TinderBox

Sales Proposal Effectiveness in B2B Sales Organizations

Communicating a formal offering to prospective customers represents a pivotal stage in the sales process. This proposal research initiative conducted by the Sales Management Association includes:

- Identifying current practices in proposal management

- Establishing respondents' most important challenges in proposal management

- Determining the most important elements in effective sales proposals

- Identifying best practices among high performing firms' proposal management programs
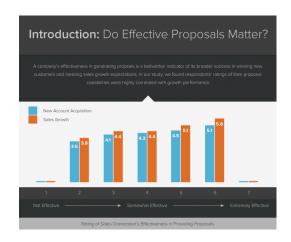
The Sales Organization Landscape

In a rapidly changing and ever-competitive business environment, it has become imperative that sales organizations leverage their resources and manage their processes as efficiently as possible. This means ensuring effectiveness of sales documents, such as proposals, and incorporating timesaving methods for non-selling tasks. We're seeing exciting progress on the technology front; however, a gap exists between what sales professionals offer, how they deliver it and what the prospect wants, which inevitably leads to lost revenue. This study aims to help organizations close those gaps, resulting in increased sales productivity and revenue gains.

The **Sales Management Association (SMA)**, along with the combined efforts of **TinderBox** and **Miller Heiman**, has compiled a benchmark study[1] on current proposal management practices in 76 business-to-business (B2B) sales organizations from May to July 2013. The underlying theme of this study is that while sales proposals are important, the methodology behind their effectiveness is less clear to organizations. This is a problem; especially when considering the average sales cycle is 22 percent longer than it was five years ago.[2]

Do effective proposals matter?

According to the organizations surveyed in this study, a company's effectiveness in generating proposals is an indicator of its broader success in winning new customers and meeting sales growth expectations. According to the study, respondents' ratings of their proposal capabilities are highly correlated with growth performance. Companies that view their proposal efforts as effective experience 40-50 percent higher new account acquisition and sales growth rates.

Yes, effective sales proposals matter.

Introduction: Do Effective Proposals Matter?

A company's effectiveness in generating proposals is a bellwether indicator of its broader success in winning new customers and meeting sales growth expectations. In our study, we found respondents' ratings of their proposal capabilities were highly correlated with growth performance.

New Account Acquisition
Sales Growth

Not Effective → Somewhat Effective → Extremely Effective

Rating of Sales Oranization's Effectiveness in Providing Proposals

The study reviewed how sales forces support sales proposal development, what differentiates approaches between high and low performing sales organizations and where companies should invest in proposal processes improvement. The end goal was to identify the components of a successful sales proposal—in order to provide recommendations to increase the productivity of your sales team and ultimately drive more revenue.

Most Important Criteria for Effective Sales Proposals

When the SMA surveyed an array of sales organizations, it was deemed significant to identify what these organizations perceive as important compared with their performance in those areas.

Based on the survey results, most B2B sales organizations think the three most important aspects of delivering a sales proposal are:

- Timely delivery to the prospect
- Clarity of the offering
- Understanding the audience evaluating the proposal

Comparatively, these sales organizations also said they were least effective in:

- Providing managers with data on proposal activity

How Sales Spends Their Time

How a Salesperson Spends Time

Generating Leads & Research 24%
Actually Selling 41%
Admin Tasks 19%
Training / Kickoff Calls 16%

Where a sales person spends their time. –Domo
http://www.domo.com/learn/7/139#videos-and-infographics

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These findings are consistent with the behavior of today's digital world. For example, speed is a large consideration for prospects. Research has shown 35-50 percent of closed deals go to the first-responding vendor.[2] However, sales representatives are busy, spending an average of 20 hours a week researching relevant information, compiling multiple proposals and fielding inquiries. Sometimes that means only spending 40 percent of their time actually selling.

Sales Process Problems

Meanwhile, organizations face other challenges that affect delivery time. In fact, 40 percent of people find business inhibiting challenges with the current sales process[4], listing several challenges that waste time:

Challenge	Percent
Poor Internal Collaboration	75%
Late Involvement in Sales Contracting Issues	81%
Unapplied Best Practices	76%
Delayed Negotiation Due to Reviews	68%
Difficulty in Getting Timely Support	72%

As illustrated in our **Closing the Gap Between Sales and Marketing Through Sales Enablement**[5] infographic, we found 70 percent of organizations said their greatest sales challenge to closing their revenue gap is effective sales process execution. **Streamlining the proposal process** helps improve timely delivery and having defined processes ultimately allows organizations to measure efficiency and effectiveness, while identifying bottlenecks.

Other major problems with the sales proposal include ensuring clarity in proposal content and identifying decision-makers. In fact, 90 percent of sales proposals fail to secure clients because of inefficient processes in finding up-to-date material appropriate for specific points in the sales process. Specifically, the main problem is generating targeted content that resonates with the right audience.

Resources such as pre-built proposal templates and other timesaving tools, coupled with data on proposal performance, help refine the process. Proposal management solutions, like TinderBox, provide tracking on how much time visitors spend on specific pages and who is viewing the proposal and when. In addition, they offer opportunities for prospects to provide feedback, submit questions or accept the proposal through legally binding electronic acceptance. Adoption of this type of software can help determine your most effective content in the documents that close business.

Sales Organizations Self-Assess Most vs. Least Effective Proposal Tactics

After sales organizations evaluated the key factors most important to the success of a sales proposal, they were asked to self-assess their own proposal efforts. These firms said they were the *most effective* at creating proposals with comprehensive contract details and up-to-date terms and conditions.

On the other hand, they are *least effective* at creating proposals that are clear and easy to understand.

While these organizations view clarity as a top priority, they are the least effective at creating clear, straightforward and easily understandable proposals.

The Gaps Between Importance and Execution

In other words, there are obvious gaps in what companies consider important and what they currently execute on effectively. Good examples from the study include:

- Using feedback to improve the proposal process
- Reliable version control
- Knowing who is evaluating sales proposals
- Executing on timely delivery

Investments with the Largest Impact

Based on these responses, we've identified the investments with the largest impact for organizations looking to improve proposal effectiveness:

- Implement feedback mechanisms to foster ongoing improvement
- Improve sales intelligence to identify decision-makers in the evaluation process
- Improve proposal clarity and presentation

Investing in sales efficiency software, such as proposal management solutions, can address all three of these needs with trackable, data-driven sales documents. Instead of investing your money into separate solutions, proposal management software allows you to create transactional sales documents and control the process behind them in one place.

The Current State of Sales Proposal Effectiveness

Interestingly enough, most organizations ranked identifying and qualifying potential opportunities lower than producing winning proposals on a priority scale. Based on this data, it seems that the problem isn't finding opportunities, but catering to them in the proposal process.

A Disconnected Process

Effectiveness By Sales Process Step

How effective is your sales organization in the following areas?

Identifying Potential Opportunities
Qualifying Potential Opportunities
Proposing Solutions to Potential Customers
Winning Proposals

Not Effective → Somewhat Effective → Extremely Effective

Rating of Sales Oranization's Effectiveness in Providing Proposals

Generating a proposal is the most tangible part, but often times the least connected, in the sales proposal process. Increasing relevancy in proposals, such as including targeted content based on data, will impact acceptance rates and is where organizations need improvement.

Furthermore, the amount of time and effort spent on researching current opportunities is cutting into the time sales representatives spend on identifying new opportunities. This could be a direct result of organizations lacking fully defined sales processes aimed at reducing time spent on researching and generating proposals for each prospect.

Rating Proposal Capabilities

When organizations ranked the current capabilities of their proposals, respondents indicated their proposals to be least capable of:

- Providing data to managers on proposal activities
- Contributing to a formally-defined sales process
- Allowing sales reps to deliver and communicate the proposals effectively

These are gaps that should (and increasingly will) be addressed with technology.

Rating Proposal Capability

How well do the following statements describe your sales organization?

Our prospective customers fully understand the solutions we propose after receiving our proposal. — 5.0
We support our salespeople with the tools and information they need to develop effective proposals. — 5.0
We quantify the number and/or value of opportunities in each stage of our sales process. — 4.9
Our salespeople are able to deliver and communicate our proposals effectively. — 4.9
We have a formally defined sales process. — 4.9
Our managers have data on proposal activities. — 4.4

Standardization and Customization in Sales Proposals

Generally, organizations want more standardization with terms and conditions, sales proposal templates, branding, and post-sale support. On the other hand, more customization is needed for pricing and the solutions offered within the proposal. This poses a challenging need for standardized sales documents that still allow for customization in specific areas.

Standardization and Customization

What's the ideal and actual balance of standardization vs. customization in the proposals your salespeople present?

Ideal
Actual

Terms and Conditions: -1.41 (Ideal), -1.25 (Actual)

After Sale Support: -0.08 (Ideal), .02 (Actual)

Branding/Firm Description: .15 (Ideal), -0.03 (Actual)

Pricing: .75 (Ideal), 1.12 (Actual)

Solutions Offered: 1.02 (Ideal), 1.02 (Actual)

Scale: -3, -2, -1, 0, +1, +2, +3

All proposals are exactly alike | Half of all proposals are similar, half custom | All proposals are customized
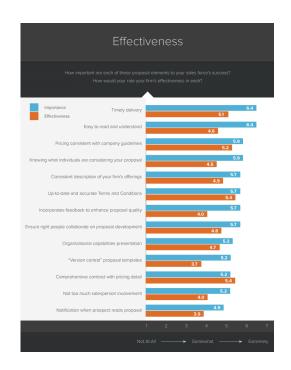
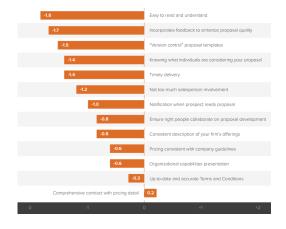# The Most Important Elements of a Proposal for Effectiveness

Sales organizations marked virtually all elements of a proposal of high importance. However, the two most important components are clarity (easy to read) and timely delivery, followed by consistent pricing and knowing which individuals will be reviewing your proposals.

The Gaps Between Importance and Effectiveness

While firms place most of these as highly important, the data confirms that there large big gaps between importance and effectiveness. The two major gaps are clarity and being able to incorporate feedback to enhance proposal quality.

In the graph below, the gaps measure the variance between a rating of "importance" and a current performance rating for a single characteristic. Negative gap ratings indicate under-performing areas.

Effectiveness

How important are each of these proposal elements to your sales force's success?
How would your rate your firm's effectiveness in each?

Importance
Effectiveness

Element	Importance	Effectiveness
Timely delivery	6.4	5.1
Easy to read and understand	6.4	4.6
Pricing consistent with company guidelines	5.9	5.2
Knowing what individuals are considering your proposal	5.9	4.5
Consistent description of your firm's offerings	5.7	4.9
Up-to-date and accurate Terms and Conditions	5.7	5.4
Incorporates feedback to enhance proposal quality	5.7	4.0
Ensure right people collaborate on proposal development	5.7	4.8
Organizational capabilities presentation	5.3	4.7
"Version control" proposal templates	5.2	3.7
Comprehensive contract with pricing detail	5.2	5.4
Not too much salesperson involvement	5.2	4.0
Notification when prospect reads proposal	4.9	3.9

1   2   3   4   5   6   7

Not At All ⟶ Somewhat ⟶ Extremely

Gap	Element
-1.8	Easy to read and understand
-1.7	Incorporates feedback to enhance proposal quality
-1.5	"Version control" proposal templates
-1.4	Knowing what individuals are considering your proposal
-1.4	Timely delivery
-1.2	Not too much salesperson involvement
-1.0	Notification when prospect reads proposal
-0.8	Ensure right people collaborate on proposal development
-0.8	Consistent description of your firm's offerings
-0.6	Pricing consistent with company guidelines
-0.6	Organizational capabilities presentation
-0.3	Up-to-date and accurate Terms and Conditions
0.2	Comprehensive contract with pricing detail

-2   -1   0   +1   +2

Conclusion: Investing in Proposal Effectiveness

A major opportunity most organizations need to capitalize on is that 57 percent of US employees can be more productive with collaborative tools, but only 6 percent of organizations provide them. Lack of collaboration leads to redundant communications, approval process delays and longer sales cycles due to time spent researching up-to-date content.

Your sales organizations time and efforts are valuable.Dollars directly correlate with how much time a sales rep spends on direct selling activities and need to be used as efficiently as possible. Based on the study's findings, sales organizations of all sizes are working towards a common goal: creating a sales process that will provide prospects with a clear understanding of the service offering, identifying the individual(s) who will be signing the proposal and improving visibility to data that will help sales managers make more informed decisions for their teams.

The Most Impactful Investments

Based on the survey responses, the most impactful investments for organizations tasked with improving proposal effectiveness are developing feedback mechanisms to foster ongoing improvement, improving customer intelligence on who is evaluating proposals and improving proposal clarity. Proposal automation and management solutions are one of the best ways to address all of these needs with one solution. It's time that sales organizations implement proposal management tools to get a clear view of sales pipeline engagement in the final stages of the sales cycle.

TinderBox

TinderBox is a global enterprise software company that enables sales and marketing teams to build more efficient and effective sales processes with a web-based sales solution. With TinderBox's proposal management capabilities, clients can create, control, and close deals with data-driven sales documents in the cloud. TinderBox clients address inefficiencies in the sales process by quickly generating consistent, trackable sales documents, learning from prospects' engagement, and closing more deals faster with electronic signature.

Proposal management software is becoming increasingly popular with companies that manage frequent and complex proposal processes.

Find more resources and learn more about TinderBox at

www.GetTinderBox.com

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The Sales Performance Company

Miller Heiman is the proven, global leader in delivering performance-enhancing sales solutions. Their customer-centric sales strategy, grounded in 35 years of experience and cutting-edge research in sales techniques, brings game-changing insight to the entire sales organization. Miller Heiman works shoulder-to-shoulder with leading companies on initiatives ranging from sales training and sales effectiveness to complete sales transformations. Clients profit from their world-class selling systems and repeatable methodologies delivered at more than 15,000 sales training engagements and to one million-plus people.

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THE SALES MANAGEMENT ASSOCIATION

A global, cross-industry professional association for sales operations and sales management. Focused in providing research, case studies, training, peer networking, and professional development to our membership. Fostering a community of thought-leaders, service providers, academics and practitioners.

Find more resources from the SMA at

www.SalesManagement.org

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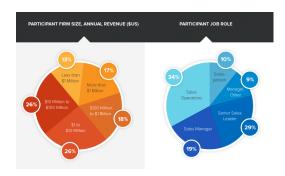
About the Research Study

The Sales Management Association surveyed 76 B2B sales organizations between May and July 2013.

Participant Demographics

Participant Sales Organization Size

Participant Sales Organization Performance Evaluation