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# To Bid or Not To Bid—That is the Question

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# Red Team Consulting



Red Team Consulting (Red Team) is a woman-owned small business headquartered in Reston, VA providing a wide range of consulting services in support of federal contracting activities. Our mission is simple – we strive to help our clients grow. Red Team and Red Team personnel have supported over a thousand federal procurements across nearly every agency in the federal government and we have a current portfolio of over 600 clients ranging from small businesses to large systems integrators and consulting firms. Our clients are throughout the US and overseas in countries such as England, UAE, and Kuwait. Red Team has supported the capture of over \$100 billion worth of federal contracts since the company was founded in March of 2004.



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# Red Team Consulting

Red Team's major areas of support include:

- Proposal management
- Capture management and planning
- Proposal writing
- Price strategy and price to win
- Editing, desktop publishing, graphics
- Training and seminars
- Business management consulting

Industries we support:

- Information Systems
- Communications Technology
- Physical Protection Services
- Marketing and Communications
- Construction
- Logistics
- Healthcare
- Manufacturing



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# Introductions

## Jeffrey Shen

- Vice President and General Manager of Red Team
- Over 20 years of federal contracting and program management experience
- Involved in the award of over \$30B of contracts
- Delivered business strategy, technology solutions to the Federal Government and Fortune 500 companies worldwide
- Former V.P of Sales and Marketing for a \$300 million integrator.
- Mentored/trained many successful sales executives, project managers, and technical staff
- Active leadership role in industry organizations
- Frequent speaker on federal contracting, business development, and government ethics

# Bid No-Bid Decisions

## Agenda

1. Realities of Bid/No-Bid Decisions
2. Cost of Capture
3. Qualifying Opportunities
4. Bid/No-Bid Questions
5. Suggested Processes



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# Bid No-Bid Decisions

**Pursuit Decisions are expensive and tough!**



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# Realities of Bid No-Bid Decisions

## Initial questions

What is the number one reason why industry decides to no-bid an opportunity?

- A. Lack of capture including limited to no customer intelligence and prior relationships
- B. Time committed elsewhere - Lack of available resources or time to commit
- C. No relevant past performance for size, scope, and/or complexity
- D. Unable to secure key teaming partners or key personnel

When do companies typically make their bid decision?

- A. Prior to the release of any draft information (over 12+ months away)
- B. With release of draft information (RFI, Draft RFP) roughly 6-12 months prior to Final RFP release
- C. Within 1-2 months prior to Final RFP release
- D. Immediately after the Final RFP is released

# Realities of Bid-No Bid Decisions

## Initial Questions

How much do companies spend (internally and externally) on average when pursuing a \$100 million, single award IT contract with a 100 page count for the Technical, Management, Past Performance, and Price Volumes?

- \$25,000 - \$50,000
- \$50,000 - \$125,000
- \$125,000 - \$250,000
- \$250,000+



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# Realities of Bid-No Bid Decisions

Does this sound familiar?

- Companies either do not have or ignore an existing bid/no-bid process
- Company wins one “blue bird” opportunity and begins pursuing everything
- Company is told by the agency to bid
- Company scans FBO for biddable opportunities
- Company decides to no-bid, but when the RFP drops decides to bid
- Companies do not understand opportunity cost
- Companies do not calculate what it truly costs to bid an opportunity



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# Cost of Capture

## The Reality...

- On average companies spend between 1-2% of Total Contract Costs on Bid & Proposal Costs (B&P).
- This average estimate is the true cost of people, process and materials.
- It is imperative to calculate the Opportunity Costs of a proposal – billable staff who will be tasked to provide support.
- Ensure you are tracking your B&P costs consistently and in compliance within your chart of accounts.
- Ensure employees are tracking their time accurately. Could have an impact on Cost Type contracts.

# Cost of Capture

The Reality...

Small Opportunity: 20-40 Page Response with 2 week turn

	Hours	Rate	Cost
Executive Staff	24	\$ 230.00	\$5,520.00
Business Development	40	\$ 140.00	\$5,600.00
Capture Manager	40	\$ 165.00	\$6,600.00
Contracts Manager	24	\$ 120.00	\$2,880.00
Proposal Manager III	80	\$ 130.00	\$10,400.00
Proposal Coordinator	40	\$ 60.00	\$2,400.00
Pricing Strategist II	20	\$ 140.00	\$2,800.00
Price Manager	20	\$ 110.00	\$2,200.00
Subject Matter Experts	30	\$ 120.00	\$3,600.00
Writer III	80	\$ 85.00	\$6,800.00
Graphics Designer II	20	\$ 75.00	\$1,500.00
Desktop Publisher/Editor	20	\$ 70.00	\$1,400.00
Production Specialist	10	\$ 50.00	\$500.00
<b>Total</b>			<b>\$52,200</b>



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# Cost of Capture

The Reality...

Medium Opportunity: 75-100 Page Response with 30 day turn and capture support

	Hours	Rate	Cost
Executive Staff	80	\$ 230.00	\$18,400
Business Development	120	\$ 140.00	\$16,800
Capture Manager	220	\$ 165.00	\$36,300
Contracts Manager	116	\$ 120.00	\$13,920
Proposal Manager III	240	\$ 130.00	\$31,200
Proposal Coordinator	180	\$ 60.00	\$10,800
Pricing Strategist II	84	\$ 140.00	\$11,760
Price Manager	140	\$ 110.00	\$15,400
Subject Matter Experts	360	\$ 120.00	\$43,200
Writer III	480	\$ 85.00	\$40,800
Graphics Designer II	80	\$ 75.00	\$6,000
Desktop Publisher/Editor	120	\$ 70.00	\$8,400
Production Specialist	20	\$ 50.00	\$1,000
<b>Total</b>			<b>\$253,890</b>



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# Cost of Capture

The Reality...

Large Opportunity: 100-200 Page Response with 60 day turn and extensive capture support

	Hours	Rate	Cost
Executive Staff	212	\$ 230.00	\$48,760
Business Development	360	\$ 140.00	\$50,400
Capture Manager	420	\$ 165.00	\$69,300
Senior Proposal Manager	440	\$ 130.00	\$57,200
Proposal Coordinator	300	\$ 60.00	\$18,000
Contracts Manager	270	\$ 120.00	\$32,400
Pricing Strategist II	180	\$ 140.00	\$25,200
Pricing Volume Manager	136	\$ 110.00	\$14,960
Subject Matter Experts	800	\$ 120.00	\$96,000
Writers	800	\$ 85.00	\$68,000
Graphics Designer II	128	\$ 75.00	\$9,600
Editors	130	\$ 70.00	\$9,100
Desktop Publisher	120	\$ 70.00	\$8,400
Production Specialist	40	\$ 50.00	\$2,000
<b>Total</b>			<b>\$507,320</b>



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# How to Qualify

## Qualifying Opportunities

- Qualifying an opportunity involves researching and analyzing an opportunity solely on the merits of the opportunity. This should not be confused with analyzing your ability to win.
- Qualifying an opportunity involves determining its validity, viability, and value.
- There are two stages during which an opportunity should be qualified:
  1. Immediately upon identification of the opportunity
  2. Immediately upon RFP release (or DRFP release, if possible)
- Determine the cost to win the opportunity in relation to the opportunity's anticipated value to your company.
- At these same stages, you should also separately analyze your ability to win.



# How to Qualify

## Qualifying Opportunities

- **VALIDITY** refers to whether or not the opportunity is real. Is an actual contract likely to come into existence within the foreseeable future?
  - Countless opportunities evaporate every year due to lack of funding.
  - Contracts such as DHA HITS Generation 1 and DoS HITSS 2 were cancelled. How about DHS EAGLE III, IRS TIPSS-5?
- **VIABILITY** refers to whether or not a resulting contract will be useful in the market if it does come into existence. In the case of an IDIQ, will anyone use it?
  - Agencies frequently award contracts for which there is no acquisition funding.
  - Agencies frequently solicit proposals for goods and services that can be bought through existing vehicles.
- **VALUE** refers to what revenue and profit opportunity exists for an awardee or group of awardees if a contract comes into existence.
  - Estimated values are not often accurate. Will you net a profitable return from this contract?

# Bid/No-Bid Process

## Generic Go/No-Go Questions

1. Do we understand the work?
2. Do we have the capabilities to deliver the work?
3. Do we unquestionably meet all of the contract requirements?
4. Do we have any unique competitive strengths as compared to the competition?
5. Did we communicate with, market to, or influence the customer in any way?
6. Do we know the customer's decision makers?
7. Do we know the customer environment?
8. Have we worked with them before?
9. What is the opportunity cost in pursuing this contract versus another contract?
10. Does this align with your growth and revenue objectives?
11. Can we afford the time and resources to pursue this opportunity if we lose?
12. Can we compete effectively on price?





# Three Bid/No-Bid Processes

## Three Ways to Establish a Bid Process

1. Customized Bid/No-Bid Capture Form
2. General Bid/No-Bid Score Sheet
3. Gut Check Analysis

# Option 1: Bid/No-Bid Capture Form

## Build a Capture Form

- Objective way for decision makers to review an opportunity
- Use this form as early as possible
  - Continue to use it throughout the capture process to show progress
- Assigns scores to key decision criteria
- Key strengths are identified early
- Weaknesses are identified for mitigation
  - A key reason that earlier is better for completion
- Form is designed to give a comprehensive picture towards each opportunity
- For example, please see Bid/No-Bid Decision Form

## Option 1: Bid/No-Bid Capture Form

Question	Score/Rating				
	1	2	3	4	5
How far in advance did you start preparing your capture?	Upon or after release	1 month or less prior	1-3 months prior	3-6 months prior	6+ months prior
Does your company unquestionably meet all of the SOO requirements?	No	About 1/4	About 1/2	About 3/4	All
Will your team be 100% formed within one month (assuming a November 2013 Final RFP Release)	No, less than 50% formed	Not sure or only 50%	About 75%	All but 1 or 2 companies	Yes
Do you have a strong relationship with the PEO/EIS program or ERP program offices?	No relationship	Spoken on the phone only	Average relationship	Strong relationship due to this opportunity	Very strong – prior to this opportunity
What is your track record within Rock Island Arsenal contracting?	Only losses or never bid	First opportunity pursued	Mixed	One major win	Multiple wins
What is your track record winning within Army PEO/EIS?	Only losses or never bid	First opportunity pursued	Mixed	One major win	Multiple wins
Do you have experience in GCSS, GFEBs, LMP, DIMHRS, or AESIP?	None	Limited in 1 to 2 programs	Very strong in 1 to 2	Very strong in 2 to 3 or some exp in 4 to 5	Very strong exp in 4 to 5 programs
How many prime contracts do you have with ERP implementations?	None	One	Two	Three	Lots to choose from
Have you performed IV&V on many of your contracts?	No	Only 1 to 2 contracts	We have a few IV&V projects.	Half of our projects have IV&V	Most of our projects have IV&V
Is your company well versed in performance based contracting?	No	Very seldom	Well versed in some aspects	Have won PBC contracts	Experts in all facets of PBC
How confident are you that your company can be price competitive or even lowest price?	Not confident	Unsure	Somewhat confident	Confident	Very confident
How many companies are pursuing this opportunity? (Single Award)	17+	14-16	10-13	5-9	1-4

## Option 1: Bid/No-Bid Capture Form

<b>Totals</b>	<b>Recommendation</b>
<b>51-60</b>	Definitely bid
<b>40-50</b>	Bid, but look at ways to strengthen weak areas
<b>26-39</b>	Consider, but with additional capture work
<b>15-25</b>	Probably no bid
<b>12-24</b>	Do not bid



# Option 2: Bid/No-Bid Capture Sheet

## Creating the Scoresheet

- Develop questions for important aspects of a pursuit
- Question 1 of 5:

<b>Have you worked with this agency before? Was the project of similar size, scope, and complexity?</b>	
<b>Rating</b>	<b>Criteria</b>
1	No agency experience and no relevant projects
2	No agency experience and 1 relevant prior project
3	No agency experience and 2-3 similar projects at other agencies
4	Yes and 1 similar project at agency with other past performance
5	Yes and 2-3 similar projects at this agency



# Option 2: Bid/No-Bid Capture Sheet

## Creating the Scoresheet

- Develop questions for important aspects of a pursuit
- Question 2 of 5:

**Do we bring the knowledge of the customer environment, program, or requested solution?**

Rating	Criteria
1	No prior knowledge
2	Limited and we hope to bring this knowledge with teaming partners
3	Not internally but our teaming partners bring this knowledge
4	We have key personnel with intimate knowledge of the program
5	We have worked with this customer on this program before



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## Option 2: Bid/No-Bid Capture Sheet

### Creating the Scoresheet

- Develop questions for important aspects of a pursuit
- Question 3 of 5:

**Do we bring the capability to meet what the customer is really looking for ?  
(i.e. key personnel, teaming partner, key solution, etc.)**

Rating	Criteria
1	Unsure of what the customer is really looking for.
2	Only know what customer is looking for through public research.
3	Know some of what the customer is really looking for through industry discussion. May bring a portion of the solution.
4	We know what the customer is really looking for and can bring most of that solution.
5	We have confirmed that our solution meets the customer's primary objectives.



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# Option 2: Bid/No-Bid Capture Sheet

## Creating the Scoresheet

- Develop questions for important aspects of a pursuit
- Question 4 of 5:

### Who are the decision makers? Do they know us and have confidence in our experience?

Rating	Criteria
1	We do not know the decision makers.
2	We know who they are but have not marketed to them.
3	We have had some limited discussion with some of the decision makers
4	We have met with all of the key decision makers
5	We have had regular communication with all of the key decision makers and they have expressed interest in our experience.





# Option 2: Bid/No-Bid Capture Sheet

## Creating the Scoresheet

- Develop questions for important aspects of a pursuit
- Question 5 of 5:

Does it make sense to pursue this opportunity?	
Rating	Criteria
1	This may be a stretch – new agency, new target, new capability
2	We provide these services, but unsure of whether opportunity aligns with our agency experience or strategic plan.
3	We provide these services and have some experience. Unsure of whether it fits our strategic plan.
4	Fits our strategic plan and core competency.
5	Fits our strategic plan, core competency, and revenue goals.



# Option 2: Bid/No-Bid Capture Sheet

## Creating the Scoresheet

- Scoring chart is up to your discretion but should act as a guide for prioritizing capture action items:
  - **20+**: Bid but work to improve all scores to 5 if possible.
  - **15+**: Bid with considerations. Minimally work all criteria to be at least 4.
  - **10+**: No-Bid unless you are able to improve capture to at least 15.

## Option 3: Gut Check Analysis

When All Else Fails...

Do a gut check bid analysis.

- Can we unequivocally meet the RFP's requirements?
- Does it fit within our strategic plan?
- Do we know details outside of what is publicly posted? (environment, key decision makers, internal politics, preferences, what's really important to them, etc)
- Do we have the secret sauce (incumbent teaming partner, key personnel, key solution)
- Do the customers know us and like us?

# Would You Bid This?

## Sample Questions for Consideration

- **Scenario 1:** You are a \$25M/year small business pursuing a \$100M single award contact. You have limited program knowledge but know the federal agency and some of the decision makers. You bring the right capabilities and have past performance but not within the agency. You know the incumbent and your intel says they have performed well – you do not know other interested vendors that may compete. You have been directed to win an unrestricted contract valued at \$100M but have three months left for capture before the Final RFP is released. Do you pursue?
- **Scenario 2:** For a \$100M single award re-compete contract, your intelligence tells you that the program office has expressed interest in the key personnel performing the work with no disruptions. The incumbent has performed adequately, however the government wants the lowest risk solution and wants a company that already understands the program and will not disrupt the program. They don't want innovation just the same people working the program. Do you pursue?

# So What's Our Bid/No-Bid Process?

Follow these steps:

1. Review any and all available current or prior solicitation criteria
2. Assess win probability based on internal assessment, evaluation of contracting options, and customer knowledge
  - a) Assess validity, viability, and value
  - b) Walk through bid/no-bid criteria
3. Evaluate cost and time to pursue relative to ROI
4. Document any obstacles
5. Determine means to overcome obstacles through additional capture activities
6. Make final pursuit decision

# Recommendations

## Key Takeaways

- Make decisions early. Don't wait until the agency is already preparing requirements for the re-compete contract.
- Each time new information is uncovered – you should determine a list of MUST HAVE items in order for you to pursue.
  - Early on in the cycle you can decide to pursue UNLESS something major happens.
  - Document those items that MUST happen or otherwise you should decline from pursuing.
- There must be an opportunity champion who is honest with their company's chances in relation to the opportunity. This might not be the individual in charge of the account.
  - Capture and program risks are presented with potential mitigation strategies
  - Once decision is made to pursue, resources should be established



## Contact Information



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