

Business Proposals

A business proposal is a document you send to potential customers to persuade them to do business with you. Business proposals are a common and effective way to win business. Research your potential customer before writing a business proposal; customize your proposal to address their needs. Your tone should appeal to your potential customer while aligning with your brand's personality. In general, you should strive to be clear and courteous. Your proposal should be long enough to convey why your potential customer should do business with you, but it should not be unnecessarily long or contain irrelevant details.

Parts of a Business Proposal

Though every business proposal should be customized to appeal to a unique potential customer, most business proposals will include the following sections.

- Title Page
- Table of Contents
- Executive Summary
- Problem Statement
- Proposed Solution
- Qualifications
- Timeline
- Pricing
- Terms and Conditions
- Agreement

Title Page

Your title page is the first thing that your potential customer will see. It can be the difference between getting a customer and being ignored. Title page formats vary widely, and many companies have their own style. Tailor your title page to your potential customer.

Your title page should include the following components:

- the title of your proposal,
- your name,
- your business' contact information,
- the name of your potential customer, and
- the date that your proposal was submitted or due.

The title of your proposal should be meaningful and memorable. It should express how your proposal can benefit your potential customer. Avoid generic titles, such as "Business Proposal." Instead, use a title that indicates the problem and solution, such as "Reducing Scrap and Dimensional Deviations Through Laser Measurement Systems" (Cobb, & Divine, *Writing Business Bids & Proposals for Dummies*, 2016).

Table of Contents

If your proposal is longer than a few pages, you should include a table of contents. It makes your proposal scannable and easy to read. Without a table of contents, your potential customer may become frustrated and not read your proposal. Consider adding hyperlinks to the various sections to make your proposal even easier to navigate. When titling your sections, be persuasive. For example, instead of titling your pricing section “Pricing,” title it “Your Return on Investment.”

<i>Table of Contents Example</i>	
TABLE OF CONTENTS	
I. Executive Summary _____	1
II. The Problem of Homelessness in San Jose _____	3
III. Our Hi-Tech Solution _____	5
IV. Who We Are _____	11
V. Timeline _____	13
VI. Your Return on Investment _____	15
VII. Terms and Conditions _____	18

Executive Summary

Your executive summary is not just a summary of your proposal. It is your chance to make your case directly to the executives who will decide whether or not to do business with you.

Your executive summary should

- identify your potential customer’s problem;
- recommend a solution to their problem;
- state why you are the best choice to implement this solution.

Be specific but concise; you will flesh out your points later in your proposal. Focus on your potential customer and what you can provide them. Translate any complex topics so that they are easy to understand.

Abridged Executive Summary Example

Homelessness is a significant problem throughout the country, but it is especially prevalent here in San Jose. We have the highest unsheltered homeless population in the nation, and this number continues to grow. Santa Clara County spends over \$520 million a year on the homeless crisis, but existing solutions are insufficient. As San Jose City Council members, you have the power to help the homeless find homes.

Our Hi-Tech Rovers will bring much-needed resources directly to the homeless. These Rovers have the potential to save the city government millions of dollars per year while improving the lives of our city's most vulnerable residents.

We have already experienced a great deal of success, having helped thousands of homeless people in San Jose. With the support of the City Council, we can reach even more people who desperately need our help.

Problem Statement

Show your potential customer that you understand the problem they are facing. You should know all about the problem from your extensive research. Use facts and emotional appeals to craft a persuasive argument that their problem needs to be solved. Be detailed, but only include directly relevant information.

Abridged Problem Statement Example

Homelessness in San Jose is rampant and on the rise. Over 11,515 homeless people were living in San Jose in 2020. The number of homeless people increased by 89% from the 6,097 reported in the 2019 Homeless Census & Survey and 165% from the 4,350 reported in the 2017 Homeless Census & Survey. One out of every hundred people living in San Jose is homeless, and for every person housed, two more become homeless. If nothing changes, this trend will continue.

These homeless people are more than just statistics. They are our friends, family members, and neighbors who need our help. Homelessness is degrading and dangerous. Homeless people are more likely to

- contract contagious diseases such as COVID-19,
- have minor injuries turn life threatening due to a lack of health care,
- develop an addiction to deadly drugs,
- suffer from mental illness,
- and be victims of violence.

Our founder, Stephen Graham, lost three brothers to homelessness. He knows firsthand what a serious problem homelessness is and how imperative it is that we address it.

Proposed Solution

This will likely be the longest part of your business proposal. You want to convince your potential customer that you have the best solution to their problem. Describe your solution, how it will benefit your potential customer, and how you will implement it. Address any concerns your potential customer may have. Explain the details of your proposed solution clearly and accurately. Do not shy away from including technical information, as your target audience now includes technical evaluators and specialists who do not require the simplified language you used in your executive summary.

Abridged Proposed Solution Example

Our Hi-Tech Rovers are a novel solution to the homelessness crisis. They are 30-foot customized vehicles that bring much-needed resources directly to the homeless. You can find our Hi-Tech Rovers serving our most vulnerable citizens at parks, churches, and homeless encampments.

Hi-Tech Rovers provide

- first aid;
- counseling;
- access to Wi-Fi, computers, and printers;
- assistance with job and housing searches;
- clothing, showers, and grooming stations.

Homeless people no longer need to jump through hoops and trek across the city for the chance to access the resources that they so desperately need. The Hi-Tech Rover has shifted the paradigm by bringing an abundance of resources to the homeless rather than expecting the homeless to find and compete for scarce resources. The Hi-Tech Rover is effective, efficient, and compassionate. We meet people where they are and help them get to where they want to be.

Qualifications

You must convince your potential customer that you are able to solve their problem. Establish the credentials of your company. Inform your potential customer about your relevant expertise and accomplishments. Consider using testimonials from previous customers and case studies demonstrating your success.

Qualifications Example

We are a Silicon Valley based non-profit that uses innovative approaches to help the homeless transform their lives. Our Hi-Tech Rovers have already reached and helped thousands of homeless people. Last year, we helped 400 homeless people find permanent housing. We are listed on the Service Provider Network in Santa Clara County, 211.org, and the City of SJ homeless resource guide. We also enjoy the support of San Jose State University and Adobe, both of which provide us with volunteers. Our strong ties to the community uniquely position us to understand and provide for the needs of homeless people in San Jose.

Timeline

Include a timeline so that your potential customer knows how long it will take you to implement your proposed solution. Be as specific and realistic as possible. Consider using graphics to display your timeline.

Pricing

Include a realistic and detailed breakdown of costs. Make sure that your pricing structure is clear, so your potential customer knows what they are paying for. Use tables and graphs to display your pricing data. Consider including an analysis that shows the return on investment your potential customer can expect.

Terms and Conditions

This section lets your potential customer know what is expected of both parties should they accept your proposal. This part is, in effect, a contract. Thoroughly cover billing procedures, project scope, and other legal aspects of the deal. Your company may have a boilerplate agreement that you can use. Keep in mind that these terms may be modified during negotiations. Consider consulting a lawyer when working on this part of your business proposal.

Agreement

If a proposal doesn't lead to an agreement to do work together, then the proposal has failed. Make it as easy as possible for your potential customer to accept your proposal. Include space for your potential customer to sign. Like the terms and conditions, this part is, in effect, a contract.

Activity 1: Identify Elements of a Successful Executive Summary

Examine the following sample executive summary. Is it effective? Why or why not?

Sample Executive Summary

We at Mainstay National Bank are pleased to respond to the request for proposal issued by ACES (hereinafter "Customer"). We recognize that a strong banking relationship is a fundamental prerequisite for success in today's economy for all types of businesses, governmental institutions and agencies, healthcare facilities, educational institutions and nonprofits, as well as high net worth individuals and others. We acknowledge that the process of identifying a new financial institution is a complex undertaking and we believe that our enclosed response demonstrates Mainstay's commitment and ability to satisfy all of Customer's requirements for cash handling, treasury management, payroll, and investment services. We can provide accounts in more than 30 different currencies and can initiate ACH credits to 20 foreign countries via the SWIFT network.

Mainstay National Bank is a well-managed and financially sound institution that has shown growth in profitability year over year for more than a decade. We are well positioned to offer best-of-breed treasury management solutions to meet your needs. We will provide you with a professional Account Management Team that will handle your day-to-day contacts with Mainstay. The Team consists of well-seasoned professionals who have dozens of years of banking experience meeting the needs of customers like you.

~ Tom Sant, *Persuasive Business Proposals*, 2012

Answer Key for Activity 1

This executive summary is not effective. It is not tailored to needs of the potential customer. It fails to identify a problem, offer a solution, or convey why they should implement the solution. Instead, it makes vague and self-indulgent claims. It also uses confusing technical jargon "ACH" and "SWIFT" and includes a typo, "initiative" instead of "initiate."

Activity 2: Respond to Prompts

Respond to the following prompts asking you to create parts of business proposals.

- Design a title page for a proposal selling first-aid equipment to the United States Navy. Design a different title page for a proposal selling organic paint to an arts festival.
- Write an executive summary for a proposal to put your vegan restaurant in San Jose State University's dining commons.
- Think of something that bothers you and write an abridged problem statement about it. Address this problem statement to yourself.
- Write an abridged proposed solution to go with your problem statement.
- Write an abridged qualifications section stating why you should implement your proposed solution.

References

Cobb, Neil, and Charlie Divine. *Writing Business Bids and Proposals For Dummies*. Wiley, 2016.

Hamper, Robert J., and L. Sue Baugh. *Handbook for Writing Proposals*. McGraw-Hill, 2011.

Sant, Tom. "Persuasive Business Proposals: Writing to Win More Customers, Clients, and Contracts." *Persuasive Business Proposals*, 3rd ed., AMACOM, 2012.