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Office Furniture Dealer
News Trends Insight



Why Price (Almost) Never Wins a Contract

By Julie Knudson

It's a common lament: End users frequently overlook capable vendors in favor of the lowest bidder. But how often does that really happen? While the RFP process masquerades all information in terms of cost, it's almost never about cost alone, and a number of issues regularly factor into awarding a contract.

Let's dig a little deeper into the decision-making process, and see where you can outshine your competition and affect the client's cost-benefit analysis in your favor.

Services

The type, level and consistency of your service offerings are of primary importance during the bid process, but only as they apply to this particular client on this particular project.

Take the time to understand your client's needs, and then determine which of your service offerings are most applicable.

Be sure to narrow your focus to only those services relevant to this bid, or you risk diluting your message.

Once you've identified the best services to fit the client's needs, show them how you'll employ those services to help their project succeed.

Expertise

You have valuable skills and experience your clients don't have. That expertise translates directly into benefits the client will reap if they select your company.

Effectively showcasing your expertise, especially as it rounds out those areas where your client may be light, will add value to your bid beyond just dollars.

A word of caution: Be careful to position your expertise as a way to support the client's existing knowledge base and not as a replacement for it. Making the client feel threatened or insulted is one of the quickest ways to get off the shortlist, and may even eliminate you from future bids.

Reputation

A positive reputation within the industry can give you significant leverage. Being known as a dealer who is budget-conscious, deadline-driven, innovative and resourceful will move you ahead of your competition. It's also wise to cultivate an image as a friendly and fair bidder among the companies against whom you regularly compete. There may come a time when your success hinges on your ability to partner with them on large or complex projects.

Now that you've identified some tools to help tip the scales in your favor, it's time to get serious about demonstrating that you and your competitors aren't equal.

Know your competition

Determine where you hold key advantages over your competition for this bid. Consider things such as competing projects that are already occupying your competitors' resources; geographic limitations the other bidders might be facing, and previous similar projects on which a competitor may have performed poorly or left behind an unhappy client.

While it's rarely effective to call out another bidder's weaknesses, you can gain significant traction by showcasing your capabilities in areas where you know the competition lacks positive results.

Know your client

Many dealers spend a lot of time scoping out their competition, but devote little or no energy to learning about their clients.

This fundamental oversight is usually obvious to the client throughout the bid process, either because they don't receive the type of questions they expect, or because the bid response contains information that has no bearing on the project at hand.

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Fortunately, this is easily exploited by a savvy bidder. Research your client's industry, history, progress and plans for the future. Know their competition, their collaborators and even their investors.

Provide them with project examples and client references they can relate to such as accounts similar in size, structure, region or industry. By showing the client that you understand their needs, you demonstrate your value as a project partner.

A word about low-ball bidders

You know who they are—the dealers known for submitting below-market bids incapable of covering the barest of costs just to win the contract, and then hammering the client with change orders that blow the project budget to smithereens.

Their original bids are so low the client can do little but salivate, yet you know the outcome will be an enormous mess.

I'm frequently asked if it's acceptable to warn clients about low-buck bids, and my answer is always the same: If the client

isn't experienced enough to spot an errant bid on their own, they're unlikely to understand the scope of the problems you're trying to help them avoid.

On the other hand, if the client is wise to the ways of the industry, your warning may appear to be nothing more than a self-serving and under-handed attempt to exclude a competing bidder.

Either way, your reputation won't benefit from the interference and you'll spend time repairing your damaged image when instead you should be focused on improving your bottom line.

Your best defense is to maintain your integrity and present a fair and comprehensive bid response.

An RFP is designed to generate competing bids based on a single set of criteria, and price is most important only when all other things are equal.

Formulate your response in a way that demonstrates your competition can't match your services, expertise and reputation, and the true value of your bid becomes clear.

A former facilities manager, Julie Knudson now helps industry vendors create successful bid response packages, marketing materials and thought-leadership articles. For more information please visit her web site, www.olympicbay.com. She can be reached directly at 425-374-4664 or julie@olympicbay.com.



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