

Federal Proposal Realities

A Summary of Lessons Learned or Reinforced in 2005



Introduction

In this information sheet we answer some of the most common questions about Federal procurements and offer a summary of lessons learned. Preparing proposals to a broad range of government customers and for a wide spectrum of companies, we are in a good position to learn what works and what does not. We hope this information is helpful.

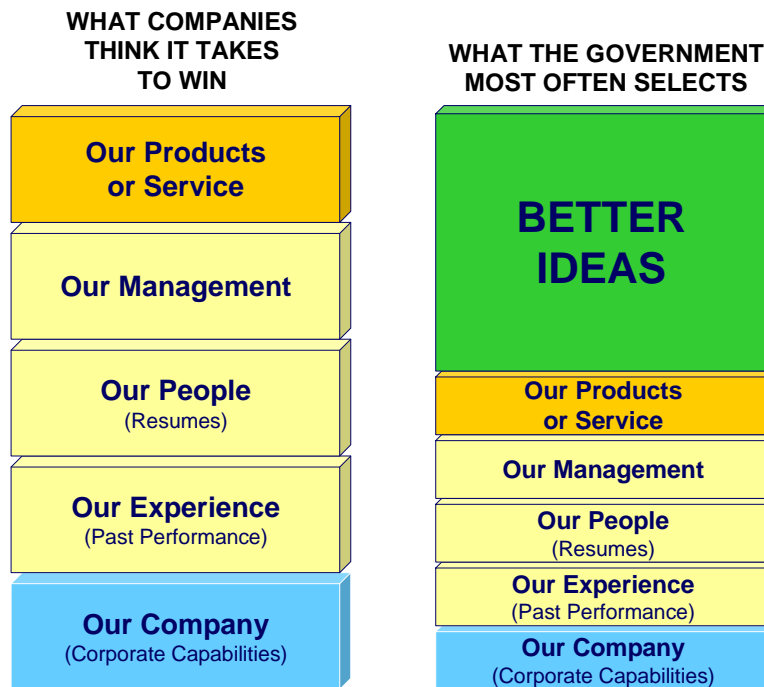


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The Essence of Winning

Read any RFP and the evaluation factors. It is clear – so many points for technical solution, so many points for management, corporate capabilities, past performance, resumes, cost etc. It's simple, just score the highest in each category and you win. The problem is reality. In reality, a whole lot of companies bidding look just like every other bidder. A significant percentage of all bidders will have good products or services, good management, good people, good experience and a sound corporate history. Little discriminates one from another.

If your company approaches bidding from the “who we are” perspective, your win rate will be low.



To understand how evaluation really works you need to get into the mind of the evaluators and the source selection officials. They don't select “the company” or “the people” as many company executives believe. These are all pretty much the same – especially among the top competitors.

What discriminates the winner? Better ideas! And, the evaluator's confidence that you can deliver on the better ideas.

That bears repeating. What discriminates the winner? Better ideas! And, the evaluator's confidence that you can deliver on the better ideas.

So, when you approach proposals, put the bulk of your creative talent to creating the better ideas. You would be surprised, but far too many companies take a mechanical approach to answering the RFP instead of thinking.

The Best Ideas Win

The best, substantiated ideas win most often. By far, the majority of the content of a proposal, while required for compliance, is irrelevant to winning. Proposal evaluators most often react to information in your proposal in five ways.

- “That’s a winner!” It takes only a few of these reactions to win. Focus on the 2-3 messages that create this reaction – and do them very well. Clear and unambiguous; not verbose. Few companies do this well.
- “I like it” These ideas substantiate the overall impression. Quality vs. quantity is important. A winning proposal may have a half dozen or fewer of these ideas.
- “Ho-Hum” Often, this applies to more than 90% of the proposal. This information provides acceptable responses to the requirements. Corporate capabili-

ties, staff resumes and past performance typically fit in this category (all competitive-range companies have them and they look alike). They are irrelevant to winning and only make your proposal “acceptable” (which it must be).

“I don’t like it” I’ve already decided this is not a winner, and this approach gives me a good rationale for non-selection (more on non-selection later).

“Alarm, Alarm” These ideas scare or offend the evaluator. You would be surprised how often this occurs and is unrecognized by the authors. It most often occurs as a result of inadequate research of the customer’s “reality.” One “alarm” and you lose.

So, when you’re assembling the proposal team, don’t put your most creative thinkers working on the “Ho-Hum” sections. Assign them to developing the “that’s a winner” ideas. If you don’t have those kinds of people or they are unavailable, get help. The best “Ho-Hum” in the world doesn’t win. Be realistic, if “Ho-Hum” is all you have for this customer, reassess your bid decision. “Throwing proposals over the wall” without the intent to win is folly. If you aren’t proud of your proposal, don’t submit it.

The Importance of Solution Development

The single greatest failure in proposal development is failure to develop the solution (perhaps assuming it will emerge from the writing process – it almost never does). A solution must always be an integrated solution including product or service, method of delivery and management. Only after the total solution is well understood can meaningful proposal development occur – otherwise the proposed solution will lack coherence.

The most important concept in this document is here: **Solution Design is the Only Discriminator!** Repeat, “Solution Design is the Only Discriminator!”

One way to improve solution development is to establish a solution design team whose job is to:

- Analyze the customer’s needs and carefully re-state them as the preferred solution
- Design the preferred solution independent of your company’s pet rocks. Be careful to go beyond the concept level, to include:
 - Detailed description of products or outcomes
 - Detailed work breakdown structure (WBS)
 - Management plan to include quality assurance
- Migrate your company’s ideas, strengths and capabilities into the preferred solution
- Test the solution to see that it maps back to the requirements

The bottom line: don’t start from your company’s preconceived solution – instead begin with the customer’s ideal solution. However, don’t get hung up on the requirements – great ideas win. Our favorite example is Attila the Hun. If he had written a requirement for a new weapon system

(envisioning a better sword), he would not have expected to see an F-16 fighter plane, however, you can bet he would have selected it.

Remember: elegance and simplicity win! Complex solutions strangle themselves.

Management is Often the Trump Card

Earlier, we talked about solution development – and the need for an integrated solution that includes management. Your company may have managed projects successfully for years, but that doesn't mean the government will see it as strong management, and score it high. Winning proposal management plans include:

- Use of management tools that reflect the government's own objectives for e-government; that is, they reflect the use of real-time online tools for collaboration and reporting.
- Use of documented management processes.
- Use of government recognized management tools like *MS Project*.
- Quality assurance consistent with ISO-9001:2000 (sometimes mandated).
- Incorporation of performance-based work and subcontracting.
- Customer-centric continuous improvement.
- Explicit identification and management of risk.
- Project managers with professional management accreditations (there is trend toward making this a requirement in some agencies).
- Focus on government and company managers working as a team to ensure success.

While management should be an easy section of the proposal, the fact is, a majority of companies do not score high in this area.

The bottom line: **the management section of your proposal tells the evaluator whether you will be successful in doing what you propose.** You must score high in management to win.

Improving the Probability of Winning

Business developers understand that winning new business is the culmination of a lot of activities, each with a discrete probability of success. Proposal preparation is near the end of the probability chain, and gets shorted most often. Unfortunately, the government evaluator never judges the other activities in the probability chain – only the proposal. You win or lose on the proposal and little else. Yet, proposals are almost universally the weak link in the business development process.

When it comes down to it – the proposal is the single most important element in business development – and that's when the sales professional often turns it over to a group with far lesser skills in sales, and likely less interest and less motivation to win. Many of the proposal team members are there because they couldn't get out of it, and would prefer to get it over with so they can get back to what they do well. **Proposal teams are uniquely unqualified to determine**

the future of your company – but they do! If this rings true for your company, there is an alternative, but your company executives have to understand.

Understanding the probability of win is difficult because there are so many variables. For most procurements, there are only 3-5 competitors who will be serious candidates for winning. Consider the following:

- For many single-source procurements, there may be 30 or more competitors. The numbers would say you have a 1 in 30 chance, but that is not true. You have to be in the group of 3-5 serious candidates to compete – otherwise your probability is essentially zero. If you aren't in the competitive group, you are wasting your bid and proposal money.
- Companies new to Federal procurements have unrealistic expectations of winning and sparse understanding of what it takes to win. This is also true of well-established companies previously embedded in the sole-source world who now have to compete.
- Over half of the proposals submitted to the Federal government do not meet the competitive range; which means half of all bid and proposal costs are wasted. However, the government's desire to "encourage" competition often encourages companies to bid even when they have near-zero chance.
- The practice of throwing lots of proposals "over the fence" in an attempt to play the odds – seldom works. Zero probability of win is zero probability of win. Companies who write lots of proposals should consider targeting fewer procurements and doing a better job on the proposals they prepare.

You Don't Know Your Customer As Well As You Think You Do

We can state with absolute certainty that you don't know your customer as well as you think you do; at least not as well as you need to predict what will affect the source selection decision. If you don't believe it, you probably don't live in the real world.

The term "market intelligence" couldn't be more misleading. Most often it's a collection of anecdotal "clips" that can seldom be pieced together with confidence. Our advice: get into the mind of the customer (at every level – staffer, manager, and decision-maker). See what they are saying in public. Know what is important to their future success. The universal axiom – promising to **make your customer a hero** is the key to winning.

Our advice: focus on the users; create a user map with everyone who is affected, from the top of the organization to the bottom. Find out what makes them tick. Find out what they like and what they don't like. Treat no customer information as absolute. Government customers are humans – they have changing priorities and fears.

Believing the Government's Hype

Believe what they do and not what they say! The Federal Acquisition Regulations are designed to level the playing field and encourage competition. This goal creates interpretations that can be misleading to bidders. The contracting officer's job is to "encourage" you to bid – and they are never going to tell you that your proposal was lousy and wasn't even seriously considered – that would be politically incorrect. But, it may nevertheless be true. We know of a firm that was encouraged to bid on 15 separate procurements over a two-year period from the same contracting officer – but never won. They thought it would eventually "be their turn."

We have heard new clients say (after seeing our proposal documents): "the RFP says elaborate and fancy proposals are discouraged." Get serious – the contracting officer has to say that to encourage competition. We think companies would only ask this if they had never seen another company's winning proposal. Fact, we have never heard of a proposal being downgraded for being elaborate or fancy. In today's environment, the minimum standard for winning is the use of desktop publishing and color production. If you remember that a proposal is a "sales" document you won't go wrong.

You read the RFP and the Statement of Work (SOW) and interpret them as what the government wants. It may be what the government is asking for, but not a good reflection of what the government "wants." RFPs and SOWs are often poorly written (the poor guy at the bottom of the totem pole usually gets to write the SOW, and the guy at the top makes the source selection recommendation – and they are seldom in-tune).

"We proposed exactly what the government asked for, why weren't we in the competitive range?" Companies sometimes miss the point – offering a compliant solution (what the government says it wants) is almost never good enough to win. You have to offer a better solution than all other competitors (unless there are multiple awards).

These examples should convince you that understanding a government customer and their procurement needs is not as simple as reading the RFP.

Bottom line: don't get hung-up on literal interpretations of government documents. Do some serious research to understand the customer and the need.

Understanding the Evaluator's Job

The one to three best proposals are quickly evident to the proposal evaluators. The non-compliant and lousy proposals are also immediately evident. The remaining proposals, the bulk of them, are also-rans that require work by the evaluators to justify non-selection. The single most time consuming task for evaluators is finding and describing weaknesses to justify non-selection. Put on an evaluator's hat. To rank your proposal among all submissions, the evaluator needs to identify and describe the "strengths." Make that job easy for them. Don't hide your

strengths in lengthy text and hope the evaluators dig them out and accurately interpret them. Make the strengths stand out – clearly, concisely and accurately.

Above all, don't ever think you can fool the evaluators by hiding weaknesses – it rarely works.

Believing Your Own Hype

“The key attribute of our proposal: we own the design of a golden widget and are desperately seeking someone to buy it. If you buy it, we will try to build it (no we have never done it before, but we have 50 years experience building something).” Of course you would never put this in your executive summary, but you would be surprised how often this is the message that comes across. Most often this comes from “company-centric” or “our idea-centric” solutions rather than customer-centric solutions. You would be surprised how often we hear clients say: “the government doesn't understand – this is what they need.”

The ultimate believing your own hype is touting things that you think are strengths that are actually perceived by the customer as weaknesses – it happens!

Nearly all of our clients come to us with a “story.” As they see it, they have a better product or service and the government would be foolish not to see it. Far too often, they can't *see* the government's preferred solution because of the “forest” of hype they have created around their solution.

Bottom line: force your proposal team to develop the best solution as viewed through the eyes of the customer. If they can't do it that well, get outside help.

Proposal Management

Proposal management continues to be a weak area for many companies. “*It seems like every time we do this it's like we're doing it for the first time,*” is a common theme we hear.

We think that much of the problem comes from expecting good line managers to be good proposal managers. It is rarely so. The reasons for this are many; but disparate skill sets is a key factor. We see proposal management requiring two distinct skill sets: 1) administrative and process management and 2) content management. Many companies effectively manage the proposal process, but far fewer successfully manage content. Content management is all about creativity and innovation in solution development, and the creation of a compelling story. Few line managers have this skill honed sufficiently to consistently win proposals. Unfortunately, the problem is misidentified and companies solve the problem by hiring proposal managers who are *process managers* and *proposal writers*. This is a 50% solution. Good content managers are few and far between and command excellent salaries – far above the proposal manager jobs created by many companies.

Small, dedicated proposal teams are better than large teams. Bring subject matter experts in only for the period needed.

The Story on Storyboards

Storyboarding is a clever idea from a bygone era. As proposal teams sought process-oriented solutions they adopted the storyboard concept used by the advertising and publishing industries. Conceptually a great idea – in practice – unworkable by most amateur proposal teams. The industry where storyboarding was spawned lived by suspenses for documents to be published months in the future – where layout quality and content could be repeatedly massaged. In the proposal world, where documents go from first draft to production in a few days, storyboarding has proven to be inefficient in the hands of proposal teams with little experience in their use.

Few text authors are also good at envisioning the “picture” elements of their work and struggle to produce anything useable. We have found that using a detailed outline to the paragraph level is a better starting point for the first draft authors. Then we turn loose our picture-oriented authors to add the graphics.

Bottom line: storyboards are for document professionals, not proposal authors. It really is like teaching a pig to talk. We know this differs strongly from the stock-in-trade storyboarding that professional proposal consultants often sell at great cost.

Ghosting Seldom Works

Ghosting, another clever idea from a bygone era. This once popular idea for discreetly disparaging the competitor’s solution – almost never works. Reason one: most writers aren’t good at ghosting and the amateurish attempts backfire. Reason two: most evaluators see through the ghosting and question the objectivity of the writer. Reason three: evaluators sense your attempt to manipulate them and resent it.

The next time you contemplate ghosting, spend the time improving your own solution instead.

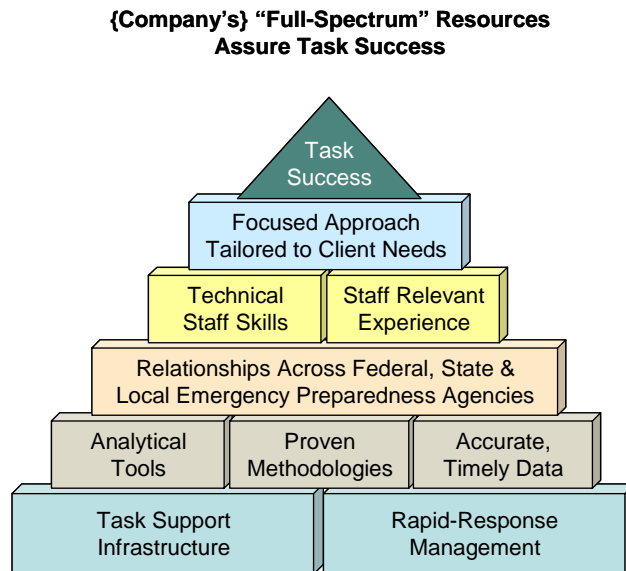
Pictures Tell the Story

The greater the expertise of the writer, the less they believe in pictures, and the more they fail to win – wish it weren’t so, but it is. Countless draft proposals we see are written more like doctoral dissertations than proposals. Proposals are “sales” documents, and sales people know you have to appeal to a broad range of customers. The same is true among proposal evaluators:

- Some are detail thinkers, and will read every word. For them pictures provide a roadmap and a summary.
- Some are “concept” thinkers, and pictures tell the entire story.
- Some are not thinkers at all, but more “gut-feelers.” Pictures provide a sense of organized thinking and clear ideas they are looking for.
- All are probably overburdened (how would you like to read 30 or 40 proposals of 250 pages each) and will seek to simplify the evaluation task. Pictures are worth a thousand words is true for them.

A good proposal can be read and understood simply by stepping through picture to picture¹ (providing you have informative captions). If your proposals don't read this way, you probably don't get.

How many words would be required to convey the ideas in the picture below? And, would the same message come through?



Clearly, pictures aid in interpretation and breakup monotonous text.

Exaggeration Loses

“Our unique solution provides unparalleled opportunity for success, unmatched in the industry, and at the lowest achievable cost.” How often do you see these kinds of gobbledegook assertions in proposals? Unique, unparalleled, unmatched, superior, lowest – words that are clearly unbelievable in the context of most proposals. They are the mark of amateur proposal writers and turn off evaluators. Unbelievable statements make your entire story unbelievable. Do a word search on your draft document for these buzz-words and eliminate them. Replace them with well-substantiated, creative ideas.

Fluffy adjectives don't win – great ideas win!

¹ Ed note: for our purpose pictures are defined as non-textual information such as flow diagrams, graphs, charts, tables and pictures.

We Made It to Orals

“We’ve made it to orals. The customer thinks we are among the top contenders.” Now you can only shoot yourself in the foot. Some things we’ve learned:

- You seldom gain points at orals – most often you lose.
- Know your proposal inside and out – don’t contradict it.
- Don’t be adversarial.
- Never show disagreement among the proposal team (especially if it is a multi-company team).
- Provide short, direct answers. Nervous embellishment will get you in trouble.
- Display a clear pecking order. Program manager takes the lead in answering – calls upon other experts when needed.
- Remember above all – the evaluators are recruiting new members of their team.
- Don’t get nervous and buy it back.

The Value of Proposal Preparation Training

Preparation of winning proposals is both an art and a science. It is not an inborn skill. In our experience, most companies have much poorer proposal development skills than they recognize or acknowledge. A sampling of a typical 10-person proposal team is likely to look like this:

<i>Skill</i>	<i>Team Member with Skill</i>
No particular proposal skills, but “available” for assignment	1
Subject matter expert with limited proposal writing skills	5
Technical writer with limited proposal writing skills	1
Technical writer with good skills in the “boilerplate” – corporate capabilities, past performance, resumes	2
Skilled proposal writer when presented with mature ideas	1
Solution developer able to articulate creative, winning solutions	1 If you’re fortunate

If you buy our example, and you should, then you are probably asking, can we train our proposal teams to be better. The answer is that they can be trained, but it’s not that simple.

Who gets trained, what kind of training should they get, and who should conduct it. A simple answer is to send people to one of the proposal preparation courses offered by the big proposal consulting firms.

What can you expect from this training? Have realistic expectations.

- Proposal processes will improve
- Authors will improve marginally

There are shortcomings to this type of training. Far too many proposal teams are using the process and template-focused approach resulting in lots of proposals looking alike with no clear discriminators. Another shortcoming is that the techniques of excellent proposal preparation are not easily learned, and graduates of these training courses attempt to apply sophisticated techniques with amateurish results. One evaluator I talked with said he can detect the “cutesy” talk immediately – “all adjectives and no substance.”

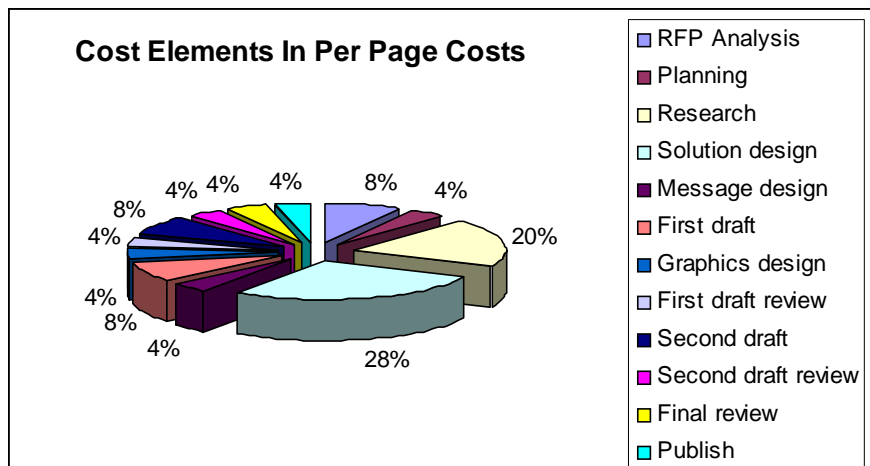
Importantly another disadvantage to the process and template approach to proposals is that there appears to be a direct correspondence between greater process and lesser creativity and innovation. It is good to remember – above all else great ideas win. Don’t do anything to hamper the creation and development of great ideas – they come too hard and too far between.

The Costs of Preparing a Competitive Proposal

Winning proposals are the single greatest leverage your company has in business development and corporate growth, yet far too many companies assign proposal development a low priority as evidenced by management attention and investment. Companies spend huge sums to “chase” business targets, and then submit mediocre proposals for lack of attention to assigning the best resources to the job. Much of this is attributable to senior management simply being out of touch with competitive trends and their failure to understand that consistently winning procurements takes a unique skill set.

Proposal costs are an investment – and your company should be striving to maximize return on that investment. Yet, many companies spend this investment to support unassigned staff or very inefficient proposal projects. For many companies, proposals are their most inefficient projects.

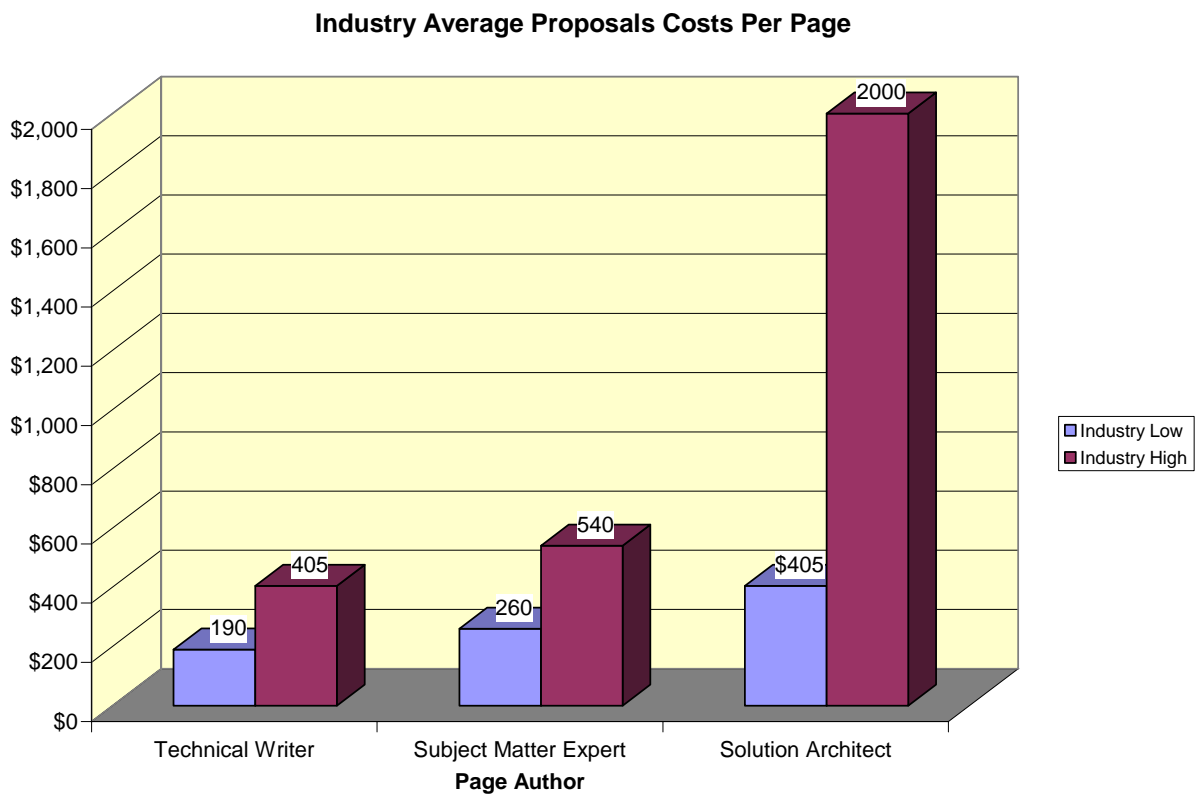
Has your company considered the costs of a losing proposal? Well over 50% of proposals received by the Federal government don’t make the competitive range. They are “dead-on-arrival.” The bid investments for those bids were thrown away – zero return on investment. Knowing this, why do companies in the aggregate, continue to throw away 50% of their bid investment with no opportunity for return? The answer is that they may not: 1) understand the government procurement process, 2)



understand what it takes to win government procurements, or 3) have a realistic view of the quality of their own proposals – **yet believe they do.**

Despite the look-alike appearance of government solicitations, every procurement is unique in its combination of requirements, evaluation factors and selection philosophy. In our experience, those who believe in template-oriented proposal processes have very low win rates.

We have compiled and evaluated proposal costs for a wide range of proposals across the industry – some with professional proposal assistance and some solely with internal resources. Our analysis indicates that the best preliminary estimator of proposal costs (prior to development of detailed pricing) is page count and page complexity. In the following Figure we show industry average costs for three page complexities.



For this analysis we have defined page complexity as the technical skill level (and associated labor costs) required of the author. The three complexities are:

<i>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

The per page costs are the total costs from RFP analysis, research, solution development, and document creation through submission and include first and second drafts, two or more reviews, graphics and production.

In the following Table, we provide typical average hourly rates for these skill levels.

<i>Author</i>	<i>Average Hourly Rate</i>
Technical writer	\$85
Subject matter expert	\$135
Solution architect	\$250-\$600

It is easy to see that winning proposals cost money. For best return on investment, consider doing a few proposals well, with potential for excellent return compared to doing many more proposals with low probability of winning and very low probability of return. Far too many companies invest their B&P poorly with low return – **but don't recognize it.**

Balancing Process vs. Creativity

Previously, we described the difference between process management and content management in managing proposals. Good process management is essential to ensuring a compliant proposal; and excellent (hopefully great) content management is essential to winning – to making your proposal better than the competition. Both are required.

We use the process on the next page for proposal preparation – and we are the first to say there is no perfect process. This one works well for us.

Software Standards, Style Guides and Document Control

For those who work in the basement of proposal development, document management is often a nightmare. Government requirements, which increasingly require submitting soft copies in MS Word format, narrow the available solutions.

For the naive, using the same software would seem to solve the problem. Let's all agree to use Microsoft Word 2002 and the problem is solved! Nothing could be farther from the truth. Differences in user skill, knowledge of document styles, network printer settings, installed printer control language, and software version all can produce unpredictable effects. Every proposal team struggles with this – and the cost is always born through inefficiency.

Techniques we have used with some success include:

- Creating a style guide for common text items (like what to call the company, the team, the management titles, etc).
- Providing a detailed (paragraph by paragraph) outline in a source document that is distributed to authors for entering their draft sections – with instructions to enter all information unformatted under version control and track changes invoked.
- Bringing the document under strict version control during the first draft.
- Importing graphics into Word as enhanced pictures so they can easily be scaled and positioned (and unskilled authors aren't tempted to muddle with graphics tools).
- Create a style color palette with 2-3 colors and stick with it.

Be sure to allow sufficient time for final review and production. Proposal management which permits management and technical “tweaking” up to the last minute is **not** management. Establish a firm schedule and stick to it. If your proposal team can't meet schedules, then your company isn't putting a priority on proposals.

Conclusion

This information sheet was prepared for our clients. We hope you have found it useful. It is presented as our considered opinion based on experience. If you would like to contribute your thoughts, we would like to hear from you. Email us at info@federalproposals.com.