THE NEED TO INCLUDE WRITING A SALES PROPOSAL IN THE MARKETING CURRICULUM: AN EXPLORATION

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ABSTRACT

This article explores how business to business selling, especially in the service sector, has changed over time to include a formal proposal as an important selling tool. An exploratory study was conducted through a series of in-depth interviews with managers in a broad range of service organizations and a small sample of marketing faculty teaching courses in Sales Management. Most of the business professionals interviewed reported that submitting a comprehensive proposal or a written capabilities presentation was the primary means used to obtain new clients. A proposal allows service businesses to differentiate themselves from competitors both in terms of their understanding of industry conditions and their ability to provide effective solutions to their client’s needs. But, while there are strong indicators that those selling services to businesses are increasingly using proposals, this trend is not reflected in most sales, sales management and marketing management texts or in Sales Management courses. Thus, there is a need to incorporate proposal writing in the curriculum to help prepare students to be effective as marketing professionals.

INTRODUCTION

This paper focuses on current marketing practices in business to business selling. We conducted ten in-depth interviews with managers employed in a broad range of service industries and found that many of their business transactions necessitate the submission of a comprehensive document outlining all the elements of service they will receive. The document submitted can have a different name depending on the industry. In most cases it is referred to as a proposal. In advertising and public relations, however, it is also referred to as a capabilities presentation or communications plan.

While the submission of a proposal in business to business selling is a common occurrence, we believe that marketing students are not receiving adequate training in the preparation of proposals. Proposals are usually discussed very briefly, if at all, in most Selling or Sales Management texts (Chonko, Ennis, and Tanner, Jr. 1992; Churchill, Ford, and Walker 1993; Dalrymple and Cron 1995; Furtrell 1993, 1994; Johnson, Kurtz and Scheuing 1994; Manning and Reece 1995). Similarly, most Marketing Management texts include one to three paragraphs on the topic of proposals at most (Cohen 1991; Kotler 1994). Kotler (1994, p. 217) states, however, that “business marketers must be skilled in researching, writing, and presenting proposals. Their proposals must be marketing documents, not just technical documents.” Even Marketing Research texts do not generally address the issue of proposals at any length (Aaker, Kumar and Day 1995; McDaniel and Gates 1993; Tull and Hawkins 1993). The textbooks which include a discussion of proposals generally mention that proposals are used in business to business selling and list some typical issues addressed in proposals. There is generally no instruction given on preparing proposals. Similarly, we found no mention of the preparation of proposals in any articles in the Journal of Marketing Education or the WMEA Proceedings in the past few years.

Instead, all Sales, Sales Management and Marketing Management texts discuss the selling process. All stages of the selling process are presented from prospecting and qualifying, to planning the sales presentation, building rapport, delivering the sales presentation, closing the sale, and servicing the account. Most textbooks, however, assume that most of the selling process will be done orally. Discussions of sales support materials submitted before or during the presentation generally focus on brochures about the company and its products as well as more technical product information. Textbooks also indicate that in business-to-business selling, companies often enhance sales presentations by providing various sales aids (displays with graphs, pictures, signs, etc.) After the presentation a contract or bid including itemized costs for the company’s products or services is submitted.
Among Sales Management texts only Weitz, Castleberry and Tanner’s *Selling: Building Partnerships* (1992) includes a more detailed discussion of proposals. These authors take about three pages to discuss the writing of proposals as an important part of the selling process in today’s business climate. Weitz, Castleberry and Tanner examine the process of receiving a letter of Request for Proposal (RFP) and present the typical contents of a sales proposal. Among Marketing Research texts, Mulhotra (1993) provides the most extensive treatment of proposals. He devotes about a page to proposals and includes a list of elements found in most marketing research proposals.

An exploratory survey among five professors who teach Sales Management courses also revealed that the topic of sales proposals is not extensively covered in the Sales Management curriculum. The professors interviewed indicated that they do not spend much time on the topic of sales proposals. Similarly, none of the professors surveyed required students to complete any assignments on the topic of sales proposals. Instead, most Sales Management course assignments focus on the planning of sales calls and developing sales presentations.

In contrast to academic textbooks and curriculum in Sales Management courses, the topic of proposals is discussed in several trade books available in the business section of large book stores. Most of these trade books provide practical step-by-step instructions on how to develop sales proposals (Holtz 1990; Freed, Freed and Romano 1995). Thus, most marketing professionals probably learn how to prepare sales proposals either from trade books they purchase after graduation or from on-the-job training. This unsystematic approach to learning how to prepare proposals may be responsible for the perception among faculty teaching Sales Management that proposals tend to be “idiosyncratic” and specific to various industries. If the preparation of sales proposals was taught in the marketing curriculum as is the preparation of marketing plans, the format of sales proposals may become more systematized as is the format of marketing plans. Our research, in fact, indicates that there are more similarities among the sales proposals submitted than many marketing faculty assume. Furthermore, since there are enough indicators that proposals are often necessary in business to business selling, marketing students should be taught some of the fundamentals of proposal writing in Marketing Management as well as Sales Management courses. It may even be appropriate to include a short assignment in proposal writing in Principles of Marketing courses.

**DISCUSSION**

Our exploratory study on the usage and format of sales proposals is based on a series of depth interviews with ten mid and upper level managers employed in university administration, advertising, public relations, public accounting, investment services, architectural services, and marketing research in the Puget Sound area. All of these managers had a broad range of experiences in their industries, and had worked in managerial capacities for two or more employers. Seven of those interviewed worked for mid or large size businesses, while three worked for smaller businesses. While our sample size is small, the responses we obtained reflected a great deal of homogeneity within each grouping of businesses in the practice of submitting proposals in service industries selling business to business. To perform an analysis of content and format of proposals, we examined ten proposals submitted within the past two years. Additional information on the content and format of proposals was obtained through the depth interviews.

Most of the managers we interviewed who were employed in mid-sized or larger businesses indicated that both the use and scope of proposals had increased in the past ten years. In many industries, proposals are the cornerstone of the selling process. Sales presentations are typically built around a previously submitted written proposal. The proposal serves as a permanent document that can be reviewed at a later date and is used as the basis for creating a specific contract. In spite of the time and effort spent in preparing proposals, many companies do not consider them as the final document submitted to a prospective client, but the beginning of a process of refinement of proposed goals and the negotiation of prices and a timeline for service delivery. Thus, proposals serve as a focal point for negotiations in terms of desired services, prices, and timelines.

Managers working for smaller service firms provided us with a different description of the selling process. Those managers tended to submit fewer and shorter proposals. Two indicated that if someone asks them for a proposal, they expect that the likelihood of getting that business is very low. As the manager of a small public relations firm told us: “why submit a proposal for a piece of business you know you are not
going to get?” Instead, smaller business managers try to develop closer relationships with their clients so that their business relationship is built on trust rather than on the parameters outlined in a proposal.

**Characteristics of Proposals**

A significant part of our interviews focused on the specific characteristics of proposals, more specifically on the content of the proposal, the length, the selling strategy, the appearance of the document, and the requirements for confidentiality. While there was variability among our respondents, there were some common themes that emerged with regard to all these features.

**Content.** Although the sample of proposals we examined was not large enough to do a quantitative analysis of the ordering and frequency of different sections, there was a certain core of areas which tended to be discussed in many of the proposals regardless of the industry of the seller. These core sections are also discussed in trade books on proposal writing (Holtz 1990; Freed, Freed, and Romano 1995).

A. Unique qualifications of the company submitting the proposals.
B. Gratitude for being asked to submit a proposal, eagerness to work with the potential client.
C. Overview of industry conditions.
D. More detailed history of the selling firm.
E. Specific experience in the industry.
F. Identification of the client's needs.
G. Proposed solution to the client's needs.
H. Proposed methodologies to serve the client's needs.
I. Additional needs that could be met by the seller's proposal.
J. Technological advances that enable the seller to serve their clients' needs better, quicker, or cheaper.
K. Quality control.
L. Operational standards and procedures.
M. Qualifications of members of the seller's service team.
N. Scheduling and timeline of project.
O. Proposed budget and terms of payment.

**Size:** The size of the proposal varies with the size of the business submitting the document, the size of the account sought, and the complexity of the needs. The largest proposals submitted by the individuals we interviewed were up to 100 pages. Some of the proposals submitted by large companies include enormous amounts of “boiler plated” material. The proposal is then customized by including the prospective client’s name, logo, and may even include photographs of the prospective client’s facility or product. Smaller companies tended to submit shorter proposals, often as brief as 4 to 10 pages.

**Selling Strategy:** The proposals we examined varied depending on the area of service industry targeted as well as the selling approach used by each firm. Generally, when a company was responding to an RFP, if it felt it had a unique solution to the client’s problem, it would place a great deal of emphasis on the proposed solution. If, however, the proposal submitted did not include a unique solution, emphasis would be placed on the characteristics of the company submitting the proposal. Such proposals often included many pages which lauded the distinctive competencies and characteristics of the seller.

**Confidentiality:** Our respondents indicated that most of the proposals submitted by their companies, or submitted to them by others were confidential. Companies differed in the extent to which they stressed the confidential nature of the information included in the proposal. Some companies include specific references to specific legal statutes protecting the confidentiality of the information submitted in the proposal. Others have a section where the prospective client is asked to sign a confidentiality agreement. The subject of confidentiality of proposals is also discussed in Holtz (1990).

**Appearance:** The packaging of the proposal varies according to the size of the firm submitting the proposal as well as the expected size of the contract. Some of the larger company proposals we examined appeared to spare no expense in trying to impress a potential client. These proposals often include color graphics and photographs. Some sellers even include expensive binders decorated with colorful graphic designs and the seller's logo. Proposals submitted by smaller companies tended to be plainer and included primarily text and numerical tables.

Most of the people we interviewed admitted that proposals had become increasingly more polished in recent years. A respondent who had worked as a manager in public accounting and was now a manager in an investment firm noted that a few years ago if you had a graphics package and a laser printer, you impressed potential clients. Now color graphics, color photos, and color copies were necessary to generate the same effect.
Advantages and Disadvantages of Proposals

Our respondents discussed at length what they felt were the advantages and disadvantages of submitting a proposal over submitting a simple itemized bid when trying to get a new piece of business. Respondents working for larger companies tended to believe that the advantages of proposals were so overwhelming, the disadvantages seemed insignificant. Respondents working for smaller companies felt that some times the disadvantages of submitting a proposal overwhelmed the advantages.

Advantages of Proposals

1. Proposals allow companies to expand at length on their distinctiveness. In a proposal, companies can showcase not only their products, but their mission, history, and experience. Proposals can also include detailed information that sellers may not want to include in an oral presentation because it is tedious, or because time limits have been placed on their presentation.

2. In situations where many companies competing for a piece of business, individuals making up the ‘buying center’ may forget or confuse some of the claims made by each presenter. Proposals represent a tangible element that can be examined in greater detail later.

3. The amount of effort spent in producing a proposal shows a prospective client the seller’s willingness to work with them.

Disadvantages of Proposals

Submitting a proposal also has some disadvantages. The managers we interviewed were concerned about the following:

1. Proposals are costly. Preparing a proposal takes up precious employee time and company resources. Costs can be minimized by standardizing substantial portions of the proposal. Nevertheless, for some small businesses this cost of preparing a proposal prevents them from going after some accounts.

2. Proposals sometimes contain a lot of sensitive financial or competitive positioning information which may eventually fall in the hands of a competitor. Similarly, a proposal contains a company’s unique ideas for solving a specific business problem. If the company is not hired, its unique solution may be given to a competitor. Companies try to minimize the possibility that the information from a proposal will find its way into a competitor’s hands by stating that the information is confidential.

CONCLUSIONS AND RECOMMENDATIONS

Although this exploratory study is based on a small sample of respondents, there is enough information to conclude that the use of proposals is common place in many business to business transactions. In fact, over the past ten years both the frequency of submitting proposals and the complexity of the proposals have increased. There are many advantages to submitting a proposal to accompany a bid. A proposal provides a more lasting and extensive presentation of the company’s positioning statement than an oral presentation accompanied by a bid. An extensive proposal can also be viewed as a company’s indication that it is willing to work hard to develop a lasting professional relationship between the two companies.

Sales Management, Selling, and Marketing Management textbooks should devote more emphasis to proposals as a selling tool. Similarly, marketing classes should devote more attention to the writing of proposals. Students should be taught how to organize proposals and how to sell their company in writing. Emphasis should be placed on presenting their company as having “added value” as a service provider for their clients. Student assignments could focus on the list of topics usually found in proposals that were outlined earlier. Students may formulate proposals based on an analysis of the positioning of different firms in an industry. Another possible assignment may involve the professor providing background information on a hypothetical client’s industry as well as the some general characteristics of service providers in that industry. Groups of students may then submit competing proposals aimed at selling their services to the hypothetical client.

We also believe that additional research should be conducted in the topic of proposal writing. The primary hindrance to conducting an extensive quantitative study on sales proposals will be the confidential nature of most proposals. Given the sensitive nature of much of the information included in a proposal it may be very difficult to obtain a larger sample of proposals for quantitative analysis.

REFERENCES AVAILABLE UPON REQUEST