



Success: How to Bid, How to Win

In today's competitive environment, a successful bid depends on a winning strategy. Linda Wolstencroft outlines what one is and how to build it.

The battlefield is complex; military procurement is just as complex. On the military procurement battlefield, what can you do to maximize your probability of success? It is not uncommon that lost bids can be traced directly to your company's actions and decisions. And this results in a battlefield loss for both your company and your customer. Obviously the company loses because the new business has been lost, but the customer also loses because the tactical or strategic errors made by the company have driven the customer to select a different (and potentially inferior) solution.

One defence company was very successful in its ongoing long-term programs. The company was well-reputed, the customers spoke highly of the programs, and the company was successful in negotiating changes and additions to its contracts. Its business on existing contracts grew and expanded. But over a period of several years the company

was not successful in winning new competitive bids, and eventually was forced to close one of its major facilities. The company did not benefit, the customers did not benefit, and the company's team with its world-class capabilities was disbanded – all due to poor decisions on bid strategy and tactics.

Is It Us?

"We have met the enemy and the enemy is us" – Walt Kelly 1970

How do you know that it is your company's actions that have lost the business, and not external factors beyond the company's control? Here are three indicators:

1. WIN RATE: For new business that is bid, how often are the bids successful? A win rate of a minimum 50% is decent, and win rates of 70% or better are indicative of a mature organization with established strategy and tactics. A low win rate should lead you to examine strategic alignment and timing of your bids.

2. STRATEGIC ALIGNMENT: Are you bidding on the right projects? The second indicator of a potential problem is how close the alignment is between the company's strategy, mission, vision, and the opportunities being pursued. Of course, to determine this alignment, the company needs to have a well-defined strategy, mission and vision to start with, which at times is not the case. Some companies skip this step believing that they know what business they are in – which is fine until an opportunity comes forward that is slightly outside of the core business, appears attractive, and after significant effort and cost, the company is unsuccessful in winning the new business. Other companies pursue business that is someone's pet project or entails business travel to an attractive travel destination.

3. TIMING: Are you always the last to know? Timing is the third factor that is important in the analysis of whether a failure has been self-induced. Pursuits



that become hot priorities too late in the game (such as after the release of the RFP) have a low likelihood of success. It is challenging to accomplish the work needed to capture new business within a short timeframe.

It doesn't need to be said that the wasted time and cost on the entire organization when pursuing business that does not have a high probability of success can be significant. So the impact of the up-front business development work is large – it's best to ensure that the work is done thoroughly and with rigour.

A Winning Strategy

A useful and well known methodology to increase your firm's probability of win is Capture Planning. Figure 1 sets out the key Capture Planning elements:

Customer Factors relate to how well your company understands the customer, and through its relationships, how well your company has aligned the thinking of the customer with your solution. The customer consists of all the people, at all levels and in all disciplines (including political), that have an influence on the decision.

- The customer's decision process needs to be clearly understood, so that your company can identify exactly who the individuals are that are involved. Each one of these individuals needs to be accessed and related to by an appropriate individual in your company. As well, it is essential to understand what the bid evaluation criteria will be so that you can shape your company's solution appropriately. Even better, at times there is an opportunity to shape the customer's thinking, through providing new information and ideas.

- It is only by having trusting, open relationships that your company can properly understand exactly what the customer's issues and hot buttons are. This understanding will help your company

develop its Win Strategy. And further, the established relationship will allow your company to communicate with your customer early in the procurement process (within the allowable bounds of procurement rules) to ensure that there is a full understanding of what makes your company's solution the best.

- The ultimate goal with the customer is to create the circumstance that the customer has a predisposition to select your company's solution, prior to the start of any formal procurement process.

- If your relationships are weak, and time and resources are short, consider teaming to increase win probability. Your company's workshare may be reduced, but your win probability can increase, and you can set your company up for future business through new business relationships.

Competitors' Factors consider the moves of your competition. Some companies consider the competitors' factors to be less important than the customer factors. This thinking poses a high risk to the probability of win: not only does your solution need to satisfy the customer, but it also has to come out ahead over your competitors' solutions.

One company provided similar services in different market segments. The company developed standard service packages at standard prices, and offered these to all market segments, even though each market segment contained a different group of competitors. The low success rate was attributed in the company to external economic factors beyond their control, but on closer examination it was found that the standard package did not provide a better solution than the competition in any of the market segments. "One size fits all" normally does not.

- Competitor identification is fundamental and not knowing exactly who your competitors are can be fatal. Identifica-

Above

Figure 1: Linda Wolstencroft's Capture Planning Equation.

Image credit: Author.

tion of the competitors is not always simple to effect, but it is essential.

- The strategies and approaches of your competitors are even more difficult to ascertain. Using public information and industry networks, and reading between the lines, plausible options can usually be developed. Just as knowing customer issues and hot buttons is critical, so too is knowing competitors' approaches. For example, if your competitor's strategic focus is developing the latest technology (a costly approach), and your customer values budget over having the latest technology, your Win Strategy may focus on a simpler technological solution at a lesser cost.

- The customer's risks are the risks that the customer will face using the competition's solution. It is critical to identify these risks and show how your solution mitigates these risks. For example, if your competition has a history of being late to schedule, you may wish to highlight how this is a risk to the customer, and show how your company mitigates this risk.

The *Win Strategy* is the crux of your offer. It must capture the customer's attention and be viewed by the customer as the optimum solution. It must stand out over your competitors' offerings.

- Make your offer 110% compliant. This is not overkill: real-life experiences in which bids have been rejected for minor non-compliances tell the tale. Target 110% to reach 100%.

- By analyzing your competition you will know, or can develop, the differentiators that your company is offering. These must stand out and be major themes in your bid.

- Maintaining relationships throughout the bid and evaluation process (within the bounds of procurement rules) is crucial. One company was on its way to losing a major bid for which the evaluation team had recommended award, due to political influence from a competitor, and it was only through matching political influence that the award came through.
- Price is always, always an extremely important evaluation factor. Set your price-to-win based on an evaluation of

the competitors' price and risk in relation to yours. This is a complex exercise, but it is well worth gleaning the insight it yields, and this can influence your final price decision.

**Optimum Strategies:
Extraordinary Results**

Your goal is to achieve extraordinary results that accelerate your business growth. One company won new business amounting to twenty-five (25) times its total annual revenues in one of its

market sectors over a three-year period by using effective capture planning to bid and win effectively. Its win rate for major bids in this sector was 100%. And no additional significant resources were brought to bear aside from an addition to leadership to effect the work; the company's existing resources were used. The return on investment for the company was in the order of 50:1.

What can you start tomorrow to effect extraordinary results?

- Check your company's performance against the three major factors that can diagnose whether you should be doing better:

- Win rate (50-70% or better),
- Strategic alignment (all resource-consuming pursuits align with company strategy),
- Timing (early enough to effect a high probability of win solution).

- Adopt a Capture Planning culture. Write plans down, discuss the plans, and regularly review. Keep the plans live; they will change as time passes and as customer and competitor conditions change.

- Stay close to your customer. Fostering many open, honest, trusting relationships will increase your success probability.

- Know your competitors. Knowing who they are, how they think and what their goals are will enable you to devise your unique approach.

- Specifically formulate your Win Strategy. Be 110% compliant, understand your differentiators, maintain relationships, and scientifically determine your price-to-win.

As you adopt these techniques, look for improvements in results that present without major additional spending. It is the thinking and strategizing that achieves the difference. Take positive action: watch your win rate soar and your market position grow. ms&t

About the Author

Linda Wolstencroft, P.Eng. MBA, is President, Aerospace BizDev Inc. She brings over 20 years of experience in strategy, business development, program management and engineering. She has worked with major aerospace and defence companies nationwide, and has achieved a top-notch track record of success in winning new business (over \$2 billion).



MILITARY SIMULATION & TRAINING MAGAZINE

Military Flight Simulator Census

Does your business depend on flight simulators?

MS&T's Military Flight Simulator Census is the world's most comprehensive and up-to-date record of active military simulators

- Listings of more than 1,900 military flight simulators around the world
- Comprehensive details include:
 - Aircraft simulated & engine type
 - Key simulator subsystems
 - Location
 - Contact information
- Fully searchable & sortable in excel format
- 12 month subscription



Purchase your copy online today
www.halldale.com/shop

