



Perfect Pitch

The changing worlds of bids and tenders 1978 - 2008
By Neil Flett

white
paper

purpose

The objectives of this White Paper are to report on how elements of the bid and tender process have changed over the past 30 years; trends shown through three rogenSi surveys over that time; how business responds to multi-million dollar pitch opportunities; the results businesses achieve from their pitching processes; and the recommendations for best practice strategies in an increasingly complex, competitive and rapidly changing global environment.

“Pitching is the art and science of winning when the stakes are high – and coming second is not an option.”

“You do not have the answers to our marketing problems today. That would be impossible. You simply have not had time to understand our business. Today we are only looking at how you think. If you win, you will be given the chance to understand our business and then come up with the right answers.”

“Growing a business is simple. You only need to get new clients and hold on to your current ones. The challenge is trying to do both at the same time.”



introduction

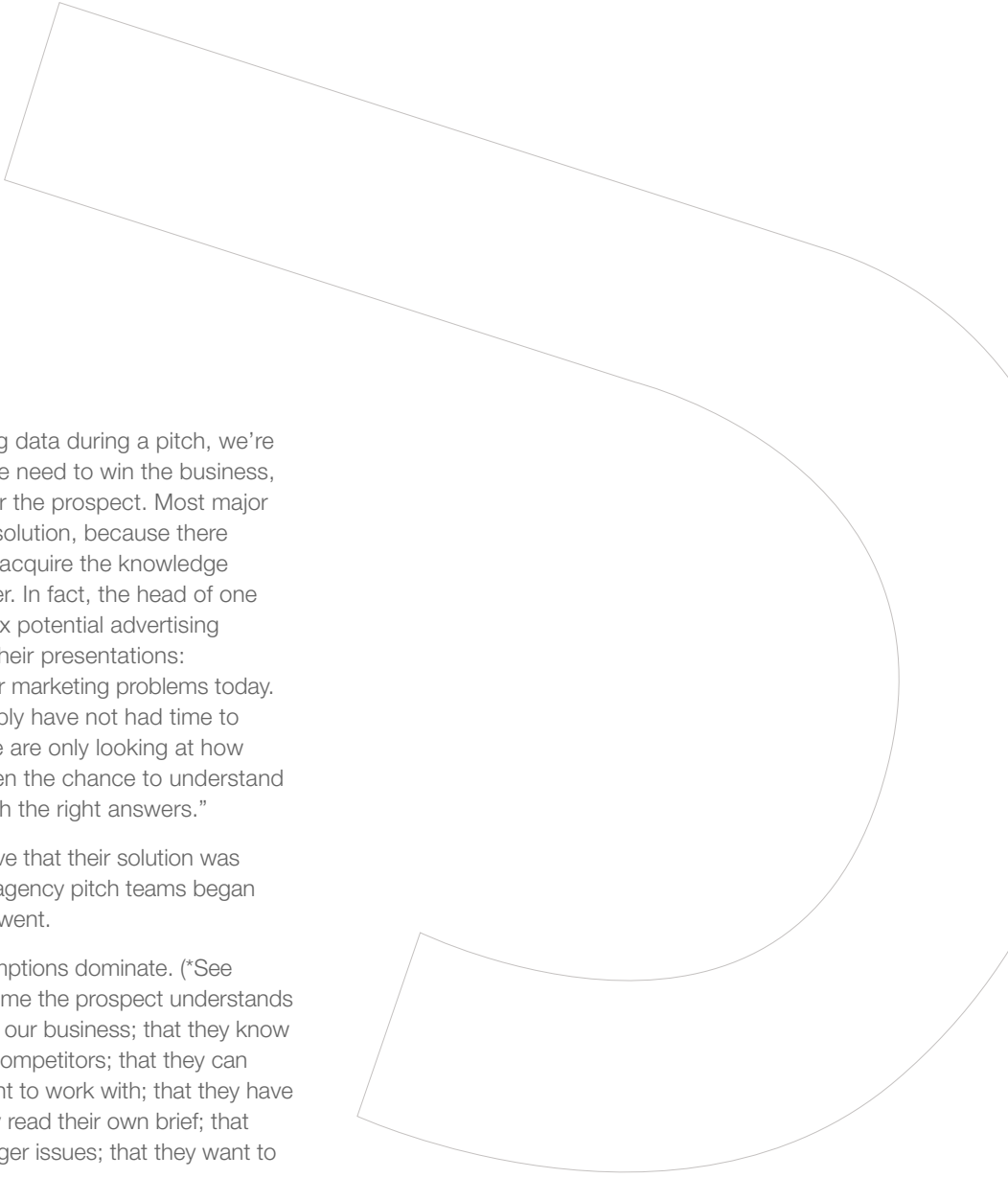
The world of pitching is an imperfect world for no other reason than that the decision to choose one supplier over others is made by humans, affected in the moment by various degrees of rational, technical and emotional pressures. The guiding values in their decision-making may include experience values from previous relationships or current imposed values such as budget, resource and politics, both overt and hidden.

And the involvement of humans means, regardless of whether you are a winner or a loser, the reason for the decision to appoint one supplier over another is seldom ever known. Decision-makers will often give their reasons in a manner that encourages the losers, and lowers the expectations of the winners. “Everyone who lost came a close second. The winner should consider themselves lucky.” And that is only one quirk from the changing world of the pitch.

To be fair and accurate, pitching to win multi-million dollar relationships is still all about making assumptions, rather than dealing with hard facts. These assumptions are based on what we have learned about the client and their issues, or what we are learning as we move through the bid process; or what we are unable to learn. Hard facts are inevitably few and far between and in some bids are deliberately held back, perhaps in an attempt to test the mettle of the bidders.

The same brief is given to all parties, yet some have access to knowledge not available to their competitors. The incumbent supplier has had access to much more knowledge, but may not have been listening. Others have been invited to pitch because of the value they have been delivering to the client before the RFP went out. They may have been given “insider” knowledge not made available to the incumbent, because their relationship may have been growing as the client became more and more dissatisfied with the current supplier. One thing is certain ... nothing is certain.

In 20 years of coaching bids and tenders we have seen favourites win and lose; dark horses gallop through the field and fall over with one hurdle left; bids are cancelled and later quietly awarded and bids won with outstanding creativity, but little substance. Remember, nothing is certain.



Despite our best efforts at collecting data during a pitch, we're never sure if we know everything we need to win the business, let alone create the right solution for the prospect. Most major business is won with an imperfect solution, because there simply hasn't been enough time to acquire the knowledge needed to put the right one together. In fact, the head of one major supermarket chain warned six potential advertising agencies before they each began their presentations: "You do not have the answers to our marketing problems today. That would be impossible. You simply have not had time to understand our business. Today we are only looking at how you think. If you win you will be given the chance to understand the business and then come up with the right answers."

Six agencies had been ready to prove that their solution was exactly what the client needed. Six agency pitch teams began changing their presentation as they went.

Pitching is a process in which assumptions dominate. (*See rogenSi EP* Issue 1 2008). We assume the prospect understands their business; that they understand our business; that they know the difference between us and our competitors; that they can intuitively choose someone they want to work with; that they have read the tender document; that they read their own brief; that they are not totally distracted by bigger issues; that they want to be there. Assumptions rule.

But through all the confusion, there are changes occurring that provide both opportunities and challenges.

rogenSi has undertaken three global surveys in the past 30 years. Each covered a number of countries and business leaders from a range of industries. The latest survey was conducted in 2008 when we sought to gain an understanding of business pitching and to assess the challenges and changes from earlier research. The results are contained within, along with the author's comments and personal analysis.

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One thing is certain...
nothing is certain

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2008 rogenSi pitch survey...

...highlights the need for deeper understanding of our clients

One of the key findings of the 2008 rogenSi Pitch Survey has been the dramatic increase in the perception suppliers have of the importance of understanding the client's business. It is now seen to be the single most important reason for being appointed.

The survey asked more than 3000 executives involved in bidding for multi-million dollar accounts to answer 29 questions about what had changed and was changing in the world of pitches, bids and tenders.

The responses were then analysed and compared with elements of the two previous surveys conducted in 1975 and 2005.

In one question, recipients were asked to rate the importance of the following four elements in the decision to appoint one supplier over another:

- Convincing the client or prospect that you have the best solution for their needs
- Chemistry between your team and that of the client
- Understanding the client's business; and
- Politics

One reason for asking this particular question was to get a sense for what might have changed since the mid-1970s when Peter Rogen asked clients the same specific question. Although this survey was sent mainly to suppliers, it included many individuals who wore both hats in that their companies both selected suppliers and also bid for business.

the surveys

Understanding the client's business is now seen to be the single most important reason for being appointed.

In the first survey we asked the importance that clients place on various aspects of how they choose suppliers, for example:

- Best Solution. What percentage of suppliers had they appointed because those suppliers had convinced them that they had the best solution?
- Relationship. What percentage were appointed because of "chemistry"? ("We just wanted to work with them"... "we respected them"... "we got on well together")
- Understanding. What percentage of appointments were made because one supplier was seen to understand the client's business more than the other bidders? and
- Politics. What percentage of decisions were made due to politics? (International alignment... internal politics... a strong relationship at the highest level).

In this year's survey we asked suppliers to rate the same elements according to what they felt was most important. And quite a lot changed.

20% politics

20% chemistry

20% understanding

40% solution

then

16% politics

23% chemistry

32% understanding

29% solution

now

the results

1975

Being able to convince the client that you had the best solution was the reason for appointment in some 40% of the cases. Yet in those days – and still in many cases today – bidders would spend the vast majority of their preparation time in getting the case together to convince the client that their product/offer was the best for the client. But more decisions were being made on politics, business understanding and chemistry.

Perhaps a less sophisticated world of bidding allowed more decisions to be made on a hand-shake, on trust, friendship and respect. Perhaps that was possible in a less competitive world, with less at stake. Or maybe relationships were more important back then.

Twenty percent of the decisions to appoint were made because one supplier was deemed to understand the client business better, which logically would result in faster implementation of the solution; less education on behalf of the client; greater trust that the result would work. Yet in those days business generally was less sophisticated and understanding that business was not as great a challenge as it is today.

The appointment accounted for some 20%, some of which was due to the need for an international alignment, i.e. head office in New York used X and wanted X to be used elsewhere in the world for consistency and cost-saving. But the rest of the political appointments were made for other “political” reasons including undue influence over all the decision-makers; undue power of one decision-maker over the others; and the bringing to bear of governmental, legal or financial power. But in those days the same level of bid governance did not exist. Today’s major bids tend to be judged to be outside influence, perhaps first judged by the procurement department in an unbiased, unemotional manner, using the same strict judging criteria for each bid.

2008

In this year’s survey we asked suppliers to rate the same elements according to what they felt was most important. The ability to convince the client that you have the best solution went from 40% of the importance in the decision, down to 29%. Understanding the client’s business soared from 20% to 32%. Chemistry rose by 3 points from 20% to 23%. And the effect of politics dropped from 20% to 16%.



Clients believe that ‘Best Solution’ is now considered to be a given – you either **have it** or you don’t



why the change?

The rogenSi 2005 Pitch Survey

So what caused the change? Well, to provide a better context we need first to consider the 2005 Pitch Survey in which we asked some 1400 business leaders in 10 countries to prioritise 22 attributes of suppliers. Attributes that the clients considered to be the most important in choosing one supplier over the rest.

Critically the top 10 attributes of winning suppliers looked like this:

1. The quality of the people
2. Supplier reputation
3. Their enthusiasm
4. Their capability
5. "They listened to my needs"
6. Quality of interactions
7. They showed initiative
8. Capacity to work together
9. Price
10. Creativity of solutions

The importance of people and relationship was overwhelming. Price was only ninth in importance, (except in the business of construction where it rose to number one). While there were 22 attributes presented to the survey recipients, the top 10 were predominantly about the people. Relationship in all its forms was being seen as critically important.

Why understanding?

What was interesting in the latest survey was the perception that understanding the client's business was so critical. But given the weighting of suppliers among the recipients and given the complexity of the world of business, solutions have become much more complex and "understanding the client's business" has become far more difficult. Our experience as pitch doctors tells us that complex solutions require a much deeper understanding of a complex business.

The drop from 40% to 29% in the importance of convincing the client that you have the best solution is, we believe, in part due to what our clients are now telling us that having the best solution is now considered to be a "given". It is the rational/technical part of the bid. "You either have it or you don't." It is worth noting that in the highest-profile bids in the world, eg the right to host the Summer Olympic Games, any of the finalists could run the Games well. All had a "right" solution.



Too many 'best' solutions fail to gain appointment for their creators because of their inability to **sell** them to the prospect.



In fact we believe strongly that it is not having the best bid that matters, but your ability to convince the client of that fact. Too many "best" solutions fail to gain appointment for their creators because of their inability to sell them to the prospect. And sometimes the business is won with a solution that simply would not work.

What seems to have changed is that there is a growing understanding that to win the business and convince the client that you have the best solution... you need to have a deeper understanding of their business than at any time before.

With that need comes a significant cost in time and applied resources. Market and competitor research grows in stature as does the level of sophistication required to understand the levers that must be pulled.

Gone are the days when the product sold itself. Gone are the days when the focus of the bid is on selling anything rational or technical; rather it is the complete package of relationship, business understanding, politics, capability and the proposed solution that wins.

And now the winning edge is being gained before the brief is given. In a major bid two years ago, rogenSi was called in to help our client on the day after an RFP had been received for a multi-million dollar audit. From that moment we helped coordinate the pitch through three documents, two major presentations and a host of interviews. Three competitors were eliminated including the incumbent. It came down to our client and one other.

Our final presentation was technically strong ... but we were soundly beaten. After the debriefing process was complete we discovered that the winner had formed a project team some two years before the RFP went out and had been meeting the prospect and delivering value to that organisation on as regularly as a monthly basis. Our client may have played a strong second half, but the winner had been 25 points ahead before we walked out on to the field!

Future bids will be won more and more by the bidders who invest in delivering value to the prospects over a deal of time BEFORE any bid is called. Thus the investment in pitching will increase again, but the understanding of the client's business will be enhanced ten fold.

understanding the client's business

It is important that your clients feel confident that you understand their business.

As we teach in our pitching programs, while it is important to understand the client's business, it is possibly even more important that the client feels you understand it. That leads to the perception that they do not have to waste time educating you about it; there will be a faster implementation of the result; you will hit the ground running; they can trust you to get it right.

Governance lowers politics?

The "handling the politics" question also dropped from 20% to 16%, a logical fall when you consider the likely impact of the huge increase in the governance over pitches (particularly in Government and public companies). In such an environment, when bidders are often prevented from even contacting the organisation during the bid, let alone use influence to win, it is expected that politics might be marked down.

The survey covered a large number of issues including some general questions about what might have changed in recent years.

Win rates/shortlists and competition

- 62% said that of the pitches they went for, they won half or more than half.
- None claimed to win all, but 47.3% said they won 1 out of 4 or less.
- 30% said they won less than 1 in 4 – pointing to a significant cost, with little return.
- The vast majority of recipients (84%) said they tended to get on to the shortlist of bidders "usually" or "more often than not".
- 61% agreed or "somewhat agreed" that there were more competitors than ever before.
- 55% said they "somewhat" or "totally agreed" that competitors were pitching better than some years ago.

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The importance of people & relationship was overwhelming - price was only ninth in importance

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cost

Pitching costs more

How much had the cost of pitching risen in the past 10 years?

- 35% said it was less than 50%.
- 27% felt it had risen by 50-75%
- 16% said it had doubled or more

There is no doubt that pitching costs more today. The mere fact that competition is far stronger in both quality and numbers means that to win you need to invest more time and resources. The risk is heightened as is the opportunity cost of potentially neglecting current business while trying to win new clients. (*See rogenSi Ep* Issue 2 2008).

When asked how much they would invest to win a piece of business that contributed \$5m to their profit:

- 25% said less than \$20,000
- 22% said up to \$50,000
- 13% said they would invest up to \$100,000
- the same percentage said up to \$200,000
- 13% said they would invest up to half a million or more

Companies were evenly split as to whether they measured the cost of their people's hours in winning a bid with the 'no's' having a slight edge (52%) and a significant majority (85%) said they used outside consultants occasionally or always. Similarly, recipients were evenly split on whether individual relationships were now less important in deciding the winner.

Process

When asked if they had a formal in-house bid process through which team members shared a common set of rules, 14% said "no", 86% claimed to have one (41%) or "sort of" (45%).

But when asked: was that process followed to your satisfaction? Only 7% said "always", but 89% said "usually" and "mostly".

If your internal pitch process is not followed rigorously, why not?

Lack of time dominated answers, including difficulty of getting pitch teams together at the same time; lack of time committed to the process; conflict between current clients and new business; customer demands affecting the bid teams; lack of formality and rigour; no direction from leadership; no value seen in process consistency; poor behaviours across the business; too busy or too lazy; influence of the pitch leaders being inconsistent and the personalities of team players.



Only 7% said the formal in-house bid process was always followed to their satisfaction



more change to come

And what of the future of the world of tenders and bids? Recipients felt that much would change in the world of bids and tenders in the next five years.

Recipients felt that there would be a continuation of the rise and rise of the procurement department. Many felt bidding would become even more impersonal with “panels selecting on a pre-determined price basis.”

“We see a further rise of rigid procurement processes until the pendulum swings too far in that direction and businesses become too constrained by their buying function. Procurement functions may self-destruct if they cannot deliver real value to their businesses not just buying services at lowest cost which appears to be their major way of demonstrating value at the moment.”

Said another:

“We see it becoming less and less of the interpersonal relationships. People will be asked to respond to web-based documents and tenders and will have less opportunity to get in front of the client.”

“The bottom line is,” said one, “our industry is becoming commoditised to the point that the bottom line is more important than the ideas and solutions.” And: “We see personality being removed completely and numbers being the biggest influencer.”

Others felt there would be even more on-line tendering and that IT would be used more often to shortlist. One recipient felt that with customers communicating increasingly between themselves, “we will probably see collective purchasing and national buying. Therefore the pitch will be more significantly profit/cost based rather than end-user-desire-based. This will also challenge volume-based discounting.”

Competition would increase and would come from elsewhere in the world. Said one:

“Competition will increase from partial and niche providers and it will come from anywhere in the world, not just local/known companies.”

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response to change in pitching

Participants felt that the rise of procurement would continue to cause changes in the process of pitching

Answers were wide-ranging and dominated by the rise and influence of procurement. Individual comments included: Understanding the client's business drivers; procurement involvement; sophistication and demanding nature of the buyer; influence of governance and procurement; removal of the personal connection of drivers and key decision-makers due to procurement; lack of time to pitch properly; level of detail required in written submissions; complexity of contracts; influence of technology; changes in the public sector including more frameworks, more powerful procurement departments and more complexity.

Positive changes?

These included, ironically, procurement; clients are more savvy about what is really important and can make the distinction between hype and substance; accountability of delivery; geography is now less of a barrier; the move away from "lowest cost always wins"; focus on deeper relationships; and the use of multi-media to create high-impact presentations.

Negative changes?

Procurement once again dominated replies but lack of time and demands on time also rated highly. A cross-section of responses included: Complexity for little added value; procurement; on-line bidding; lack of time; litigative nature of contracts; bureaucracy; cost consciousness; political appointments due to international alignments; unwieldy presentations dominated by PowerPoint and technology; increasingly intrusive demands to provide financials and unrealistic demands on time of bidders.

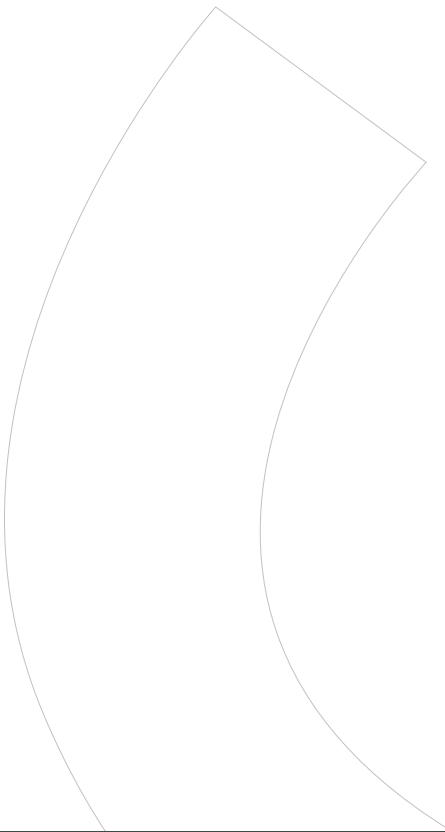
The biggest challenge?

These included the role of procurement, with emphasis on not being able to get to decision-makers, plus lack of time; high cost of changing suppliers; involvement of third-party brokers; demand for better presentation skills from technical experts; damage to rest of the business while distracted by a bid; high cost of bids and challenges of managing international alignments.

conclusion



The pitching process has become more sophisticated and intrinsically different



In considering the evolution of the pitch since the 1970s, several points surface.

The first is that competitive pitching, bids and tenders have become more inclusive of industries and professions. In the 1970s accountancy and law practices did not advertise or market with any degree of sophistication. Now both find themselves pitching head to head with sophistication and creativity. And the classic document/meeting/presentation format for pitching has been extended to architecture, construction, financial services, insurance, medical, venture capital and a host of other businesses. Pitches now occur in an unlimited number of industries and pitching is occurring when there is less prize money involved.

The second point is that with the complexity of business and the emergence of due diligence, the pitching process itself has become not only more sophisticated but intrinsically different. Emphasis has shifted from the presentation to the tender documents themselves, not necessarily diminishing the importance of the presentation, but adding weight to the rational/technical data provided in writing. RFP's now often limit the response to specific answers to questions and limit the length of each answer. So the challenge for bidders now lies in being concise, persuasive and creative within a tight framework which, if not adhered to, can result in expulsion from the contest.

But while the importance of the presentation may have declined in relation to the document, it nevertheless remains an essential part of the process – and arguably still the most valuable: the last chance for impact; a superior means of using emotion and creativity; the chance for confirmation of a decision made earlier and/or the opportunity to change minds that were almost made up. The Olympic host city bidding process is a prime example in which all cities are judged rationally and technically by the evaluation committee and all IOC members are provided with those reports. But the decision comes down to 40-minute presentations with a few questions to follow. The decision, involving billions of dollars to the winning country, is made within hours of the final presentations being completed. Around 115 IOC members vote anonymously.

The third point is around governance of bids and the role of procurement. This trend, although far from new, will increasingly result in bid companies being at least shortlisted or dropped without necessarily meeting the decision-makers. Getting to the shortlist will involve surviving the procurement adviser or procurement department's technical questions by proving you have the capability of delivering a workable solution, whatever that might end up being.

The fourth point is that the traditional pitch was said to begin with a request for proposal and end with a short negotiation around detail. Nowadays in many cases both ends have moved. Those who do not have a relationship with the client at the time of the brief are probably already too late to win. Winning competitors are investing significant sums in building relationships months and sometimes years ahead of any bid. And critically they are contributing value to the clients and prospects without payment and little beyond a tenuous link to the possibility of future work. It is an expensive investment but because of it the winning bid companies do have a deeper understanding of the prospect's business and are able to create solutions based on sound knowledge. The value of the pre-existing relationship becomes apparent when the bid is called and one bidder finds that the work they have done pays off in terms of the level of knowledge they have of the client business; the trust that lies between them and the client, and consequently the accuracy and depth of the answers provided.

And winning the presentation does not necessarily mean the pitch is won. Often the process "ends" with winning only the right to negotiate and the bid is successful when the contracts are signed.

So a model pitch for a multi-million dollar account would start a long time before the bid was called, with the provision of value to the prospect and the gaining of a deep understanding of the business's rational, technical and political issues. It would move through the invitation to bid; from the long list to the shortlist; then possibly through a series of meetings or workshops at which the prospect can get to know how you think and work. The document would be presented to meet a deadline and then the presentation would occur. The winning company (or sometimes companies) would then be invited to negotiate. And one would sign the contract. That's a long way from an impassioned bidder selling his or her wares to a group of strangers!

But of all the changes that have occurred, one stands out. It is the transformation of the persuasive argument, from "Here are our credentials; here is our offer; and here is why it is best for you" to "Here are your challenges and opportunities and the criteria needed for a 'best' solution—and here is that solution and our credentials for delivering it." The universal transition from seller to consultant is making itself felt as much at the pitch level as at any level of sales. No longer is it appropriate to lead with your credentials and the product or offer. Now, the client needs to know you understand their situation, with all its issues, challenges and opportunities. Then and only then, will he or she be willing to listen to what you have to sell.

As Ralph Waldo Emerson said: "No one cares how much you know until they know how much you care."

* Neil Flett is a founder and director of rogenSi. He is author of "Pitch Doctor – Presenting to win multi-million dollar accounts"; "The Pitch Doctor's Top 100 Business Presentation Tips" and "The Pocket Presenter – A leader's guide to making presentations that inspire, motivate and Convince". He has been a bid coach for more than 20 years with involvement in some of the world's highest-profile pitches.

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