

# KEYS TO MANAGING PROPOSAL INVESTMENT COSTS

Writing a competitive proposal takes resources - there is no way around it. To prepare a responsive and responsible bid to a Request for Proposal (RFP) requires the offering firm to make a significant investment of time, personnel and funds. Senior level support and investment is critical to successfully preparing a proposal that meets the government's requirements while portraying the company's offer with sufficient clarity to make the competitive range and subsequently be recognized as the firm providing the best advantage to the government.

## WHAT'S THE INVESTMENT?

How much should a proposal cost to produce? That depends on what the government needs are and the type of proposal they request. Responses to a Request for Quote (RFQ) tend to be inexpensive since the government is seeking a very specific item or service that is routinely commercially available. Pricing information is often published in a company's catalogue and the only terms required are delivery and discounting. A Request for Bid will cost more than an RFQ since the government is often seeking input from the company on existing government owned plans or specifications – such as in construction projects. Here a firm needs to review the specs, visit the work location and perform some estimating. However, these costs are usually predictable, standard, and should be part of the normal conduct of business. RFPs are in a separate category entirely since the government usually does not state exactly what it wants outside of pre-established performance and/or technical requirements. It is here where the resources necessary to prepare and submit an appropriate proposal can vary widely – depending on the level of detail required by the government contracting activity.

Typically, proposal costs are directly related to the size of the opportunity; we have found a good rule of thumb is to expect to spend between one and four percent of the resulting contract value on the proposal. Smaller proposals tend to run into higher percentages because there are certain cost drivers in proposal management that need to occur regardless of the size of the proposal being written. Larger opportunities, conversely, cost less in percentage – but can be very expensive nonetheless - at times running into the millions of dollars for contracts exceeding hundreds of millions in value.

## INVESTMENT COST DRIVERS

Much of the cost in responding to RFPs is driven by the sheer volume and type of information the government requires. RFPs follow guidelines prescribed by the Federal Acquisition Regulations and thus requirements are typically presented in a choppy and complex format with substantial internal cross-referencing and out-referencing to other information sources. The simple act of reviewing and understanding an RFP takes time and an experienced eye.

RFPs typically call for information that is often not used or reviewed unless/ until your firm's proposal makes it to the competitive range. Gathering the data needed to craft a quality proposal takes significant time and effort. The information quality, fidelity, and understandability is critical, however, because it will be the basis for differentiating between competitors in the final evaluation stages. Conversely, it can be the cause of rejection early on if not provided.

## Wasting Proposal Investments

*As Business Development Consultants we frequently observe wide-spread acceptance of ineffective investment management practices and decisions such as:*

- Intentionally preparing losing proposals
- Failing to understand how the proposal will be evaluated
- Avoiding or failing to understand what the prospect wants
- Submitting proposals for opportunities learned about after the RFP was released
- Assigning the proposal management/writing tasks to any employee who is not currently billable
- Writing lengthy sentences, using multiple five syllable words, avoiding paragraph headings and not using captions for figures, tables and illustrations
- Not following the RFP's requirements

Information presentation costs both time and money. An inexperienced proposal team will spend hours just sifting through and understanding the requirements. A more experienced team can still consume resources if forced to incorporate low value text and graphics. Lastly, the editing and review process can be costly if it isn't methodical, well planned and well understood. This often manifests itself in unnecessary and extensive rewrites. These factors all add to proposal cost and budget overruns.

## MANAGING YOUR INVESTMENT

While some proposals costs can't be avoided, proper planning and practical decision making can keep proposal costs to more reasonable levels. Our experience has shown that focusing on the following five key elements will help keep proposal costs under control.

### 1. Rational Investment

Do not invest in losing proposals. We have observed a tendency for firms to invest in proposals even when they realize that the chances of winning are slim. Adopting and following a methodical process of rigorously evaluating opportunities at many stages and then making clear and objective go/no-go decisions is essential to both reduce business development costs and increase your revenue.

### 2. Win Strategy

The second element is to understand exactly what the client is seeking and being clear in your own mind that your offer is going to meet and/or exceed the client's requirements. A well crafted win strategy that clearly articulates your firm's value to the government is essential - and must be conveyed to, and embraced by, every member of the capture team before putting pen to paper.

### 3. Positioning

The third element is knowing that your solution is understood and valued by your government customer(s) long before the RFP is released. Have conversations with them about requirements, learn what solutions they have deemed as viable and try to have discussions about various approaches and alternatives to see what gets their interest. Become known as a potential solution provider that offers value beyond this RFP.

### 4. Proposal Management

Set up a process and schedule - and follow it. Name a proposal lead and give that person clout. Publish and ruthlessly follow a set of ground rules. Assign writing tasks, provide deadlines and demand that your team meet them. Convey your win strategy to your team, be sure that everyone understands what it is and ensure the message comes through in everything they write and prepare.

### 5. Keeping It Simple

Finally, ensure that you are able to articulate your offer in a clear, concise manner. It is essential to know that your offer is responsive to the client's needs and that they'll see its obvious benefits. Don't clutter your proposal with superfluous information and data - stay on point and on message. Connect the dots and make the conclusions self-evident. Use color sparingly and only to make a point. Don't assume that color printers will be available - so if you use color make sure the image works well in black and white.

## Effective Proposal Investment Management

*Proposal costs are investments and, like any investment, must be managed. From bid / no-bid decisions to responses to inquiries after submittal must be consistently focused on winning. Characteristics of effective management include:*

- **Using pre-RFP positioning to obtain the information you need to win and to creating the prospect's expectation that you are likely to win**
- **Providing relevant, factual and timely information in your proposal**
- **Assigning tasks to capable and proven personnel and keeping proposal milestone deadlines**
- **Understanding your win strategy, communicating it clearly to your proposal team and being absolutely certain it is presented clearly and effectively in your proposal**
- **Avoiding unnecessary fluff, graphic decoration, platitudes, and never using the words "uniquely qualified" or "world-class" without overwhelming and highly credible supporting evidence**
- **Keeping the message and text easily readable, clear and simple**
- **Ensuring your proposal precisely complies with every single RFP requirement**