

# **How to measure and IMPROVE YOUR PROPOSITION.**

Evaluating the strength of your proposition to ensure it beats the competition.

**By Martin Eckstein**

## **Bid Alchemy – How to measure the strength of your proposition.**

### **Introduction**

Developing the proposition is hard. Ensuring that it meets or betters each of the customer requirement, creates a challenge. Knowing that what we propose is an excellent match for the customer's needs gives confidence. Believing that we can price it within the customer's expectations can lead us to think we are going to win.

Unfortunately, we have forgotten on important factor; the competition. Our proposition needs to be more than one that the customer is receptive to. It must be a more compelling proposition than the competition.

Traditionally, little is done within bids to check this, or what is done is using tools and methods that do not seem to match what happens in the bid.

Bid Alchemy's approach and our unique "**The Alchemy Proposition Playbook**", enables you to measure the strength of your proposition, both in how the customer will perceive the quality and the value. It enables you to see how this will rate against the competitors and so enables you to test out changes to the proposition and win strategy tactics that will lift you into the win zone.

The playbook just relies on your fair judgement on we and the competitors will score against the customer's buying criteria. It computes this into a visual representation enabling you to undertake what if analysis to come to the winning picture. Whilst it is quite possible to undertake this all on your own, the best results are when it is workshopped by the members of the bid team. It is the sharing of knowledge and debate that can make the real difference.

This guide explains the pitfalls in traditional methods and how you can avoid them.

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# How to measure the strength of your proposition.

Enabling you to test and improve your proposition.



## Contents

<b>1. If you do not consider the competition, you rely on luck. ....</b>	<b>3</b>
<b>2. Quality versus Value, it's a single mindset. ....</b>	<b>7</b>
2.1 A picture paints a thousand words. ....	13
2.2 The power of playing out scenarios. ....	16
2.3 Yes, but does this really work. ....	20

## 1. IF YOU DO NOT CONSIDER THE COMPETITION, YOU RELY ON LUCK.

The proposition is the combination of the elements that make up what we plan to sell to the customer. It is more than just the product or service; it is the complete package. In Bid Alchemy, we identify the attributes as:

- ☰ **Offering.** The products and services that we will provide the customer with, in exchange for the contract.
- ☱ **Delivery.** How we will deliver the products and services and includes how we will work with the customer. This includes the confidence the customer has in our ability to meet their needs.
- ☲ **Commercial.** The contractual agreement that we are willing to enter for this business. It is also the mandatory obligations upon us and the customer.
- ☳ **Financial.** The total cost elements the customer will need to incur. This is more than just the price, it includes the associated cost of risk, flexibility in payments and any other element that the customer can use as value within their business case.



**You do not know if you have a winning proposition unless you consider all four attributes.**

The first mistake that bid teams can make is just considering the offering as the proposition. In doing so, they can become confident of winning when the customer feels that the weight of one or more of the other attributes make us a poor choice.

*Consider if you wanted to buy a house, it looks perfect, it is in the right area and it has all the space you need. Would you commit to buying it before you saw the price?*

Bid teams may consider all these attributes, but in isolation. This also causes a problem as the buyers will be considering them all as one. We may develop strong attributes but the combination of them, is not as compelling to the buyers.

*Here, you are still considering buying the same house. Would you still be so eager to buy, if it was in a bad neighbourhood, requires signing a contract that had lots of additional obligations on you and it costed twice as much as you could afford?*

A common mistake is that the bid team do not consider the competition and in doing so, can only know if they have developed a compelling proposition. Yet they do not know if it is more compelling than those presented by the competitors.

# How to measure the strength of your proposition.

Enabling you to test and improve your proposition.



*We know the house is perfect for us and we are happy with all attributes of the proposition. However, it is the first house we have looked at. Surely, we would want to go and see a few others to either confirm that we have made the right choice or find something that could be better.*

The traditional approach to measuring the strength of your proposition is a score card. In general, these list the buying criteria of the customer, how we believe we and the competition will score.

Criteria	Us	Acme	Widgets Corp
Speed of machines	8	5	10
Reliability	7	9	9
Servicing	7	9	9
Able to deliver on time	6	9	10
Price	9	7	5
	37	39	43

## **The basic traditional method of evaluation the strength of the proposition.**

The biggest issue with this approach is that it does not consider that each of the criteria holds its own weighting. The customer may consider that price is worth 50% of the marks.

So, it is easy to make an unreliable prediction with this method.

To counter this, the approach can be strengthened by including a weighting for each criterion. The scores are then multiplied by this percentage to produce the weighted score.

# How to measure the strength of your proposition.

Enabling you to test and improve your proposition.



Criteria	Weight	Us		Acme		Widgets Corp	
Speed of machines	20%	8	1.6	5	1.0	10	2.0
Reliability	10%	7	0.7	9	0.9	9	0.9
Servicing	10%	7	0.7	9	0.9	9	0.9
Able to deliver on time	10%	6	0.6	9	0.9	10	1.0
Price	50%	9	4.5	7	3.5	5	2.5
		37	8.1	39	8.2	43	7.3

## The traditional approach with weighting applied.

From this approach, it is now possible to see that we predict that the winner will be Acme rather than Widgets Corp. We have moved up but remain just in second place.

This can lead to some emotional changes, where we decide that we have either underscored ourselves or got the weighting wrong. So, we amend the model.

Criteria	Weight	Us		Acme		Widgets Corp	
Speed of machines	20%	8	1.6	5	1.0	10	2.0
Reliability	10%	7	0.7	9	0.9	9	0.9
Servicing	10%	7	0.7	9	0.9	9	0.9
Able to deliver on time	10%	<del>6</del> 9	0.9	9	0.9	10	1.0
Price	50%	9	4.5	7	3.5	5	2.5
		37	8.4	39	8.2	43	7.3

## Amending the traditional approach so that we are in 1<sup>st</sup> place.

While this may make us feel better, it has done nothing to change the customer's evaluation of our proposition. However, if we were to change our proposition, as a result, so that we have a more confident approach to delivery, then we may improve the customer's evaluation.

This model is useful in directing us to make improvements, but it has a fatal flaw; this is not how the minds of a buyer works. To find out more about how we all make buy decisions,

# How to measure the strength of your proposition.

Enabling you to test and improve your proposition.



please see the Bid Alchemy “**How customers make buying decisions**” guide, available for free from our website ([bidalchemy.co.uk](http://bidalchemy.co.uk)).

There is always a balance between quality and price. You may have the best products and services, but they cost more than the customer is willing to pay. You may have the lowest price, but the customer does not believe your products and services will work for them.

To be confident of winning a deal, you need to ensure that your proposition is the most compelling. It is just the case that these traditional methods fail only give false confidence. Therefore, Bid Alchemy created the Alchemy Proposition Playbook. The following chapters will explain the rationale behind our approach which you may wish to apply to your bids, whether you deploy the playbook or not.

## 2. QUALITY VERSUS VALUE, IT'S A SINGLE MINDSET.

Whenever we make a buying decision, whether it is in our personal life or for the organisation we work for, there is always an element of quality versus price.

It even comes into from who we will consider for a purchase. For example, if I wanted to buy a new shirt, then I may go shopping in the high street. Some stores, I will not visit as they either provide products that are too low quality for me, or they have some exceptionally good shirts that are just too expensive for me. This is true in bids too. Your buyers will have a perception of whether you are too expensive or too low quality for their requirements. Whilst you may still be free to bid, you need to ensure that you understand this perception as you may need to correct it within you tender and meetings with the customer.

It does bring up the old issue of losing a bid and the reason being, that you are too expensive. If we had not ignored this perception, we could have either qualified out or we could have done a better job of selling the quality and additional value that out-weighed the higher price.

If you understand whether you have a value or quality challenge in front of you is only of value if you understand how the customer is going to evaluate.

In Bid Alchemy, we use a similar looking approach to that discussed within the previous chapter. The only difference is will split the evaluation criteria into Quality and Value.

Quality Buying Criteria		Competitors											
		Our Proposition											
Weight		Compel	Rating	Compel	Rating	Compel	Rating	Compel	Rating	Compel	Rating	Compel	Rating
100													

Value Buying Criteria		Competitors											
		Our Proposition											
Weight		Compel	Rating	Compel	Rating	Compel	Rating	Compel	Rating	Compel	Rating	Compel	Rating
100													

**The Bid Alchemy Approach for evaluating the buying criteria splits them between quality and value.**



# How to measure the strength of your proposition.

Enabling you to test and improve your proposition.



A weighting is still applied, this ideally should be provided or confirmed by the customer. However, like the traditional approach, it is better to use your knowledge to assess this rather than ignore it. Buying criteria are rarely all equal in the buyer's minds. An approach I use, is to think what is causing the more pain or will release the most benefit and then use this to weight appropriately.

A great advantage of getting this down on paper, is that you can take it to a friendly buyer and ask if our assumption is correct or not. They may well, want to change the weighting. The only caveat to this, is that what one buyer says is opinion, it only becomes fact after confirmation by others in the buying circle. So, take it to other buyers before you start measuring in anger.

Whilst quality buying criteria are typically easy to identify. Within Bid Alchemy's definition of a proposition, it is generally the offering and service with some elements of commercial.

Value criteria are often considered to be price. It is more than this, it is any element that directly provides a financial benefit to the customer through contracting with us. So, it contains some elements of commercial, occasionally a few elements of service but generally financial.

By splitting the buying criteria in this manner, you are starting to see the conundrum in the buyers' minds. How much quality do we need and thus how much value do we get? It is a balancing act and sometime something that causes buyers worries and concerns.



Often a buyer will really value the quality. If the wrong proposition is selected that there is a significant risk (in their mind) that it will affect their performance. Similarly, they may be aware there are others within the buying circle who are less concerned about the quality as it does not have a direct impact on their performance, so they see advantage of heading for lower value. This is something that you can use to your advantage within a bid, particularly if you have competition that will be a lower price to you.

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## Scaring the buyer so that they remove competition.

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I realised, on a major bid, that we had a problem, two competitors were similar in quality and value to us, but two were significantly lower cost. I would need to have two quite different battles to beat all the competition.

When I inherited this bid, the next stage was to submit and offer that would be reviewed by the customer's procurement team, who had not been part of the earlier shortlisting decisions.

# How to measure the strength of your proposition.

Enabling you to test and improve your proposition.



I had built a trusted relationship with the buyer who would be responsible, for the customer, for the service once deployed. I asked him why the two low cost suppliers were still in the race and he told me that they proposed to do everything that was required. I asked him, what would happen at the next stage when procurement oversaw the decision. He said that the result would be a short list of 3 suppliers to go forward to the next stage which would be a decision that procurement would not be so involved in. So, I asked, who did he think procurement would shortlist. He would be left with the two low cost suppliers and one of the other three.

“This is a contract for 7 years; do you think that the low-cost suppliers will provide you will a service that will make your life easy or more difficult?” His face went visibly white. His future was in his eyes. He would get the blame and the pain for each time the lower cost suppliers failed to deliver to the quality that his organisation now expected.

Together we hatched a plan, he went back to procurement and told them that the deal was not ready for them. He did not want to waste their time, so early in this long procurement, he needed to undertake another review of the service from each organisation before involving them in making the final shortlist decision. All five suppliers were asked to present their propositions and undertake questioning from all the buyers. We prepared well and he prepared his questions well. As a result, the buying circle unanimously decided that the two lowest cost suppliers were not adequate for their business and the short list of three was announced, favouring us.

Once the weighting has been supplier, we ask two questions rather than ask for a scoring. For each criterion and each of us and the competition, we ask how compelling the appropriate element of the proposition is and, in our judgement, where it will be rated by the buyers. For the compelling element, we use a ranking between Excellent and Very Poor.

Bid Alchemy take this approach as it is the two elements that you should be considering when scoring in the traditional approach. How good will the buyer think it is and is it better than the competition.

The benefit of this approach is it gets your bid team to really consider how the customer will perceive us, rather than how we want them to do so. It also helps in removing the emotional scoring element.

If you wish to take this approach without purchasing our playbook, you will need to decide on your ranking and scoring or you could just resort to a score for each criteria, whilst accepting this is not the ideal way to go.

# How to measure the strength of your proposition.

Enabling you to test and improve your proposition.



			Competitors											
			Our Proposition		Acme Corp		Widgets Limited		Production machines		Arthur's Shed		Cheapo's warehouse	
	Weight	Quality Buying Criteria	Compel	Rating	Compel	Rating	Compel	Rating	Compel	Rating	Compel	Rating	Compel	Rating
1	50	Speed of production from machine	Very Good	3rd Place	Excellent	1st Place	Very Good	2nd Place	Good	4th Place	Poor	6th Place	Poor	5th Place
2	20	Reliability of machines	Very Good	3rd Place	Very Good	4th Place	Excellent	1st Place	Very Good	3rd Place	Excellent	1st Place	Good	6th Place
3	15	Integration to current systems	Good	3rd Place	Excellent	2nd Place	Good	3rd Place	Good	5th Place	Excellent	1st Place	Poor	6th Place
4	10	International Certification	Excellent	1st Place	Excellent	1st Place	Excellent	1st Place	Very Good	4th Place	Very Poor	5th Place	Non-Compliant	6th Place
5	5	Ease of use	Very Good	2nd Place	Good	3rd Place	Excellent	1st Place	Poor	4th Place	Poor	4th Place	Poor	5th Place

			Competitors											
			Our Proposition		Acme Corp		Widgets Limited		Production machines		Arthur's Shed		Cheapo's warehouse	
	Weight	Value Buying Criteria	Compel	Rating	Compel	Rating	Compel	Rating	Compel	Rating	Compel	Rating	Compel	Rating
1	50	Contract cost of machines	Good	4th Place	Good	5th Place	Good	4th Place	Very Good	3rd Place	Excellent	1st Place	Excellent	2nd Place
2	25	Service costs	Good	3rd Place	Good	3rd Place	Poor	5th Place	Good	3rd Place	Very Good	2nd Place	Excellent	1st Place
3	5	Depreciation Value at year 5	Very Good	3rd Place	Good	4th Place	Poor	5th Place	Very Good	2nd Place	Excellent	1st Place	Poor	6th Place
4	10	Contract Flexibility	Very Good	2nd Place	Very Good	1st Place	Good	4th Place	Poor	6th Place	Very Good	3rd Place	Good	3rd Place
5	10	Provision of additional value	Very Good	1st Place	Good	2nd Place	Good	3rd Place	Good	2nd Place	Very Poor	5th Place	Very Poor	5th Place

## An example of a completed Scorecard.

The **Alchemy Proposition Playbook** applies values to these compelling and rating elements and computes a score. However, there is one important component that is missing. We need to know how much of the decision is going to be based on the quality criteria against the value criteria.

This is the next decision we, as a bid team need to make.

**The customer is evaluating 50% on Quality and 50% on Value.**

**All buying decisions are based on quality and value, so we need to assess this in our evaluation on the strength of our proposition.**

No decision is ever going to be 100% on quality or value. Although, regularly I am told, this customer only buys on price. If it were true that they only bought on value, then there is no need for a formal bid, an auction just to find the lowest price is required. Unless you are in the business of being the lowest cost in the industry, then I would recommend qualifying out, if this were the case.

If the decision was purely on quality, the customer must have more money than they can count.

It is a balancing act and it is a question that your buyers may not have the answer to. Over years of bidding, I have developed some basic guidelines that you may find useful to apply to your thinking.

# How to measure the strength of your proposition.

Enabling you to test and improve your proposition.



Proposition	Explanation	Quality	Value
<b>New Services</b>	Where the customer is requirement a new service or a significantly change one that carries direct risk to their business performance.	80-60%	20-40%
<b>On-going Services</b>	Where it is a rebid of existing services that are well understood by the customer but still carry direct risk to their business performance	70-60%	30-40%
<b>Commodity Services</b>	Low risk Services that the customer sees little or no direct link to their business performance	60-40%	40-60%
<b>Key Products</b>	Products that have a direct link with the performance of the business.	70-60%	30-40%
<b>Commodity Products</b>	Products the business requires that hold little or no direct link to their business performance.	20-40%	60-80%

Once you have decided on the Quality: Value ratio, it is something that you can take to the buyers. You can explain your rationale and by doing so, get them thinking about how they see it. It is a great way of confirming or improving this important component.

I often find that this discussion is the most heated, sometimes with bid team members having extraordinarily strong views that they do not wish to debate. I cannot count how often I have been told that this customer is different and will only buy on price. Consider, even in your personal life, when have you purchased anything purely on price?

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## How to make a fortune in Telecoms.

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I was facilitating a team who worked for a telecom manufacturer. They made excellent products, had delighted customers who would always come back to them for their next requirement and had people with real expert technical knowledge. They suffered, however, from not being able to win enough new customers to meet their growth ambition.

I took the team through a proposition workshop. It was there first time thinking in this manner and I could see some excited faces and some who showed that they saw no value and would rather be back at their computers.

As we got to the quality: value question, I was assured that this customer would only buy on price and that they had been given a too high cost price to compete. Their agenda was to get their manufacturing team to drop the cost price. Effectively, give away profit within the business whilst ensuring that the sales profit and loss statement stood up to the required margin levels.

# How to measure the strength of your proposition.

Enabling you to test and improve your proposition.



I explained that I could not see a national organisation with the credibility of their customer, buying just on price. They would need a system that was reliable and could integrate with their IT architecture. All this was value that their proposition could provide.

Whilst the excited members of the team could follow the rationale, others kept telling me I was wrong.

I said that I was grateful for their knowledge on this opportunity, I will now set up my own telecoms company and compete with them. I would have a sales price of 10% of theirs and I would make 99.99% profit. I would provide the customer with a series of tin cans connected by string.

Whilst it was a rather absurd example to give, it did get the point across. There must be some recognition of quality. This lead comfortable on to the discussing the value that the quality of their proposition provided that resulted in a higher cost price. Through this we were able to write some strong and unique benefit statements.

I realised that some of the team were still not convinced and I suspect remained so, even after we won the deal. However, we did win, and it was at a strong profit margin, not just for the sales team but also for the manufacturing team.

When you have completed this, in the traditional approach, you would be able to calculate a score. With our playbook, the maths is a bit more complex as we need to consider the effect of the quality and value ratio. If you wish to do this without the playbook, then the simplest method is just to multiply the evaluation scores by the percentage for quality and add to this the evaluation score multiplied by the percentage for value.

# How to measure the strength of your proposition.

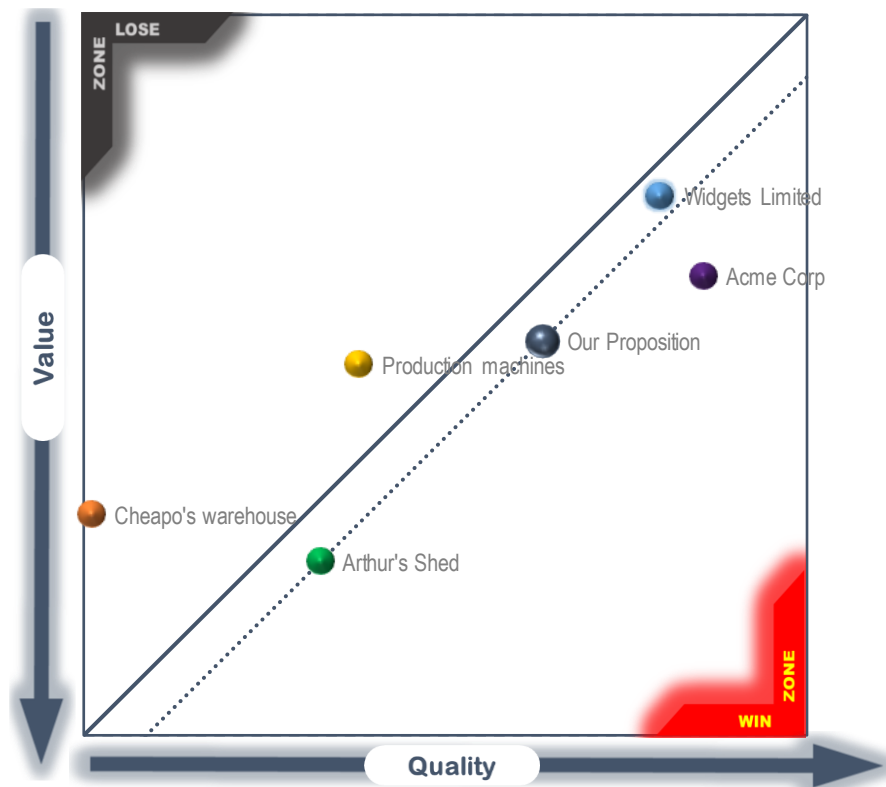
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## 2.1 A PICTURE PAINTS A THOUSAND WORDS.

Where the **Alchemy Proposition Playbook** comes into its own, is in its ability to use these scores and create a meaningful graphic. There is something in having a picture rather than a table of numbers that drives the right thinking and debate.

When it is a table of numbers, it is too easy to debate around whether we should score an element 5 or 6. Where it is a picture, it drives us to debate, how do we improve our competitive position against the competition.



**The Alchemy Proposition Playbook provides you with a picture showing whether you are positioned to win. This drives debate around what we need to do with our proposition to increase our confidence.**

This picture become extremely easy to interpret once you understand how to read it. You will notice that we are positioned within the middle of chart, with a dashed blue line going through us. The competition is spread all around us.

You can see that there is a blue line going diagonally across the chart. This, we call the value margin. It represents the ratio between quality and value. In this example, it is set at 50:50, hence why it dissects the two corners. The dashed blue line is just the representation of the Value Margin going through us. This is just to help us see how is in front and who is behind us.

# How to measure the strength of your proposition.

Enabling you to test and improve your proposition.



In the Bottom right hand corner is the Win Zone. The first concept is that the closer you get to the Win Zone, the more confident you can be at winning. However, you need to consider the Value Margin. The true measure for your confidence in who will win, is the closest to the Win Zone who is as far away from the Value Margin.

In this case, that will be Acme Corp. With Arthur's Shed and ourselves being close to 2<sup>nd</sup> and 3<sup>rd</sup>.

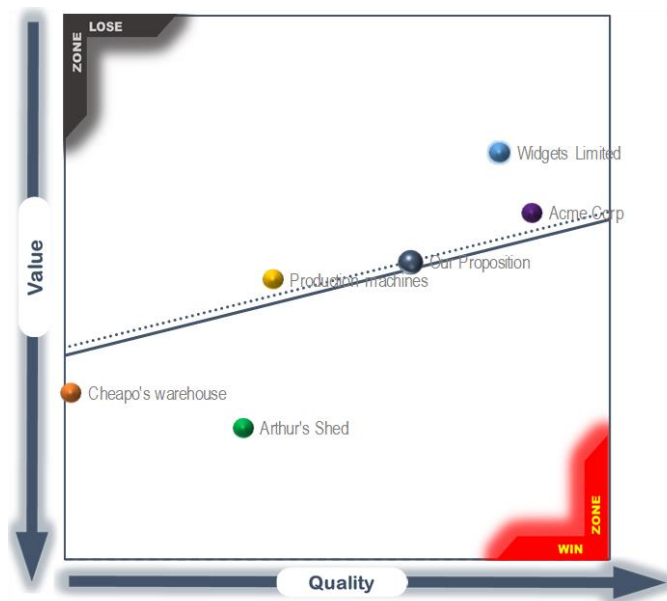
To help you, whilst you are getting comfortable with the picture, and to provide you with confidence your thinking is correct, the playbook provides you with league tables. These rate our proposition and the competition by who is closest to the Win Zone (and in best position to win) and by who has the highest quality and value. You can see that we are battling with different competitors if we are fighting to improve on Quality or value.

Win Zone Prediction	
1st	Acme Corp
2nd	Arthur's Shed
3rd	Our Proposition
4th	Widgets Limited
5th	Production machines
6th	Cheapo's warehouse

Win Zone Quality Prediction	
1st	Acme Corp
2nd	Widgets Limited
3rd	Our Proposition
4th	Production machines
5th	Arthur's Shed
6th	Cheapo's warehouse

Win Zone Value Prediction	
1st	Arthur's Shed
2nd	Cheapo's warehouse
3rd	Production machines
4th	Our Proposition
5th	Acme Corp
6th	Widgets Limited

If we thought this same deal was mainly about value (80%), you will see that the Value Margin line has changed and now Arthur's shed is in the strongest position to win.



If we believe that this same opportunity is mainly about value (80%), then you will see that the Value Margin has changed and the furthest away from it and closest to the Win Zone is Arthur's Shed.

Therefore, it is so important to understand the ration of quality and value that your customer is using to make their buy decision.

The mere change of this decision will drive different thinking on whether we need to change our proposition,

how we should do this and even whether we should qualify out.

If this picture represented our opportunity, then we could try and improve the quality of our proposition, we could try and explain to the customer why our quality was so much higher (and better), but even if this changed our scoring, it would not move us closer to the Win Zone, because this deal is all about value.

# How to measure the strength of your proposition.

Enabling you to test and improve your proposition.



The easiest way to increase our value score is to drop our price and I see this far too often in deals. Each drop in price is a drop in profit, it is the last thing we should want to do.

What we need to do, and it takes more smart and hard thinking, is to identify and express how our quality directly benefits the business case for the customer. We also need to teach the customer that this deal should not be so weighted toward value. Even if we could get the customer back to the 50:50 ratio, we are far better able to improve our proposition to improve our competitive position.

Just from this, you should be able to see the power of the graphic, it has driven debate about improvements to the proposition and tactics we need to incorporate into our win strategy.



## 2.2 THE POWER OF PLAYING OUT SCENARIOS.

Clive Woodward was coach of the England Rugby squad, taking them to victory in the 2003 world-cup. He is also an astute businessman, has a mastery grasp on the game of sales and has written “How to Win”, a book I recommend.

Whether England had the best team of players is something for debate. What they had, and the competition did not, was Clive’s brain. He did things differently, he deployed measuring techniques to identify what was happening of the field of play. He got cameras all around the training ground and the game field so that he could pick up what was going on at any one time, with any one play. He created software to undertake the analysis and identify the performance measurements.

He got the team reviewing their performance and identifying scenarios that that may improve performance. He got the team playing smart.

We need to deploy similar thinking into our bids. It would not be ethical to set up cameras around our office and certainly not within the customer or competitors offices! But we can run scenarios of what may happen if we make changes to our proposition.

The **Alchemy Proposition Playbook** approach enables you to test out these options in the safe environment of the workshop, rather than just launching them onto the customer and seeing if they work. We call this What If. What if we could get the customer to consider quality as 60% of the ratio, what if we improved on the reliability of our product, what if we presented a more appropriate way of delivering the services.

You can do this without the playbook. What you will need to do is refer to your scoring, change it to reflect the what if and then recalculate the effect of the weighting and quality: value ratio of these scores. It is a fair bit of maths.

# How to measure the strength of your proposition.

Enabling you to test and improve your proposition.



	Weight	Quality Buying Criteria	Our Proposition		Acme Corp		Widgets Limited		Production machines		Arthur's Shed		Cheapo's warehouse	
			Compel	Rating	Compel	Rating	Compel	Rating	Compel	Rating	Compel	Rating	Compel	Rating
1	50	Speed of production from machine	Very Good	3rd Place	Excellent	1st Place	Very Good	2nd Place	Good	4th Place	Poor	6th Place	Poor	5th Place
	40	Speed of production from machine	Very Good	3rd Place	Excellent	1st Place	Very Good	2nd Place	Good	4th Place	Poor	6th Place	Poor	5th Place
2	20	Reliability of machines	Very Good	3rd Place	Very Good	4th Place	Excellent	1st Place	Very Good	3rd Place	Excellent	1st Place	Good	6th Place
	30	Reliability of machines	Excellent	1st Place	Good	4th Place	Good	2nd Place	Very Good	3rd Place	Very Good	2nd Place	Very Poor	6th Place
3	15	Integration to current systems	Good	3rd Place	Excellent	2nd Place	Good	3rd Place	Good	5th Place	Excellent	1st Place	Poor	6th Place
	5	Integration to current systems	Good	3rd Place	Excellent	2nd Place	Good	3rd Place	Good	5th Place	Excellent	1st Place	Poor	6th Place
4	10	International Certification	Excellent	1st Place	Excellent	1st Place	Excellent	1st Place	Very Good	4th Place	Very Poor	5th Place	Non-Compliant	6th Place
	20	Independent feedback	Excellent	1st Place	Very Good	2nd Place	Good	3rd Place	Poor	4th Place	Very Poor	5th Place	Non-Compliant	6th Place
5	5	Ease of use	Very Good	2nd Place	Good	3rd Place	Excellent	1st Place	Poor	4th Place	Poor	4th Place	Poor	5th Place
	5	Ease of use	Very Good	2nd Place	Good	3rd Place	Excellent	1st Place	Poor	4th Place	Poor	4th Place	Poor	5th Place

	Weight	Value Buying Criteria	Our Proposition		Acme Corp		Widgets Limited		Production machines		Arthur's Shed		Cheapo's warehouse	
			Compel	Rating	Compel	Rating	Compel	Rating	Compel	Rating	Compel	Rating	Compel	Rating
1	50	Contract cost of machines	Good	4th Place	Good	5th Place	Good	4th Place	Very Good	3rd Place	Excellent	1st Place	Excellent	2nd Place
	50	Contract cost of machines	Very Good	3rd Place	Good	5th Place	Good	4th Place	Very Good	3rd Place	Excellent	1st Place	Excellent	2nd Place
2	20	Service costs	Good	3rd Place	Good	3rd Place	Poor	5th Place	Good	3rd Place	Very Good	2nd Place	Excellent	1st Place
	20	Service costs	Excellent	1st Place	Good	3rd Place	Poor	5th Place	Good	3rd Place	Very Good	2nd Place	Excellent	1st Place
3	15	Depreciation Value at year 5	Very Good	3rd Place	Good	4th Place	Poor	5th Place	Very Good	2nd Place	Excellent	1st Place	Poor	6th Place
	15	Depreciation Value at year 5	Very Good	3rd Place	Good	4th Place	Poor	5th Place	Very Good	2nd Place	Excellent	1st Place	Poor	6th Place
4	10	Contract Flexibility	Very Good	2nd Place	Very Good	1st Place	Good	4th Place	Poor	6th Place	Very Good	3rd Place	Good	3rd Place
	10	Contract Flexibility	Very Good	2nd Place	Very Good	1st Place	Good	4th Place	Poor	6th Place	Very Good	3rd Place	Good	3rd Place
5	5	Provision of additional value	Very Good	1st Place	Good	2nd Place	Good	3rd Place	Good	2nd Place	Very Poor	5th Place	Very Poor	5th Place
	5	Provision of additional value	Very Good	1st Place	Good	2nd Place	Good	3rd Place	Good	2nd Place	Very Poor	5th Place	Very Poor	5th Place

The customer was evaluating	50%	on Quality and	50%	on Value.
The customer is now evaluating	60%	on Quality and	40%	on Value.

**The Alchemy Proposition Playbook enables you to undertake safe what if analysis of your proposition, showing you the effect of improvements before you make the changes.**

You can change any element of your proposition, whether it is:

- ☰ Making improvements to any criteria, which will then change the compelling score for ourselves and perhaps the ration for ourselves and the competition
- ☰ The weighting the customer applies to any criteria, which would involve us teaching the customer and therefore a tactic to add to our win strategy
- ☰ The Quality: Value ratio, which again would be a tactic we needed to affect in the win strategy

This is best achieved within a workshop. You can expect either silence, as the team are thinking, or a lot of ideas at once. It is important that you capture these ideas so that you can remember what actions you need to make to reach the desired state.

# How to measure the strength of your proposition.

Enabling you to test and improve your proposition.



What if Changes		
Change made	Affecting	Justification or notes
Weighting	Quality	Get customer to understand that reliability is as important as speed and use our new independent data to show we have the most reliable machines available.
Changed Compel and Rating Score	Quality	To reflect that we will provide the more reliable machines in market place. Change solution so that all machines are from that range.
Weighting	Quality	Integration. Change story to show that all machines operate to international standards so intergration is not a problem for any supplier. Leave some score for quality of integration team.
Changed Criteria	Quality	Change Certs to feedback. Propose that they should not buy from anyone without international certification. However, independent research and customer feedback is true measure.
Changed Compel and Rating Score	Quality	To reflect change in above criteria
Changed Compel and Rating Score	Value	For contract and service model. By reviewing and improving risk model to reduce contingency cost. Using new lower cost service model.
Changed Quality / Value Weighting	Quality & Value	Get customer to understand that quality is more important than costs, due to the costs associated with machines not operating ore service not being reliable.

**The Alchemy Proposition Playbook provides you with a table for you to document the changes you wish to make and why it is required to do so.**

The effect of any one change can sometimes be a bit surprising as the playbook considers human nature within in computations. If a buyer is more receptive to our new proposition, by nature, they will now be less receptive to the competition. For example, if you thought that Samsung made the best mobile phones that you would hold them as number 1 in your mindset. If you then tried an Apple Phone and found it to be more intuitive and better designed, your change in thinking to Apple being the best mobile phones would now mean you considered Samsung lower.

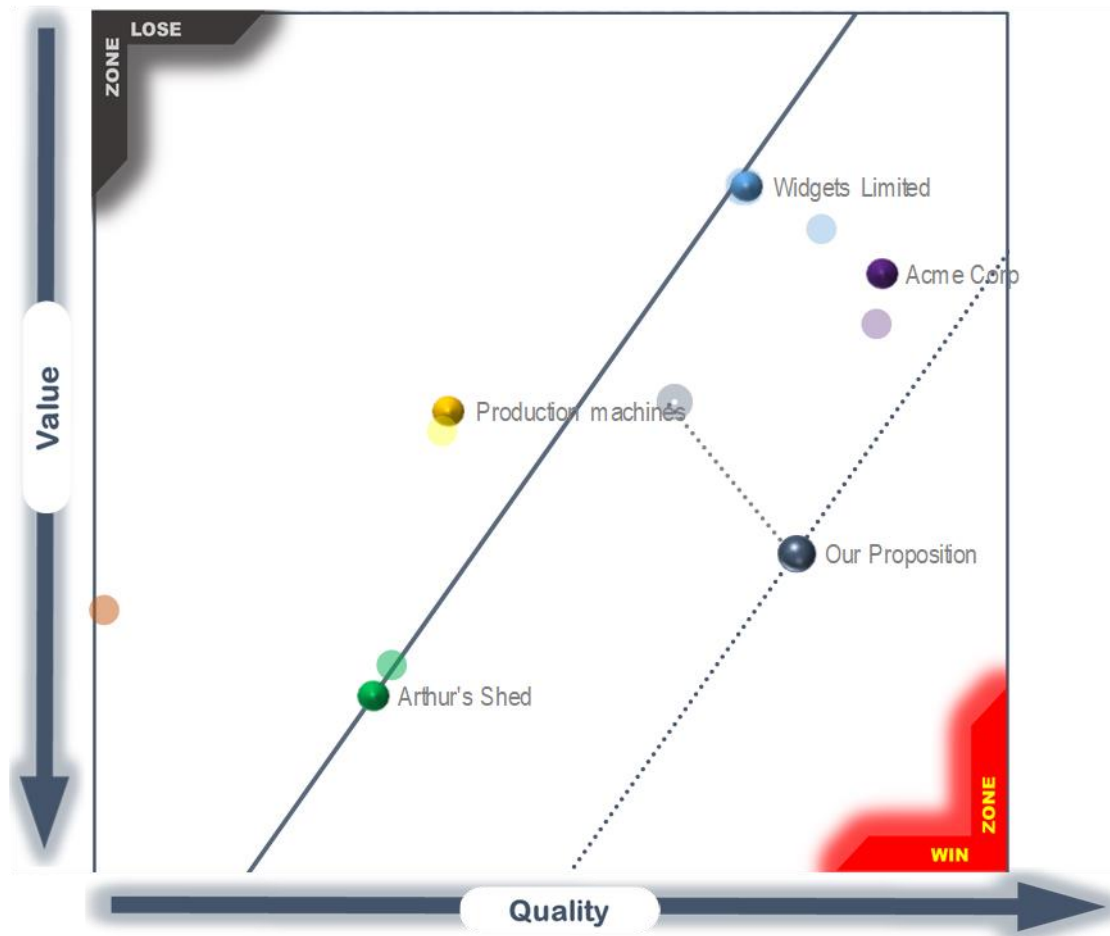
Similarly, sometimes changes we may think of making could benefit the competition more. Should we think that dropping our price significantly and pushing the customer to make the decision predominantly on value is a good option, then we would find that we have strengthened Arthur's Shed's proposition. We are playing their game, when are aim is to not even let the competition know that they should be playing ours.

That is why we need to have a new picture readily available for us to see the affects of any what if changes we make. If the change has not made the difference we want, then we need to go back to the drawing board and think again.

If we undertake scenario after scenario and cannot find one that works for us, then the approach may be telling you that this is a game you cannot win. It is a great facilitator for confident qualifying out. If we cannot win this battle, let us save our troops and ammunition for the ones where we can.

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**The Alchemy Proposition Playbook enables you to see the affects of any changes and review whether you should make them within your proposition.**

The picture is similar, with the addition of you being able to see how far we and the competitors have moved. By making these changes to the proposition, we can be confident that it will be most compelling by our buyers. Whilst we do not have the value of Arthur's Shed, we have improved our value and quality to be closest to the Win Zone and furthest from the Value Margin. The change in the Quality: Value ratio, takes the game away from those who just able to be lower cost.

This is a picture you want to see. It shows that we have created some distance between us and the competition. Remember that Bidding is a science pertaining to be an art or an art pertaining to be a science. Even the playbook can not read the future. We may have made a misjudgement in any one of our scores. Our confidence grows with the distance we create between the compelling nature of our proposition and that of the competition.

Win Zone Prediction	
1st	<b>Our Proposition</b>
2nd	Acme Corp
3rd	Arthur's Shed
4th	Widgets Limited
5th	Production machines
6th	Cheapo's warehouse
Win Zone Quality Prediction	
1st	Acme Corp
2nd	<b>Our Proposition</b>
3rd	Widgets Limited
4th	Production machines
5th	Arthur's Shed
6th	Cheapo's warehouse
Win Zone Value Prediction	
1st	Arthur's Shed
2nd	<b>Our Proposition</b>
3rd	Cheapo's warehouse
4th	Production machines
5th	Acme Corp
6th	Widgets Limited

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## 2.3 YES, BUT DOES THIS REALLY WORK.

*“Yes, I see the picture, but can you guarantee it will work?”* This is a question I have been asked many times. There is something about playing out the scenarios and getting pictures that is too big a jump from the norm for some people to believe.

My answer is *“How has not doing this been for you?”* Have you every been disappointed in a customer selection decision? How you ever been frustrated that a competitor won when they did not deserve it. Is you win rate so strong that you just do not need more wins?

At the core, bids are about hard and smart thinking, the team that does this best, tends to win.

This is about taking the hard and smart thinking your team have done in developing the proposition and seeing if it is hard and smart enough.

If you are not convinced, then what will convince you? Give it a go, practice with measuring the strength of your proposition. Look at ways of strengthening it. Have some practice until you feel comfortable in doing it.

You will then be able to review whether it has made a difference to your bids.

I am a disciple of measuring the strength of propositions and love doing wild scenarios until I find the one that works.

I have need to do this, I am repeatedly asked to take over a sinking ship, a bid that we went all out to win but somehow seem to be losing. I use this approach to analyse where we currently sit and then what can be done to change the picture to our benefit. In recent times I have done this on 7 major bids, each one resulting in a win. Now, I can not be confident that this will always be the case and I do not want to be confident of saying that, confidence breeds complacency. It is just that the rationale works for me, the smarter and hard thinking I can put into working out how to win then better the chance is that I will. This approach and particularly when supported by the Alchemy Proposition Playbook, enables the hard thinking to be smart.

