

Top Ten Reasons Incumbents Lose

1. *Bidding more of the same – with no vision for the future*
2. *Failure to address known performance problems pre-RFP*
3. *Proposing improvements not implemented during the initial contract PoP*
4. *Over-reliance on one or two government supporters or the rose-tinted view of the incumbent PM*
5. *Dismissive attitude towards or contentious relationship with the Contracts Shop*
6. *Missing deadlines (regardless of reason)*
7. *Cost overruns and a high volume of ECPs or other contract modifications*
8. *Disenchanted or overly ambitious sub-contractors pulling an “end run” and bidding incumbent knowledge as agents of change*
9. *Complacency – tone deafness towards government perception of historic performance and future transition risk*
10. *Momentum-based pricing; failure to understand changes in prevailing price points since initial award*

There is No Such Thing as a Recompete

- Government customers are eager for change and increasingly reject “more of the same” proposals from incumbents
- Improve recompete retention by fixing known problems ASAP and launching “red to blue” get-well plans well before the last option year
- Similarly, implement improvements and efficiencies now, because proposing them later will ring hollow with current customers
- Change it up – improve the staff (not just green them), strengthen the team (no sacred subs), and invest in the program pre-RFP
- Present a real vision for the future with meaningful innovations and demonstrated efficiencies; execute before the end of the initial PoP
- Treat a recompete like a new program; invest in real capture (solutioning, PTW, teaming) with a fresh-eyed view of the world

The New Normal

For decades, companies have tended to bifurcate bids as either new opportunities or recompetes. Expectations were set that good companies, doing good work, had a very high likelihood of prevailing on their own recompetes – and usually with a similar approach and a healthy rate escalation. That was then. Today, more of the same is a fool’s errand. In all likelihood, the job has changed, the mission has evolved, the technology has advanced, the priorities have shifted, and the competitive environment favors lean service delivery and lower prices. As a result, recompete win rates have fallen from 80-90% to under 30%. Everyone is gunning for each other’s recompetes, incumbency has never been less valuable, and customers never been more open to change.

Transition “Opportunity”

Government customers have come to realize that they have monopsonistic (single buyer) power and that transition risk is overstated by the incumbent. Winning bidders

have every motivation to retain key performers, albeit sometimes at lower salaries based on competitive pressures. The savings from this labor reset and bidding leaner solutions routinely presents customers with the opportunity for 20-35% savings below the current run rate. Serious players in the federal sector would be hard-pressed to name any recent recompete that went for a higher price than its predecessor. New bidders often have far more credibility in bidding and rationalizing lower prices than do entrenched incumbents who have been billing at much higher rates for an extended period of time. Government buyers now realize swapping out incumbent contractors provides far more opportunity for savings than risk to performance.

The Rise of The Contracts Shop

Companies losing recompetes voice common refrains of: “those guys bought the job,” “they can’t do it for that price,” and “what was the customer thinking?” While pricing is sometimes grounded in both ignorance and malice, it is also true that other bidders have figured out better, faster, and cheaper ways to do the work. The increasing role of price and small business pressures have shifted the source selection balance of power from the program (delivery) side of the government to the procurement (contracts) side. When the program side had wider discretion, incumbent contractors had an inherent

(but not unfair) competitive advantage. With the pendulum now swung far to the left, procurement shops now call the shots and the field has been leveled significantly.

Tracking it < Working it
 Against this backdrop of customer disaggregation, the distinction between passive tracking and active positioning has never been more acute. Companies that are not work-

