BUILDING A BETTER BID DESK
Strategies and Tactics for More Effective Pricing of Large Bids and Quotes
Large Bids, Quotes, and RFPs Can Have Very Broad Impacts

- Obviously, performance on big deals has huge implications for revenue and profitability.
- But point-in-time financials aren’t the only things you need to be concerned about.
- Big deals can also influence capacity utilization, unit costs, strategic position, and more.
It’s a Multi-Faceted Balancing Act That’s Hard to Get Right

- The internal sales pressure can be extremely intense when it comes to large bids and quotes.
- You’re always having to balance responsiveness and speed with analytical rigor and accuracy.
- And then there are the time-wasters—RFPs and quotes that are nothing more than “foils.”
So What Are Companies Doing to Improve Their Bid Desks?

• Understandably, people tend to be somewhat tight-lipped about this particular topic.

• Nevertheless, we were able to gather a significant amount of information and insight.

• Stay tuned for even more on the “bid desk” topic—Express Guides, Tools, Worksheets, etc.
View Your Bid Desk As Part of the Overall Pricing Process

• Some companies think of their bid desk function as a separate or discrete entity.

• This can have unintended consequences and lead to unexpected outcomes.

• Strive for an integrated and holistic view of pricing performance across the board.
Published Pricing Dynamics

- Published Sales

Graph showing the relationship between price and volume.
Overall Pricing Dynamics

- Published Sales
- Bid Desk Sales
Provide Your Personnel With Training Beyond the Numbers

• Shockingly, salespeople aren’t always covering all of the bases.
• Companies want their bid desks to be more effective backstops.
• So they’re providing a lot more training to bid desk specialists.
• Specifically: Differential value propositions, negotiation skills, and procurement tactics.
Get Clear About the Demand Dynamics Behind Large Bids

• At a high level, there are two basic types of large deals...
• Replaceable deals have similar deals waiting in the wings.
• Binary deals are totally unique and never to be seen again.
• Companies will take different approaches based on the type.
Enable Accurate Comparisons Between Replaceable Deals

• Large quotes are often viewed in isolation, or in relation to each customer’s past purchases.

• But, properly constructed price segments can enable very quick and accurate comparisons.

• It doesn’t have to be a complex model---even a handful of basic attributes can be very powerful.
Consider a “Planned Profit” Approach With Binary Deals

- Binary deals are win or lose propositions---there isn’t really a demand curve with these.
- Most companies want to put their best foot forward, without going so far they regret a win.
- They’ll use a cost-plus approach based on very precise rollups of ALL costs (thru ABC or eABC).
Leverage Your Historical Data to Become More Proactive

• Bid desk functions are usually fairly reactive---only dealing with what they’re presented.

• Some, however, are seizing the opportunity to make proactive recommendations/suggestions.

• They’re using data to trigger buy-cycle alerts and identify relevant cross-sells/add-ons.
Qualitatively Score Inbound RFQs to Reduce Time Wasters

• Pro buyers are notorious for using RFPs and RFQs to “beat down” preferred suppliers.

• Bid desk leaders are developing scorecards to determine which are worthwhile to pursue.

• Some try to hurt the preferred supplier, but most say it’s best to politely decline to participate.
Think About Leveraging the Halo Effect on Non-Core Items

• The dominant item on a quote or bid (the core) will usually get the most scrutiny or attention.
• Buyers’ perceptions around the core will often cast a “halo” over all of the other elements.
• Companies are being deliberate about treating “core” and “non-core” items differently.
Study Your Wins and Losses to Identify Improvements

- More bid desk functions are leveraging win/loss analysis to get beyond sales’ anecdotes.
- Of course, they’re using what they learn to improve their own processes and decision-making.
- They’re also using it to improve the sales processes, refine the targeting and qualification, etc.
Study of sales transactions worth $6 billion that took place between 2005 and 2014.
Explore the New Technologies That Are Now Available To You

• Today, there are technologies that can enable and automate most of what we’ve discussed.

• Most of these technologies are now available as SaaS (software as a service) solutions.

• Many companies that couldn’t afford to use these tools in the past are embracing them now.
Recap of Strategies & Tactics

1. View the bid desk in the context of the whole.
2. Provide training in value and negotiation.
3. Understand the true nature of your demand.
4. Even simple segmentations can be powerful.
5. For certain deals, cost-plus is the way to go.
7. Assess RFPs/RFQs before accepting them.
8. Leverage the halo effect on non-core items.
9. Use win/loss analysis to drive improvement.
10. Take another look at quoting technologies.
How to Identify the Real Root-Causes Behind Pricing Performance Issues