

Can we say RIP to the RFP?

If you control procurement you don't have to kill it

BY MARK SHONKA
AND DAN KOSCH



We are often asked, “What are the biggest changes in the sales arena over the last several years?” The answer is simple: the rise of Procurement, which, in many organizations, has moved into a much more powerful and visible role.

All too often, the new procurement rules are being created so that value leaders lose. After all, the business value we can help drive doesn't always translate well into a vendor grid. In many cases, Procurement is going to school and learning how to better commoditize us. If we stand still while they get better, we'll end up stuck.

Combine this development of Procurement with a sales environment that is immersed in a struggling economy, competitors who are desperate and customers that are well informed and you could easily say, “This isn't your father's sales job!” Some of our long-held beliefs are now out of date. For instance, the old adage “People buy from people they like,” has been replaced with “People buy from people they like when they can. Otherwise, they buy from whoever they have to.”

Break the rules

Fortunately, we don't have to be victims of this new reality. We can learn effective strategies, break the rules and discover where it leads. We can choose who to call, what questions to ask, how to present our response, how to react to the RFP or even if we want to respond at all.

Sometimes the procurement process is fair, giving us the access and information we need to do a good job. Other times the process isn't fair. One of the frustrating strategies we often see in Procurement is the “delay and rush.” It's where the preliminary work is completed, but they just sit on it until the last minute. That's when we're expected to jump. We've waited patiently, but all of a sudden they decide it's time to act – and we need to react quickly. This tactic is used to pressure us. Unfortunately, it often works.

In order to counter attacks like this, we need to employ a thoughtful assessment of the situation and determine if and how we should respond. It may take a few minutes or a few hours, but it's well worth our time. The key is having options. No idea is the correct one all of the time, but given enough options, we can fight back against the trend toward rampant commoditization, effectively position the value we bring and win.

Tip 1: Back to the beginning

The most basic rule of all is who sets the rules. In most cases, the customer sets the rules and therefore has control. However, one of the best practices of talented sales professionals is that they don't let the customer set the rules or take control in the first place. Here are a few key characteristics of high-performing sales professionals:

What you'll be talking about.

EDITED BY PAUL NOLAN

- They decide which accounts (or opportunities within existing customers) to pursue based on established selection criteria.
- No matter what they sell, they pride themselves on being a business professional who helps their customers improve their business, not on being a vendor who just sells products.
- They realize the necessity of having to understand their prospect's business and to do this, they need to conduct their research.
- They operate outside the traditional practice of calling only people who normally buy their products.
- They decide who the right senior-level decision makers are and how to meet with them.
- They strive to operate proactively and even when they are reacting to a customer opportunity (as in an RFP situation), they are "strategically reactive."

In other words, they take control of the sales process and take control of their own destiny.

"We often see that a competitor has already shaped the RFP to put them in a position to win. If we get a surprise RFP, we will either decline outright or take this as an opportunity to break the rules and try a completely different approach. Based on our track record, we have nothing to lose."

– Tony Dale, Senior Vice President of Sales, CPM Healthgrades

Tip 2: Apples to Oranges

Too often, we see RFPs and auctions that are designed to level the playing field, so to speak, with "apples to apples" comparisons. This is particularly challenging for value leaders, as these comparisons are typically done at the lowest common denominator: price. Rarely is the focus on raising every competitor's game to the level of the value leader.

A client's customer recently went out to bid after years of working well together. The bid results were telling, as there was a significant difference in prices between the incumbent and the new competitor. The customer told our client they were going to reluctantly have to make a change, but then offered him one last chance to lower his price. Our client responded that there was no way he could provide the customer with the quality of support and the degree of

attention that had been critical to their mutual success at a lower price. "How could the competitor," the customer wondered.

After looking into it, he discovered that the competitor didn't have staff and all of the support would come from a call center. This was unacceptable, and the customer decided the incumbent's staff and support was well worth the additional cost.

How did this happen? Some of the bid criteria (price) were more important to the group administering the RFP than other criteria (support and expertise), which was more important to the user. Leveling the playing field only works to your advantage if the rest of the competitors come down to your level. It's not good for the value leaders. It is important for us not to get trapped in apples to apples comparisons, which eliminate the unique value we bring to the table. We must do our research, find the fit, position our value to the right people (regardless of what the evaluators think) and drive apples to oranges comparisons.

Tip 3: Uncovering Value

One way to help Procurement win is to uncover something or some things they haven't considered. As an expert in your field, you have a degree of insight and experience that the procurement people most likely do not possess. Take a good, hard look at an RFP and figure out not just what they are asking, but what they forgot to ask. What are they missing? If you can uncover this, you can add value to the procurement team. The win can come in different forms. Maybe it's in helping them acquire a better solution or maybe it's helping them avoid embarrassment.

Keep in mind there is a chance that one of your competitors helped them write the bid specs. If that was the case, the competitor could have left items out in order to minimize one of their weaknesses. You will be doing the customer a favor by bringing those items to their attention, and this will position you as a potential resource for their consideration.

Even though they are supposedly experts, don't be tricked into thinking that somehow your value will be diminished. You have years of experience, a network of relationships and insights into best practices that can't be developed through a few classes.

Mark Shonka and Dan Kosch are co-presidents of IMPAX Corporation (impaxcorp.com), a global sales performance improvement provider. This article is excerpted from their new book, "Breaking the Rules: 111 Tips for Selling Value in the Era of Procurement."