



Incumbent Versus Challenger

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How To Win If You Are the Challenger

- It's not that simple - two sides to the story
- Challenger's success may depend on incumbent behaviors
- Both sides must recognize the true desire for competition and the efforts to level the field
 - New competition policy
 - Competition web page libraries

- M - Challengers are at a distinct disadvantage
- M - Incumbents are more vulnerable
- R - Pure incumbent bids are rare
 - Contract mechanisms and scopes change
 - Incumbent teams go their separate ways
 - Incumbents re-invent themselves

Challengers – Is It Worth It?

- Read and analyze the RFP
- Assess strategic value
- Evaluate the cost/benefit ratio
 - Challenger proposals are expensive
 - Key Personnel availability may be an issue
 - Protest risk adds to cost
 - ROI is extraordinary if you're successful

Read and Analyze the RFP

- How does it compare to the last competition for that same contract?
- Are there indicators of change?
- Are the evaluation criteria sufficiently defined to give credit for new ideas but broad enough to allow informed judgment to be applied?

Read and Analyze the RFP – A Savannah River M&O Case Study

- C - “The Contractor shall challenge the status quo and existing paradigms ...”
- L - “...describe a specific innovative technical management approach ...that will foster continuous improvement and challenge the status quo ...”
- M – “...evaluate ...foster continuous improvement and challenge the status quo ...”

The customer was sending a message

Assess the Strategic Value

- Are there valuable lessons to be learned from the proposal process – win or lose?
- Is this a step in establishing credibility in a new market or at a new level?
- Will the bid provide a mechanism for making strategic investments in systems, processes, people, or goodwill?

Evaluate the Cost/Benefit Ratio

- Be realistic in assessment of proposal costs – if you're in, be all in
- Do you have the people with the right qualifications/resumes or will your proposal cost have to include hiring and “bench time?”
- Protests by losing incumbents is an unfortunate reality – need a new earned fee limitation
- ROI of \$200M in fee on a \$5M investment is considered “infinite” in most companies (but be careful of accounting guidelines and don't delay the internal financial analysis process)

What Are the Issues from the Incumbent's Perspective?

- Avoiding arrogance/complacency
- Risk of knowing too much
- Why haven't you done this before?
- Key Personnel have grown into positions
- Taking credit for “the little things”

- We've got great award fee scores – they love us and we can't be beat
- The customer knows what we have to offer – we just need to “phone it in”
- They know our people – their performance track record is sufficient to sell them
- We know the Performance Work Statement better than anybody – no need to worry about this until the RFP is issued

Your current customer is likely not your evaluator!

- Knowledge of reality clouds the view of the RFP requirements (“sample problem”)
- Too much knowledge can lead to too much cost – bid to the RFP, not reality
- Recent protest decision on use of incumbent knowledge contrary to RFP

Incumbent – Why Haven't You Done This Before?

- Incumbents can feel trapped by the limitations of their current contract
- They may be concerned that challengers have the opportunity to propose “revolution” while they are limited to “evolution”
- The reality is – incumbents with a track record of and commitment to continuous improvement don't find this to be a problem

- Highly qualified personnel often grow into positions they would not have “the credentials” for in a competition environment
- Incumbents should be evaluating their potential key personnel a full 2-3 years before the competition – there’s time to fix gaps

Incumbent – The Little Things

- Challengers spin little things as big deals – they have less directly relevant experience to draw from and are in full sales mode
- Incumbents tend to overlook the little things as just doing their jobs; especially
Key Personnel

Incumbents – Treat the competition as if you were bidding another contract, not your

What Are the Issues from the Challenger's Perspective?

- Lack of access to perceived key information
- Relevance of experience/past performance
- How do you add value? – Avoiding the “culture change” trap
- Be bold – nothing to lose

- It's usually not as important as it seems
- Competition libraries are more extensive than ever – even including restricted documents
- Be careful what you ask for – library documents sometimes conflict with the RFP

Remember – The RFP rules!

Challengers – Relevance of Experience/Past Performance

- Having the current contract is not always a good thing – incumbents have no choice but to use their current contract, warts and all
- If you don't have 3-5 relevant experience summaries (within the team), you should be realistic about your credibility
- Qualifications are not sufficient – it's all about risk management and that requires proof of success on relevant experience

- Avoid the temptation to propose “revolution” (sometimes called substantial culture change) – it’s threatening from a risk management perspective; it’s usually not necessary; and achievement is probably not realistic
- Quiet confidence in delivering immediate and continuous improvement is more credible than dramatic promises

- Seems contradictory to previous slide – but it's all about the attitude
- You aren't bound by the incumbent's reality – be aggressive in performance commitments that you can credibly defend
- Don't weigh down your proposal with assumptions and caveats – you don't know where all of the skeletons are, but you'll have an opportunity to re-baseline

- Advantages/disadvantages (from either perspective) are more imagined than real
- Stop your whining (no matter which side you're on) and respond to the RFP
- Challengers - Trust in the system (if you don't/can't – you should make a no bid decision)
- Incumbents – Complacency on the job is your greatest vulnerability – not the competition process