

## 1.2 Organisational Set-Up of Bid and Proposal Management within a Company

**What is the optimal organisational set-up for bid and proposal management in a company? The answer is simple: it depends...**

In the following section, we will deal with the organisation of bid and proposal management within a company. The first question is whether a dedicated bid or proposal management team is needed, or whether other functions (such as Project Managers) should temporarily take on the roles involved as needed.

Then we have to ask ourselves about the optimal size of this organisational unit and how they can overcome the challenges of a drastically fluctuating workload.

Afterwards, focus passes to organisational establishment as we ask which department should house this team.

Furthermore, we'll deal with opportunities and limitations when it comes to centralising or even outsourcing bid and proposal management.

And finally, we'll discuss how to correctly work with external Proposal Managers and Consultants.

### 1.2.1 Temporary or Dedicated Team?

**Too many companies don't have a dedicated proposal management team. And many that have one sadly don't pay it enough attention.**

Firstly, we have to establish whether a company should have or can afford a permanent bid/proposal management team made up of dedicated roles<sup>14</sup>. Shockingly, countless companies continue to go on without a dedicated proposal management team although their size and scope of business would undoubtedly justify one. The main causes are those already mentioned: very widespread ignorance and lack of knowledge at management level concerning the complexity of the task of proposal creation. So, Key Account Managers or Project Managers often take on the role of Proposal Manager on the side. At least it saves in terms of items in accounting and therefore staffing costs. It goes without saying though that the work still has to get done, so it gets distributed to other positions that still cost the company money. Seems like denial and spin to me.

As soon as a company is permanently dealing with at least one proposal, the complexity of which requires a Proposal Manager, it makes sense to create a dedicated position for a Proposal Manager. Or to put it another way: if I can keep an employee permanently busy with proposal management tasks, I should definitely create a position that can handle only proposal management tasks, almost automatically achieving a higher degree of specialisation and professionalism. So, if four employees spend on average 30% of their time in the role of Proposal Manager, it would be better to employ a permanent Proposal Manager. An employee that only slips into the role of Proposal Manager from time to time will never achieve the same level of professionalism. Of course, this also applies to other roles in proposal management. In layman's terms, it's like letting a lorry driver race in the Grand Prix every now and then. You can't expect them to win much, as they'll never be a professional racer.

The challenge is the uneven distribution of work, as the timing of incoming requests is mostly controlled by someone outside the company (the customer). This makes HR planning difficult because we don't want a Proposal Manager who is regularly left twiddling their thumbs. On the other hand, we also don't want a proposal team that always ends up in the red due to an unreasonable workload

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<sup>14</sup> Definition of a position: a position arises through the allocation of (partial) tasks to one specific employee. Therefore, a position is the smallest organisational unit within an organisation (or 'workplace'). So, we can say that a position is the sum of tasks to be handled by a suitably trained employee. The position's tasks are laid out in the job description.

because there isn't enough staff to deal with the number of proposals. Unfortunately, this is often the reality. And this contributes to the job of Proposal Manager suffering from high fluctuation rates and a difficulty in finding new, motivated employees for the job. This then leads to understaffing. You can see the vicious cycle. We address this problem with the "breathing" approach to proposal management organisation.

Regardless of whether the Proposal Manager is a permanent position and in which department they are housed: there MUST be an employee that manages and takes responsibility for bid management and holds the flag high. In permanent organisational units, they will be called the 'Head of Bid Management' or 'Head of Proposal Management'. If a company has not yet reached the critical size for permanent proposal management staff, there must still be someone who is responsible for the general process (a 'Process Owner').

The Process Owner generally has the following tasks:

- They are responsible for ensuring that the defined proposal process is observed and put into practice.
- They are the point of contact for any questions about the bid process.
- They are responsible for training on the proposal process.
- They are responsible for the optimisation and development of the process.

The 'Head of Proposal Management' (also often called the 'Proposal Director') takes on the following tasks:

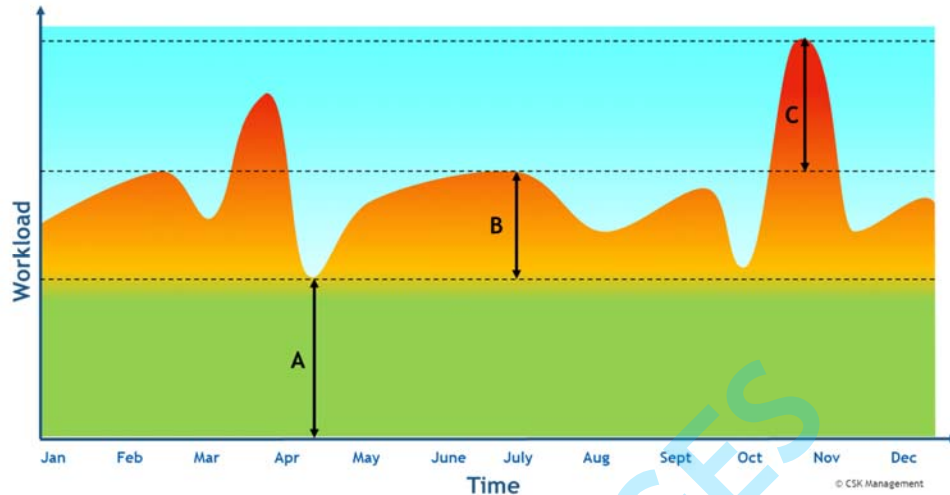
- They manage and support the 'proposal management' unit.
  - They are responsible for recruiting and onboarding Proposal Managers.
  - They are responsible for the training and education (including certification) of employees within the proposal management process.
- They are responsible for the process (see above for Process Owner tasks).
- They are involved in allocating resources, so in the allocation of proposal projects to "their" Proposal Managers.
- They are involved in strategic proposals in the role of Proposal Manager.

### 1.2.2 'Breathing' Proposal Management Organisation

**'Breathing' proposal management organisation solves the dilemma brought about by the drastically fluctuating workload in proposal management.**

In Figure I-8, you can see the typically uneven distribution of workload over time. Breathing organisation set-up lets you flexibly react to fluctuating workloads and tackle the peaks (shown in orange and red) with minimal impact on quality. It's about processing the majority of proposals (core volume, shown in green) with a competent, well trained team of professionals and tackling the natural peaks in workload with previously defined, well trained ad hoc Bid Managers that are only used when needed and otherwise carry out other, yet similar functions. To tackle extreme peaks, it's better to fall back on external resources than second-class internal resources (such as employees with limited experience and little proposal management know-how). This might encompass employees from other branches of the same company group or external Proposal Managers.

Figure I-8 Workload distribution in proposal management is generally very uneven. We differentiate between core workload (area A, shown in green), the medium area (area B, orange) and peak workload (area C, red).



Source: CSK Management

The three levels of breathing organisation are (see also Figure I-9):

- *Dedicated proposal management organisation for core workload (green area):*  
 To cover the core workload, a company should have a dedicated proposal management team that is permanently employed. Generally, this team should cover 70% to 80% of the volume. This professional team is managed by a 'Head of Proposal Management'. The members of any such team are professionals, boasting many years of proposal management experience. They have a good grasp of company processes and have far-reaching, in-depth training in proposal management. APMP certification at Practitioner Level would make sense here (find out more about APMP certification in Appendix B).
- *Ad hoc Proposal Managers for normal fluctuations (orange area):*  
 To deal with most upward fluctuations, it makes sense to have a dedicated on-call team (often called an 'ad hoc team') that can be called upon when needed. They should cover around 20% to 30% of the proposal management workload. Generally, these might be employees from project management, business consulting or sales that would otherwise be involved in proposals to some extent. They then take on this role temporarily and it is not their main task, so they only report to the Head of Proposal Management during the proposal phase in their roles as Proposal Managers. They should also be trained in the discipline of proposal management and in the relevant processes. APMP certification at Foundation Level would make sense here.
- *External resources for peak workload (red area):*  
 Time and time again, several large proposals need working on at the same time, which even the expanded team with the ad hoc staff can't deal with. It wouldn't make business sense to make the ad hoc team so big that it could provide enough resources in absolutely any case. In dealing with these (often very strategically important) peaks, you should not add any employee with little or no experience to the team. There are generally two options: 1) 'borrowing' Proposal Managers from sister companies (or from another branch) or 2) involving external Proposal Managers ('on demand'). We'll tell you what you need to keep in mind in Section I-1.2.6.

Figure I-9

Depending on the workload, the organisation of proposal management can be flexibly adjusted thanks to ad hoc staff and external resources. Still, the majority of proposals should be dealt with by professionals and only a small proportion of 'part-timers' that are still suitably trained and at least have a certain routine because they are relied upon again and again.



Source: CSK Management

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### 1.2.3 Anchoring of Bid and Proposal Management within a Company

When it comes to the organisational set-up of bid and proposal management within a company, there are several acceptable options. All of these have their upsides and downsides, which should be carefully considered. Targeted measures can be used to minimise or eliminate these downsides.

Where should proposal management be housed? - Some might say that's obvious: it has to be part of the sales department, as the proposal phase is part of the sales process. - Wrong, others would say: proposal management is a special kind of project management, so it should be housed in the project management department. - Nope, say others still, who see the team's cross-departmental function as requiring a neutral staff function. Some people think proposal management belongs in the marketing department. All of them are right to an extent, because proposal management is very cross-departmental in nature. With this in mind, it could conceivably be allocated to a number of company departments as long as they are customer orientated. Therefore, integration into sales or project management would make more sense than research and development. In any case, it's important to ensure that the proposal management team's "home department" cannot have too much impact in terms of the preservation of the department's own interests.

Below, I will cover the four most common homes for the proposal management team:

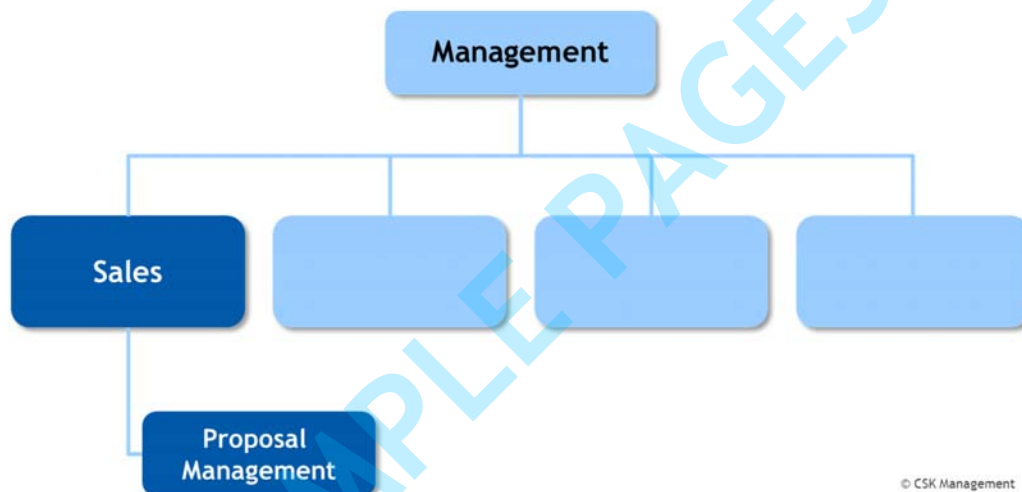
- Proposal management as part of sales
- Proposal management as part of project management

- Proposal management as a neutral staff position
- Proposal management as part of marketing

**Proposal Management as Part of Sales**

It is a fact that the proposal management process is an important part of the sales process, but this alone does not prove that the proposal management team belongs in sales. When sales correctly recognises the value of proposal management, this is a good solution. But, unfortunately, this is often not the case and the proposal management team is often demoted to sales support. Another critical issue is that other departments may suffer from unequal weighting as the sales department’s interests are weighted too heavily. The classic conflict of interests is between sales (a signed contract as the top priority) and planning/operations (planning precision and risk minimisation as the top priority). There is also the risk that Sales Staff try to “palm off” proposals onto the proposal management team and don’t contribute enough themselves. With the right measures, these conflicts can be brought under control.

Figure I-10 As long as the proposal management team isn’t simply positioned as “sales support”, it can make sense for it to be housed in the sales department.



Source: CSK Management

Probably the best solution (even if it is often met with internal resistance) is to set up monetary incentives for sales, so that for bonuses, the win rate is of equal or similar weighting as profit generated. This means that everyone will thoroughly consider whether an opportunity is to be put through to the proposal process (taking up proposal management resources) or not. This also motivates Sales Staff to actively contribute to the proposal in order to win the deal.

Another measure is to budget proposal costs and provide a budget to Sales Staff for the creation of proposals. Sales Staff have to make their proposal budget last, so they will be responsible with it.

In any case, it’s important that bid/no-bid decisions are made systematically and consciously to avoid the (sadly all too common) situation where a sub-par proposal is created for every RFP that lands on the desk. This is especially important when sales is managing the proposal process. We will discuss the bid/no-bid decision in more detail in Chapter III-4.

**Proposal Management as Part of Project Management**

Creating a proposal is like managing a project (albeit a very specific and especially challenging one). Additionally, the project management team would have to take on the project if the proposal is successful. These are good reasons to house the proposal management team within project management.

It's also an easy way to ensure that project management is involved in the proposal creation process. This does not mean that the Project Manager responsible for planning the customer's project should also take on the role of Proposal Manager at the same time. As already mentioned several times, this often means an unreasonably high workload, leading to a conflict of interests between the sales objective (lowest price possible, harsh calculations) and the project objective (all risks taken into account and conservative calculations), in which case a Project Manager will always side with the project objective.

Figure I-11 If housing the team in project management, it is important that Proposal Managers form their own (sub-)unit.



Source: CSK Management

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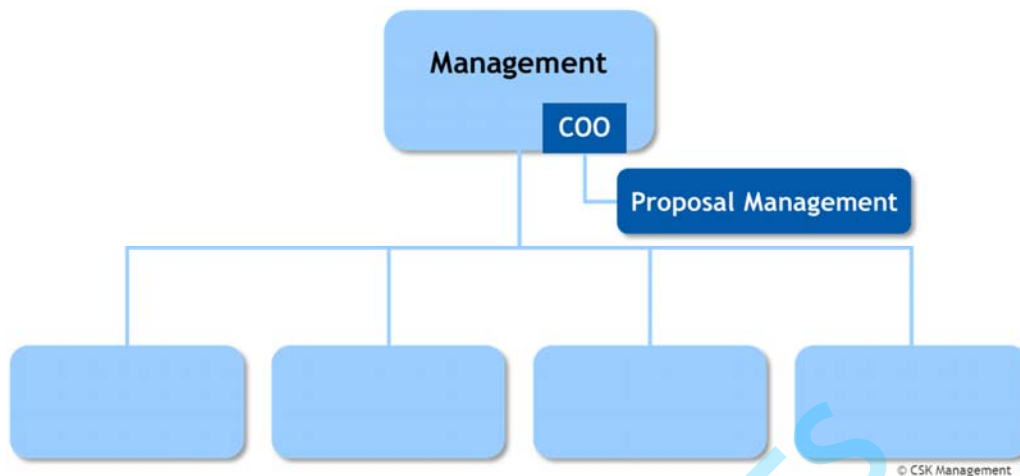
If the proposal management team is housed in the project management department, the Bid Managers should form their own team not involved in customer projects. To put it simply, the Proposal Managers carry out bid management tasks and have a further Project Manager on hand during the proposal process, who will carry out planning work for the customer project etc. There is still the danger of the Bid Manager creating a proposal that is too technical and conservative due to their environment and background, losing sight of the sales aspect. However, this depends on the personality of the individual Proposal Manager, as well as adequate involvement from sales.

So, and excuse me if I'm repeating myself here: the role of Proposal Manager and the role of Project Manager should be kept separate for large proposals wherever possible.

### *Proposal Management as a Neutral Position under the COO*

To avoid any one-sided interest in proposal management, there is a neutral position within a company: in most cases, this would be subordination under the head of operational business, the COO (Chief Operating Officer).

Figure I-12 Proposal management can also be established as a neutral staff position within the company.



Source: CSK Management

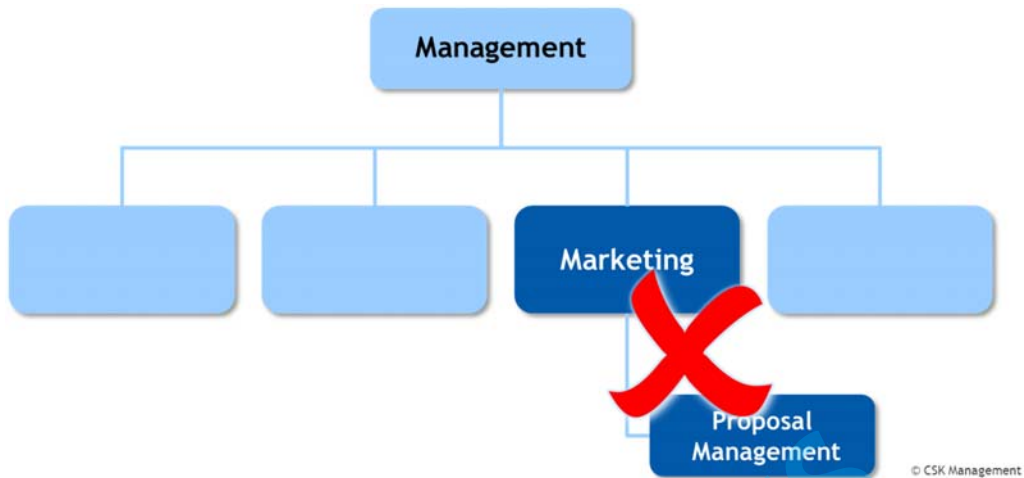
Because proposal management is an extremely inter-departmental process, this would theoretically be the ideal solution. In practice, there are many challenges, most of them cultural. From experience, functions not allocated to a line unit are not taken seriously everywhere. Often, employees in line functions see them as staff positions occupied by bureaucrats that just cost the company money. This undifferentiated view is, of course, nonsense, but we have to acknowledge this perception. This often means that proposal management doesn't have the weight and necessary power of assertion that it really needs.

It's not a staff function, as these are not operationally active by definition, only providing indirect support. Proposal management is, however, an operational process. Still, "neutral" positions are often perceived as staff functions almost automatically. In a matrix organisation, proposal management would be truly cross-functional.

### *Proposal Management as Part of Marketing*

Well! The clue's in the name, really: "Marketing" is about the market as a whole and not individual customers. That's the job of the sales department. That is why it's generally not ideal to house proposal management within marketing. This differs in organisations with a 'marketing and sales' department. Still, you should make sure that the proposal management team is more in the sales corner than the marketing corner.

Figure I-13 Proposal management should not be positioned in marketing.



Source: CSK Management

### 1.2.4 Decentralised Organisation, Central Management

In companies with several locations, such as groups with branches in various regions or countries, proposal management must be centrally managed but locally organised, i.e. as close as possible to sales and, therefore, the customer.

#### *Decentralised, Local Execution Where Possible*

Proposal creation should be near the customer wherever possible. It's always easier to portray convincing benefits that reflect the customer's needs when the paths of communication from the proposal writer (via sales) to the customer are short and cultural differences are minimal. Of course, it probably shouldn't matter if a proposal for a Munich-based customer is written in Stuttgart or Frankfurt. But a proposal written by a London team for a customer in Vienna is considerably more difficult, not least because of the language barrier, but also local conventions, legal conditions and basic cultural differences that serve to make the task of developing a suitable proposal more difficult. The proposal team should be where the sales department is, and as close to the customer as possible.

If the volume of bids to be created is too small, then the company will have to do without a dedicated proposal management team (as described in Section I-1.2.1). The question is whether a proposal should be created by a local ad hoc Proposal Manager or a permanent Proposal Manager from another unit. It's not possible to provide a general answer, as it depends on too many factors.

#### *Central Management Still Necessary*

Bid and proposal management should still be centrally managed in any organisation to ensure that the approval processes, calculation methods, observance of CI (corporate identity) guidelines etc. are the same for all outgoing proposals, regardless of which branch issued the document. Especially when supra-regional proposals are created, i.e. if several national subsidiaries are involved in providing the service, all facets of the proposal process should be as cohesive as possible to avoid friction loss within the company. Even just the tedious collection of several partial documents can be a time-consuming and complex task if they were each made using different document templates. This can be avoided through one centrally provided template.

Central management is responsible for the following areas:

- Organisational set-up of bid and proposal management within the company as a whole.