Practitioner Perspectives

WOLF DEN ASSOCIATES, LLC

Top 10 Reasons to Leverage Automated BD Tools

1. **Calculate the required pipeline size (replace "gut feel" and rules of thumb)**

2. **Determine root causes for slower-than-expected growth**

3. **Reliably project organic revenue growth (or shrinkage) by increasing precision around pipeline conversion**

4. **Provide a consistent, quantitative, meritocratic basis for evaluating opportunities and making pursuit decisions**

5. **Highlight weaknesses to refocus capture efforts**

6. **Provide a comparative baseline to measure and report capture progress against other bidders' progress**

7. **Smartly allocate B&P based on corporate objectives**

8. **Allocate B&P at the opportunity level by ROI, not award value or page count**

9. **Mitigate end-of-year B&P squeeze**

10. **Promote consistent best practices rather than personality-based idiosyncrasies**

Improving BD Visibility, Efficiency, and Results

- Abandon the "bid more, win more" refrain and – with increased visibility – replace it with "shape more, win more"

- Streamline BD processes – too much BD (and B&P) spending is wasteful and ineffective; focus on substance over process

- Leverage BD tools and quantitative metrics to drive productivity, increase accountability, reduce costs, and improve results

- Use the opportunity pipeline as a proactive resource allocation decision support tool, not just a static reporting artifact

- Use bid evaluation tools to measure relative capture progress and highlight areas that require attention and focus

- Move the B&P budgeting process from "here's what you get" to a managed, optimized, dynamic, ROI-based allocation process

The Demise of Donkey B&P

"Bid more, win more" is a fool's errand championed by those who think that the easiest way to win more awards is merely to submit more bids. This approach may have had some merit in the most commoditized segments of the market that were most ravaged by LPTA, but it made no sense for the vast majority of bidders. Competitive pressures are not likely to abate, and companies cannot afford the luxury of "donkey B&P." While bid volume is important, precious B&P is wasted in pursuit of opportunities that are weakly qualified, ineffectively captured, incorrectly priced, and poorly written. The solution is not to submit more of these losers, but rather to fix the underlying processes by leveraging tools. Winners employ systematic approaches with objective and iterative assessment and refinement, compelling value propositions, and clear accountability.

Table Stakes

Few things are as foundational in the government contracting business as the fundamental identity Leads→Bids→Awards→Revenue. Bid pipeline erosion, contract value puffery (BD claims invariably exceed actual awards), contract cancellations, de-obligations, and delays are all facts of life…and they are nothing new. Expect them, plan for them, compensate for them. Wolf Den's **Pipeline Optimization and Induction Tool (POINT)** is a 2-state transition model that solves for required pipeline size based on revenue, contract portfolio, and growth objectives. Wolf Den's **Deconstructed Iterative Conversion and Erosion (DICE)** model provides the computational "dual" – taking current pipeline and estimating revenue growth (or shrinkage) based on critical user-defined variables. Both models generate multi-year forecasts with the fidelity to differentiate blended pipelines of new and recompete opportunities.

Are You Truly Well-Positioned?

The market is replete with simplistic p(win) "calculators" which prey upon mathematically challenged business developers, capture managers, and executives. These divining rods fail because they do not account for the inherently relative nature of p(win). It is axiomatic that the sum of the p(win) probabilities for single award procurements for all bidders cannot exceed 1. Yet, these charlatans omit this zero-sum game reality and as a result, the sum of all bidders' p(win), using this very same tool, often exceeds 100%. Clearly the computational model and underlying logic is flawed. While not a p(win) calculator, Wolf Den's **Bid Evaluation Tool (BET)** provides an objective framework (not just open-ended questions) to assess opportunities. BET scores highlight areas needing more attention and provide visibility through the entire capture and proposal lifecycle.

Optimizing B&P Allocation

B&P ($M)	Corp Decision -- Total B&P Spending as a % of Rev							Budget ($M)
	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	
	$ 0.50	$ 0.8	$ 1.0	$ 1.3	$ 1.5	$ 1.8	$ 2.0	$ 1.80
10%	$ 455	$ 682	$ 909	$ 1,136	$ 1,364	$ 1,591	$ 1,818	$ 1,636
15%	$ 682	$1,023	$1,364	$ 1,705	$ 2,045	$ 2,386	$ 2,727	$ 2,455
20%	$ 909	$1,364	$1,818	$ 2,273	$ 2,727	$ 3,182	$ 3,636	$ 3,273
25%	$1,136	$1,705	$2,273	$ 2,841	$ 3,409	$ 3,977	$ 4,545	$ 4,091
30%	$1,364	$2,045	$2,727	$ 3,409	$ 4,091	$ 4,773	$ 5,455	$ 4,909
35%	$1,591	$2,386	$3,182	$ 3,977	$ 4,773	$ 5,568	$ 6,364	$ 5,727
40%	$1,818	$2,727	$3,636	$ 4,545	$ 5,455	$ 6,364	$ 7,273	$ 6,545
45%	$2,045	$3,068	$4,091	$ 5,114	$ 6,136	$ 7,159	$ 8,182	$ 7,364
50%	$2,273	$3,409	$4,545	$ 5,682	$ 6,818	$ 7,955	$ 9,091	$ 8,182
55%	$2,500	$3,750	$5,000	$ 6,250	$ 7,500	$ 8,750	$10,000	$ 9,000
60%	$2,727	$4,091	$5,455	$ 6,818	$ 8,182	$ 9,545	$10,909	$ 9,818

(Row labels down left side: $ Weighted Composite p(win))

Wolf Den's B&P Assessment Model (BAM) instantiates industry B&P allocation best practices for planning and budgeting based on overall budget and p(win).
Source: Wolf Den Associates

Pot Odds

Few problems are as commonplace in our industry as companies running out of B&P before the end of their fiscal year and Proposal Managers exceeding their B&P budgets. Proposal efforts vary widely in what it takes to win. Similarly, how much a company should budget for capture/proposal is as much driven by Section L and the competition as it is by the estimated contract value. Most make decisions on the margin – taking a Capture Manager's B&P request and arbitrarily reducing it. In response, Capture and Proposal Managers often pad their requests and routinely ignore their budgets. While B&P budgets can and should vary based on unique circumstances, Wolf Den's **B&P Assessment Model (BAM)** provides a useful tool to guide the "should cost" B&P budget allocation process and avoid the end-of-year budget squeeze. If you are not using these types of tools, then as the poker analogy goes, you may be the donkey.

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