFP win rate. Firstly, by responding to fewer, more qualified, RFPs; and secondly, by increasing the quality of your responses. So how, when leads are few and far between, when customer relationships are precious and when revenue is everything, do you inject some discipline into the RFP response process yet still maintain the morale of the field sales engineering team?

Respond to Fewer RFP Documents.

Just because you receive an RFP doesn't mean that you *have* to respond to it. You could be column fodder or the request may be outside your sweet spot.

1. **Fire your worst customers.** Almost every company has customers who send them multiple RFPs every year, yet you derive zero revenue from them. A previous employer of mine had a 'strategic' customer who sent us 11 RFPs in a 26 month period – and we won exactly zero. Time for a tough conversation instead.
2. **Score the RFP.** Figure out a way to assign a score to each incoming RFP, corresponding to how likely you are to win it. A sample scorecard can be found [here](#). This isn't a win percentage, but it gives you a way to compare RFPs and prioritize, and also to correlate your score against eventual outcome.
3. **Set the bar higher.** Set up an RFP intake process and ask the account team (sales and presales) to justify why there should be a response. Don't make this complex and beurocratic – it needs to be just enough to put some skin in the game. I'm sure you could look at 25% of the RFPs you completed last year and throw them out because you knew you wouldn't win.

4. **Use the Sales Process.** Any sales process is the best friend of the Sales Engineering community as it injects discipline into the opportunity. Agree with your SFA/CRM guru at what point in the cycle an opportunity needs to be at, before you respond to it. *Hint: it needs to at least be at the Qualified stage.*
5. **Put in a System.** Any system. One company instituted a “three strikes” process to restrict the unlimited resource checkbook attitude of sales. Each manager was allowed three RFP losses in a year. A win reset the count to zero. After three strikes the account team had to present a full justification up to the Regional VP to obtain the OK to proceed.

Improve the Quality

Once you have decided to respond, take a good look at your finished product. Pass a couple of RFPs to someone in Marketing and Technical Writing and ask for their honest feedback. Then think carefully about roles, responsibilities and execution. You'll notice I don't recommend purchasing an automated RFP response tool – they can save a lot of duplication, but require considerable upfront effort and ongoing maintenance to make them viable.

1. **So exactly who is responsible?** My belief is that the account manager is ultimately responsible for the RFP, as she owns the customer relationship. There may be a centralized response team if you are an Oracle or SAP, or the work may fall upon local field sales engineers, or there may be a local project manager running the response. Yet ultimately the salesperson owns the final product and delivery.
2. **Paint the boilerplate.** Customers do read the boilerplate about company history, corporate support, headcount, financials etc. Take care over it and have it professionally written, formatted and updated every quarter. Boilerplate should still actively sell your solution and your company.
3. **Build a 'rigged' RFP.** I am constantly amazed by the number of technology vendors who do not have a pre-written RFP stacked with highly favorable questions they can provide to a customer when asked. Unless you have ever written an RFP yourself, you have no idea how tedious and mind-numbing it can be to collect requirements and write the document. Offering someone a short-cut, even if they only take a few questions, can help out both sides. Just make sure the questions are reasonable and defensible.
4. **Think about alternate responses.** Sometimes you will receive an RFP asking for a solution outside of your sweet spot, yet with a little tweaking and vision, you can suggest an alternative way to accomplish the end goal. Tell the customer that, and write up/document your alternate response. At worst, you will lose anyway; at best, you will disrupt the process and cause them to rethink their strategy. I've seen the technical and business agenda reset on multiple occasions using this approach.
5. **The executive summary and the delivery.** The executive summary is your shortcut to the recommender and/or decision makers within the customer. Treat that one page the same way you would a meeting with that individual. This is 100%, undeniably the responsibility of the account manager. Even better, ask for a meeting to deliver the RFP and present its highlights as to why your company is uniquely qualified to win the business.

Measure the Results

After expending all this effort and incurring the costs, you should track and measure the results. Over 50% of technology companies surveyed while researching the [Mastering Technical Sales](#) book indicated they didn't track any of this information. So how do you know if you're any good? More importantly, how do you know if you're getting better?

1. **Define the win-rate.** Make an early decision on defining your win rate. Some RFPs are cancelled before a contract is awarded, others are postponed etc. Use a simple rule: $\text{Win Rate} = \text{Number of RFPs awarded} / \text{Number of RFPs responded to}$. No special cases, exceptions or asterisks.
2. **Why did we lose (or win)?** You will lose some RFPs – it happens. Learn from the experience and ask the customer why you lost so that you can improve the next time. Don't accept weak and vague answers such as "too expensive" or "not enough functionality". Drill down into the details – although be warned it is tough for most sales teams to explore a perceived failure.
3. **Publish a league table.** Based upon your own business model, publish a league table every month showing wins, losses, responses, costs and revenue by individual rep, sales manager or product line – whichever way makes sense for you. The important fact is publicizing what is working and what isn't.
4. **Track your costs.** Track both the direct and indirect costs for every response. Direct costs are time and materials for the RFP. Include any time spent by marketing, support or engineering in answering questions on your behalf. Indirect costs are the opportunity costs lost by completing the RFP. For example, if you are an SE supporting two reps with a combined quota of \$6m, your time is worth \$24,000 of quota achievement a day ($6,000,000/250$).

Summary

Make the RFP response a part of your sales process and apply Solution Selling to it, just as you would any other sales interaction. Throw out your bad customers and your "no-win" RFPs and do not be suckered into "*we have to respond just for the sake of the account relationship*". Put into place a RFP intake mechanism if you don't already have one, and then measure and report on key metrics. Never let RFP stand for Really Fast Paperwork.



"Don't be afraid to take a big step when one is indicated. You can't cross a chasm in two small steps."

David Lloyd George, politician, 1863-1945

Talking Points is a monthly column authored by John Care, Managing Director of Mastering Technical Sales. For more information on this and other Sales Engineering topics visit the website at www.masteringtechnicalsales.com.

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