

Engineering Proposal Strategies, Part II

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Welcome!!

Welcome to *Engineering Proposal Strategies, Part II*, your do-it-yourself guide to creating an Engineering Proposal including the Value Proposition that works for your engineering firm.

Once you've been through this guide, you'll know precisely what it takes to write an effective Proposal with a Value Proposition and supporting documentation. More importantly, you'll have a sample of a powerful Engineering Proposal to get you started.

This guide is a part of a series of guides covering the four pillars of your Business Plan: Operations, Marketing, Financials, and Value Proposition. This guide covers the Proposal and the Value Proposition. From this point on, you won't have to stab in the dark – you'll have clear direction. Following the steps shown you'll start to see some real results for your efforts.

Once completing the on-line course for this guide at our web-site www.engineeringbusinesspubs.com, you will be awarded with 2 PDH. The on-line course includes reading this guide and passing the 10 question test on our web-site.

Currently 30 U.S States require licensed engineers to obtain continuing education credits (CEU) or professional development hours (PDH) in order to renew their license. The PDH awarded by our seminar will be accepted by your state licensing board. **I personally guarantee it.** If your state board rejects our on-line seminar PDH, please forward us a copy of the board's letter and we will refund to you the cost of the on-line seminar.

How to Use this Guide

Each step covers an important aspect of your Engineering Proposal including the Value Proposition.

You will be surprised how much this guide will reveal about your Engineering Proposal. It will get you to think about important issues that may have never crossed your mind in the past. It may also uncover new issues. It is never a better time to put together or update your Engineering Proposal than now.

While reading please go ahead and jot down some notes in the spaces provided. It will help to improve your Engineering Proposal. Later sections will go into greater depth describing how to develop a Value Proposition, and Engineering Attire.

Now, it's time to get started.

Value Proposition Strategies

Let's suppose your engineering company wants to increase its market share and increase its revenues. Your market research reveals that your potential clients want the following:

1. Better flow of information from the engineer to the client
2. More services offered by one engineering company
3. Quicker processing of agency's applications and engineering designs

You decide that you already provide these additional services but marketing does not indicate that. You decide to revise your Value Proposition to these clients by adding the following:

1. superior customer service
2. service differentiation
3. operational efficiency

It can be difficult to create a single proposition that appeals to all customers and prospects. It is essential to recognize that the proposition should reflect values that are important to individual customers. Because their needs vary, you have to create value propositions that match individual needs.

What are Value Proposition Strategies? Let's take a look at 13 Key strategies.



Key 1: Recognize the Benefits

The purpose of a value proposition is to identify and satisfy an unmet need in your target market. Effective value propositions provide you with a number of important benefits:

- create a strong differential between you and your competitors
- increase the quantity and quality of sales leads
- win market share in your targeted segments
- align your business operations closer to client needs

Key 2: Focus on Customer Needs

Your client must have a need or a business problem it has to solve. There is little benefit in pursuing sales opportunities where the client has no need to buy. Value is the benefit clients perceive when they select a solution to a real problem. Focusing only on service features and benefits, offers no value to the client. For a value proposition to be successful, the client must perceive that your proposition is superior to every alternative being considered.

The following are questions about your clients needs to be considered when developing your value propositions:

- How does your company help developers increase their revenue by reducing construction cost
- How does your company help government entities to reduce their budgets for public facilities
- How does your company help Home Builders and Developers to increase their profitability
- How does your company help clients design a project that is more inline with their customers needs and thus increased sales
- How does your company help clients improve their productivity
- How does your company help clients improve the satisfaction, retention, and growth of their customers
- How does your company help clients improve their quality

Key 3: Develop Individual Client Value Propositions

Many companies try to develop a single value proposition. This is a wrong approach because each client has different needs and business problems. A Home Builder would have a different need from a Government entity. Effective value propositions are customized to the specific needs of each customer. Although a marketing team can develop value propositions aimed at groups of customers or market segments, it is essential for the sales team to create a unique value proposition that fits individual clients' specific needs.

The proposition can be refined even further by tailoring it to the needs and concerns of individual decision-makers. To be successful, you need to present the value that means the most to each individual at the time the decision is being made.

Key 4: Keep Value Propositions Up to Date

Clients' needs change, so effective value propositions must be updated to meet the changing needs of clients as well as competitive initiatives. Value based solely on

service features, and pricing is not sustainable. If a competitor presents a better offer, your value proposition becomes meaningless.

Key 5: Concentrate on Intangibles

For some of your clients, value may reside outside of the services you are providing in benefits that are intangible. These might include:

- The relationships the client has with the company;
- Ease of buying a product or service;
- Reputation of the company;
- Ease of doing business;
- Trustworthiness of the engineering staff.

It is essential to take into account these intangibles when developing your value proposition.

Key 6: Delivering on Value Propositions

Just creating great value propositions will not win and retain business. You must deliver real value! Failing to deliver on the value the customer thought they were buying will destroy a relationship over time. Your value proposition must be reflected in the process of developing the products and providing the services to the client. This assures that the real needs of clients are addressed. All members of the company's staff will need to be involved in delivering the Value Proposition by aligning their activities to customer needs. Internal and external communications also play an important part in conveying that Value Proposition.

Key 7: Develop a Process for Delivering Value

There are a number of key stages in developing an effective value proposition:

- Identify client needs that you can meet (What are the client's needs?).
- Review market research on your competitive positioning (What is the competition's Value Propositions?).
- Develop overall value propositions (Create your company's Value Proposition).
- Develop individual client value propositions (Adjust your company's Value Proposition for use client).
- Train staff to identify individual needs and tailor value propositions (Listen to your clients).
- Use internal communications to ensure customer-facing departments develop and deliver client value (Deliver on the Value Proposition).
- Integrate value propositions into internal processes and systems.
- Integrate value propositions into external marketing communications.

- Measure the effect of value propositions.

Key 8: Recognize Client Segments

In researching client needs, it is important to recognize that clients' attitudes and business values can range from being extremely conservative to innovative. Home Builders tend to be very conservative and want only to complete the project as soon as possible. Imaginative designs are not encouraged if it costs the client far more money and time. Theme Park Developers tend to be far more imaginative and encourage unique ideas. Understanding these differences in clients can help you to modify your value propositions. These different client categories are:

- **Struggling** - Companies or clients who are struggling and really need help. The individuals in this category are usually novices who have not experienced working on a project requiring an engineer in the past.
- **Price Conscious** - Companies or clients who want the best prices. All clients want the best price, but price is not always the deciding factor. Again the clients in the category are usually not very experienced when working with engineers. They usually think that all engineers are the same and will provide the same service. They also consider engineers as contractors.
- **Best Return on Investment (ROI)** - Companies or clients who want the best return on capital. These individuals are looking for several values. They to know that their project will produce the best value for the resources they have. In land development a client wants to know his convenience store project is the best fit for his 5 acre site. He will ask everyone he interviews whether he should proceed with his project or scrap it for a better project fit. Your value is providing him with the engineer's viewpoint. He is looking for your honesty.
- **Conservative** - Companies or clients who are risk averse and want stability. These individuals are looking for companies who have been business for a long time. Their engineers and design staff have worked on numerous projects similar to theirs with success. They do not want unique designs that will require lengthy review time and the possibility of denial. Conservative time tested designs is what they want.
- **Team Makers** - Companies or clients who are looking for partners to help them develop their projects. These individuals are very open to team concepts. They want everyone involved in the project including the engineers to work as a team. They will usually hold periodic meetings (weekly or monthly) with the team to hear ideas and to discuss the project schedule. Communication is the key to these individuals.
- **Creative** - Companies or clients who are innovative and welcome new ideas. These individuals usually work on very large projects, and they want the most creative minds they can find on their team. Price for your services is not of a major concern; your ingenuity is what they want.

Information like this helps you segment your client base and develop a matching proposition that delivers value at a price the client is willing to pay and which gives you a profitable return. It can also help you to identify and avoid scenarios where your value proposition is unlikely to succeed.

Where do your clients fit? Categorize your current clients into the table below. Is there a pattern?

Table 1 - Client Category

Client	Struggling	Price Conscious	Best ROI	Conservative	Team Builder	Creative	Other
1							
2							
3							
4							
5							
6							
7							
8							
9							

Key 9: Tell Clients What Is in It for Them

Your prospects and clients probably do not want to hear about all of the aspects of your services you are offering—or any other piece of information you have available—unless it answers the question “What’s in it for me?” They want to know how your services benefit them. If you understand what the potential clients’ needs are, you should then be able to tailor your message to demonstrate how your services resolve their needs. Engineers typically are excellent at explaining the technical aspects of their work, but the client is more interested in the benefits of your services.

Key 10: Turn Features into Customer Benefits

Now let’s take the technical information and convert it to a benefit to the client. Start by listing the features of the service you are promoting. Let’s say you have a 3D Laser Scanner which is utilized to measure and model any 3D structures creating Building Information Modeling (BIM). To turn that feature into a benefit, ask how this fact or feature will improve the life of the prospective client. The benefit might be “Having 3D

Laser Scanning of your facility means that you will have an accurate as-built model that will significantly reduce architectural, engineering, and construction cost. Contractors' change orders will be significantly reduced due to accurate architect or engineering plans." The client may not understand the technical aspects, but he definitely understands the benefit of reduced cost to build or expand his facility.

Key 11: Develop a Creative Value Proposition

Using that same example, you can tailor the value to a specific client and incorporate many of their needs into the value. In the example the specific need is "an accurate as-built" and reducing "change orders." If the client has had problems with numerous change orders in the past due to inaccurate as-built drawings, he will want to know how you can help him to avoid the situation on this project. This is known as the emotional appeal of the service, and will sit you apart from the competition. Strive to make your value proposition unique for each of your clients. Know what their needs and concerns are, and provide a service that is tailored to that need.

Key 12: Communicate Your Proposition

Place your Value Proposition in all of your communication to your prospective clients. Constantly reinforce the message with completed projects and testimonials from previous clients. Properly used and executed, a creative value proposition will make your marketing communications work harder and deliver a better return on your investment.

What is your company's current Value Proposition?

If you have not done so already, ask your clients what added engineering values beyond your services are they expecting from your firm? List these values below.

Key 13: Failing to Engage the Prospect

Listing all of the services your firm can provide does very little to excite the client. In fact, most of the services engineering companies very few other individuals actually understand. The client wants to know why they should select your firm over all of the firms in your community who provide the same services. What do they benefit by hiring you? You want to engage the potential client and encourage them to take action. Take action by picking up the phone and contacting you today.

Everyone is talking about value. Go to virtually any web site, or look at the marketing materials for any company and you will see them extolling their value propositions. Here are some we have recently seen:

- “The company's success is based on the core principle of delivering projects to the highest standards, on time and on budget.”
- “...an established civil engineering Company ...We are committed to delivering the highest standard of service to our clients to ensure contracts are completed on time, on budget and with the absolute minimum of disruption to other trades. We can offer a 'turn-key' solution not always available with other Civil Engineering Companies or Contractors.”
- “...we are committed to providing our clients with high levels of service and design expertise.”
- “...a multi-disciplined planning, design and engineering company providing comprehensive services throughout the Southwest. Our 450 employees work on a variety of client based projects of all sizes and complexities in both the private and public sectors. With over 50 years of award winning project execution ... grown to eight offices and our broad range of services benefit your project from conception to successful completion.”
- “Designing the future through creative planning, quality design and client service.”
- “Our three offices are equipped to provide you with the expertise you need anywhere in the New England area.”
- “...one-stop civil engineering design firm capable of providing our clientele with sound, cost-effective products that enhance the public health, safety and welfare. With a talented and growing workforce, [XYZ] has the capacity to undertake major civil engineering contracts in both the public and private sectors.”

Nearly every civil engineering company promises the same thing: on-time, on budget, and top quality. But if everyone is promising the same thing then no one is different. How many of these are really thought out? For the most part the usual method is to review everyone else's value proposition and then create their own which is based on the best words and phrases, which are usually vague and meaningless. A true well thought out value proposition stands apart and is measurable. In order to create this type of value proposition, consider the three (3) P's.

- Problem – The client must have a problem or need that needs to be solved. You can not offer someone a Technical Drainage Study when all they need is an open channel design.
- Perceived Value – This is what the client perceives to be the differences are between the benefits and the consequences of selecting a solution (proposal). Focusing solely on your company's benefits is not sufficient, and is a sure fire way of losing the prospective client.
- Prizewinner – The prospective client will chose the winning proposal based on the best perceived value, which includes doing nothing.

The proposal should attempt to maximize the perceived value over all other alternatives. A proposal based on the three P's has a greater probability of winning contracts.

Now to Put it all Together

This is not rocket science. However, too many engineering firms are making fundamental mistakes in defining and communicating their value proposition. Here are some tips, based on experience:

- There is no one value proposition for every client or even a group of clients. Each client is different just like every project is different. This is why it is so important to listen to the client, and ask questions. The value proposition is developed around what are the client's true needs. Contract cost may be important to some, while meeting a very short deadline is more important to others. Construction cost may be more important than the engineering cost. While others the engineering fees are the most important. Effective value propositions are customized to the specific needs of each client.
- Many clients will contract with the same engineering company over and over again, but the needs of that client will change over time. If the engineering company does not effectively review and update it runs the chance of eventually losing the client. Effective value propositions must be updated to meet the changing needs of clients.
- Value based propositions solely on capabilities and pricing is not sustainable. Most engineering companies offer the same services, and will joint venture or sub-contract with other companies for other services that some of the larger firms may have in-house. Everyday, competitors will adjust their price to get a job, and in some cases they will "buy the job" with the hope of winning future work with the same client. Basing your value proposition solely on service pricing may win today, but tomorrow when your competition introduces a lower price you will lose.
- The greatest value an engineering company can actually offer is often outside the services provided. The greatest value may be in the intangibles such as the relationships the customer has with the design team, project manager and the company, the ease of selecting a service, the reputation of the company, the responsiveness of the organization (i.e. answering phone calls, emails, sending

reports, and so on), the flexibility of the company, the ease of doing business, the integrity or trustworthiness of the company's staff, the performance of the company in meeting commitments, the variation of services offered, and many more opportunities.

- The individual developing the value proposition must first listen to the client and understand what your customer seeks to accomplish, the roadblocks they face, and what is important to them. The value proposition should then be built around these concerns and specifically tailored to the project.
- Generic value propositions are used to create interest and leads from specific market segments. Often these propositions are placed in the brochures and on the website.
- It is often the engineering project manager responsibility to then take those interested potential customers, and develop a unique value proposition that fits each of their specific needs.
- Customer focused organizations like engineering companies start defining elements of their value propositions during the product or service definition and development. This assures that real needs of customers are addressed.
- In developing your channel or distribution strategies, it is important to keep two things in mind:
 - What value do your partners contribute to the values your company delivers? If the partner is not adding value, then they are adding cost.
 - What is your company's value proposition to the partner? Partners are your customers as well. If you do not create value for your partners, you will not have an effective relationship.
- Remember your competition is also trying to develop and communicate their value proposition. To be successful your value proposition must be differentiated and superior to all others. Never lose sight of your differentiation.
- Finally, make sure you are delivering real value! Failing to deliver on the value the client thought they were buying will destroy the relationship over time. The way to avoid complications is to communicate constantly with your clients.

Developing and communicating a value proposition that is different from your competition is essential to your company's success. Following the strategies above will help guide you to greater success with your clients. An example of a general proposition is shown at the end of this guide.

Now let's delve into the Engineering Proposal.

SAMPLE **General Value Proposition**

This particular Value Proposition is used on the company's website and other marketing material. A specific Value Proposition is tailored-made once the client has contacted the firm and the client's project is understood by the engineering staff. Not all clients are interested in the company's methodology in providing the best value to its clients or the unique talents and capabilities of the staff, but some potential clients are.



ENGINEERING PROPOSAL STRATEGIES, PART 2

Services – At HAUNTEC, our services meet or exceed the highest quality standards in the industry and we constantly monitor and measure our performances to deliver our services on time and on budget, ensuring each experience is positive and repeated.



- Quality
- On Time on Budget
- Measurable
- Reliable

Products – At HAUNTEC, all of our products including exhibits, drawings, letters, technical reports, and plan that sets are checked against the local codes and standards prior to their release. Our in-house Quality Control and Quality Assurance programs ensure that our products require minimum review time which leads to quicker approvals, speeds up the design process, and saves the client money.



- Meet Industry and Government Codes and Standards
- Require less Review Time
- Higher Quality

Technology – At HAUNTEC, our technology systems utilizes the latest software and equipment to provide the client with services and products quicker with a higher degree of accuracy. The technology available to the staff is enhanced by training to maximize the highest utilization of the technology.



- Up to date
- Reliable

Methodology – At HAUNTEC, our design processes have been developed from decades of experience and accelerate engineering cycles with increased quality. In addition, our staff follows while established Quality Control and Quality Assurance programs to ensure that the services and products delivered to the client meet the highest standards. In addition, our procedures reduce design time and engineering costs.



- Established Design Process
- Quality Control and Quality Assurance Programs

Solutions – At HAUNTEC, we provide an array of services that can be customized to fit the needs of the client. Our services are specially tailored for each client, and we have carefully understood the client's needs, ensuring that the client is completely satisfied with our approach.



- Full Service Availability
- Customizable

Alliances – At HAUNTEC, we have forged alliances with key firms to provide our clients with the highest quality engineering services available. Through our business relationships, we enhance our portfolio to assist our clients in competing in the in today's dynamic business environment.



- Industry Leaders
- Commitment
- Loyalty to our clients
- Enhanced Service Portfolio

Staff – At HAUNTEC, we hold our staff to be personally accountable to distributing value to our organization and to our clients. As a team we encourage creative thinking infused with facilitating personal growth and development.



- Industry Leaders
- Creative Thinkers
- Team Environment

About the Author

Joe Alvin Haun, PE, MSE

Joe Haun is a highly experienced Civil Engineer, author, public speaker, and business advisor who have worked in the engineering profession since 1983.

Mr. Haun's early career was in the United States Air Force as an Engineer Assistant. A Desert Storm veteran he has a unique perspective of the Middle East.

Mr. Haun graduated from the University of Las Vegas, Nevada in 1994 with a BS degree in Civil Engineering and in 1995 with a MSE in Civil and Environmental Engineering.

Mr. Haun worked with several engineering firms in the Las Vegas valley until February 2005 when open his own engineering company HAUNTEC, which has grown to a designing multi-million dollar projects in Nevada and Utah and in the countries of Iraq and Costa Rica. Review his growing company's website at www.haunteceng.com to see the firm's latest capabilities.

Mr. Haun has published articles in engineering magazines and has given speeches on water resources, and is currently working on several articles on permeable pavements.

In 2009, Mr. Haun started Engineering Business Seminars and Publications to. His first publication is the "Engineering Business Success." He has created many self-study engineering business seminars for Professional Development Hours credits. Visit the web-site www.engineeringbusinesspubs.com to review the latest seminars and publications.

Recommended Reading List

Engineers are constantly learning about new techniques, products and design methods. Improving your skills as a business leader is no different. Reading books is one of the best ways to improve your skills. Below is a list of books we recommend.

- *Engineering Business Success* by Joe A Haun (book)
 - *Engineering Business Plan* by Joe A Haun (seminar)
 - *Engineering Marketing Strategies* by Joe A Haun (seminar)
 - *Engineering Operations Strategies* by Joe A Haun (seminar)
 - *Engineering Financial Strategies* by Joe A Haun (seminar)
 - *Engineering Proposal Strategies* by Joe A Haun (seminar)
 - *Engineering Joint Venture Strategies* by Joe A Haun (seminar)
 - *7 Habits of Highly Effective People* by Steven Covey
 - *First Things First* by Steven Covey
 - *Awaken the Giant Within* by Anthony Robbins
 - *Unlimited Power* by Anthony Robbins
 - *The E-Myth Revisited* by Michael E. Gerber
 - *Get Clients Now* by C. J. Hayden
 - *Dress for Success* by John T. Molloy
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