

Letter from a Client: This Is Why You Lost the Contract



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By Andrew Sobel

Recently, I spoke with a chief financial officer about his company's decision to hire an advisor for a major engagement. One of the competitors asked me to help them understand why they had lost and what they could do to increase their proposal win rate. Here's what this executive told me:

Dear Andrew,

You asked me to provide some feedback about the recent contract we awarded, particularly about why your friends at Change Associates were not chosen. So, here goes:

1. The first couple of conversations I have with someone give me insight into what a long-term relationship will be like. In this case, your friends did not get off to a great start. They spent a lot of time telling me about their leading market position and their "unique" methodologies. It would have been much better to ask good questions, to really listen to what I had to say, and to understand my organization. You see, it's boring listening to firms talk about their organization, their history, their rankings, their proprietary approaches, and so on—unless it's directly relevant to me and a problem I have to solve. I want to talk about my issues and their specific ideas for solving them—period!
2. Change Associates does have some history with my company, and in the past had apparently done some good work for us (although I did not know them well). Roger, their lead partner, turned this advantage into a disadvantage by giving the impression the business was naturally going to be theirs. When he met with my new vice president of finance, he was a little presumptuous. He treated it like a "courtesy" meeting that he had to get out of the way rather than an important encounter with someone whose trust he had to earn. Instead of making Phil feel important, he made him feel like a minor player. His name-dropping also didn't help. Knowing our chairman can work for you or against you—by touting the relationship, it worked against him!
3. Roger's team simply did not put the same effort into the proposal process that the eventual winner did. I think they were complacent. The winner, Advanced Technologies, treated us like we were already a client and made a huge investment in understanding our business. They met with as many of our senior executives as we would allow, they interviewed some of our customers, and they created lots of interaction with us. They bounced lots of ideas off us. Change Associates did not demonstrate that kind of *hunger*.
4. Advanced Technologies added value at every step of the process. They didn't "promise" to share insights—they did it, in every meeting. They developed a whole piece on "the voice of the customer" that was stimulating to us. They offered to have us meet with another client of theirs who has gone

through a similar transition (we didn't end up doing that, but I did talk to their CFO). Their proposal was full of ideas. Change Associates, in contrast, submitted a more "business as usual" proposal.

5. Change Associate's bid was led by Roger, a senior partner. He did a good job in the presentations. But he dominated it. We know, however, that it's the team that does the real work. We didn't get a good sense for their team. Advanced Technologies, on the other hand, had several relatively junior staff (they were managers, I believe, and one was a young woman) take important roles in the presentation. We appreciated them doing that. It showed that they really valued their younger professionals, and it gave us a sense for who they were and how well our people would get along with them.

6. All four competitors were pretty close on price—that was not the deciding factor. But I will tell you that Change Associates' bid was nearly 15% higher than Advanced Technologies' bid. Now, we didn't choose the winner because of the lower price. But it seemed to accentuate the differences—Change Associates put forth a somewhat desultory proposal effort and wanted 15% more. Don't tell Advanced Technologies, but they could have come in at a slightly higher cost and we still would have gone with them.

7. There were huge differences in the orals. You cannot imagine how stultifying it can be to sit there for hours listening to these proposals. They all start to sound the same. It's slide after slide! Roger of Change Associates went through their slide deck, section by section. Advanced Technologies took a very different approach.

First, they asked us which part of their proposal we wanted to spend time on. So, we picked out two sections that were particularly interesting to us. They created more of a discussion with us about our business, including asking us why we had done things a certain way and how we were thinking about going forward in certain areas. They used some wall charts that we all stood up and gathered around. Frankly, they were just much more engaging than the other three firms.

8. Finally, Change Management's relationship with our chairman, as I mentioned, ended up hurting their cause because of the way they name-dropped. Advanced Technologies, in contrast, had longstanding relationships with several of our vice presidents, one of which was at another company they had done work for. They used these relationships to learn more about our business and the internal politics, but they didn't abuse them or try and put pressure on anyone. That turned out to be a winning strategy.

Please feel free to pass these observations on to Roger. He left a message saying he wanted to speak with me. You can tell him that eventually I'd be happy to do that, but right now we're too busy getting this new program off the ground with Advanced Technologies.

All the best,
Kevin Sturbridge
Chief Financial Officer

The names in this letter are fictional. The actions described, however, are real.
