



Riverside Business Coaching

business coaching for owners & managers of small businesses

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# How to Develop and Write a Proposal

by Mark Orton

## **Objectives for proposals**

- Communicate with decision makers
- Win business that you can successfully deliver at a profit.
- Develop and retain repeat customers

The first point is key to the task. Your proposal must win the confidence of the prospect while defining the approach, scope, deliverables, and pricing in such a way as to assure that you can exceed expectations and do it profitably.

The proposal described here is really a proposal that is actionable as a contract. So, it contains legal terms that are sometimes dealt with as a separate step in the engagement process. This proposal is scaled to meet the requirements of most small to mid-size firms. As an actionable proposal it aims to simplify the engagement process.

## **Preparation**

Research your prospect. Interview key players in the project. How does the firm make money, who are their customers, what are their value propositions, products & services, technologies, etc.? Understand the business objectives for the project.

- How does the project fit in the strategy of the company?
- How do they define the scope and deliverables?
- Do they have a favored approach? Have they done projects like this before?
- What resources, people and money, can they devote to the project?
- What is the timeline?
- Is it clear that the project has real top management support?
- What are the risk factors?
- Do they have a formal description of the project or RFP/RFQ?
- Who are the competitors for this project?
- Does the project require collaboration with other 3-party providers?
- Who are the decision makers? Remember to write the proposal so that they can understand it and be won over.

These steps in preparation are not to be skipped over. Once you get them in mind, you should be able to discover many of the answers during the exploratory discussions with the prospect. This work allows you to respond to the requirements with a maximum of business and technical expertise. And, occasionally you will find a company or project that

you will want to steer clear of because this homework phase has revealed risks that you do not want to undertake.

Or, looking at it differently, the information might suggest terms and conditions that can impose to compensate for your exposure to the liabilities you have uncovered. For example, if the company turns out to be on shaky financial ground, you might want to receive more of the payment initially with stricter payment terms on the balance.

### **What Are the Elements?**

Business proposals have a language of their own. There is some variation based on industry. The elements shown here cover the essentials. In any event, use the terminology that is most widely used in your industry.

*(the order is not fixed)*

- **Background situation analysis** – briefly state what you have learned during your preparation work – what is driving the need for the project, competition, opportunity, etc.
- **Description** – brief statement of deliverables
- **Credentials** – why are you the right choice for this project?
  - Describe your firm, experience , especially projects related directly to the subject of the proposal.
  - Staff resources and backgrounds
  - If you have a separate company description document reference it and attach it to the proposal
- **Approach** – how will you go about solving the problem
  - Do you use a standard protocol to perform work? – for instance, a market branding process, or, a design process such as used by architects, or a unique technology – if so, then include that briefly within the body of the proposal. Submit a separate document that describes the process in detail.
  - Since many projects involve iterations of work product between you and client, include a method for tracking changes, ownership of changes, approval processes, etc.

- **Scope (Statement of Work – SOW)** – what is INCLUDED and NOT.
  - **Deliverables** – exactly what each party will provide? Notice that this is a two way street. The client must provide you with information and sometimes hardware to allow you to carry out the project. These are their deliverables.
  - **Project team** – from you and the client.
    - Identify leaders
    - Level of effort (LOE) required from client personnel. It is important to specify this LOE and its timeliness.
    - Who is project champion from client (may not be a team member) – the project champion is that member of client management who can break decision dead ends, get more funding or people – do whatever is necessary to bring success.
    - If third party collaboration is involved, specify how that will work. Who is the lead, where are the boundaries between the parties, how are issues resolved, etc.
  - **Project plan/timeline** – outline steps, phases, milestones, contingencies, dependencies, critical path – make the level of detail in the plan match the complexity and scale of the project
    - Don't overburden a project with complex project management tools unless they are actually required. Many times simple visual tools are better.
  - **Metrics/Milestones/Approval Process**
    - Use existing client metrics if available and reliable
    - What are the specific project elements to be delivered and approved at milestone points?
    - Who is involved from client side in approvals
  - **Changes to Scope** – how will these be handled? Decision making, budget, resource implications.
- **Risk Analysis** – identifiable technology or business issues that might hinder success.
- **Budget**
  - How much will this cost – fixed price, pay as you go, hourly, other?
  - Payment terms – best practice to require some significant portion at the beginning of the project
  - Expenses – define allowable or expected expenses.
  - May include tooling, fixtures, parts, etc.
- **Boilerplate Terms**

- Limitation of liability
- Cancellation/Termination
- Confidentiality
- Intellectual Property – who owns work product.
- Complex projects with large liabilities and risks will require legal contract advice
- **Proposal Acceptance** – make the proposal actionable – include signature lines at the end so that you can convert the proposal into a contract. This might include language such as:

AUTHORIZATION: The foregoing agreement fully describes the services required and is accepted by  
 Client: \_\_\_\_\_(signature)\_\_\_\_\_, \_\_\_\_\_(title)\_\_\_\_\_, date  
 \_\_\_/\_\_\_/\_\_\_\_\_

## Writing the Proposal

Now you are ready to actually write.

Remember that you are writing to the person(s) who will approve the project. It is not unusual for this to mean managers one or more rungs higher up in the organization than the person with whom you have been working. Assume that you will not meet them and that they will have only superficial knowledge of any details about the project. Write your proposal so that they can understand the context, the details of the proposed work, and why you are the best candidate to do the work.

Follow the usual guidelines for good writing. Avoid loading up on adjectives and adverbs. Keep your sentences short. Organize your writing using the elements described above. Use the language of your industry. There are lots of variants to these and variants to the order, but managers expect to read proposals that are organized in clearly marked bundles of information. Don't make them learn how to read a new style. You are not writing poetry or a novel, it is a proposal. Make it a readable thoughtful document.

Use graphics, charts, and pictures to illustrate not to decorate.

Invite several people to read and critique. One person should be knowledgeable in the subject area. The second less so. Ask both to imagine themselves in the role of the decision maker, usually an owner or C level manager.

The involvement of an attorney in a proposal/contract is sometimes necessary. But, if you are in a field with inherently low liabilities and risks, try to develop a standard set of legal paragraphs. By nature any good contracts attorney will think of contingencies that you have never dreamt of. This will create a lengthy document that will force your clients to have their attorney review. Unless it is truly necessary this extra effort will not often redound to the positive side for you.

Put the proposal on letterhead. Every page should be numbered and include the revision date in the footer. Double check the spelling of the company, its official legal name, and every person you name in the proposal. If you submit digital proposals send only PDFs.

Writing proposals is hard work. Good proposals are essential to getting good work. The more you write the more likely you will find that much can be reused from one to the next. Statements of approach, scope, team formation, project plan/timeline, budget, and so on will take on a common form and frequently repeated content. The boiler plate elements usually stay unchanged from one to the next.

### **Signing the Contract**

If any changes or deletions are made to the proposal but a re-write is not necessary, have each party initial in the margin nearest to the change to signify acceptance of the change.

When it comes time to sign, first make sure, discreetly, that the person from the client side is actually authorized to sign contracts for the client firm. Be sure that you and the client representative sign and provide their title and the date.

After signing provide a copy of the signed document to the client representative.