

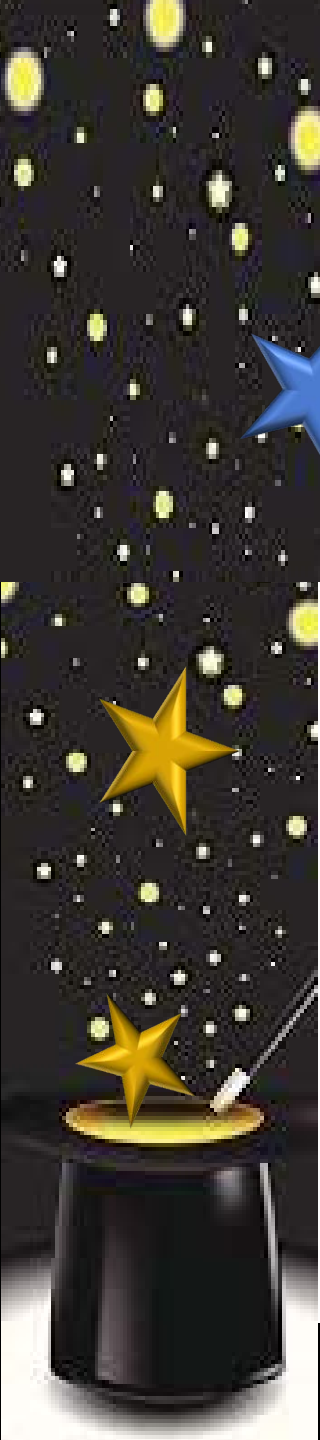


Position to Win: The Art of Minimizing Money Left on the Table

Christine Campbell

Sponsored by Georgia, Carolinas, and Florida APMP Chapters

Copyright © 2019 Richter & Company LLC. All rights reserved.



What is Money Left on the Table?

- https://www.youtube.com/watch?v=Rwh9c_E3dJk



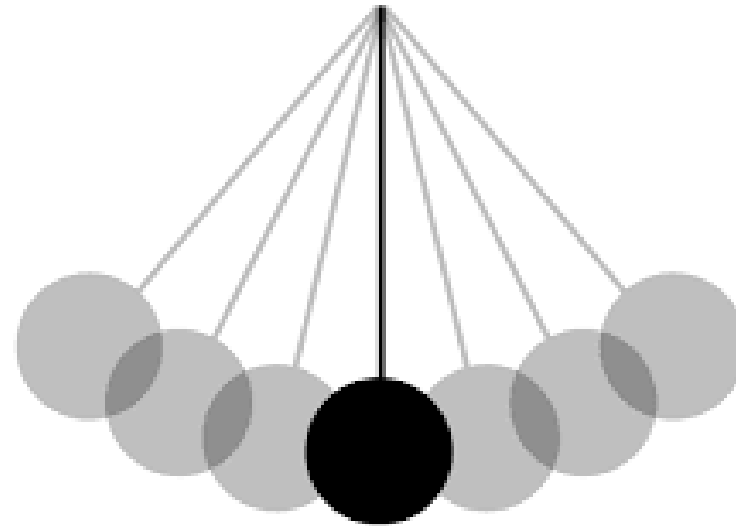
Agenda

- The Behavior
- The Result
- The Future



The Behavior

- Customer buying behavior from 2002 – present
- Source selection and the best value tradeoff pendulum



Pendulum Swing



2002 Example

- GAO bid protest decision docket, December 2002
 - *Protest of agency's cost/technical tradeoff is denied, where the solicitation stated that technical merit was more important than cost and the source selection authority reasonably found, with articulated reasons, that the awardee's technical merit outweighed the protester's cost advantage*
 - *Agency reasonably adjusted protester's proposed costs upward in the competition for a cost-reimbursement contract to account for evaluated understaffing and also reasonably determined in the technical evaluation that the understaffing was a weakness that adversely reflected upon the protester's understanding*

2002 Technical Evaluation

- Offeror A scores slightly higher than Offeror B
 - Offeror A scores 1 grade higher on Technical Approach
 - Offeror B scores 1 grade higher on Management Approach
 - Overall, technical ratings appear essentially equal

**Technical
Evaluation**
Technical Approach
Management Approach
Past Performance
Small Business Utilization

Offeror A	Offeror B
Rating	Rating
Excellent	Good+
Good+	Excellent
Low Risk	Low Risk
Excellent	Excellent

2002 Price Evaluation

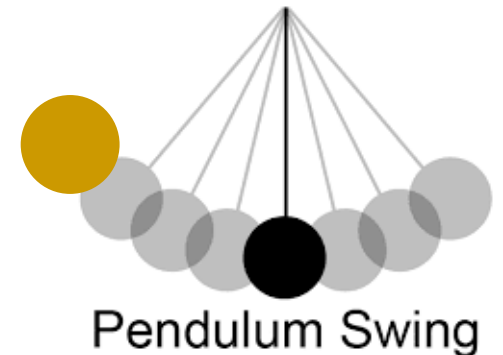
- Offeror B is the lowest on both proposed and evaluated cost
 - Offeror A proposed cost 213% higher than offeror B
 - Offeror A evaluated cost 79% higher than offeror B

Price Evaluation	Offeror A	Offeror B
	\$M	\$M
Proposed Cost	\$163.9	\$52.4
Evaluated Cost	\$163.9	\$91.4
<i>Variance to Min</i>		
<i>Proposed Cost</i>	212.8%	0.0%
<i>Evaluated Cost</i>	79.3%	0.0%

2002 Award

- Offeror A awarded contract
 - Results show 79% price premium paid for less than 1 technical grade superior proposal

	Offeror A	Offeror B
Non-Cost Ranking	1	2
Cost Ranking	2	1
Non-Cost Weight	98%	98%
Cost Weight	2%	2%
Overall Score %	93.0%	92.0%
	WINNER	



2012 Example

- GAO bid protest decision docket, December 2012
 - *Protest challenging agency's evaluation of the protester's and awardee's proposals under a technical approach factor is denied where the evaluation was reasonable and consistent with the stated evaluation criterion*
 - *The protester (former incumbent) complains that the agency unreasonably assigned the same ratings to its and the awardee's proposals under the management plan/execution of contract requirements and the corporate support/facilities subfactors*

2012 Technical Evaluation

- The former contract incumbent and subsequent awardee scored equal on technical evaluation
- The awardee is a Small Business

Technical Evaluation

Technical Approach
Personnel
Past Performance
Small Business Plan

Incumbent	Awardee
Rating	Rating
Exceptional	Exceptional
Exceptional	Exceptional
Exceptional	Exceptional
Acceptable	NA

2012 Price Evaluation

- The customer's estimate for the contract was \$110.1M
 - The awardee's price was 28% lower than the customer's estimated price for the contract
 - The former incumbent's price was 10% lower than the customer's estimated price for the contract

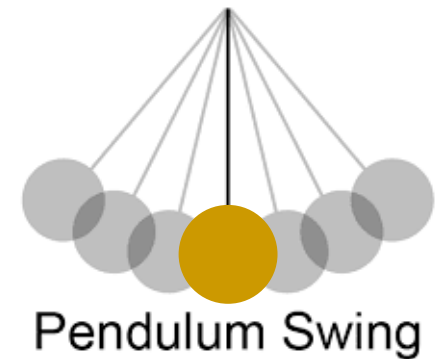
Price Evaluation	Incumbent	Awardee
	\$M	\$M
Proposed Cost	\$100.4	\$77.4
Evaluated Cost	\$99.2	\$79.2
<i>Variance to Min</i>		
<i>Proposed Cost</i>	29.7%	0.0%
<i>Evaluated Cost</i>	25.3%	0.0%

2012 Award

- All else considered equal, lowest price wins

Non-Cost Ranking
Cost Ranking

Incumbent	Awardee
1	1
2	1
	WINNER



2017 Example

- GAO Protest Decision Docket, May 2017
 - *Protest challenging agency's evaluation of proposals and source selection decision is denied where the record shows that the agency's evaluation and selection decision were reasonable and consistent with the terms of the solicitation*
 - *The protester challenges the agency's evaluation of proposals and the selection decision*

2017 Technical Evaluation

- Offeror B scores 1 grade higher on Technical Approach
- Offeror A scores 1 grade higher on Management Approach
- Overall, technical ratings are equal

Technical Evaluation	Offeror A	Offeror B
	Rating	Rating
Technical Approach	Acceptable	Good
Management Approach	Good	Acceptable
Key Personnel/Staffing Approach	Acceptable	Acceptable
Corporate Experience	Acceptable	Acceptable
Overall	Acceptable	Acceptable

2017 Price Evaluation

- Offeror B price 0.2% higher than Offeror A

Price Evaluation	Offeror A	Offeror B
	\$M	\$M
Proposed Price	\$191.0	\$191.4
<i>Variance to Min Proposed Price</i>	0.0%	0.2%



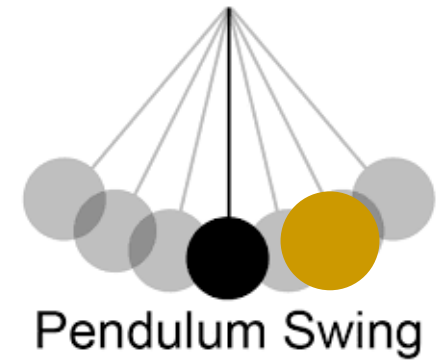
2017 Award

- Offeror B awarded contract
 - Results show 0.2% price premium paid for less than 1 technical grade superior proposal

Non-Cost Ranking

Cost Ranking

Offeror A	Offeror B
1	1
1	2
	WINNER



The Result

- Shows customer buying behavior is continuously evolving
- It is important to understand where your customer mindset lies on the pendulum in order to better inform your price decisions on future B&P efforts

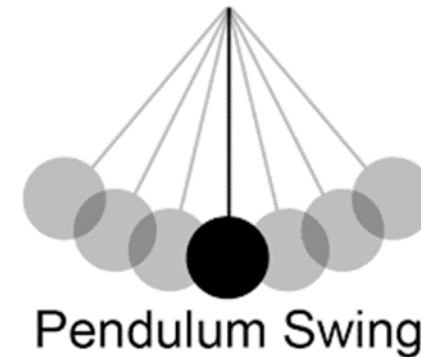
Non-Cost Weight	Cost Weight
-----------------	-------------

100%	0%
90%	10%
80%	20%
70%	30%
60%	40%
50%	50%

2002

2012

2017



The Future

- Prepare win/loss analysis to inform future B&P efforts
 - **Gather all prior debriefs on hand for target customer, competitors and capability**
 - **Collect customer, end user, basis of award, evaluation factors and relative importance of evaluation factors**
 - **Compare technical score and bid price to successful offeror**
 - **Document all customer identified strengths and weaknesses**

The Future

- Analyze win/loss analysis
 - **Ask**
 - Did the customer award to the lowest price offer, highest technical rated or both – lowest price and highest technical offer?
 - How accurate was our assessment of the competitive landscape? Did we model the competitors accurately? How competitive was our bid price?
 - Did we win/loss on price, technical or both? Is this consistent with historical customer and competitive outcomes?

The Future

- Understand where your customer and competitors fall on the best value tradeoff pendulum
 - **Complete best value scorecard with non-cost and cost weightings consistent with your understanding of the customer and competitive landscape**
 - **Weightings for non-cost/cost factors are subjective and likely to vary across by customer, industry and capability**
- Use win/loss analysis to carry forward lessons learned
 - **Use win/loss analysis to identify key strengths and weaknesses that proved most/least successful on past bids**
 - **Repeat the successful**
 - **Eliminate the unsuccessful**



Christine Campbell

301/845-7300

CCampbell@RichterAndCompany.com

Richter & Company

Everedy Square

6 North East Street, Suite 203

Frederick, MD 21701

www.RichterAndCompany.com

