

## Bid/No Bid Decision Process

One of the most important but least practiced steps to winning government contracts is using an informed bid/no bid decision process. Without this process, too many companies expend valuable resources of time and money preparing proposals to bid on government contracts they have little or no chance of winning.

### Government Bid Win Probabilities

The following general win probabilities are based on recent years' experiences. For your specific projections, win probabilities and expected award dates should not be overly optimistic since they impact revenue projections.

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|--|---------------|
| ▪ Blind bid, new market                                    | <b>1-5%</b>   |
| ▪ Blind bid, established market (current client)           | <b>10-25%</b> |
| ▪ Well-positioned bid, new market (new client)             | <b>20-30%</b> |
| ▪ Well-positioned bid, established market (current client) | <b>25-50%</b> |
| ▪ Re-compete with satisfied client                         | <b>75%</b>    |
| ▪ Sole source to company or recent win contract growth     | <b>50-90%</b> |

It helps to remember that the purpose of the government bid decision process is not only to reach a yes or no conclusion. For those government bids you decide to proceed with, **the real value is the identification of your company's strengths and weaknesses** in relation to the bid requirements and competition. Identifying corresponding improvements to your bid will greatly increase your chances of winning.

As a general rule, you are not likely to win a government bid by submitting a blind bid with little or no knowledge of, or exposure to, the client.

The remedy for this lack of focus is to practice a qualified bid/no bid decision process and employ one or two bid decision meetings with involved personnel for every government bid opportunity.

Ideally, you will start the process with a meeting a few months before the release of the final Request for Proposal (RFP) and a second meeting upon receipt of the formal RFP or Quotation. Participants can include:

- XO level personnel for priority business growth opportunities
- Business unit manager
- Finance and contracts personnel
- Capture and/or product manager
- Business development or sales lead
- Proposal manager
- Recruiting staff, if relevant



## **Utilizing a Government Bid Decision Process**

We recommend that the person responsible for capturing the business presents the government bid decision process at the initial meeting and lead a discussion of each bid decision element. Incorporating a government bid decision process into your company's sales process will help your team develop an integral decision-making process to evaluate and pursue the best-matched government bid opportunities for your company.

We recommend that you assign a scoring system relevant to your company's specific status and projected growth mode. You may start with a simple yes/no format and as you go through subsequent bids, assign numerical values based on financial, geographic, personnel and other qualifying factors.

After making any adjustments to the criteria scoring, a final government bid decision is made by the business unit manager with input from all the attendees. A company executive often has final approval authority for government bid decisions when bid and proposal expenditures will exceed a certain percentage of the total company allocated business development budget and on all firm fixed-price bids that exceed a certain threshold in expected order value.

## **Reasons Not to Bid on a Government Contract**

Some of the reasons a decision may be made to stop pursuing an opportunity are:

- It is not consistent with the company's strategic plan
- Funds are not available to pursue the bid
- Can't get the right companies for the team
- No available/acceptable key personnel candidates
- Insufficient proposal resources
- Strongly positioned low cost bidder emerges
- Unacceptable contract terms and conditions
- Key client relationships have not been established

It is important to consider the probability of winning the government bid both for the purpose of maintaining a balanced job/project portfolio and understanding the risk associated with bidding a specific opportunity. The following questions can be used to assign a win probability.

## **Bid/No Bid Decision Questions**

1. Is there an incumbent? If so, what is the situation regarding their viability in a re-compete?
2. What intelligence do you have regarding this incumbent?
3. How much advance information did you have on the project or program?
4. Is the customer a known entity?
5. Does the customer know you?
6. Does the customer respect you?
7. Were you involved in defining requirements?

8. Is there funding for this project?
9. Is the program related to the immediate and long-range business objectives of your firm?
10. Do you need to develop new capabilities?
11. Are they compatible with the long-range plans of your firm?
12. What are the priority and importance of the programs?
13. What is its relationship to present and future programs?
14. Is there a “real” requirement, or is this a fishing expedition?
15. If this is for a subcontract, has the prime decision-maker actually made a make-or-buy decision?
16. Is this “window dressing” for a “make” decision already made by the prime?
17. What are your current capabilities for performing the project?
18. What resources are currently available?
19. What must be acquired?
20. How will they be secured and/or financed?
21. Is it possible to augment your current capabilities by:
  - a. acquiring additional personnel
  - b. consultants
  - c. subcontracting
  - d. new facilities
  - e. new equipment
22. What capital expenditures will be needed? How do they relate to your company’s plans/capabilities?
23. Can this program be phased into the current projects using existing resources of personnel and facilities?
24. What are the estimated total sales and profit?
25. What is the effect of the program on:
  - a. technical advances?
  - b. product development?
  - c. enhancement of the firm’s overall reputation?
  - d. competitive position?
26. What is your competitive position, and who are the competitors?
27. Who are the key customer personnel?
28. What has been your past experience with this agency?
29. What is the company’s reputation and working relationship with the customer?
30. What are your risks? What are the customer’s risks in hiring you?
31. Do you have enough time to reply?

