



## Episode 71

# How a Proposal Impacts Profitability



**Jason: [00:00]**

Hello and welcome to designer discussions with Jason, Mirjam, and Maria. Today we're talking about how a proposal impacts profitability.

**Intro: [00:17]**

Welcome to the designer discussions podcast with Jason, Maria, and Mirjam. Tune in each week where we talk about marketing, PR, and business advice for design professionals. Are you ready to get serious about your marketing? We're opening the Designer Discussions Marketing Studio, a monthly series of in depth actionable content to guide your marketing, PR and business development. We want to help you transform your business and elevate it to work with your dream clients.

**Maria: (0:45)**

Awesome. Thanks, Jason. So the popular question that we hear from interior designers is, how do I upsell? How do I get bigger jobs? How do I expand? How do I get those higher end clients? Well, today we are happy to show you exactly how you can make that change in your business. And this is something that you have control over, and it's something that you can do pretty easily to change your business. So the most important sales tool that you will have for your interior design business is a proposal. And I know most designers don't use proposals. Some are using contracts. Even some people aren't using contracts with their clients. And we want to talk about what a proposal is, what a proposal does, and the three things that we see missing from people's proposals that have them or are even selling them online. Okay, so number one, a proposal is a visual version of your contract that is going to answer five questions. It's going to answer the who, what, how, where, and why about the project. So who is going to do it? What are you going to be doing? How are you going to do it?



### **Maria: (02:05)**

Where is the project, and why is the client going to be grateful that they're hiring you? So those are the things that you're going to see in most people's proposals that you can buy online. It's going to have your processes, the team that's working on the project, and description of the project. And there's going to be a little bit in there about why the clients will be happy to hire you, but probably not enough. So we're going to go over how to add that into your proposal. A proposal is a prequel to your contract. It's going to be an opportunity for you to talk about what it is you're going to do and how you're going to do it. But it is not a contract. It could supplement your contract. It could be an addendum, but it's not. Instead of a contract, you still will need a contract. And your contract is going to be different. And there's a difference between a contract and a proposal. The big difference between a contract and a proposal is that your contract is not aesthetically pleasing. It's not something pretty that has a presentation feel to it. So that's why this proposal is important. It will have your brand your branding on the document, your logo, your colors. And then it will include multiple beautiful images of spaces that you can create that are complementary to what the client is asking for you to do. And it's also going to include the most important thing, a glowing review about how great you are and why it's a good investment to hire you to be the designer on their project. And you can't easily work those items into your design contract. So this is the opportunity for you to set yourself up for success by using a proposal. I'm going to dive into a little bit of behavioral science on how you use certain things in a sales document can impact how excited and how people won't question you or be confused. And so we're going to go over those things next. So the first thing I would love for you to use is numbers. So the rule of using numbers in a sales document is you always use the biggest number you can come up with first, then you follow it up with what it is that you're going to be charging or how much you charge an hour.



### **Maria: (04:05)**

So that when people in their brain hear one number, that's their first shock value number. That shock value number is big, and it's going to be something that then when they hear your actual price, they will feel like, great, that's such a good deal, right? So we want to create that. We want to leverage the use of numbers. And there's a lot of science behind us. And you can research about why numbers are important to be used in all sales documents. But, for example, if it is your pricing for the year 2023, that's a great way to say my pricing for 2023 is \$200 an hour. Even if the number that you said before was referencing a year, it's a bigger number than your actual price. And excellent way if you're an interior designer and you're doing projects to use this type of leveraging is to reference to homes you've designed in the past and how much more money they sold for than what your client did. Like, if you have a client who we spent a million dollars building the house, and in 48 months, whenever they decided to put the house up for sale for four times more, \$4 million, right? So you could say pretty easily in a proposal that you're going to be asking for \$250,000 to design it and furnish it, or half a million dollars to design it and furnish it. You could make the reference that the last couple of homes that you designed sold were \$4 million with only a \$500,000 investment from you, and that there was a huge price difference between your properties than anything else that was being sold in the area. So what happens is if someone sees a house for a million, sold for four, they see \$3 million, whatever they're going to have to pay you is a freaking discount. And they're excited and they understand how valuable you are at that point. So it is super important. And I do not see the use of numbers or anyone doing research and saying, how much money did my client make off of that last project that I did so that they can use that to help support their value as an interior designer. So leverage numbers. The second section I do not see in people's proposals is the Upsell, and Jason is going to agree with me 100%. And I'd love for him to talk about how the Upsell works for him in his proposals as well for his business.



### **Maria: (07:05)**

Designers don't look at providing an additional service on top of what the client has asked for. So if we're going to be working on a home together and you're wanting to be hired by a couple and you know that they love to travel and they're probably traveling to Paris or they're going to Italy for the summer, they've got this big plan to do stuff. Why wouldn't you throw in as an Upsell item in your proposal to them that you could meet them and take them to some really beautiful furniture markets in Italy when they're already going to be there? Or if they are coming into your town to build a vacation home, you can talk about taking them, you know, to do a special activity when they come into town. On top of all of the regular work stuff, having one thing in there that's like a bonus. It's like something that would be fun that you would want to do that possibly they would want to do as well. Like you could plan a gallery tour to go look at fine art, right? And that would be like an activity that you do where you rent a car and you have like a nice lunch planned. And that's something that you can plan out to do with your client so that they can actually go with you to go shopping for original art for their home. These are things that they don't think to ask you for. These are the things that you would have to let them think about it and then possibly come back to you and want to do it. Also, in this miniset of Upsell items, this is the opportunity for you to also include the items they excluded. I understand that when we work with clients, sometimes they will say to you straight off the bat, I do not want automated shades in my house. They're just too expensive. I don't want the heated driveway. I don't care. It's just too expensive. They are going to tell you right off the bat that there are certain things that they don't want to do. There are certain things that they want to leave out of the project. You can, if you provide that service, if you oversee that service, if you're an expert in that area, you can include those items still in the proposal. I cannot tell you how many times that I have met with someone and said something like, this does not include custom draperies within your budget, that the client somehow only remembers the words custom draperies and within their budget, and they have left out the most important words in that conversation.





### **Maria: (09:05)**

And it is very, very tedious to constantly be keeping up with that stuff. But if those items are just sort of prelisted in your Upsell section, what happens is then the client and their husband are going to go and sit down together and start looking at your price and figure out what they want to do. And if they're going to have another designer's contract and it's not going to have which items are being left out, they're going to look at yours and go, oh, gosh. And they're going to have a fear of missing out. They're literally going to be like, gosh, we've already excluded so much stuff. I don't want her price to come down anymore. There's no need to ask her to remove another service from the list, because if she removes more items from the list, then we're going to really be kind of like ruining the project. So you want to leverage the fear of missing out by creating an Upsell section. And you're going to want them to put together and present some fun things in there that maybe they didn't expect from you. Something that can surprise and delight them during the design experience, something that would make your services stand out above and beyond anybody else, and something that, you know, you could have an awesome review at the end of that day. Right? That would be the day to ask for your review for your business. You know, it's like, you've got the client, they paid the extra \$5,000. You've got this whole cool day set up for them when they come into town, and you all went shopping, and you all went and ate at a neat restaurant, and you did all this fun stuff together, and you gave them this, like, weekend experience or thing that they did together as a couple. And at the end of that, that's when you could ask for that online review. That's when you could ask for them to mention something about your business. So you've got to start looking at all of this stuff from a strategic standpoint because God knows that there's going to be a conversation between a couple and they're going to be like, gosh, that sounds like a lot of fun. I would love to do that activity with the designer, and one person's going to say no, and then the other person's going to buy it as a gift for them, right? So you want to give them that opportunity, and right now, none of y'all are allowing them to do that.

**Maria: (11:05)**

And honestly, they want to do it. They want that experience. They want to have something that's a little bit embellished, something that's a little bit more exciting. And this is all part of branding. This is all part of upselling. This is all part of standing out as a business. So you need a mini section of addons for any proposal that you provide to anyone. And this is your opportunity to list items that they've already opted out of. And this is your opportunity to upsell on things you've always wanted to do. And then this is also the place where they can learn about things they didn't even know that you could provide for them. Right. They can't buy something if they don't know it exists. Right. Jason, you agree?

**Jason: (12:35)**

Oh, 100%. We actually have this on the architecture side, but it's really evident on our marketing side. Whenever we send off a marketing proposal, we'll have examples of our work, and we'll have examples of some of the other services we offer that were not asked for by the client directly. So, for instance, they may have asked about SEO services or social media, but we may have some renderings in there, some high quality rendering. Oh, you did those too? Or you can help with that. I didn't even know then that's an up sale that they didn't even know that we offered that. Now we were able to add that into the proposal.



### **Maria: (13:05)**

These are all huge things that, as designers, if all we're doing is providing what people are asking for and not thinking about going above and beyond, we are holding our own businesses back, and we're preventing that growth, that upsell, that ability to get these higher end clients. One of the remaining items that we need to see more of in proposals is your social proof. We need your reviews. We need your testimonials. This is the same as going on Amazon and picking between two items and trying to figure out which item is good and that I won't regret. Right? So your client is wanting to not regret hiring you, and that is one of their internal fears that they're having when they're meeting with you. They just need one other person to be telling them that they are in good hands. And so you must have a testimonial from your client on your proposal. It would be good if you had one or two, but I would have them on your proposal. I'd have them early on in your proposal. And this is the most important thing. Just like your favorite reality TV show or people who are famous and showing up on social media to talk about a big political campaign or some kind of society leveraging drama that they're involved in and they're trying to get out there with their PR, the first thing they're going to want to do is put what they want you to hear out there first. So don't lose that opportunity. You do not want your client to be going on to Google reviews to learn about you. You would like for them to be reading the reviews that you have placed on your website and on your proposal and if you have a video testimonial. So social proof, this is also going to be any kind of press that you might have, any of those things that you're going to be able to put out there easily for your client is so important. Don't underestimate the value of your images that are on your proposal. The images that are being shown on your proposal are also evidence and social proof. You are once again giving the social proof and the evidence that you are capable of doing the task and comforting them and their apprehension that they are wondering, am I hiring the right person? You're wanting to give them the tools that they need to be saying in their mind over and over again, yes. Yes. So when they're reading your proposal, the first thing they think is, oh my gosh, yes, people love what they do. Yes, I love the visuals of what it is that they're going to do for me.





### **Maria: (15:05)**

Yes, they have all this stuff included in here that I want to do. Yes, they even have more things that I can put on my wish list, but maybe I can't do them right now, but I would love to be able to do them. And then you also want them to be seeing all those things. So when they come down to the number, they've also been given an expectation of how much value you're providing and then they see how much they need to pay to get that huge value that you are going to provide. So don't be afraid of numbers. You've got to upsell. You have to prove to them over and over again that you are as great as they think you are. And if you have any questions about any of this stuff, please go back and listen to episode 43 on Social Proof and also look at episode 47 where we are talking about the idea of partitioning. Partitioning is when the process stops. So if you're going to be meeting with a client and you're wanting them to make a financial commitment with you and you're wanting to sell them on what it is that you're going to be providing them, you're going to want them to feel like they bought something when they walk away from your appointment or when they write that check, or when they sign the contract. And by creating a beautiful proposal that has all of the information in it that we outlined that you must have in your proposal, you will be giving them an ending on a high note experience and the ending on a high note, feeling like they've purchased something and feeling like they're being comforted, taking care of. And every time they pick up that proposal and look at it, they know they made the right decision. So if you do not have a proposal, get out there today. Find a template online that you think looks good, that kind of conveys your business with personality. But honestly, most of them out there are not going to have enough of the business elements for our industry to actually beef up what you're wanting to do. So you're going to have to add in elements to the proposal for it to be just a good proposal to being that great proposal that's going to change your business.



### **Jason: (18:05)**

Great information, Maria, and be on the lookout. We have our marketing studio that will be opening in January 2023 that will have a lot of the resources that you need to help your business grow. And we hope to hear you all here next week on Designer Discussions.

### **Outro: (18:20)**

Are you ready to get serious about your marketing? We're opening the Designer Discussions Marketing Studio, a monthly series of in depth actionable content to guide your marketing, PR and business development. We want to help you transform your business and elevate it to work with your dream clients.

We hope you enjoyed this episode of Designer Discussions. What was your takeaway care to share your thoughts and tag Jason, Maria and Miriam on social media. You can find them on all platforms@designeriscussions.com. Don't forget to, like, subscribe and leave a review or comment for this episode. From wherever you are listening, you.



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DIGITAL MARKETING,  
PR & BUSINESS  
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