

# Off the pitch

**It seems that, in some places, business development is almost exclusively tied up with proposals and pitches. Some spend their whole time gathering credentials and formatting responses to RFPs. And it can be very satisfying.**

The task of pulling together the firm's response can be puzzling and challenging. Each client has unique needs and each partner has their own idiosyncrasies, so each response can be difficult to craft.

Also, as a BD person's understanding and project skills increase, they are more trusted by partners and their ability to add more professionalism increases. They can introduce more formats, make documents sexier and attend feedback meetings on failed proposals, ensuring that the practice adjusts to any common trends. As a result, there is much interest in tips, processes and techniques to improve proposal processes.

Unfortunately all this can be a complete waste of time. In many circumstances practices should not be proposing for work in the first place; and I do not mean that an opportunity should have been declined because it did not meet the firms' criteria. (Pre-qualification processes have been routinely used in successful sales companies for nearly two centuries but are still to be set up by some professional practices).

A request for a proposal can indicate a lack of relationship with clients and poor practice management. One M&A practice was, for example, tendering for ninety per cent of its work and very proud of the fact that its client service staff were hurtling around Europe proposing to a very impressive 'prospect list'. However, their margins and profit per partner were not as impressive. Analysis showed that their competitors only pitched for seventy per cent of projects; so thirty per cent of European mid-market projects did not go out to tender. Clients simply asked people who they knew and trusted to get on with the work. And for those suppliers, this was high margin work with virtually no cost of sale.

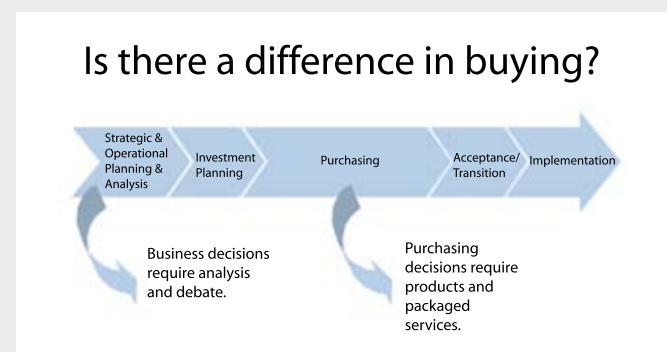
Sometimes clients do not have a clear idea of the service they want or need. They are aware of a problem and need help to clarify

the issue or set strategy before instructing anyone. It is important, then, to adopt a 'consultative style'; to listen and diagnose at an earlier stage in the client's buying processes.

Experience suggests that those suppliers who create this dialogue and advise on policy formulation earn trust and avoid the need to pitch on much of their work.

One small British strategy consultancy, for example, grew from nothing when it was founded in 1994 to a multi-million pound organisation with several European offices before being bought by WPP at the end of 1999. It dealt with senior people in leading, blue-chip companies but, in all that time, it only ever submitted two proposals.

The IT services industry has been particularly good at understanding and tackling this over the past two decades. In computing, software development, data networking, telecommunications infrastructure and the like, it is normal for buyers to ask for tenders through their purchasing department; a process represented in the diagram below.



Unfortunately, if they simply respond to these, they are dealing with low level technical people working inside a company that has already made up its mind. They have to shave margins to the bone and end up offering commoditised, easily copied, technical components with little chance to add value. In some markets these forces have been brutal, pushing towards impersonal, cheap and soulless 'internet auctions'.

The cleverer suppliers have taken a long, hard trek to 'climb the value chain', creating new relationships with more senior people and trying to intervene earlier in the process, before policy is formulated. Companies like Ericsson and Nokia have invested millions in retraining their people while the mighty IBM bought

PwC's consulting arm in order to get high level access into businesses and to improve its organisational consulting capability.

This is very difficult for lawyers in particular because they are used to receiving mandates. It is hard to learn the new skills of diagnosis and relationship development until forced into it.

For instance, a partner in a New York based firm said recently that American lawyers have adopted this approach because the litigious nature of American society and the increased risks for leaders of publicly owned businesses, has forced them to develop relationships far beyond the in-house legal team. Many now regularly stroll into what they call the "C suite" discussing the developing policies of their clients before they are hardened into clear projects and well before any mandate is given to external counsel.

As a result, it is now common for partners in leading international firms to aspire to become a 'trusted adviser' to their clients. This concept was introduced a decade ago by leading industry specialist David Maister. It puts structure and language around the way professional relationships develop and, particularly, the need to earn trust over time. It is a useful approach for BD people to introduce to their practice.

So business development specialists ought to put as much emphasis on understanding and improving the health of client relationships as on the effectiveness of proposal processes. Once they have won the respect of partners, they should begin to examine the question "should we be pitching here?" In some cases that will lead to an accepted 'pre-qualification' process but, more importantly, it will lead to initiatives which will win work without the need to pitch.

Professional practices have been, to date, some of the most successful businesses the world has seen with a long track record of high margin, high quality work. There is, though, a very real threat that recent changes in international markets will damage them and reduce them to commodity suppliers scrapping and proposing for low margin commoditised work. Business developers have an important role to play in avoiding that but they will not do so by just getting really good at preparing pretty PowerPoint presentations or clever responses.

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