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Organic Growth in the Current Federal Market:

1. *Growth will come more from taking share, as the number of new starts shrink*
2. *There is no alternative universe of undiscovered bid opportunities*
3. *Don't cut total B&P spending; but do cut under-performers (internal and external)*
4. *Nothing is sacred and everyone is gunning for everyone else's recompetes*
5. *More difficult for incumbents in a market that rewards innovation, requires efficiencies, and insists on cost reductions*
6. *Focus scarce BD resources on fewer, better qualified opportunities and work them harder*
7. *Abandon "me too" bids, but do leave some budget for opportunistic bids that "pop up"*
8. *LPTA climate forces conventional PtW to evolve into "Solution to Win" approaches*
9. *Maintain a stable of go-to small business partners to mitigate SBSA pressures*
10. *Invest in content creation, not just compliance*

Implications for Management Teams

- 🐾 Resist the temptation to make across the board cuts to B&P budgets to lower costs
- 🐾 Don't just use PtW to price your proposal...use it to drive your solution (approach, teaming)
- 🐾 Plan to bid on fewer opportunities, but to devote much more resources to each one
- 🐾 Develop a strategic plan that identifies areas where you have a comparative advantage and use it to determine how to allocate resources
- 🐾 Invest in scarce resources earlier in the process, and in areas that improve p(win), not those that provide rote process or compliance milestones

Don't Eat Your Seed Corn

In board rooms all across the federal sector, executives are targeting B&P budgets as places to harvest cost savings. It is tempting because waste is often obvious, these budgets are large, and between increasing competition, delayed awards, and protests, there has been little recent return on the investment. However, quick-fix across the board cuts alleviate current year cost problems at the expense of future year growth.

Do Trim the Fat

The favorable market dynamics of the past decade masked a multitude of sins in the capture and proposal ranks. From under-performing W2 employees and "color by numbers" consulting firms to "jobs programs" employing armies of so-called subject matter experts, there is ample room for improvement. Another culprit is the internal inertia of capture processes with a "check the box" mentality that is geared more towards CYA, approval, or B&P funding than actually improving p(win).

B&P Quality > Quantity

The cost of a winning bid is escalating because of the need to infuse innovation, craft creative low-cost solutions, and gain mindshare early in the process. Market conditions require thorough qualification of opportunities and strict adherence to well-defined capture hurdles. Those that make the hard no-bid choices and embrace the portfolio concentration risks associated with bidding fewer opportunities can expect to generate outsized returns in the current market.

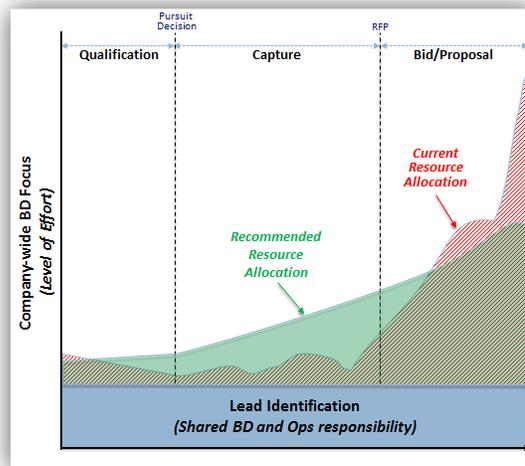
Embrace Ricardo's Concept of Comparative Advantage

For each opportunity, ask what it is that gives you a comparative advantage over other potential bidders. If you do not have it, define what it will take for you to develop it. If you cannot develop it in time, if the costs

are prohibitive, or if you determine someone else already has it, walk away. This applies both to prime bids as well as subcontracting opportunities. Demand that your subcontractors enhance the comparative advantage of your team (beyond assurances that they are "well-liked by the customer") and expect other primes to turn an equally-critical eye towards bringing your company onto their teams.

Capture Early and Often

Capture is far more than a contact plan and endless litany of teaming discussions. Industry's unrelenting focus on getting a meeting with the customer obscures the more important issues of what to listen for and what to say. Getting a meeting is easy; crafting a compelling, easy-to-understand message that resonates is far harder and more valuable. "Meet and greet" is a close cousin to the venerable "we're tracking it," and both phrases reveal a lack of strategy, action, and positioning. As the chart above suggests, the prevailing proposal operating rhythm is decidedly back-end weighted. This approach



relies too much on late positioning and proposal tank heroics, and ultimately delivers a much lower p(win) than efforts that start earlier. Many recent, high profile takeaways showcase the return on dedicated, multi-year capture efforts and the challenges of being a long-term incumbent – and not necessarily predatory pricing (a favorite excuse posited by losing bidders).

Don't Confuse Compliance With Winning

Lastly, when selecting the team to capture an opportunity, get the best, and ensure that every dollar spent improves p(win). If companies placed as much emphasis in crafting truly compelling win strategies as they do in late stage compliance checking, organic growth would follow. There is no consolation in compliant but losing proposals. 🐾