

## To Bid or Not to Bid

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Generally, you are not likely to win a government contract by submitting a proposal with little or no exposure to the client. Understanding the “ecosystem” surrounding federal agencies and departments is critical to positioning your company to win work from those agencies. The ecosystem consists of prime contractors, subcontractors, suppliers, program, technical and contracting office decision makers, decision influencers, support functions (like the small business offices), set-aside goals, strategic plans, acquisition forecasts, budgets, advisory boards, outreach events, contract vehicles, acquisition practices, market research and contracts coming up for re-compete...to name a few elements.

Many contractors expend valuable resources preparing proposals to bid on government contracts they have little or no chance of winning. One of the most important but least practiced steps to winning government contracts is using a structured, disciplined bid-no-bid decision making process.

Ideally contractors should conduct one or two bid decision meetings a few months before the final RFP is released and a final decision meeting after review of the formal RFP.

### Factors to Consider

We deal with small to mid-sized companies that are in a growth mode. For companies with this profile, the most important factors to consider are:

- **Do we know the customer and truly understand their requirements?**
- **Is there an incumbent? How are they perceived by the agency?**
- **Do we have a strategic competitive advantage and the socioeconomic status (or can we partner with others to acquire the capabilities and socioeconomic status) to meet the agency’s needs and goals?**
- **Can we afford to invest in this proposal initiative? How does it compare to other opportunities we could pursue?**

- **What is the profit potential on this procurement?**

There are many nuances within each of these questions. Experienced business development personnel can detect if a contract is “wired”. It may be from market intelligence or by examining the requirements stated in the RFP and the amount of time the government is giving contractors to respond.

Have the courage **not** to bid. Small businesses get especially caught up in their excitement and self-confidence and fail to evaluate the opportunity from a realistic perspective.

Common misconceptions that result in spending a lot of money with no results are:

- **We’ve done other business with this agency.** If you don’t have a competitive advantage related to the NEW work, your win probability is low.
- **The Customer has encouraged us to bid.** Customers encourage many vendors to bid. They want to encourage competition and to meet FAR regulations. It may have nothing to do with their preference for you.
- **We have the right team.** A team must be more than a collection of impressive certifications. There must be a rationale. Why is your team better than the competition? What unique characteristics, qualifications and past experiences do you and your teaming partners bring to the table and why should the customer care?
- **There is no incumbent.** The lack of an incumbent may indicate a lead is worth exploring, but it’s not worth bidding unless you have a unique competitive advantage. Qualifying opportunities and deciding to bid are not the same.
- **We need to bid more to win more.** Companies can spend a lot of time and money chasing low probability pursuits. The way to maximize your ROI is to invest in pursuits that are worth chasing. If you hear people in your company saying this, it is usually a sign of not enough strong leads in the pipeline.
- **We have a better way of doing things than what it says in the RFP.** This is a sign that your pursuit of this opportunity started at RFP release. Your probability of winning is low. It’s also high risk if the work requires compliance. A bid strategy based on non-compliance of the RFP requirements should be a no-bid indicator.
- **We can price lower than they can.** Competitive pricing is a good tactic but is rarely a reason to bid. It indicates that a company is relying on price instead of a competitive advantage. Bidding with no other differentiators other than price may be an indicator that a company started the pursuit at RFP release. Win probability is low. This may also indicate a company

that is submitting lots of low-priced proposals instead of bidding strategically. The ROI of this strategy is very low.

- **Lack of focus and planning.** Are you unclear about your organization's unique capabilities and differentiators? Do you have a strategic plan that is based upon market research? Do you have a disciplined opportunity qualification process? Do you have a winning teaming strategy? Are you focused on ROI?

Having and practicing a well-informed, logical bid-no-bid decision making process can result in a higher win probability and financial success.

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