

Proposal or Contract?

You're in a new business meeting, a closing situation with a late-stage prospect, and the client is enthusiastic. "Great, I'd like to do this. Get me a proposal." You write up your proposal, send it over and follow up by telephone. Voicemail. You leave a message and promise to follow-up the next day. Again, voicemail. You send an enthusiastic email. Nothing. Days slip by. Then weeks. What was once a highly responsive, easy to reach prospect has turned into a ghost. What happened?

One of two things likely caused the prospect to disappear. Either they shopped the proposal around and found a better price, or in the time between when they said they were going to act and when they received your proposal, buyers' remorse kicked in and they slipped from a late-stage prospect (one very close to buying) back to an early-stage prospect (one without intent, and therefore a long way from buying). What happened – what went wrong – was the proposal. The prospect had made up his mind to proceed with you and then in asking you for a proposal they actually requested time to reconsider. And you granted it.

Presenting Proposals

Proposals are the words that come out of your mouth. The document is the contract. The paper is the place to sign; it is not the place for convincing. Business owners looking for services are conditioned to ask for proposals, and ask they do. A late-stage prospect that is engaged in a consultative process to determine whether or not it makes sense to do business with you does not need a written proposal. They need to know that you understand their problem and know how to help. They need an understanding of how you are going to proceed, and knowledge of how much it will cost and how long it will take. Then they need to commit. The document's job is not to convince them to agree – that's your job and it's a job that needs to be done first, before the document even hits the table. The role of the document – a contract – is to increase the level of commitment.

Now, however, be aware that I am not dismissing the written proposal as a necessary evil sometimes. There are situations where a client just "needs it in writing" or you know that personally you cannot just quote a price right there on the spot. In that situation, the proposal should still be an afterthought and the client should still have at least verbalized a commitment. BUT the written proposal should never be used for convincing the client to use your services.

Levels of Gaining Commitment

First get a verbal commitment. "Shall we do this?" Only once you get a verbal commitment do you request the next, the written commitment. In other words, the paper comes out only after an agreement has been reached.

“Great. Sign here,” you say after you’ve received a verbal commitment. In truth it’s a little more than sign here. Take a few minutes to review the details of the contract, including the services being offered, the budget, timeline, and your terms and conditions.

Buyers’ remorse sets in even before the prospect buys, and then it reappears shortly after they’ve committed. Your prospect is never more vulnerable to feelings of doubt than between the moment they decide to take action and the moment they part with money. Momentum is everything and time is your enemy. You want to ensure there is as little time as possible between proposal and commitment.

Conversations Instead of Proposals

Remember that your objective in putting the contract on the table is to get a written commitment, which is an important psychological step in helping the prospect progress toward solving their problem. Your contract should be short and should not be intimidating in its level of detail. If you need the assistance of a lawyer to write your contract, then your client will likely need a lawyer to sign it. Keep the contract as short as possible so that you can get a signature in the closing meeting. If you need to reposition the initial signed agreement as a more simple letter of intent or memorandum of understanding and follow-up afterward with a more comprehensive agreement that will involve lawyers and purchasing departments, that’s fine. Know your audience and know the level of agreement and detail they’ll be able to commit to and then prepare accordingly.

A New Dialogue

Now that you are considering getting out of the proposal writing business you’re probably imagining what those get me a proposal conversations sound like.

“Get me a proposal.”

“Okay, here’s my proposal. I propose to (fill in the blank)”

“Great. Write it up.”

“I’d be happy to write up a contract for your signature if you’re telling me that we have an agreement. Do we?”

“No, we don’t. I need something to show my boss.”

“I want you to understand that we’re not in the proposal writing business. Here’s what I’m willing to do. I’ll agree to invest in the presentation of a proposal to you and your boss. In exchange all I ask is that at the end of the meeting we agree on whether or not to move forward on my proposal.”

Expert businesses write contracts that get signed, order-taker businesses write proposals that sit on shelves. Let your competition write the proposals. You get the signature!

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