Practitioner Perspectives

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Ten Factors that Drive Recompete Success

1. **Outstanding execution on existing work – very difficult to write or price your way out of poor performance**
2. **Thorough, early, and independent assessment of strengths and weaknesses**
3. **Take prompt curative actions as required**
4. **Understanding of today's prevailing rates and PTW**
5. **Fresh look at teaming in light of changing requirements**
6. **Respond to the RFP, not the project team's sense of customer desires; market both the program and procurement staff**
7. **Solid, well-justified innovations and best practices – not just more of the same**
8. **Assess and upgrade key personnel – well before the recompete**
9. **Demonstrate real corporate level commitment – not just "meet and greet"**
10. **Treat the recompete proposal like a highly competitive new bid**

Why Incumbents are Vulnerable

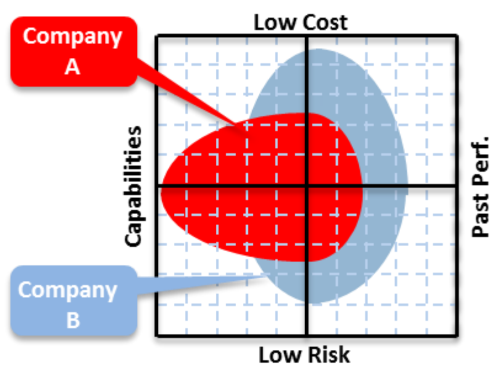
- They are not perceived as change agents at a time when change is essential
- Their rates date back to when prices were higher and best value ruled the day; merely cutting rates engenders evaluator cynicism
- Government evaluators are increasingly unwilling or unable to differentiate between offerors; awards to anyone but the low bidder are prime targets for bid protests
- There is a perception that a contractor's value is in its people and that its people will be "captured" by whomever wins
- Their shortcomings are magnified: even slight performance hiccups are highlighted and exploited by competitors
- They have an economic incentive to bid "more of the same" at a time when that is anathema to federal customers

The Importance of Holding Serve

In any market, and especially in these times of budget cuts and hyper competition, companies cannot take recompetes for granted. Recompete success also weighs heavily – or should weigh heavily – on the valuation of prospective M&A candidates. Despite claims to the contrary, Wolf Den channel checks confirm that more than 50% of awards today are not made to the current incumbent. It is difficult to grow without retaining existing work.

Execute or Execution

Outstanding execution and effective management of client expectations are essential and tough to overcome if seriously flawed. Far too many companies approach recompetes by simply increasing the tempo of customer meetings, leaving them wondering where you have been all these years. This is often accompanied by volatile staffing changes in response to a hastily-conducted Price-to-Win analysis. This approach was rarely a winning strategy in better times, and is grossly insufficient in the current market. The best way to win a recompete is to realize that capture begins on the day after the initial award.



Wolf Den's *Capture Radar Chart* is a useful analytical tool for illustrating competitor strengths and weaknesses – vital to competitive analysis and "black hat" reviews for recompetes as well as new programs.

"Re-Capture" Not Recompete

Companies need to capture recompetes as they would new business and be candid about their weaknesses and opportunities for improvement. Input from the project team executing the current work is often the least reliable. They are too close to the work, can be tainted by self-interest, and see performance issues from an inherently biased perspective. The *Capture Radar Chart* depicted in the graphic above is a visualization tool that can be very helpful in assessing the relative strengths and weaknesses of competitors which should inform subsequent theming and positioning activities. Price-to-Win needs to be done early, while there is time to shape win strategy, cost structure, key personnel, and overall approach. Teaming also needs to be revisited since the incumbent partners may not be as well positioned for the current budget constraints, mission requirements, evolving technologies, or competitive landscape.

Strategy Matters – Think Bigger

Recompete success <u>cannot</u> be disconnected from corporate strategy. Effective recompete strategies are driven by forward-looking corporate growth strategies that adapt to changing market conditions, competitive realities, and customer priorities. Critical success factors depend on corporate strategy: indirect costs, corporate structure, operating model, branding, tactical M&A, R&D, and key personnel must be addressed (and paid for) long before a recompete is imminent. Companies that say "strategy doesn't matter" and invest accordingly are destined to lose their work to more proactive competitors.

Caveat Emptor

The "re-capture" discipline is also a key driver of enterprise value of potential acquisitions. Quality Of Earnings evaluations of M&A targets are inadequate for handicapping future growth and recompete prospects because they are based on history. Many recent buyers lacked accurate situational awareness of sellers' prospects in today's market and have been disappointed to discover that their new additions were executing worse than advertised, lacked price competitiveness, got out-hustled, or that even if they held onto their existing work, the follow-on was awarded well below the current run rate.

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