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Structure in Business Development Maximizing Success

BY LINDA WOLSTENCROFT



How can you ensure your customer appreciates fully the solution you are offering on an upcoming defence program? At times the reason a company is unsuccessful in a bid for new work can be traced to company actions: it is not that the solution offered was flawed, it was the manner in which the new business opportunity was approached.

One defence company had a defined process and forms that the business development department used to set out the rationale for pursuing new business opportunities. The forms were duly filled out with the requisite information and senior executive review meetings were held to decide whether the new opportunity was worthy of pursuit. Business opportunities deemed worthy were approved to proceed to the proposal stage, often with the commitment of significant corporate funds. When the RFP was received, a well-written, beautifully formatted proposal with professional graphics, was developed. Unfortunately, for several years this company's win rate remained close to zero percent – even for business that was a logical follow-on to existing longstanding programs. And what was worse, the company's management and technical teams had the capability to perform these programs very well; had these proposals been successful, the customer would have benefited from solutions built upon years of related experience and received highly-developed expertise from the company's team.

It's no secret that winning new business in the defence sector is a long process. On

the one hand, this is a negative attribute in that the cost of new business pursuit goes up and up as the months and years pass, and in the end there is but a single winner. (For the company that is not that single winner, these costs are sunk, and the company is left only with the upside of lessons learned that can be applied to future opportunities.) On the other hand, the length of time required for new business acquisition provides a golden opportunity to use that time to maximize the probability of success – step by step, day by day.

Some organizations continue to be satisfied with their status quo. But it could be that there is a significant opportunity for improvement. Symptoms to watch for are:

- Win rates are low (say less than 50%),
- Lack of continuity: programs that were previously high on the agenda disappear from the agenda, and new ones appear,
- Too many prospective opportunities are being followed (too broad of a vision),
- The corporate business strategy is not well-articulated or is dated,
- There are no structured communications plans for interfacing with customers,
- Genuine work doesn't begin until the RFP is released,
- The capabilities of the assigned proposal team do not fit with the subject matter of the RFP,

- The "lessons learned" process for review of failed initiatives does not result in substantive positive changes to the business acquisition process,
- Decisions on support of key meetings such as bidders' conferences attendance and teaming arrangements are left to the last minute,
- The program and technical organization engages too often in wasted work that does not result in winning new business,
- There are "pet projects" being pursued which have questionable business rationale but have other redeeming features (such as a favourable business travel destination), or
- There is a trend of too many bids lost that were a logical fit for the company's capabilities.

What can be done to improve this situation? Winning new business requires diligent daily or weekly effort over an extended time period. The following tips can help:

1. Use a Business Development Process
The long-term nature of the business development process makes it essential that a Business Development Process be used so that all concerned in the organization can understand where a specific opportunity sits in the process, in order to maintain momentum and effectively set priorities. Figure 1 shows an example of a high level simplified Business

Development process. Ideally this process is modified to suit the requirements of a specific organization: some organizations are formal and rigid, others are more entrepreneurial in nature. In any case, using a process helps the entire organization understand the status of the project, and helps avoid the pitfalls of jumping critical steps and decision points. One caution is that the process needs to be used as a guideline and should not slow the development - a project should flow through the process quickly enough to stay in step with (or ahead of) the customer and competitor activities.

2. Define Qualification Criteria for selecting which new business to pursue

One company enjoyed its long-term legacy of programs with Tier 1 US DoD OEMs but over several years was unable to win new programs. The company's decision to implement stringent criteria for which programs to actively pursue, and which programs NOT to pursue, has resulted in a focused business development effort, better relationships with its potential customers, and a higher success rate in winning new business. In many cases it is more important to decide what not to pursue as it is to decide which programs to pursue. To do this, what are the criteria that should be used to decide whether to expend more time and effort? Typical criteria are:

- There is a promising customer relationship,
- The product or service offering is consistent with the company's capabilities and expertise,
- The business fits with the corporate strategy,
- Competitors' strengths can be identified and mitigated,
- Pursuit costs are not excessive for expected benefit,
- The political climate is receptive,
- Program risks (technical, contractual, financial) are not unreasonable, and,
- There is a reasonable probability of win that can be increased through dedicated effort.

3. Develop a Plan to Capture

"In preparing for battle I have always found that plans are useless, but planning

is indispensable." – Dwight D. Eisenhower, Thirty-fourth President of the USA

The act of writing down and discussing ALL the factors that can impact how your business offering is perceived by your customer will take a company through the thinking and planning process necessary to achieve the desired result. The end state is that the customer fully understands your offering: including how it meets his needs and what makes it unique from the competitors' offerings. And when it finally comes to the time to evaluate proposals, the customer is already familiar with your offering.

Capture planning can take various shapes and forms, but common key elements will include analysis and actions as follows:

- Program description and financial projections,
- Customer's requirement, issues and perceptions,
- Competitors' offerings, their attributes, and their anticipated win strategy,
- Competitive analysis and SWOT (Strengths, Weaknesses, Opportunities & Threats) analysis,
- Expected proposal evaluation criteria,
- Win strategy, technical solution, and winning price,
- Schedule, key milestones, organization and costs,
- Program risks and business risks,
- Technical solution including "off-the-shelf" and developmental aspects, and,
- Sales campaign, communications and intelligence plans.

This is a live plan. Taking action to communicate and execute the sales campaign, while developing the technical solution and garnering intelligence, will yield information resulting in course corrections throughout the project.

4. Use a thorough Proposal Plan

The proposal is the ticket to the final game. It is not a starting point. After the majority of the work has been done (which is developing the unique offering based on customer needs and competitors' offerings, and then ensuring that the customer is knowledgeable on this solution), the proposal distills this to a written form. Defence proposals are com-

plex by nature, and are best developed by a team experienced in putting together winning bids. A thorough proposal plan serves to plan the proposal from a resource, cost and schedule point of view, and it defines the steps to ensure the solution being offered is put forward in a clear and cohesive manner. A proposal plan will contain the following elements:

- Project Overview and Solution to be Proposed
- Bid Team Organization and Roles and Responsibilities
- Bid Schedule, including Milestone Reviews and Schedule Tracking
- Bid Cost Tracking
- Competitive Analysis
- Win Strategy, Proposal Themes, Discriminators and Evaluation Criteria
- Proposal Risks and Risk Management
- Proposal Structure, Outline and Layout
- Administration: Security, Communications, Document Management, Software, Final Proposal Assembly and Delivery.

At one aerospace company, the incoming Vice President of Business Development made the conscious effort to employ best practices. Over a period of several months, a more structured method of performing business development was adopted within the organization. Results were apparent early - when the initial projects were successful. And now, the company is enjoying win rates at better than 70%.

What can you start doing tomorrow to improve your company's success, and your customers' knowledge of your solutions? Here are the initiatives that you can start immediately:

- Use a Business Development Process
- Define Qualification Criteria for selecting new business to pursue
- Develop a Plan to Capture
- Use a thorough Proposal Plan

Over time, using a structured process invariably leads to better solutions. And engaging in these initiatives will increase your success. Take the action to improve today – both you and your customers will be better off. ■

Linda Wolstencroft, is President of Aerospace BizDev Inc., which provides strategy and business development assistance to the aerospace and defence industry. For over 20 years she has helped firms such as Cascade Aerospace, Vector Aerospace, Northrop Grumman and L-3 Communications develop new business. Linda is a Professional Engineer and holds a masters degree in Business Administration.