

# FINAL SUBMISSION FOR BEST PRACTICES

## Effective Contract Management – How to give winning proposals

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### Contents

INTRODUCTION.....	2
INDUSTRY SCENE.....	2
ORGANIZATION NEED.....	3
ORGANIZATION SOLUTION .....	3
THE PROCESS OF ‘STUDY’ .....	4
CASE STUDIES.....	6
ORGANIZATION LEARNING .....	7
CONCLUSION .....	7

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## **FINAL SUBMISSION FOR BEST PRACTICES**

### **Effective Contract Management – How to give winning proposals**

#### **Introduction**

Contract management is a crucial phase in the software project life cycle. This is more important to small and medium organizations, which work in a project-mode and the projects are of the order of a few hundred thousand to a few million dollars. As companies are going global, they face severe competition while bidding for projects. The first phase of bagging the project needs utmost attention and care in such a scenario. Indian SME (Small and Medium Enterprises) software companies face competition from bigger Indian companies and domestic international companies.

The main challenge for small and medium companies while facing stiff competition from bigger companies lies in preparing effective proposals. It is also important to make the prospects understand the strengths of the company while looking at a proposal. This message has to be delivered to the prospects directly as written proposals cannot, in most cases, compete with those of bigger Indian companies and domestic companies (say in Europe or US or wherever the prospect is located).

In order to increase the effectiveness of this process for SMEs, we have introduced a new phase into this business process, which has given us tremendous success in bagging projects. We call this phase, the 'study' phase. This phase comes before the proposal is submitted and after the 'rfp'/'rfi'/'rfq' (request for proposal/information/quotation) is received. This 'study' phase helps in giving winning proposals. We have achieved 100% success rate in all cases where we have been able to introduce this phase. This paper details the various aspects of this 'study' phase, which has become a part of our contract management process.

#### **Industry Scene**

The Indian IT industry has matured a lot over the years. But still, we have severe competition from high quality and nowadays even lower-cost markets. Since the Indian market is not yet large compared to the international market, we need to always focus on markets outside India. This means, we need to go out and convince companies several thousands of miles away that we can execute crucial projects for them with acceptable quality standards. Looking at the size and reach of Indian SMEs, this looks like a Herculean task. We need to interact with people with different cultural backgrounds, speaking different languages, different practices and operating in much more technologically advanced markets. And, Indian SMEs need to compete in these markets with even big Indian companies.

Hence, getting software development contracts from outside India is a major challenge to Indian SMEs. Most of these companies have good delivery mechanisms but very poor market reach. In this context, there is a need to continuously innovate strategies to get contracts from outside India.

## **Organization Need**

The need to innovate and find newer strategies for getting contracts, made us work on improvements in the contract management process. We found that we would get the rfp/rfi/rfq document in most cases but our proposals were not convincing enough even after putting our best efforts in creating them and making them attractive. The reasons for this were:

- It was not possible for us to understand the requirements fully from the received documents and without enough interactions
- Lack of awareness in foreign companies about the capabilities of small/medium Indian companies
- The projected strengths and efforts were not convincing enough due to the size of the organization

Though our proposals were workable in terms of cost and time, it was not gaining the confidence of the prospect companies. They were simply not sure whether this 'new and unknown' company could really deliver what they wanted and to their quality requirements. This was a major stumbling block in getting contracts.

In order to overcome this, we concluded that we needed to find a way to interact with the prospect little-bit more by exposing some of our senior managers/technical people. This would help us in understanding the requirements more clearly and give a good exposure to the prospects about our company, people, practices, technical capabilities etc. and that would definitely put us in a strong position when we submit the proposal. Then, our proposals would be given equal weightage compared to the proposals from bigger or domestic companies.

## **Organization Solution**

The above analysis lead to the introduction of a new phase before the submission of proposals. We call this phase, the 'study' phase. The purpose of this phase is to understand the requirements in detail and to bring the prospects closer to our senior account-management and techno-marketing professionals. In other words, get a few days of their time for an informal interaction. This gives us tremendous edge to present the company credentials in a more effective manner than a formal presentation given over a few hours. But it is easier said than done. How do we get to convince the prospects to give us so much time? And, maybe, pay for it? This is ofcourse, a challenge that the marketing department has to face. But in all cases, our experience says that it is not very difficult to convince the prospects if we use the following strategies devised and practiced by us:

- Make a list of all inadequacies in the information provided already by the prospects and put them across gently to say that we need this interaction to understand these intricacies
- Stress the point that we need to understand in more detail as it would help us giving a meaningful and workable proposal
- If possible, give some references where such a thing has added a lot of value in your earlier experience
- Ask for minimal time from senior people and more from mid-level people
- Be flexible in timings and be ready to act fast

Using the above hints, you should be able to convince the prospects about the need for such an interaction. Then, the proposal for this ‘**study**’ itself needs to be given very carefully. Most times, it will be outside India and need a senior person to travel and spend some time and this can be expensive for a small or medium company. We have been able to charge a nominal fee for such an exercise to cover all such expenses and the following points need to be kept in mind while giving such a proposal:

- If the prospect is a medium/small company, try to deliver a ‘high-level functional specification’ document at the end of this ‘study’ phase
- Keep the charges nominal so as to reasonably cover your travel, stay and living expenses
- Attach the profile of the senior personnel who will do this interaction as it gives a good impression and confidence to the prospects
- Estimate the number of days required carefully and make a clear agenda for the ‘study’ work
- keep the study period as short as possible

It does not need a lot of effort to give a proposal for ‘study’ as it is a small task and takes less time. This ‘study’ phase helps in giving better proposal later as we would have a very good understanding about the requirements, organization, users etc.

## **The Process of ‘Study’**

### **1. When to use**

The ‘study’ phase is a very useful phase for understanding the requirements and can be used in almost all cases except where the project size is very small. Typically, it can be introduced for any project whose worth is estimated to be more than USD 30,000. This is strongly recommended for all new prospects and also for repeat orders.

### **2. Profile of ‘study’ team**

The ‘study’ team has to be chosen very carefully from your senior technical or techno-marketing group. If you are delivering a document such as the ‘functional specifications’ document at the end of the study, then a technical project manager or account manager should do the ‘study’. If it is just to understand the requirements in detail, account managers or techno-marketing executives should do the exercise. They should have a good understanding of the company’s profile, as they need to do a lot of selling during the process. They should have:

- Good understanding of company’s strengths – technical/operational
- Capability to interact with senior management personnel
- Exposure to international market
- Traveled abroad
- Good communication skills
- Good knowledge of technical domain (if technical) or application domain (if techno-marketing)
- Experience in capturing requirements

The number of persons in the ‘study’ team can be one or two. Very rarely more than two people are required for this exercise. If it is one person, he/she has to be quite senior and must have done such exercises earlier. A functional expert and a technical expert would make a good team for most cases.

### **3. Conducting the ‘study’**

This is the most important part of the ‘study’ phase. We need to understand the requirements very clearly at the end of this phase and also get a good idea about the profile of the prospects. Ofcourse, we need to do a lot of selling during this phase to key people in the organization. It has to be handled carefully and all the requirements of a ‘sale’ need to be observed here as also the following:

- Study the rfp/rfi in detail
- Get inputs from your technical team about what additional info they need
- Prepare a list of queries to be clarified
- Identify possible features which can be added based on experience
- Understand the importance of this system to the organization and users
- Interact with users (if within the organization) to get their specific requirements
- Understand organization’s quality systems
- Understand technologies used in-house
- Understand security and other implications
- Understand integration requirements with other applications
- Give a presentation on your understanding at the end of ‘study’

The crux of the matter is that we need to understand the requirements and make the prospects understand that we have done that. We need to carefully suggest the solution in the proposal taking into account all the organizational aspects that we have looked at during this phase. Only then, the proposal makes real sense. That would produce a ‘winning’ proposal.

### **4. Some practical hints**

*Show high operational efficiency*

- Mobilize resources in a very short time
- Quick project kick-off
- Mobilize a small team of senior people

*If you sell yourself, you have sold your company*

- Bringout your strengths
- Give good references
- Identify decision-makers and influential people in the organization
- Bring-out all strengths of the company
- Be very professional in interactions
- Extra-curricular talents of the ‘study’ team could help in building a good rapport

*Give a good proposal*

- Give a professional proposal – covers all aspects and to the point
- Quote nominal costs for ‘study’ phase
- Crash elapsed time for projects wherever possible
- Back your proposal with the relevant experience of the organization
- Mention all assumptions clearly
- Bringout a workable implementation plan

**Case Studies**

We have a number of cases where we have successfully adapted this ‘study’ phase and I have given the generic details of these cases below. The examples given cover a wide range of project domains and size as also the profile of the prospects.

**Project A – Large multinational European bank**

- Big project
- Detailed specification document was made available
- Competition from reputed multi-national consulting firms
- 2-day study proposed to be done by one senior account manager
- Detailed proposal given within 2 days after study
- Strict dead-lines
- Project bagged within 2 days after giving proposal
- Project kick-off in a week’s time after order confirmed

**Project B – Medium size products company in Europe**

- Existing product and a specification document was available
- 7-day study proposed with functional specifications document delivery to be done by one senior account manager
- Proposal given within 2 days after study
- Senior resources included in project team
- Project bagged within 10 days after giving proposal
- Project kick-off within a week of getting order

**Project C – Large multinational OEM – US**

- Complicated project in terms of technology
- No proper specifications document available
- Existing product
- 5-day study proposed to be done by one senior account manager
- Proposal given within a week after study
- Senior resources in project team
- Project bagged within 10 days after giving proposal
- Project kick-off within a week after getting order

### **Project D – Internet based project for a large European service organization**

- Big project
- Detailed specification document available – not comprehensive
- Competition from reputed multi-national consulting firms
- 10-day study proposed by two senior account managers
- Delivered high-level specifications document at the end of study
- Proposal given by end of ‘study’ phase on-site
- Strict dead-lines
- Project bagged within 15 days after giving proposal
- Project kick-off in a week’s time after order confirmed

### **Organization Learning**

With an excellent hit rate after introducing the ‘study’ phase into the contract management process, we have made it a standard phase for all projects initiatives. The organization has learnt to do effective contract management by being able to give meaningful proposals all the time. Several senior persons have conducted this study process successfully and it has increased the knowledge base of the organization tremendously. Since we have done several such ‘study’ projects, we have been able to train several mid-level engineers also during this phase and that has helped in overall maturity and confidence of the mid-level team in the organization. The ‘study’ phase being a short-duration one, gives an opportunity for the engineers to travel and get trained on client interactions, presentations, giving proposals etc. and has been a highly motivating factor to the team.

### **Conclusion**

To conclude, the new phase of ‘study’ has been very successful in our organization and we feel it should help all the small and medium software companies from India in increasing their business by making proposals very effective. This would help the Indian IT industry as a whole and since we are substantially in the off-shore model of development and target the markets outside India, our learning should add value to existing companies directly by increasing their revenues. The ‘study’ phase integrates very well with the existing widely used contract management process and enhances its effectiveness multi-fold. Our organization has grown from small to medium size quickly and has been able to make a mark as a quality software house and compete effectively with international companies and big Indian companies as well.