

Mastering Technical Sales

The Sales Engineer's Handbook

Second Edition

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Mastering Technical Sales

The Sales Engineer's Handbook

Second Edition

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CHAPTER

4

Chapter Goals

Understand how to create a response to a request for proposal (RFP).

Learn how to create a quantitative RFP scoring system.

Be able to present and follow up as needed on an RFP.

The RFP Process

Reasonable men adapt themselves to their environment; unreasonable men try to adapt their environment to themselves. Thus all progress is the result of the efforts of unreasonable men.

George Bernard Shaw

A standing joke among the SE community is that RFP actually stands for “really fast paperwork.” An RFP, or its younger brother, the request for information (RFI), should be viewed as a two-edged sword. It is both an opportunity to win business and an opportunity to waste resources. In this chapter, we will examine how to create an RFP, the go/no-go decision, how to handle deadlines, strategies for avoiding an RFP, completion of the RFP, presentation, and follow-up.

Creation of an RFP

An RFP provides a company with the opportunity to describe its requirements with the

expectation that one or more vendors can satisfy those requirements. Ideally, these requirements will be wrapped within a business case, some economic data, and an extensive business and technical background, plus all the necessary legalities and purchasing requirements.

As a general rule, the more business data contained within an RFP, the more thought has gone into its construction. The business-to-technical ratio (BTR) is an indicator of which department created the RFP. The lower the BTR, measured in terms of business pages divided by technical pages ($BTR < 1$), the more likely the IT group created the RFP. An additional implication of a low BTR is that it signifies more work for the SE as compared to the salesperson.

Basic Rule of RFPs

If you are not involved in any aspect of creating the RFP, then you are likely to lose. An RFP, whether written internally or externally by a consultant, is always influenced by outside factors. Some initial contact and selling from at least one vendor or systems integrator will have impacted the requirements. This affords that vendor the luxury of setting the stage and laying out some additional requirements about which the RFP originator may never have thought.

Hint: Have Your List Ready

Always have some "rigged" RFP questions, which showcase a competitive advantage, ready to provide to the prospect on demand. You may even offer to supply these questions well before RFP issuance to save the customer time and effort.

Remember that creating an RFP is a long and arduous task. The customer RFP team often welcomes any strategies for shortening the process, such as providing boilerplate questions. Because external consulting organizations are generating an increasing number of RFPs, we cannot stress enough the importance of an effective partner-education program.

The downside of an externally created RFP is that the same organization is often contracted to evaluate the responses. This means that minimal access is provided into the prospect's end user base because the consultant acts, in the interest of vendor fairness, as the gatekeeper to the organization.

The Go/No-Go Decision

Whether an RFP slams onto the desk of a salesperson or glides gently into an electronic inbox, the sales team needs to decide either to compete or to decline to respond. Factors to consider include these:

- ▶ Your involvement in the RFP design and construction;
- ▶ Product fit;
- ▶ Competitors (including internal);
- ▶ Time frame;
- ▶ Budget and approval process;
- ▶ Partner/systems integrator (SI) involvement;
- ▶ Resource constraints;
- ▶ Executive pressure.

A professional RFP response consumes many resources, so either commit wholeheartedly to respond or decline. Simply bolting together some boilerplate shows a lack of respect on the part of the sales team for the prospect. This is one occasion when “good enough is good enough” is *not* sufficient. Although neither of us particularly cares for the RFP process, we can both state honestly that when we compete, it is professional, and it is to win.

Too many sales organizations fail to correlate RFP completion with winning deals. We are aware of one sales organization where the overall opportunity win rate was 50%; yet, the win rate for unsolicited RFPs was 5%. A financial-services organization once told us that their win rate, measured over 18 months on thousands of RFPs, was just under 7%. Drawing to an inside straight playing poker yields better odds! Naturally, exceptions arise; when dealing, for instance, with regulated industries, state and local governments, and so forth, completion of an RFP is an absolute requirement for contract award. However, it is safe to say that responding to RFPs is unlikely to help your sales team overachieve on their quotas.

Salespeople will be far more enthusiastic about committing to a response than the SE—and usually in inverse proportion to the volume of work required of them. Aside from basic qualification techniques, making the sales representative the project manager for the RFP is *your* qualifier. Assuming that your organization does not have an RFP response team but does have basic templates and boilerplate, asking the rep to “put some skin in the game” is a necessity. Otherwise, the SE organization will spend their

time completing RFPs at zero apparent cost to the sales representative. We would suggest that the sales representative/project manager complete and publish a high-level project plan, with a target internal completion time of at least 24 hours before the external deadline.

A compete decision is often made based on available resources. If a rep has an empty pipeline or a new SE has just been hired, it is viewed as a training exercise. Although this is admirable on-the-job training, it leads to substandard work unless supervised by experienced managers and, therefore, consumes valuable resources.

As an SE, you should not be afraid to ask the hard questions about an RFP. Deciding to complete an RFP is a task that should be managed upward: get your manager's input and agreement on the best course of action. Being asked to respond to an unqualified RFP detracts from more valuable opportunities and, when carried to extremes under tight timelines, is demoralizing and also highly detrimental to your bank balance.

Internally Scoring the RFP

The go/no-go decision described in the preceding section can be quantified by applying a score to each incoming RFP. Using the same objective measurement system for each RFP affords numerous benefits to the presales organization. First, it takes some of the emotion out of deciding how to respond to an RFP; second, it allows for ongoing measurement of RFP success against a score; finally, it provides a method to prioritize between conflicting RFPs in the event of resource limitations.

The scorecard should be a simple, one-page, fill-in-the-blanks sheet that both the account executive and the sales consultant can complete easily once they have actually read the RFP. Assign points, both positive and negative, based on a variety of business, technical, and opportunity-specific factors. For example, an RFP from an existing customer may score five points, as opposed to that from a new customer, which may score zero. Should the existing customer be a positive reference for you, add another two points. Create a set of weightings based on key technical issues that are either wins or show stoppers for your solution. Also allow for the fact that some competitors are easier to beat than others.

After you have devised the scoring system, retrofit it against some historical RFP wins and losses over the past 6 to 12 months to judge its validity. Remember that this is not an absolute measure of the probability of success, but it is another data point upon which to make a decision. Also note that

the score should not be viewed as a success rate but simply as a relative score for each RFP as measured against other RFPs. Once the scoring system is correctly calibrated, on a scale of 0 to 100, you will find very few wins with a score under 40 and very few losses with a score over 75. The decision points are how to handle those RFPs that fall into the grey area. However, when conducting a go/no-go RFP meeting, you will be in a position to prioritize between a 70 RFP and a 50 RFP.

CASE STUDY : THE ECONOMICS OF RFP RESPONSES

A 2-year study conducted by a large software company within one of its European areas concluded that they spent €2 million per year in direct time and materials to capture €9 million in revenue. However, the opportunity cost of the time was €18 million (meaning potential sales made if that time had been spent selling instead of responding), leading to a net loss of €11 million. Their RFP win rate was under 10% during the first year of measurement. After implementing a formalized RFP scoring and response system, they raised their win rate to 22%, simply by engaging in fewer RFP battles and improving the quality of those RFPs they did respond to. Compared to the previous year, they turned a €4.5 million “profit” within their RFP operations.



Appendix 4A shows an outline scorecard, and the resource section of the Web site provides a more functional scorecard.

Handling Deadlines

It is a sad fact of vendor life that an RFP that took 3 months or more to create often demands a response inside 10 days due to some artificial deadline. Fact of life number two is that the review, selection, and award timelines laid out in the average RFP are met less than 10% of the time. A spot-check we made of completed RFPs within their respective sales channels yielded an uninspiring 1-in-22 ratio in terms of prospects meeting their timelines.

When a deadline is unreasonable, the sales team should strategize and then call the prospect organization immediately to request an extension. Any reasonable request will usually be granted; a refusal is a good indicator that you may not be a serious contender for the business. Honesty is usually the best policy, with the possible exception of claiming that you are too busy. Being “too busy” implies to the prospect that you do not have enough

time for them. Very often, an issue with training, vacation, or existing customer commitments makes finishing the RFP by the deadline a problem. It is crucial that the SE organization agree to meet any deadlines because they are usually on the critical path for RFP completion. An SE may already have an RFP to complete, be preparing for a demonstration, or have prospect discovery meetings set up. Getting a 1-week extension may make the difference between responding and declining to bid.

Hint: The Salesperson May Not Be the Best Person

Many companies automatically ask for an RFP extension, whether needed or not. Using the SE manager, instead of the sales manager, to make the call to the prospect typically yields a higher success rate for extra time.

A secondary tactic is to request more time to gather additional facts and details. Even though most RFP-issuing organizations will set up vendor conference calls and meetings, you will rarely get to meet the ultimate end users of the system or products you are selling. These meetings are also very stilted and awkward because all of the responding companies will be present, and no one wants to say anything that may give a clue as to strategy or direction.

Hint: Reward Me for Being Smart

As an SE, you may need to ask for additional data outside of the RFP. This could be economic, technical, or business information. You may also request a formal one-on-one meeting with the end users. Frequently, the prospect will reply that they would then have to provide that data to all vendors. Suggest that they provide that data or access only to those vendors who ask. In effect, you are saying, "Reward me for being smart."

Strategies for Avoiding an RFP

Despite all indications to the contrary, there are creative ways of avoiding an RFP. However, bear in mind that every single one of your competitors will be trying the same tactics. Numerous contractual and sales approaches lie outside of the SE organization. Two popular techniques that the SE organization can control are the *technical reference close* and the *limited trial/workshop close*. Both techniques involve considerable work and commitment both from the SE and the prospect, but they do give you control over the sales cycle.

The technical reference close can be used when you are certain that, based on the RFP, your product is a 100% fit for the client. Also you need to

be executing a frontal competitive strategy and to be confident that you can provide more references than your competition. The approach is to state, "If I can show you two similar companies who had the same problems you do and have them tell you how we fixed them, can we short-circuit this process?" Then follow that up with, "Starting this project 6 months earlier will save you \$1 million." At the very least, it will make the executive sponsor think twice about the process; the best case is that they will say yes. The real work in this approach comes in setting up the reference calls, possibly even site visits, and in coaching your references about likely questions and what to say.

The next level of effort is the limited trial/workshop approach. This technique involves installing your product for a fixed period, usually 30 days or less, subject to meeting certain success criteria. (More details about general trials are given in Chapter 11, which discusses technical-sales strategies.) This results in more effort than actually completing the RFP, but it (1) takes your competition out of the picture, (2) gets you inside the building, and (3) consumes valuable time that cannot be then spent with another vendor. Even if another vendor convinces the prospect to give them the same option, you have still reduced the playing field and are now going head to head against just one competitor.

The Alternate Response Tactic

You will undoubtedly receive some RFPs that will score poorly either because they are clearly outside of your sweet spot or are from a customer that issues one RFP a month and has failed to award you any recent business. Although in both instances it may be acceptable to "no bid," there is a compromise response to consider.

In the case of a poor product fit, where an alternative implementation or architecture exists that would suit your solution, you may generate an alternate response. In effect, this is a politely worded document that states, "Our solution set is not a good fit for your business problem with regard to the way you have asked us to solve it. However, if you would like to consider doing it this way instead (as we just implemented at <other customer name>), here is how we would do it for you." At the very least, such a response will always generate a conversation with the customer and, in many cases, has been a game-changing event that led to the withdrawal and eventual reissuance or expansion of an RFP.

In the instance of the RFP-happy customer, especially if considered strategic by the account executive, an alternate response may serve to reset the relationship and allow a drill-down into why so many previous RFP responses were rejected. Although initiating this tactic is outside of the responsibilities of the SE team, a well-defined set of metrics can be an early indicator of such a problem area and discussed during account reviews on an objective rather than subjective basis.

Completing the RFP

Once the decision to compete has been made, gather the sales team and any external resources together to plan the response. As stated earlier, making the sales representative the project manager ensures equal participation from all sides. Decide up front who will be responsible for tasks ranging from data gathering to collation and copying.

Hint: Setting the Standards

New sales organizations typically will not have access to any RFP boilerplate or standard responses. If this is the case, use any RFP to set the standard for RFP responses. Decide on font, headings, style, and format, and enforce their use. A sizable library of compatible RFP data will rapidly be built. Then track your success rate.

As the SE member of the RFP team, you will be responsible for all technical questions contained within the document. These may be complex architecture issues or simple “speeds and feeds,” depending on the products and services you are proposing. We recommend that you print a copy of the RFP and use a highlighter to mark those sections you are responsible for. Note that “responsible for” means that it is your task to make sure that they are answered, not necessarily that you must answer them personally. Then feed your commitments back to the RFP team so that everyone knows what you have accepted accountability for. Our credo is that “the SE organization is the organization of last resort,” so it is also in your interest to make sure that all the other items are also covered.

Many of the more mature SE organizations either have an internal RFP team or an electronic software package that can be used to answer most standard questions. Failing this, an RFP library should be created on which an SE can draw (see Chapter 24) for many of the standard responses to common questions. Unless this is your organization's very first RFP or it is for a brand-new product, you should have a wealth of prior literature to which you can refer.

At this point, review your section and begin to divide it into different categories. Many RFPs now contain their basic Q&A in a spreadsheet style format that makes this process considerably easier. Categorize each question based on who will answer it. A certain proportion will be your direct responsibility, while others may belong to marketing, product engineering, or a technical/domain specialist. Either you or your manager should contact any individuals outside the SE organization from whom you need help; explain the opportunity and timeline and emphasize that they are being asked to help on only a small number of questions. Should you need help from within the SE organization, but outside of your immediate branch or area, let your management team take care of securing that resource for you.

Numerous SE organizations view an RFP as allowing them to find the most creative way to say yes to each question. While we certainly encourage a liberal view of any product's capabilities, many RFP responses eventually form part of the contract when awarded, so proceed with caution. However, if you can start each answer with a yes or, if appropriate, a no, it makes the RFP easier to score from the prospect's point of view.

Where possible, refer your answer back to your technical or educational literature, but include the text in the response like this: "Yes, this feature has been available in our product since 2007 (ref: *System Guide Release 10*, p. 244)."

Referring to an outside document, unless it is copyrighted by another company, leads to much page flipping by whoever reads the RFP. You want to make reading your responses as easy and painless as possible. Present all your answers in a clear, legible form. Should a question ask for a list of features or functions, provide them in tabular or bulleted form as opposed to a simple comma-separated list. Where possible, include diagrams showing why your product meets that particular requirement.

Also include any competitive advantages you feel you may have. There is nothing wrong with pointing out your strengths, or even indirectly a competitor's weaknesses, in the text of an answer.

Presentation and Follow-Up

Even though most RFP responses are handled electronically, many requestors still require a physical hardcopy. The RFP should be bound, personalized, and printed in color, and it should project the impression of the professional organization that created it.

As much care should go into the creation of a cover letter and an executive summary as goes into the RFP itself. The executive summary will be read by more people, and doubtless in greater detail, than any RFP ever will be. Think of it as your marketing flyer for the prospect for the duration of the RFP evaluation and scoring. The cover letter and summary should point out, both in business and simple, technical terms, why your organization is uniquely qualified to receive the final contract award.

Also insist that a meeting be set up either to deliver the RFP response or to review it within 48 to 72 hours after receipt. Allowing the sales team to physically present the RFP allows for some real-time feedback and a quick psychological assessment to occur. It also provides an excuse to get inside the prospect's building and potentially set up some other meetings.

Hint: Follow Up Internally Too

Once the RFP response has been delivered, make sure that you follow up and thank all the people internally who helped you complete it. Once you have an update about the opportunity, that is, once you make the short list, notify your extended team to keep them in the loop. Should you need further resources for the deal, or even have another RFP to complete, a little thanks will go a long way, and if you consistently win RFPs, people will be more likely to respond to your requests for help.

Once the RFP is delivered, maintain contact with the prospect, providing a steady stream of copies of press releases, technical updates, and journal articles—anything, in fact, to keep your name in front of the people who will make decisions. As the SE, it is your responsibility to develop some rapport with the prospect's technicians who will be reviewing the RFP. Offering to personally explain some responses, add extra detail, or provide insight into future plans can all be "hooks" to set up a follow-up session.

Summary

Engage early and try to set the ground rules for the RFP process. Be prepared to contribute questions and additional material directed toward your competitive strengths. If the RFP arrived "out of the blue," be very careful about your decision to respond.

Try creative ways to avoid the RFP, but once the decision is made to respond, after quantitatively scoring the RFP for success, engage fully. Develop a good executive summary that highlights your value proposition. Push the account executive to project-manage the internal process, making sure you fully define your responsibilities. Seek some face time with the

prospect after RFP delivery and finally make sure you thank everyone involved—internally and externally.

Skill Building

New SE	<ol style="list-style-type: none">1. Set resource priorities with your manager.2. Be prepared with some “rigged” RFP questions.3. Learn how to access the RFP library.4. Review with your manager all external resources available to you.
Experienced SE or SE Manager	<ol style="list-style-type: none">1. Question the qualification of the deal.2. Develop a call script in which you can ask for a time extension.3. Clearly define roles and responsibilities.4. Create an RFP scorecard to measure the likelihood of success.5. Attempt to have the salesperson project-manage the response.6. Develop a relationship with key technical staff within the prospect.7. Focus on the development of the executive summary. Use this as the initial input for your discovery and analysis process.

Appendix 4A

RFP Analysis One-Pager					
Opportunity name:					SCORE: 61.0
Opportunity Information					
Existing <-Company> Customer?	y		Score +8	8	
Existing <-Company> Products?	y		Score +8	8	
Do we have a prior, positive history with the client?	n		Score +/- 8	-8	
Is this the replacement of an Incumbent vendor?	n		Score -6	0	
Have we met with this customer on this opportunity prior to this RFP?	y		Score +10	10	
Has the customer established an ROI expectation?	y		Score +5	5	
We know the business drivers, time frame, budget, approval process and high-level decision criteria in the client organization.			GRADE +/- 10	0	
A consulting group is evaluating the response and our relationship with the consulting group is good. If no consulting group involved, enter "0".			GRADE +/- 10	5	
We have influenced the RFX and we are "favored" vendor.			GRADE +/- 10	5	
Response timelines understood and achievable?	y		Score -10	0	
Is purchasing our main contact?	n		Score -7	0	
Do we have an executive sponsor?			GRADE +/- 10	5	
Do we have access to the right stakeholders/influencers?			GRADE +/- 4	2	
Are there objectional legal terms & conditions?	n		Score -8	0	
Misc Weighting (e.g complimentary products)			Grade +/- 8	4	
RFP Pages (Total)		200	BTR		
Business Description		50	0.56	Score BTR * 4	2
Technical Description		90			
T&C/Legal Stuff		20			
Neutral Filler		40			
Strategy					
Is a partner required to provide the complete solution?	n		Score -5	0	
Evaluate our track record with the partner. (If no partner, enter "0".)			GRADE +/- 5	5	
Is the partner a boutique shop? (If no partner, enter "n.")	n		Score +3	0	
Is the partner a Big Five shop? (If no partner, enter "y.")	n		Score -2	0	
Differentiators					
Customer is looking for a suite or multi-faceted vendor	y		Score 4	4	
Single brand, more than 3 products?	y		Score +8	8	
Multiple brands, more than 3 products?	y		Score +8	8	
Stay Away					
Currently includes unsupported platforms, OS or databases	n		Score -6	0	
Requires sophisticated ad-hoc reporting, not in native product	n		Score -6	0	
Looking for SOA architecture	n		Score -6	0	
Requires multiple references within this specific vertical	n		Score -6	0	
Competition					
IBM	y		Score -7	-7	
HP	y		Score -7	-7	
SUN	n		Score -3	0	
Oracle	y		Score -7	-7	
CA	n		Score -2	0	
SAP	n		Score -4	0	
Microsoft	n		Score -5	0	
Other :	n		Score -5	0	
Other :	n		Score -3	0	
Other :	n		Score -3	0	
Other :	n		Score -3	0	
Other :			GRADE 0 to -5	5	
					61
<p>*Grade means you enter a subjective score between the indicated ranges Use a capital "Y" for YES</p>					
Completed By					
Sales:					
Pre Sales:					