

**SAMPLE**

# **THE BUSINESS PROPOSAL BLUEPRINT**

A STEP by STEP guide to writing winning  
business proposals.

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Revision 3

## Intro...

It all began with selling airtime at school when I was 14-years-old. Almost twenty years later, with many scars, trials and tribulations, I find myself in a team of people I barely knew five years ago trying to raise a billion Rands to build schools and other properties.

My time in business has made me appreciate a simple yet profoundly powerful fact. Nothing happens until someone is convinced that it is in their best interest to work with you. Whether you're selling airtime, convincing someone to join your company, or raising money; influence is the ultimate equaliser.

But how do you influence a person you've never met? In fact, how do you convince them to meet you in the first place? How do you influence a group of people who may have a wide range of interests? How do you sell your ideas and convince those around you to buy into them?

My secret weapon of influence, which I started using in 2005 when I sold timetabling software to schools, is writing proposals and letters. I've wrote hundreds of proposals, many of which failed. At one point, I gave up writing proposals altogether but the people I wanted to do business with always demanded them. It was frustrating! I simply had no idea what to put in a business proposal, what to leave out, and how to organise my thoughts.

## The Business Proposal Blueprint

I had a bad attitude toward writing proposals. This continued until I came across a workshop by Gary Halbert, a guru in copywriting and marketing, who said: “You are one sales letter away from making your next million.” At the time, I was flat broke and staying in a remote town where I hardly knew anybody, so I figured there was no harm in learning how to persuade people on paper, which is what a proposal is. I read mountains of books and research in sales, marketing, psychology and even personal development, trying to find a gem that would solve all of my problems.

For me, the biggest insight was that ‘there’s no one thing’ that can make proposals magically successful 100% of the time. If there was, human nature would lose its mystery and life would be like watching a boring movie over and over again. The good news, however, is that there are very few things you need to know that will significantly improve the success of your business proposals. One of them is that we all have biases as human beings, many of which we don’t even know about. We all tend to make decisions that reinforce our biases, while we try to avoid things that contradict them. These biases, therefore, make up the blueprint of our thinking and decision-making process. In short, understanding your reader’s biases is the beginning of writing a business proposal.

Here are a few examples of biases:

Consider a woman who falls pregnant for the first time. The likelihood is that she will start buying baby magazines and consuming all content that has to do with pregnancy and parenting. Consider a young man who just landed a new job. The likelihood is that they will go out of their way to impress their new boss and colleagues. Lastly, consider a man in his fifties who just lost his childhood friend. The likelihood is that everything they do will have a renewed sense of urgency, and they will talk about legacy.

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The underlying principle is that biases influence behaviour including purchasing decisions. Therefore, if you stop reading this book and invest all of your time to try and figure out what drives a person's behaviour, you would still derive more value than a person that writes proposals every day without understanding what drives their reader.

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## House Keeping

Learning does not happen when we acquire new information. Instead, it happens when we try something new. With that in mind, you will do yourself a great disservice if you read this book and thereafter do nothing. Rather, consider this a guidebook, try the things I recommend and then make up your own mind about what works and what doesn't.

This book is designed to achieve two primary goals: (i) to help you deconstruct important principles about writing proposals; and (ii) guide you through action steps that will help you internalise the process of writing powerful proposals.

Each chapter introduces an idea and ends with a project that you must complete which enables you to learn and apply your knowledge in the real world. The projects are difficult to do; they will cost you money, time and effort to complete properly. Also note that the projects are designed to be more effective if you work on them with a friend, your boss or a colleague.

Unfortunately, this is not a shortcut, rather it is a roadmap. You still have to travel the winding and often difficult path to achieve mastery. The only difference is that, unlike some of us who had to learn by trial and error, you will know where you are in your journey.

# Chapter 1: The Psychology of Pricing

I have a few questions...

- Why do people pay for a first-class plane ticket when the plane will get there at the same time as the people in economy class?
- Why do some people work the whole day in the scorching sun, doing dangerous work for next to nothing compared to executives (who sit in air-conditioned offices and quite literally do nothing but talk)?
- How can Rolls-Royce charge 10 times more for a car that does more or less the same thing as a VW Golf?
- How can it be that some restaurants charge a fortune for a gourmet meal, which is nothing but a small piece of meat on a gigantic plate, while fast-food restaurants charge almost nothing for a lot of food?

These are all clues that there's a lot more going on behind how and why prices are set.

Therefore, in this chapter, we will discuss the theory of pricing according to economists. We will then discuss the psychology of pricing in relation to human behaviour. You will also discover some interesting strategies for finding the right price and justifying it so that your readers commit to putting money into your bank account.

## PSYCHOLOGY OF PRICING

“Misconceptions of the role of prices are common. Many people see prices as simply obstacles to getting the things they want. Those who would like to live in a beachfront home, for example, may abandon such plans when they discover how extremely expensive beachfront property can be. But high prices are not the reason we cannot all live on the beachfront. The inherent reality is that there are not nearly enough beachfront homes to go around, and prices simply convey that underlying reality.” - Dr. Thomas Sowell

That’s an excerpt from a book called Basic Economics by Thomas Sowell. He dedicated an entire chapter in his book to discussing the nature of prices and what they mean. Sowell is an esteemed economist and teacher. I recommend you look him up on YouTube.

I think it’s more useful to think about price as a communication tool. Consider the price gap between a Golf and a Rolls-Royce. The Rolls-Royce costs almost 10 times the price of a Golf. Hence, the message we get (from the price alone) is that a Rolls-Royce is a better car.

Prices also have the power to create a psychological dialogue in one’s mind. For example, as with a Beach House or a Rolls-Royce, prices create scarcity and anticipation for the amount of value you will get.

This is important: I’ll write it again in a slightly different way:

**You should use prices to create anticipation and communicate the amount of value you will deliver to your customer.**



### DIFFERENTIATION & PRICING

The way to run a profitable business is to provide value in a way that nobody else can. If you can do this, you will be able to charge significantly more for the differentiated value compared to your competitors.

The trouble with differentiation, of course, is that you cannot make everyone happy. Therefore, you must accept that some people will not appreciate the differentiated value which you have created, and therefore they will see no point in paying extra for something they can get somewhere else. Do not be deterred by such people, they are simply not your customers. After all, this is why we don't see Rolls-Royce ads on national TV.

If we use the example of selling bread, some people may be totally happy with having sliced bread at a slightly higher price, while other people will prefer to slice it themselves. Be sensitive to how people respond to your differentiation, and don't be afraid to charge a premium, especially if the additional value cannot be found anywhere else.

### THE SECRET TO PRESENTING PRICING

I once saw an estimate (or quote) for \$10,000, and there was literally one item on the quote that said, "Services." The immediate questions from the finance people were, "What services are these? And why do they cost so much?" The sheer laziness cost the vendor 6 weeks of unnecessary back-and-forth before they got any business.

The pricing in your proposal should summarise what you've been communicating in the entire document thus far. If your solution has 5 parts to it, and you explained those parts in the proposal, then your pricing should be commensurate with your solution — there should be 5 line items. Here's an example:

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Details	QTY	Price
<p>Copywriting</p> <p>Research and write: Sales letter, website content, and company profile.</p>	1	\$xxx,xxx
<p>Printing</p> <p>100 Presentation Folders.</p> <p>Full colour, A3 presentation folders designed with company information.</p>	1	\$xxx,xxx
<p>Email Campaign</p> <p>Setup trackable emails.</p> <p>Prepare and schedule automatic emails based on user behaviour.</p> <p>Regular feedback and analysis of email campaign.</p>	1	\$xxx,xxx
<p>Direct Mail Management</p> <p>Preparation of all sales packages.</p> <p>Courier packages to various addresses. *courier charges to be added to the client's account</p>	1	\$xxx,xxx
Total		\$xxx,xxx

## The Business Proposal Blueprint

The main idea to take from this table is the amount of detail which is presented in the pricing table. I've seen countless proposals where there are word or one-line descriptions, especially among consultants. Look, if you're selling one product, then that's fine, but if you're selling a service, then you must take the time to reiterate and break down your solution in the pricing table. An easy way to achieve the right amount of detail is to follow the structure of your proposal as discussed in the previous section.

### PRIMING

In the fourth chapter, we spoke briefly about the story of a suit salesman who starts at top-end prices and gradually goes down. This is a concept called priming. Just to demonstrate how priming works, do this quick exercise:

Think about taking a bath, then fill in the missing letters...

S \_ \_ P

Done?

If you're like most people, you will probably get the word **SOAP**. If I had said to you, "Think about a nice hot meal in winter", then you would probably have said **SOUP**. This little experiment and other useful insights about the mind can be found in Daniel Kahneman's book titled "Thinking, Fast and Slow."

The idea behind priming is that little pieces of information can be introduced in order to bend the mind towards thinking in a particular way. Now that you're acquainted with this concept, think about all the situations in real-life where priming is used to induce a particular behaviour from people.

To get the ball rolling, I'll give you a few examples:

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1. This was actually done as an experiment: A group of volunteers were put in a room and were shown words and objects associated with the elderly, i.e. wrinkles, elderly care homes, and bowling, etc. It was observed that when they walked out of the room, they walked slower than people who were primed with more neutral words and objects.
2. Playing music such as “We are the world” or music that has to do with reaching out and “helping others” was observed to influence people to be more helpful towards one another.

Right after Apartheid was abolished in South Africa, there was a popular song called “Peace in our land” which played on almost every TV and radio station. It was a political campaign to unite South Africans after decades of bloodshed. The technique of priming (through music) was used to influence behaviour during a time when South Africa was standing on a knife-edge.

3. There was an experiment where a group of women looking for employment were asked to come in for interviews (one by one). They made the women wait for almost an hour until the receptionist told them that the interview was cancelled. On their way out, the research team placed another woman outside, carrying a heap of books trying to open a car. As she struggled, the books fell and scattered everywhere. It was observed that the interviewees just ignored the one struggling to open a car (maybe because they were upset about the interview).

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Then they twisted things up to see if priming would change their behaviour. While the women were sitting in the reception, waiting for the interview, they brought in a hunk who was also acting as if he were waiting for an interview. The man was asked to chat up the women while they waited. An hour later, the receptionist told them that the interviews were cancelled. As the women walked out of the building, again, they met a woman with a heap of books, struggling to open her car and thus dropping the books. Only this time, the interviewees were more than happy to help her.

So, it was concluded that a (sexy) male presence primes women to behave more helpfully towards others *[I swear I didn't make this up...]*.

Now that you know what priming is all about, you can use the principle to present your pricing in a way that creates an advantage for you.

Here's an extract from a proposal I wrote some years ago:

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DELIVERABLES	OPTION 1	OPTION 2	OPTION 3	VALUE
<b>Original Logo and Business Cards</b> Business cards are litho-printed. We design, print and deliver to your doorstep.	✓	✓	✓	13 490
<b>Sales Website</b> Designed to get customers to phone you and book a session. This includes copywriting.	✓	✓	✓	27 490
<b>Blog and Email Subscriptions</b> Set up bulk email accounts to pull the latest posts from the blog and deliver to customers.		✓	✓	4 490
<b>Scheduled Emails</b> When a person subscribes, we can automatically send them 10 emails over a period of 2 weeks, designed to lead them to schedule a session with you.		✓	✓	14 290
<b>10% discount for Upfront payment</b> If you pay upfront, you will get a 10% discount as a thank you for speeding up our processes.  Normally we have to wait for the balance to be paid before printing. You can avoid delays, reduce admin, speed things up and get a 10% discount.			✓	-5 976
Total	40 980	59 760	53 784	

Figure 1: Pricing Table Demonstrating Priming.

Have a look at the table above. There are several things happening here:

1. Notice how the line items are broken down into deliverables (as mentioned before). This makes the pricing appear more transparent and well thought through.

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2. Notice how in each deliverable there's a summary (almost like a subheading): This maintains the momentum of the activities that were discussed in the body of the proposal.
3. Notice how there are three pricing options. These options actually do the priming. If a customer feels that Price B is too high, they will likely accept Price A. But there's also an added incentive to go with the higher price.
4. Notice the prices themselves have no trailing zeros. And notice there's no currency symbol next to the price either. All this contributes to making the price less threatening to the reader.
5. Also notice that the prices have a lot of 9's, 4's and 7's. I don't know how this works (I actually read a study a while back) but the number 9 is the best number to add in your prices, followed by number 7 then followed by number 4. I guess if you say something costs 14,297 (it looks like you've actually thought about it), rather than saying it costs 14,000.

There's an ancient Chinese method of torture called Death by a Thousand Cuts. It was a gruesome method of inflicting small cuts on a victim over several days until they bled to death. In the same way, do not underestimate the little things embedded in the pricing table above. You don't have to use all the cuts at the same time, however, make sure you give yourself sufficient practice in the art of using these subtle, yet powerful pricing tools.

### PRICE TRANSLATION

Once you've presented the price, there's one more thing you can do, which is not optional. In fact, it's vital! If a client has ever told you that you're too expensive, then this is why:

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Ask yourself the question, why don't customers of supercars say that those cars are expensive? Why don't patrons of 7-star hotels say that the accommodation is too expensive? Why don't people who buy high-end cameras and lenses say that they are overpriced? Is it because they have the money to spend?

No, it has very little to do with having a lot of money. In most cases, people spend their last cent to satisfy a craving or get relief from a problem they have. It's more to do with translating the benefits (in the proposal) into the price.

Here's what I mean:

If you have a person who ate 2 hours ago, then the value of a plate of food (for them) will not be anywhere near a person who has not had a meal for two days. In fact, there was a time when I hit rock bottom, and I went for almost two days without a meal. I donated blood just to get biscuits and juice. The point is: A person who is really hungry will do almost anything to get a plate of food, even risk their lives.

As you can see, the value of something can change depending on the situation. This opens us to a big loophole in how we interpret the relationship between value, price and products. Price should reflect the value of the product or service, not what you want to put into your pocket, and not what it costs you to make or provide the service. Here are some techniques for translating price to value:

- **The Art of Contingency Pricing**

Contingency pricing is when you tell someone that they must pay you contingent to something happening.



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Here's a real-life example: A friend of mine walked into our offices and said, "How much are you spending on all your cell phone contracts and telephone lines?" Before I could say anything, he said, "If I can save you 50%, can we share the savings?" This means if my telephone bill was R100, and he could cut it down to R50, then I would pay him R25 because we would share the savings.

This is the principle of contingency pricing. It presents a no-brainer! There's absolutely no risk for me, but there's a potential benefit. So, we agreed, and he came back to help cut down our telephone bill.

### - Value-Based Pricing

In some instances, you cannot do contingency pricing because you want the customer to pay you upfront for a product or service. In this case, you have to translate the price you charge into value.

I used to have a dedicated Uber driver who transported me from home to the office and gym every day. I paid him a fixed amount of R5000 per month and sometimes more. If you consider the amount of money I was paying him, you may say, 'Why not just buy a car? '

Here's my thinking:

- If I decided to buy a car, firstly, the instalment, insurance, fuel, maintenance, i.e. brakes, tyres and fixing dents and scratches would cost a lot more per month than what I was paying the Uber driver.
- This arrangement also meant my credit score was not bogged down by a depreciating asset.
- In case of urgent meetings, Uber was always 5 minutes away.
- I could work while in transit.
- I didn't have maintenance costs.

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All of the above could be used to translate the price. Granted, some of the points are intangible, which means there is no financial value; however, as a whole, they justified spending R5000 on an Uber driver instead of buying a car.

Remember this: A transaction only happens if you are getting more than you are giving. In the example above, I was of the view that the price I was paying was nowhere near the value I was getting. Similarly, the driver was happy because he had a guaranteed fixed income for one hour's worth of work per day.

Hence, when writing your proposal, you also have to translate the value for your customer. It's no good saying, "I make logos" or "I sell luxury watches." You have to make a list of arguments that translate the price you are charging into the value they will get. I heard an excellent argument from a friend who charges an arm and a leg for graphic design. Firstly, he never works with small clients, and his argument is, "What is the risk of using a junior designer who may damage your brand and reputation because they don't understand how brands work?"

Another example of price justification (or value translation) is, "Try us for \$1. Less than a cup of coffee."

### **Unlock the full Business Proposal Blueprint**

Whether you are writing an email, WhatsApp or a formal business proposal, persuasive writing always has the same principles. Learning the principles, science and art of persuasion will be the greatest investment you ever make to grow your business or reach higher levels in your career. Whether you learn from me or other great practitioners mentioned throughout my book, it is an investment worth your consideration.

If you enjoyed this chapter, you will love the rest of the book. Follow the link below to buy the full e-book.

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