

APMP



WESTERN
CHAPTER

Incumbent Bid Strategies

Presented by Gene Metcalf
Director of Price To Win/Richter & Company

Assessing Competitors

- Who is competing
 - Biographical Info
 - Organizational structure
- Competitor behavior
 - Strategies
 - Marketing
- Personnel Changes
- Solution Improvement/Challenges
- Teaming Strategy



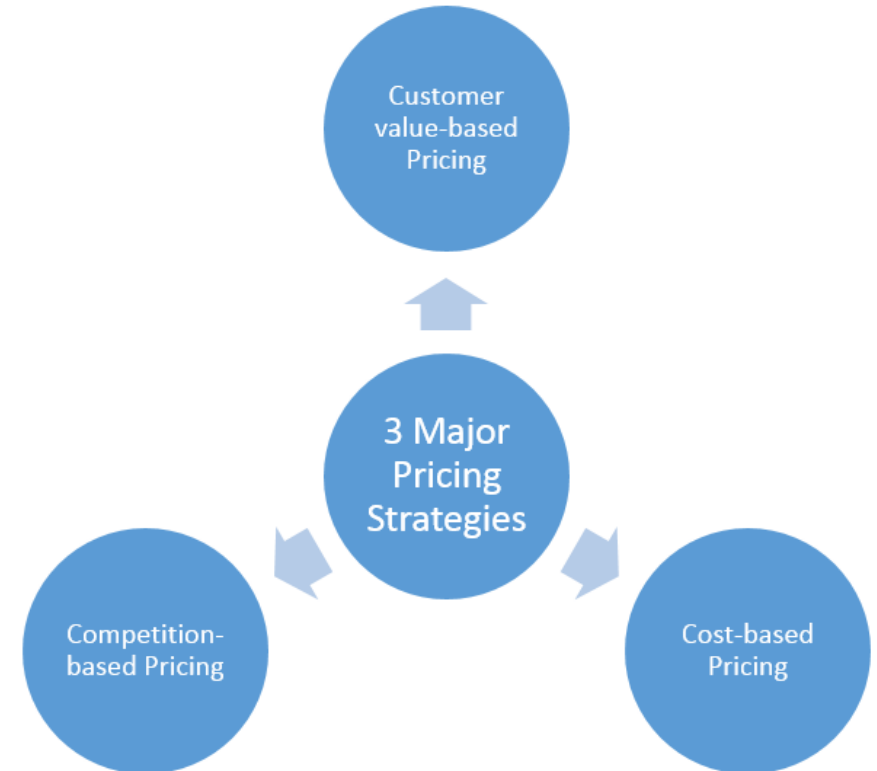
Bid Strategies - Determine

- Who
 - Who is your competitor
 - How do they see you
- What
 - Uniqueness
- How
 - Company capabilities
- Why
 - Corporate philosophy, etc



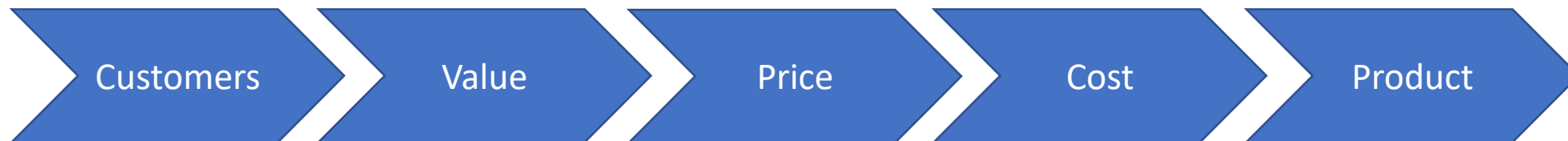
Bid Strategies – Price Strategies

- Customer (Value)
 - Needs vs Price
- Cost
 - Lowest price
- Competition
 - Where are my competitors priced



Customer (Value) Based Pricing

- Customer-driven pricing is a **pricing strategy in which a company sets prices according to customers' perceived value of its products and services.** To be effective, companies should consider how to best segment the market so that prices reflect those segments perceptions of value.



Customer (Value) Based Pricing

- Advantages
 - Easily penetrate the market
 - Command higher price points
 - Prove willingness to pay data (maximum price)
 - Develop higher quality products
 - Increases focus on customer services
 - Promotes customer loyalty
 - Increase brand value
 - Balances supply and demand



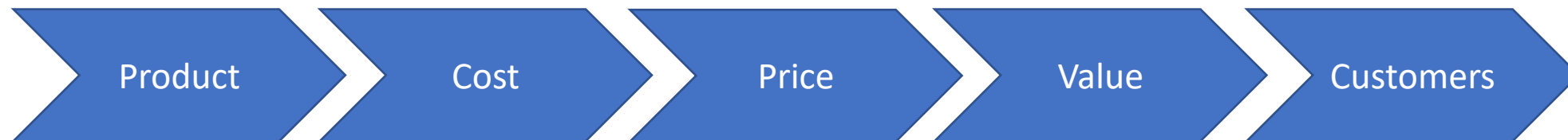
Customer (Value) Based Pricing

- Disadvantages
 - Added value justification difficulty
 - Perceived value fluctuations
 - Set pricing more difficult
 - Market competition becomes about loyalty
 - Investment in research required
 - Higher production costs



Cost Based Pricing

- Cost-based pricing is the practice of setting prices based on the cost of the goods or services being sold. A profit percentage or fixed profit figure is added to the cost of an item, which results in the price at which it will be sold. There are two types of cost-based pricing: cost-plus pricing and break-even pricing.



Cost Based Pricing

- Advantages

- It is easy to understand and calculate the price.
- These pricing models make sure that incurred costs are covered.
- They can be helpful and do simplify investment appraisal decisions for example using required rate of return.
- They are fair and logical.

- Disadvantages

- Ignores competition.
- Contract cost overruns
- Ignores replacement costs
- Ignores value



Competition Based Pricing

- Advantages
 - Easy to implement
 - Low risk
 - Evolves with the market
- Disadvantages
 - Disconnected from demand
 - Limits flexibility
 - Ignores customers



Are You Giving Away Too Much...

- Information
 - About *your* company
 - About *yourself*
 - About *your* customer
- Intelligence
 - Strategy
 - Solutions
 - Intellectual Property



Social Media as an Intelligence Source

- Useful for:
 - Biographical info on government and company personnel
 - Hot buttons
 - Parallel projects
 - Company strategies
 - Marketing themes
 - Gauging market or public opinion/sentiment
 - Organizational structure
 - Partnerships / relationships
 - Points of contact for primary research
- Primary sites
 - LinkedIn
 - Facebook
 - Twitter
 - Google+
 - Instagram
 - Pinterest
 - YouTube
- Social media search & analysis tools:
 - SocialMention
 - SocialBearing
 - TwitterAnalytics
 - TwitterCounter
 - HootSuite

Mitigation

- Accept
 - Nothing we can do
 - Its not that bad
- Avoid
 - Be proactive
- Transfer
 - More severe – Press release, etc
- Reduce
 - Is this something we have control over
 - Update website/post
 - Is this detrimental?



Story Time



Do I understand what is needed to bid as the incumbent?

- Understand your customer
- Understand your competitors
- Understand yourself
- Understand the contract
- Make a decision that works for you

Do you understand!

Do you understand!

Do you understand!

Do you understand!

Do you understand!

Do you understand!

Final Thoughts

- Incumbenitus
- Uncertainty
- Complacency
- Ignorance
- Understanding



Gene Metcalf

Director of Price To Win/ Richter & Company

Gmetcalf@richterandcompany.com

(301) 845-7300