

Chapter 5 - Time for a Re-Compete

Your Company will be attacked.



Ok, you have become a believer in a purpose-driven approach to management. But you are now faced with the inevitable. You have executed an excellent contract and have delivered valuable goods and/or services for a period. Now the customer has decided to open a competition with other suppliers. How and what can you do?

Vulnerability

You need to look carefully at the five areas where you will be attacked:

- Performance
- People and Staffing
- Pricing
- Arrogance
- Capture and Proposal Process

Don't skip over any of these. They all present opportunities for vulnerability.

Performance

- Your customer knows all incumbent's flaws and weaknesses but will likely accept competitors "claims of greatness" at face value. How well do you know the customer? Have you pushed things under the rug in hopes that they would just go away? Make sure to address each of the following.

- Our performance is always more closely and realistically evaluated.
- Customers don't like being embarrassed.
- We always believe that we are great – but does the customer agree?
- Do all levels of the customer organization have a good opinion/impression of Your Company's performance? Who is scoring the proposals? Who is influencing the scorers?
- Unkept promises can kill us! If promises were made in the original proposal but not kept (Have you told yourself, they weren't *really important* to the customer OR we got too busy, and everyone forgot OR the work/scope changed...) realize that customers tend to remember those promises. Broken promises erode trust.
 - Re-promising the same or new things in the re-compete won't be believed.
- Don't underestimate the significant role that subcontractors might have in the customer's opinion of your company. Unhappy subs who have customer influence are often saboteurs. Broken promises, not enough work, poor treatment, etc., encourage subs to team with competitors and turn the customer against you.

People and Staffing

- Bidding incumbent staff
 - You have a great team working on the job, so you decide to automatically rebid the same staff (even if they are just the ones, we're *sure* the customer loves). What is the downside of this approach?
 - Guarantees a higher price – the competition may bid qualified personnel with fewer years of experience and fewer years of salary increases.
 - Sends message of “same old, same old” – The customer may see this as no innovation, no new approaches.
 - May put people back on the contract that the customer doesn't like. How sure are you that the customer *actually loves* the staff member?
- Overqualified
 - Are we in the position to chronically overbid people/staffing while competitors will bid to minimum requirements.
- Salary Escalation
 - Are we bound to bid escalations for our incumbent staff salaries?
- Know too Much
 - Do we tend to bid (and price) over the requirements to impress the customer (i.e., we “really know” what they need) rather than following the RFP. Guess what gets scored? Guess what the competitor will price?

- Alternate Staffing Strategies
 - Do we ignore the competitors’ potential staffing strategies. Competitors may have a novel approach by changing the labor mix and incorporating more junior staff with a mix of strong senior leadership. Are all your staff what might be considered as “senior?”
- Client Incumbency
 - Have problems when incumbency is longer than tenure of customer personnel. Is there a new set of decision makers? Are their motivations the same as those of the original customer team?
 - “New” customer might say: Your Company’s *experienced* staff is not open to new approaches, can’t innovate.”
- Proposal Second Team
 - Proposal teams, under pressure to use available personnel or current people who only meet some of the RFP requirements, gamble that they are “good enough.”
- Staffing Quals
 - You may tend to trivialize the resume/staffing/personnel requirements in RFP
 - BIG mistake.
- Using Incumbent Staff for Proposal
 - You rely on incumbent contract management/staff to lead capture and proposal efforts. This presents two problems. First, the staff is not focusing on the customers’ current work. Quality may drop off at the most critical evaluation period. Second, existing staff tend to write about the work as they know it, not the work as defined in the RFP. This can result in significant overpricing.

Pricing

Pricing can be affected in multiple dimensions.

- Due to the complex nature of Your Company’s business, highly qualified/experienced employees, etc.... competitive pricing is always a challenge. You need to ask yourself, “are our rates comparable to open rates?” Does the customer really want the best when good- enough will do the job?
- It is a fatal mistake to ignore the competitors’ potential pricing strategies.
- Remember competitors will try to bid on less expensive people (incumbents are more expensive by default). Smart incumbents know your rates.

- Indecisive pricing leadership, sloppy proposal/capture or process, and poor teaming can all drive prices up.
- Existing subs also contribute to price growth. If subs are not adequately controlled, they can quickly drive-up overall price.
 - You are not sure what the customer is willing to pay and what level of service they will accept (vs. language in the RFP). You need to understand unstated bias on perceived value.
- Relying on our “inside knowledge” leads to bidding on what’s really needed vs. what’s asked for in the RFP – this drives price up. The competitor will not bid to perform work or deliver a service that is not stated in the RFP. It is ok to point out “inside knowledge” but do not price it.
- Confusing performing the work vs. winning the work! RFPs are never 100% representative of what you think to be the “real-world” effort. Proposing and pricing “real-world” usually results in a loss.

Arrogance

Addressing “real-world” in a proposal may come across as arrogance. It can present the impression that you know what the customer needs to buy better than what they are stating that they want to buy. Don’t get caught up in this trap. Indicators that you may be subject to the fall include hearing or stating some of the following comments:

- “The customer loves us” (i.e., “they’d never replace us, we know the work better than anyone else”).
- The customer is so dependent on our people, they have to re-award to Your Company to get them back.
- We are a trusted partner with our customer (i.e., “they can’t do it without us”).
- We know more about the work than the customer (“they aren’t asking for the right thing in the RFP”).
- We’re smarter (more technical, more politically astute...) than the customer.
- We don’t need to explain how we will perform – the customer already knows.
- We don’t need to include a transition plan; the work is already ours.
- Ignore RFP requirements -we know what the customer really wants.
- We can write a better story- don’t worry about Section L.

- Responding to the sample tasks isn't really important because we've been successfully doing the work for xx years, and the customer already knows that.
- Ignoring the Gold, Blue, Green, or Red Teams -" they don't understand the RFP, the work, or the customer."

The existence of this attitude will exaggerate the client's perception you are an arrogant contractor, and their life might be better without you.

Capture and Proposal Process

You must follow a disciplined capture and proposal process. This is easy to remember when pursuing new bids but is often ignored when addressing a recompet. Make sure to address the following potential pitfalls.

- **Poor capture process/lack of customer knowledge**
 - Company-wide: Your Company may be "capture challenged." Unreliable or vague customer, competitive and procurement intelligence, KILLS YOU before you even start. Build and follow the necessary processes to get each in order.
- **Poor teaming decisions**
 - Teamed with wrong company or waited too late (post RFP release).
 - Didn't engage sub early enough in the process (can help with capture, and start past performance, resumes, etc., earlier than Your Company).
 - Keeping subs in the dark during the capture and proposal phases.
 - Not enough input or control of proposal process; not aware of true reputation with customer.
- **Poor proposal process**
 - Starting too late: affects teaming, theme continuity, proposal organization/clarity; stresses team.
 - Not using or listening to proposal professionals. Skipping or not following the RFP requirements analysis. Not conducting or listening to color reviews (Gold, Blue, Red, Green).
 - Proposal infighting or weak or poor proposal management and direction.
 - Weak in describing details in transition/staffing plans, tech. approach, sample tasks, etc.

- Wasting space/time/effort on self-congratulatory, historical, and introductory language or unsubstantiated claims of greatness (i.e., Your Company is the industry leader in...).
- **Past performance**
 - Not considering which contracts to reference early; using contract references that don't meet ALL the requirements or aren't easily scoreable as compliant; not verifying customer contact info, account "reference ability"; not touching base with Your Company PM
- **Small business requirements**
 - Ignoring or trivializing the RFP's stated small business goals
- **Lack of management commitment**
 - Manager took shortcuts and didn't commit the resources needed for good capture activities, put in second-string proposal team, didn't use available resources for help, and/or didn't ask for BU/Group/Corporate support.

Ok, now that you have identified potential vulnerabilities, what do you do about it? You must address each of the five areas.

Repel the Attackers

We must honestly look at how we have performed for this client in the past. Have we had hiccups? We need to carefully review our performance. Competitors will look for our weaknesses.

It is important that we take the time to understand our weaknesses.



Traditionally we look at ourselves using a SWOT analysis (Strengths, Weaknesses, Opportunities and Threats). You might be better served by changing the order: Weaknesses, Opportunities, Threats and Strengths (WOTS).

WOTS starts with Weakness. Understanding weakness generates Opportunities. Combining those opportunities with an honest assessment of Threat yields Strength.

Exploit your weaknesses and show how you have and are making the changes necessary to alleviate them. It is great to show humility.

Use those corrective actions as examples of lessons learned and value that you bring to the recompetete.

I have even volunteered to work with our successor during transition if we are not awarded the recompetete. I would share our lessons learned wherever possible. Program success is our number one objective.

Performance

Here are some steps that you need to take.

- **Establish a process to examine performance routinely and objectively.**
 - Develop an action plan to improve based on results.
 - Interview both customer management and technical customers.
 - Follow up with customer on improvements that were made afterwards.
- **Conduct third-party assessment by outside person/firm 12 months before the RFP.**
 - Provides an independent perspective, verifies internal appraisal results, provides structured means of assessment.
- **Listen to the customer during performance.**
 - Read award fee letters (CPARS, etc.): address negative comments even if award fee % is high.
 - Take critique of our deficiencies seriously and fix them quickly.
- **Show willingness to improve and innovate during contract.**
- **Review original proposal and promises 12+ months before the new RFP is released!**
- **Establish a process to track and implement promises during contract:**
 - Make them part of contract SOW.
 - Accomplish them as an Your Company cost-share investment if you must. Remember, you're investing in the upcoming competition.
 - Ensure that customer sees that we are implementing promises and Your Company's investment.

Now that you have identified your vulnerabilities, how are you going to address the staff that has been or is performing under an existing contract?

People and Staffing

- Implement a staff replenishment plan during current performance and coordinate with the customer. Find out which old-timers they want to keep and what new thinking they want.
- Assess every single person's billing to the contract especially the PM and key staff.
- Strongly consider the competition's likely strategy:
 - They typically bid lower priced people OR promise to hire our people post-award.
 - Ensure that the customer believes staff is loyal and tied to Your Company (make sure it's true).
 - Brief staff that competitors may contact them. Competitors frequently "buy in" to the contract; means defectors will likely take a pay cut IF they win (evidence shows -10% or more). More likely, they will just use your experience and inside knowledge to try to win.
 - Instruct staff to report all contacts from competitors at once.
 - For each Your Company employee we mention by name (especially with resumes) submit an "I authorize no one else to use my name or resume" certification.
- Only submit resumes and staff that meet (not exceed or under-meet) the RFP requirements. Resumes must be well written/formatted and easily scoreable.
- Use incumbent contract management/staff to support, not lead, capture and proposal efforts. They are too close to be objective. They are emotionally attached to work, customers, current staff, etc.

Now that you have cleared up any staffing vulnerabilities, what are you going to do about pricing?

Pricing

- **Pricing must be competitive to win (then perform).**
 - Few customers can justify selecting a higher bidder, even a well-liked incumbent.
- **Get good competitive pricing intelligence early:**

- Your company may have a pricing database with competitor's labor rates (sometimes hard to use, but worth the effort).
- The ARDAK Corporation and its competitors have subscription services that can be used to provide competitor wrap rates.
- **Adopt a straightforward labor pricing strategy/price-to-win strategy.**
 - Price low for labor categories not expected to be filled.
 - Price labor rates vs. real people.
 - Only price the things required in the RFP. Don't let your "inside knowledge" of everything else they need (or the hidden risks) affect your pricing. The competition will be priced only to the RFP's minimum requirements.
 - Be aware that a hungry competitor may "buy in" with a below-cost bid to win. Include the pricing people in the proposal process, especially the strategy and theme meetings.
 - Beware that bidding all incumbent personnel may result in a higher price. Competitors will typically bid the minimum personnel requirements (lower qualifications, lower price)

All right, you have all the pricing issues under control. Now what do you do about team arrogance? "We have performed this job for X years and no one else can do the job like us." Have you heard that or similar from your team?

Arrogance

- Ensure strong performance throughout contract, as if the recompetes were tomorrow.
 - Re-define the opportunity (i.e. budget, mission, SOW)
 - Understand where customer is going – new mission? New technology? Reorganization?
- Conduct regular and honest customer and self-assessments.
 - Request formal performance reviews (e.g., CPARs) and initiate a third-party assessment.
- Keep all promises!
 - Meet with technical leads to see if they made promises.
- Make good people and staffing decisions during work and when bidding for recompetes.
 - Remove staff with customer issues promptly!
- Ensure good pricing on current work and when bidding for recompetes.

- Develop a strategy for reducing the number of staff with high labor rates.
- Keep up with political contract/mission changes.
- Guard against competitors.
 - FOIA our own information to see what competitors can/will learn about us.
 - Find Your Company experts to keep yourself alert, on track, honest, objective — and listen to them.

Now that you have stopped drinking your own bath water, it is time to roll up your sleeves and go to work. You are ready to start your Capture and Proposal Process.

Capture and Proposal Process

Here are the minimal activities that you must undertake.

- Develop a dynamic capture plan — early!
- Vet your win strategy with a win strategy review — be prepared to revise your strategy.
- Get management buy-in and commit dedicated/experienced proposal resources (i.e., capture manager, technical lead, proposal manager, book bosses/volume leads, etc.).
- Hold capture status meetings.
- Create a capture schedule to ensure accountability and capture/proposal deliverables.
- Conduct a Black Hat workshop/competitive analysis.
- Price-to-win early (e.g., independent cost estimate, BOEs, BOM, risk across est. elements).
- Conduct a Technical Readiness Review (TRR) to focus on technical solutions.
- Conduct a Proposal Readiness Review (PRR).
- Identify and select subs by first understanding the company's capabilities and knowing the customer's favorite contractor/vendor — early!
- Include your teammates in the capture/proposal process.
- Use the knowledge of our contracts, subcontracts, and pricing folks. Invite them to the table.

Don't Know Too Much

Now that you are ready to put pen to paper, it is easy to know too much. If you are responding to a request for proposal, remember, the competitors will bid against the

RFP, not reality. You may be aware of factors that are not included in the solicitation and want to address them in your response, DON'T. Remember:

- An RFP is not reality!
- It is a model that captures the essence of the program.
- Competitors bid against this limited model, not reality.
- If we bid against reality, we will not win in today's cost-sensitive environment.
- It is ok to illustrate our understanding, just don't price it.
- When we win, life can go back to normal.

Now that you are ready to go after the recompetes, take the time for the following steps.

- Catalogue our real and perceived weaknesses.
- Take the opportunity to address and where possible correct the weaknesses before the RFP/Proposal.
- Be paranoid - look for threats and report them to the capture manager.
- Start building stories about how we have identified and addressed weaknesses over the life of the program (write them down.).
- Collect any citations and metrics (Don't worry about significance, just collect and catalogue).
- Identify all stakeholders - make the time to personally contact them and ask what we can do better.
- Win!

There is significant work to be done. Who is responsible for leading the charge? I have found that a dedicated capture manager should be assigned to any complex, must-win bids (both recompetes and new opportunities).

Once you have established your purpose and found potential clients that align with the values that you bring to the table, you need to assign a capture manager to bring the opportunities home and generate revenue.

I recommend that you conduct a group session and address each of these issues as you attempt to qualify an opportunity.

I provide a PowerPoint Qualification template on my website: *ResponseResource.com* under tools.



Remember that the other man may be totally wrong. But he doesn't think so. Don't condemn him. Any fool can do that. Try to understand him. Only wise, tolerant, exceptional men even try to do that.

There is a reason why the other man thinks and acts as he does. Ferret out that hidden reason - and you have the key to his actions.

Try honestly to put yourself in his place.

Dale Carnegie

