

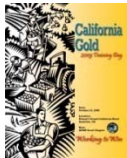
Just Say No? Nah!

Best Practices for No-Bids

Mitch Boretz, University of California, Riverside

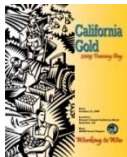
Nora O'Toole, ESRI

APMP Socal Training Day, October 23, 2009



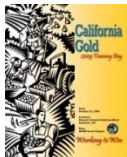
Outline

- Best practices for the Go/No-Go decision.
- When the decision is No-Go, what do you do?
- How to tell whether you were right.



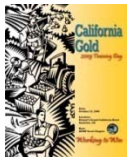
A warning

- This is a discussion, not a presentation.
- Even though this is the time slot immediately following lunch, you are requested to remain awake.

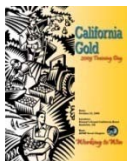
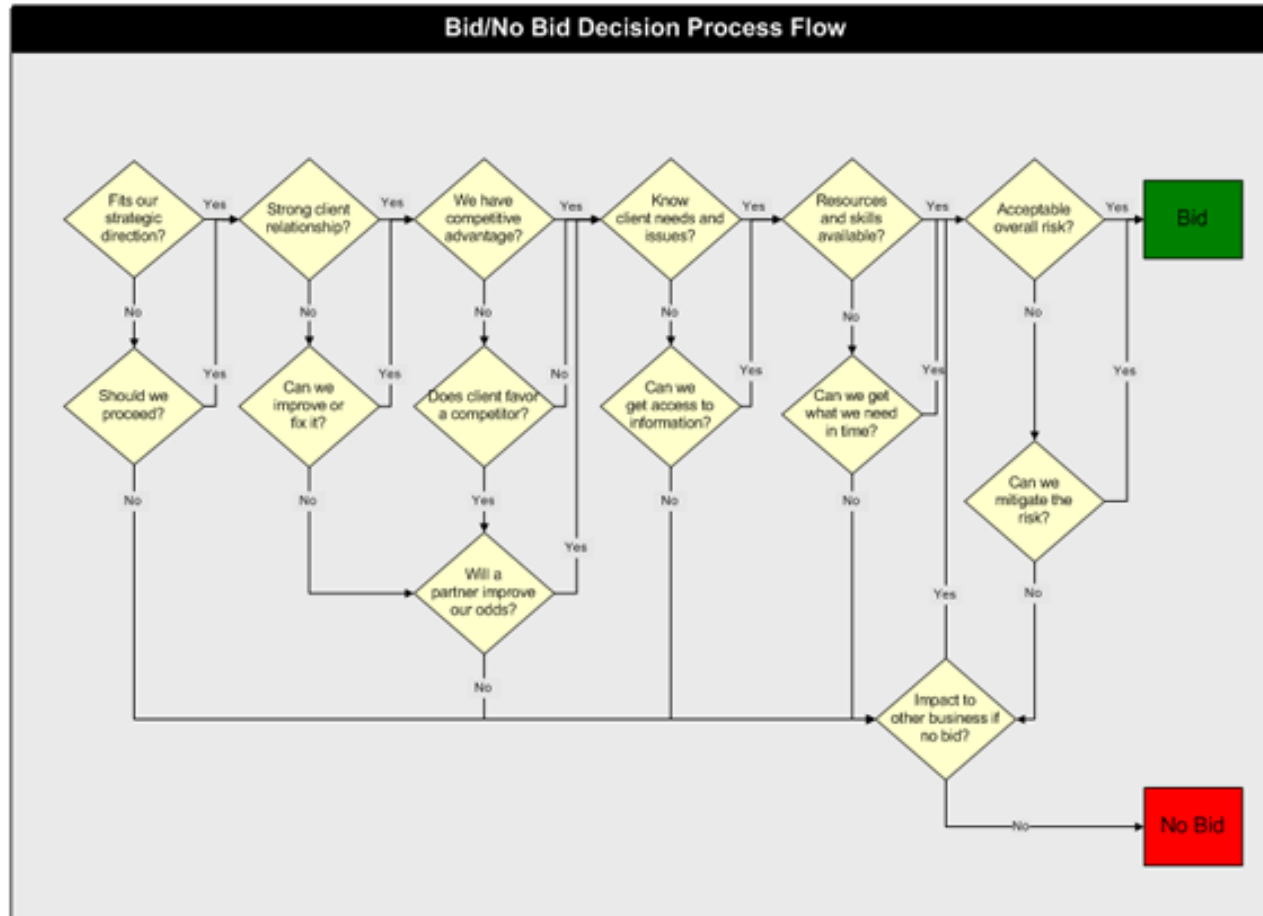


To Go, or Not to Go?

- Can we win?
- Will we win?
- Will it pay to win?



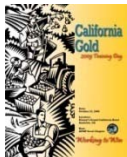
A Generic Framework



Source: <http://office.microsoft.com/en-us/templates/TC011728921033.aspx>

Probability of a Win

- Some companies use software to compute the probability of a win (P_{win}).
 - Titles include WinAward, Decision Lens, Expert Choice, and MustWin.
 - Quantitative inputs include customer familiarity, past performance, key personnel, incumbency, and time available to prepare the proposal.

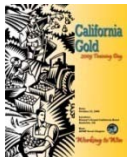


Can We Win?

- A less quantitative approach looks at one's place in the market.
- Budzik (2007) warns not to let numbers take over.
 - What motivates the customer? What sets us apart? Where are the openings that will help us win?

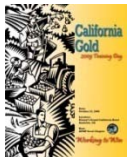
Established customer, established business	Established customer, new business
New customer, established business	New customer, new business

Adapted from the Shipley Proposal Guide.



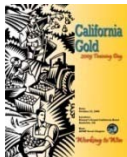
Desirability of a Win

- Some companies give great weight to the desirability of a win (D_{win}) because of a number of factors. Even if P_{win} is low, you might decide to go forward in part for:
 - Prestige of the program.
 - Potential to enter a new market or win a new customer.
 - Strategic potential.
 - Establishing oneself as a competitor: “eating where the big dogs eat.”



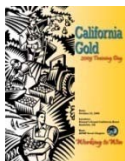
Decisions, Decisions

- Who are the decision makers?
- Are there conflicting priorities?
- Does the proposal manager have a vote?
- Do you get everyone into a room or meet via conference call?
- Why is consensus important?



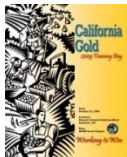
Bid/No Bid Evaluation

- What's our relationship with this customer?
- What's the customer looking for?
- Based on needs and wants, what solution can we offer?
- Who else is chasing this opportunity?
- Is there an incumbent?



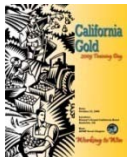
Bid/No Bid Evaluation (cont'd)

- What's the budget? Is it approved?
- Is market positioning a factor?
- Can we live with the contract terms?
- Can we win and why?
- What are risks if we win or lose?
- Do we need teammates?
- Should we pass to Business Partner?



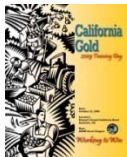
Some Baseline Best Practices

- Herther (2006) recommends:
 - Be selective. Bidding on everything does not result in more wins.
 - Make a commitment quickly. Don't let a proposal linger in limbo for weeks.
 - If things change, reassess your bid decision: You can pull out if the requirements change or you get new information.
 - Don't let the capture manager or sales rep decide unilaterally.



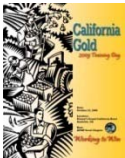
More Baseline Best Practices

- Randazzo (2009) points out:
 - The decision is a judgment, not the result of an immutable, fully quantified process.
 - The bid decision must be made promptly. The no-bid decision can be made at any time.
 - Sometimes, you bid because the customer expressly asks you to do so.
 - The bid decision should be part of a structured capture and proposal process.



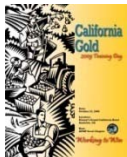
Discussion Time! Wake Up!

- What do you do in your company?
 - Does your process deliver a decision fast enough to act on it?
 - What would you improve?



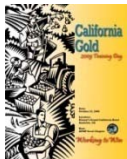
When the Answer is No

- Some approaches to saying no thanks without wrecking the relationship



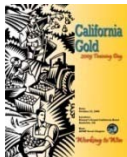
The Generic No-Bid

- How cold is too cold? It depends on:
 - The closeness of the relationship and your plans for future ties. The less generic the relationship, the less generic your no-bid notification.
 - Whether the customer was expecting you to bid, or wanting you to bid.



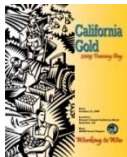
The Custom No Bid Letter

- It's not a standard no bid letter.
- You may call it something else:
 - Non-compliant response.
 - Extended no bid letter.



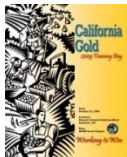
Why We Do It

- To influence the requirements.
- To sell other services (e.g., training).
- To satisfy the sales manager.



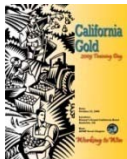
How We Do It

- Respond before deadline.
- Clearly state our approach.
- Explain how our approach meets the “need behind the need.”
- Plant an idea for future opportunities.
- Ask to remain on bidders list.



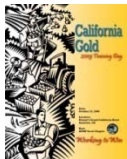
Changing Sides: Help the Buyer

- If you are not bidding, you can volunteer to be part of the review team.
 - This happens a lot in academic peer review. Competitive issues might make it more difficult in industry.
 - You get to see how the sausage is made, you get on a first-name basis with the decision-makers, and they owe you a favor.



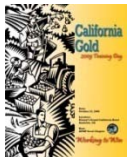
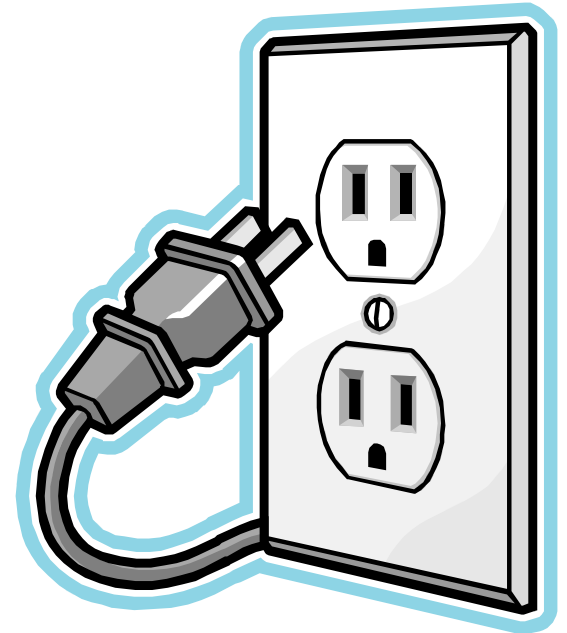
Discussion Time Again!

- What do you do in your company?



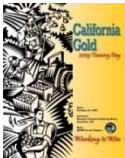
Were We Right to No-Bid?

- How can you tell whether you could have won?
 - Most metrics are aimed at judging what you did, not what you didn't do.
- Even if you could have won, would you have wanted it?



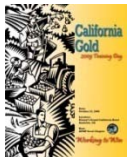
Who Won?

- Find out who won. Note how long it took – an indication of how much follow-on work it took to get the win.
- Get a copy of the winning proposal.
- Look at the winning price. Could you have afforded this win?



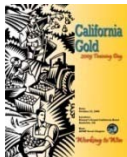
Formal Metrics

- BD Institute (Levin, 2005) says no-bid decision metrics can be built into an overall management strategy. A good program has metrics for:
 - The enterprise.
 - People.
 - The things people do.



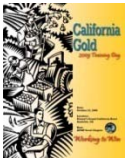
Formal “Things” Metrics

- “Things” metrics can include:
 - Delivery timeliness.
 - Use of the WBS to develop budgets, identify risks, identify resource requirements.
 - Win ratio.
 - Capture ratio.
 - Sales revenue won versus sales revenue lost.



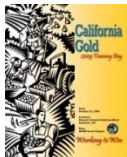
Other Metrics?

- What other metrics are there for evaluating whether you should have gone after a project?



Thank You

- And now, considering that it's been an hour since lunch, break time!



References

- From the APMP/BDI Body of Knowledge:
 - Budzik, Tim (2007) Quantify or Qualify Your Bid Decision. APMP International Conference, Savannah, GA.
 - Herther, Jay (2006) To Bid or Not To Bid? That is the Question. APMP Journal, Spring/Summer 2006.
 - Levin, Ginger (2005). Assuring BD Success With Metrics-Based Management. APMP International Conference, Phoenix, AZ.
- From the National Capital 2009 conference:
 - Randazzo, Randy (2009) Effective Bid/No-Bid Decisions. APMP National Capital Area Chapter Professional Day, Washington, DC, October 13.

