

The Case for Outsourcing



Introduction

We often hear: “Why should my company outsource proposal development? After all, we know our company and our product better than anyone.” An unsaid response in our minds is always, “we bet your understanding of your customer’s needs is not as good as you think it is.” This information sheet provides answers to the questions on outsourcing. Only you can determine if these arguments make sense for your company.



Definitions

First, we need to have a common definition for discussing outsourcing. By outsourcing, we **do not mean** *writing assistance* commonly obtained from *proposal writers*. Proposal writers can help articulate what you already know. They can rarely:



- Contribute substantially to improving your product or service in relation to the government’s need.
- Assess your offering in comparison to the competition, and build compelling arguments for selection in the face of competition.
- Offer best practices in project design and project management, tailored to your customer’s viewpoint.
- Substantially improve your probability of winning through superior solution design.
- Create strategies that set you apart from the competition.
- Provide full turn-key services from proposal planning to publishing.



When winning and ROI are important, you should think beyond *writing assistance*. **Our clients return \$258 for every \$1 invested in our proposal services.**



Today’s Competitive Environment

In today’s Federal procurement environment, you may face 30 or more bidders for a single contract. Simply submitting a fully responsive, fully compliant proposal won’t come close to winning. You have to go much farther – to offer clear advantages over competitors. It is unlikely you are in a good position to do so. You simply don’t have routine access to all the relevant information



and probably don't have the time to research it – and you already have a biased love for your solution.

Proposal Must Portray Superior Quality

“Proposals are an indicator of the quality of the work that can be expected after award.” While many evaluators believe that the quality of a proposal, especially attention to detail and customer satisfaction, is a good indicator of how a company will conduct its contract work – many companies acknowledge that the quality of their proposals falls short of the quality of their contract work. Far too often, companies deliver some of their worst work in proposals. You cannot afford to submit an inferior proposal.

Are Your Proposals As Good As You Think They Are?

Forty to sixty percent of proposals submitted to the Federal government are dead-on-arrival. Reasons include: non-compliant or non-conforming, solution not matched to the customer's needs, or incomplete. These proposals don't make the competitive range; and represent a huge waste of bid and proposal costs to business (and taxpayers). Knowing this, why do companies in the aggregate, continue to throw away more than half of their bid investment with no opportunity for return? The answer is that they don't know. Far too many companies don't understand the intricacies of government procurement; don't know how to win government procurements; and don't have a realistic view of the quality of their proposals – **yet believe they do.**

Winning More Often

A strong argument for outsourcing is **“Winning.”** Some reasons why we consistently do better than in-house resources include:

- **Federal Proposals Provides Third-Party Objectivity.** Far too many companies propose what they want to offer or what they know; rather than what the government wants – **and they don't see the difference.** In-house bias almost ensures that proposals are not written from the government client's perspective.
- **Federal Proposals Has Better Proposal Skills.** Our professional full-time solution developers and proposal specialists are often more skilled and experienced in proposal development than in-company *extra-duty assigned* personnel. Few companies have skills in “creative content” development; proficiency in the use of proposal best practices; and regular access to winning proposals. Our professional staff researches and maintains currency in source selection trends that is unmatched in the industry. We know what wins – most likely a lot better than your company does.

Federal Proposals Has a Higher Record of Winning

Our professional proposal specialists' enjoy a win rate that far exceeds industry averages – by a wide margin. In 2003, Federal Proposals won over 90% of the proposals that we managed or were major content providers. We know of no company with a win rate to match.

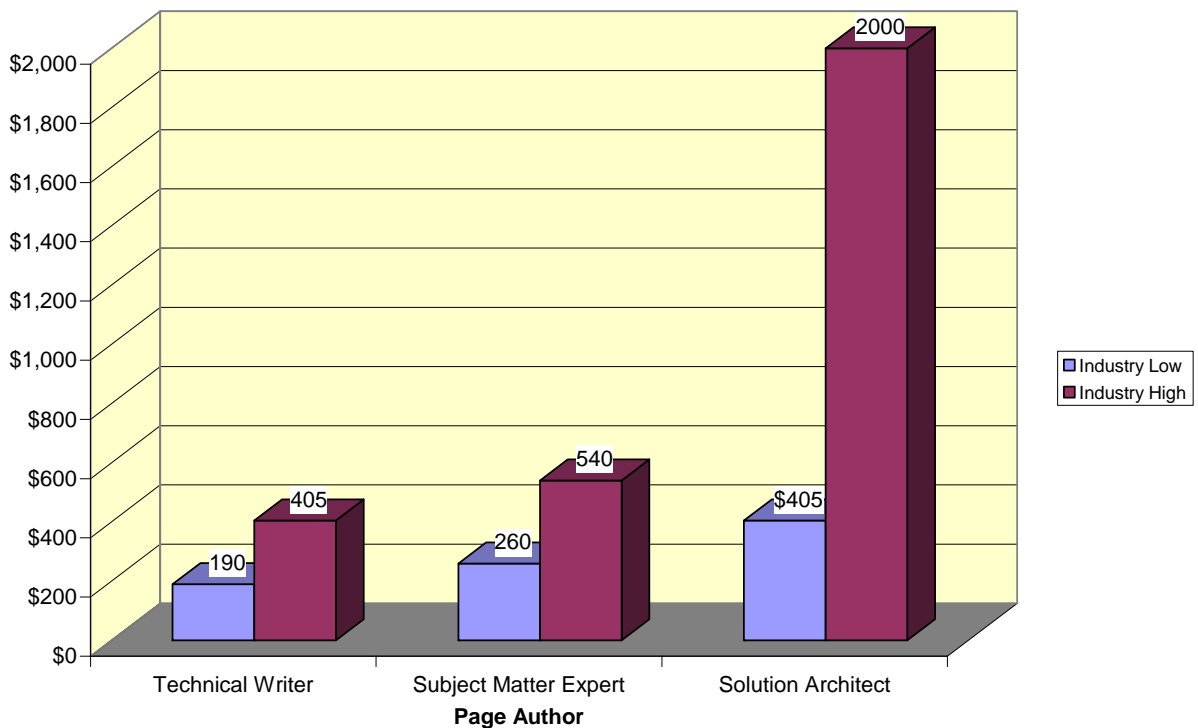
Lower Bid and Proposal Costs

For many companies, proposals are their most inefficient projects – for a number of reasons:

- They have no effective tools for creative content development (and lack the skills in their work force)
- Their proposal process is not well-focused with far too much redundant or lost activity
- More than half of all draft documents are discarded
- Over half of B&P labor costs are lost due to unusable work product.

Does your company have a good understanding of what it costs to prepare proposals? The Figure below shows industry averages for proposals submitted in 2003.

Industry Average Proposals Costs Per Page

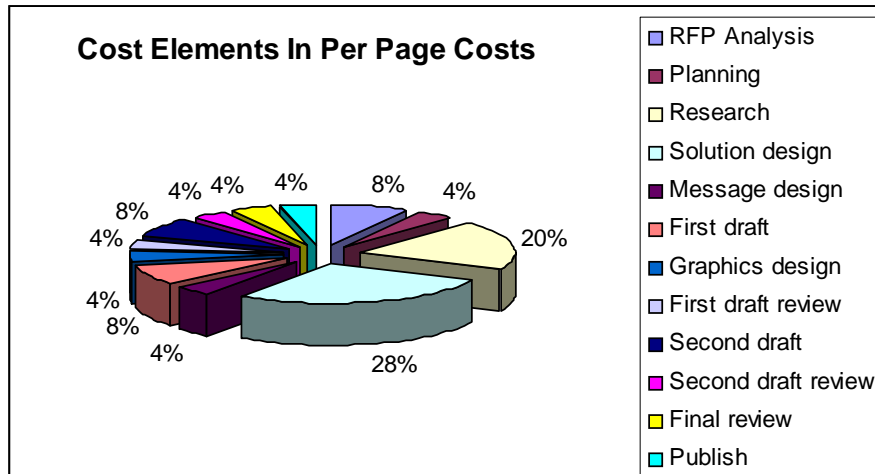


The Figure above divides proposal pages into three categories based on page content complexity and required skill level of the author. To interpret the chart, you will need the following definitions:

<i>Page Complexity</i>	<i>Example Pages</i>
Technical writer	Corporate descriptions, project experience, staff resumes
Subject matter expert	Technical descriptions, analysis, management plan
Strategist, solution architect	Innovative solution design, system architect, executive summary

Take a look at your company’s last few proposal submissions. Divide the B&P costs by the number of pages submitted to see what your company’s per page costs were. Compare the per page costs to those above. You’ll probably be surprised. If your company’s costs are high in comparison, it’s a powerful argument for outsourcing to reduce costs. If they are lower, congratulate yourself – providing your win rate justifies your joy.

In thinking about your company’s per page costs, it’s important to remember what goes into a typical page. The Figure below provides good insight into the cost elements of proposal “content.”



Measuring Productivity

In projects where we have had an opportunity to compare productivity, Federal Proposal’s specialists produced work product in half the number of labor hours as in-house staff, and frequently at much higher quality, as judged by acceptance at Red Team review. In general, B&P spending on in-house staff is less efficient, and takes the staff away from other billable work.

Federal Proposal Costs

We have developed a web-based proposal cost estimator which you may use to estimate proposals costs. Go to www.federalproposals.com/costs.htm . This is only an estimator and actual costs are determined by our fee schedule and contract.

Summarizing Arguments for Outsourcing

- Superior Proposal Quality
- Higher Win Rates
- Lower B&P Costs
- Better ROI for B&P Investments