



**PROPOSAL TRICKS & TREATS  
2004 FALL SEMINAR**



**PROPOSAL DEVELOPMENT  
— A RISKY BUSINESS**

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**RISK? WHAT RISK?**

**WILL I EVER GET  
TO SEE THE RED  
TEAM COPY?**



# INSPIRATION... ...AND CREDITS

- *‘Proposal Production and Concurrent Engineering’*, SoCal APMP Winter Seminar 2004
  - Developing a proposal is like developing a new product, then having a small manufacturing run
- *‘Addressing Risk Effectively’*, Stephen L. Carman, NGST, SoCal APMP Winter Seminar 2004
  - “Remember: Proposals are projects too” (slide 4)
- All the SM&A Associates that contributed to the *‘Tales from the Crypt’* in this presentation

- Risk Management Refresher
- Product vs. Proposal Development
- Two Types of Proposal Risk:
  - Content Risk (what you offer)
  - Development Risk (how you get there)

# RISK MANAGEMENT REFRESHER



# RISK MANAGEMENT IS...

- ...the process of assessing risk and developing strategies to manage the risk
- Ideally, risks are prioritized
  - The risks with the greatest loss and greatest probability of occurring are handled first
  - Balancing management of high loss, low probability risks and low loss, high probability risks can be difficult
- Resources spent on risk management are often seen as increasing opportunity cost, i.e. could be spent more profitably on other activities

# RISK MANAGEMENT PROCESS

- Identify potential risks
- Assess each risk for potential severity of loss and probability of occurrence
- Manage each risk by:
  - Avoidance (don't do risky stuff!)
  - Reduction (do stuff to mitigate the risk)
  - Transfer (find another sucker to take the risk)
  - Retention (live with it)
- Some risk management strategies may not be acceptable

# QUALITATIVE RISK EVALUATION

Probability of Risk Occurring	Cost or Schedule Impact of Risk		
	Low	Medium	High
Hardly Likely	Low	Low	Low
May or May Not	Low	Medium	Medium
Highly Likely	Low	Medium	High 



# PRODUCT VS. PROPOSAL DEVELOPMENT

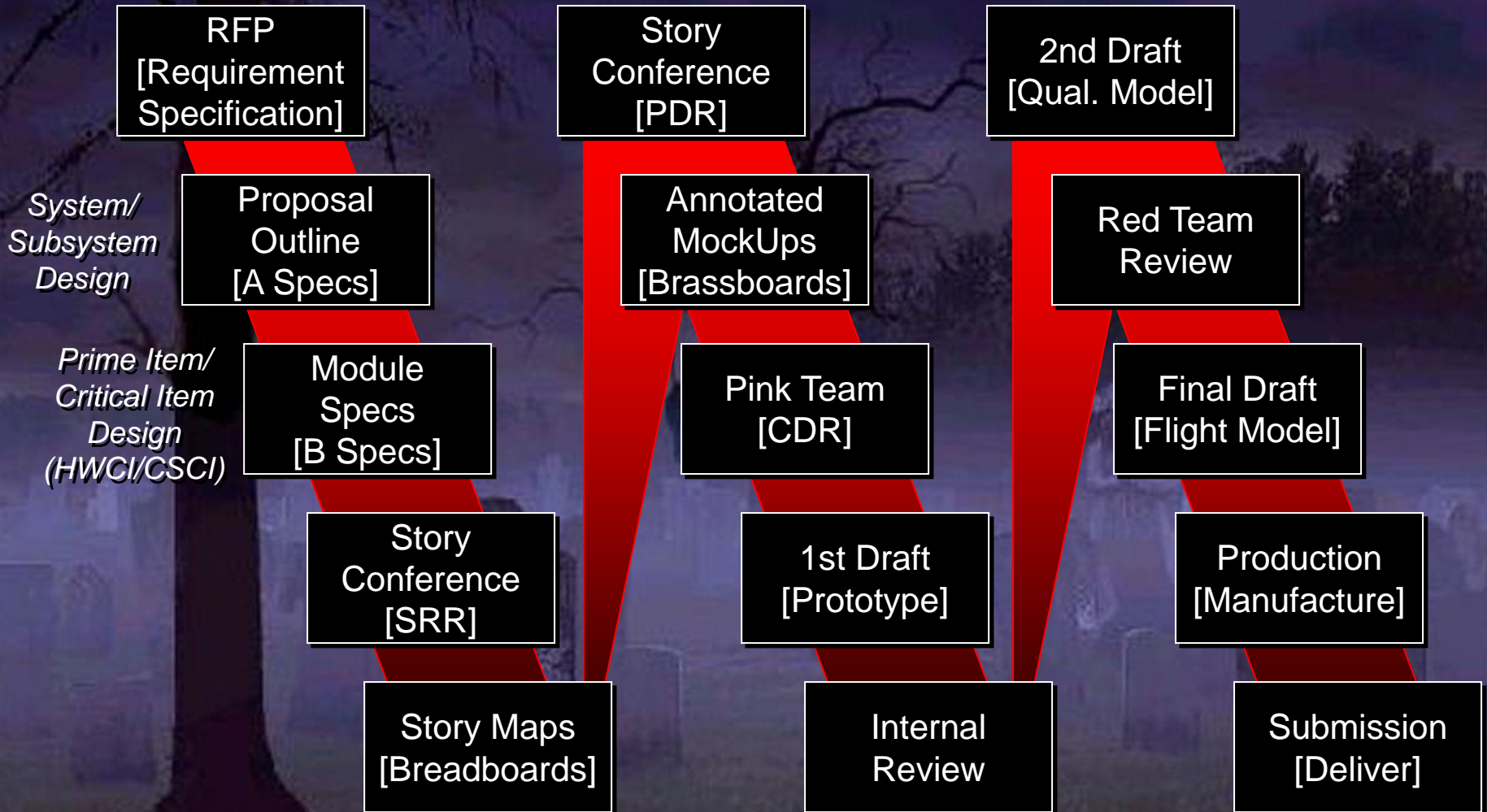


# PRODUCT VS. PROPOSAL DEVELOPMENT

- Product:
  - Cost overrun = BAD
  - Schedule overrun = BAD
- Proposal:
  - Cost overrun = BAD
  - Schedule overrun = FATAL!
  - Proposal 'Time-to-Market' = **CRITICAL**

*"Better an adequate proposal on time, than a perfect proposal a day too late!"*  
- Tom Andrew, USAF (retd.), SM&A Proposal Manager

# PRODUCT VS. PROPOSAL DEVELOPMENT



# PRODUCT DEVELOPMENT MANAGES RISK FORMALLY

- Non-trivial product development mandates a risk management plan
- Risks are identified and qualitatively assessed in a Risk Management Plan
- A management strategy is identified for each risk:
  - Avoidance, Reduction, Transfer, Retention
- Each risk is given a contingency budget
- So how do we handle proposal risk?

# TWO TYPES OF PROPOSAL RISK



# TWO TYPES OF PROPOSAL RISK

- Content Risk – *the product you offer*
  - Strategy
  - Deliverables
- Development Risk – *how you get there*
  - Team
  - Schedule
  - Infrastructure
  - Delivery

# CONTENT RISK – STRATEGY

- a.k.a. the “Win Strategy”, or “Story”
- Typically:
  - **Institution:** *team infrastructure that meets objectives, exploits strengths and eliminates weaknesses*
  - **Organization:** *team structure, capabilities, authority and communications, including the customer*
  - **Systems:** *process people and tools for decision making*
  - **Program:** *cost-driven, flexible plan that mitigates schedule risk and utilizes lessons-learned*
  - **The Deal:** *the total financial package over the life cycle, minimizing customer fiscal risk*
- Must be reflected through the entire proposal

# BEWARE OF FALSE DATA

- Reliable competitive data can be hard to come by (legally)
  - Do you know what your competitors are really going to do?
- Follow the RFP and other factual, public-domain customer data
  - “I know what the customer **REALLY** wants” – NOT!
- An internal research function can really help reduce these risks





# THE INCUMBENT RISK

- Challengers **GHOST** incumbent's performance
  - Incumbent must explain deficiencies that require the customer to re-compete the follow-in contract
  - Denial of negative past performance is common
- Challengers fight as underdogs
  - Incumbent has the arrogance of inevitability
- Challengers recruit the best teams
  - Challengers' teams are eager for competition
  - Incumbent has to use existing resources
  - Incumbent's team is focused on maintaining their jobs

# WHY CHALLENGERS BEAT INCUMBENTS

- Incumbents must understand the procurement's driving forces
  - Objective is fair and open competition, not just 'more of the same'
- Incumbents usually play defense
- Challengers always play offense
  - In proposals, as in football, the offense scores the points, the defense scores only if the offense goofs!

# MANAGING CONTENT RISK

Incremental builds and regular, formal reviews ensure RFP compliance and strategy incorporation, lowering risk:



A formal proposal process is essential

# DON'T GIVE AN AUTHOR TOO MUCH TO DO

- Avoid assigning more than 15 pages to a single module:
  - Break into multiple modules, even if the same author
  - Exceptions are draft plans and other deliverables prescribed by a DID
- Only one person can be a module author
  - Others can contribute, but one must be accountable
- Never allow the Program Manager, Chief Engineer, or proposal management team members to be primary authors – they have other things to do

- Most proposals require several baselines, such as
  - **Technical:** *how the technical design meets the customer's requirements*
  - **Management:** *how the business will manage the program*
  - **Cost:** *how much the overall system or product will cost to design*
  - **Schedule:** (or IMP/IMS): *the integrated plan and schedule to develop the system or product (how long it will take and the critical path tasks to get there)*
- Baseline development is often simultaneous to proposal development...

# BASELINE RISK

Proposal Content

Technical Solution

Management Plan

Cost Estimates

Work Schedule and Plan



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Constant, coordinated reviews of each baseline and the proposal content are required to avoid the risk of drift

# RISKS WITH MULTI-PHASE PROCUREMENTS

## TALES FROM THE CRYPT

- Under the latest acquisition concepts, some new programs are multi-phased procurements
  - Multiple contractors funded for short Concept Development phases, then a proposal with down selection, etc.
  - Phase  $n$  program activities are concurrent with phase  $n+1$  proposal activities
    - Program results and proposal content are both evaluated
    - Often the same resources are used for both activities
  - Proposal Manager must ensure coordination (or control) of program-customer communications to maintain consistency with proposal contents

# TEAM RISK





# BUILDING THE TEAM – INTERNAL MEMBERS

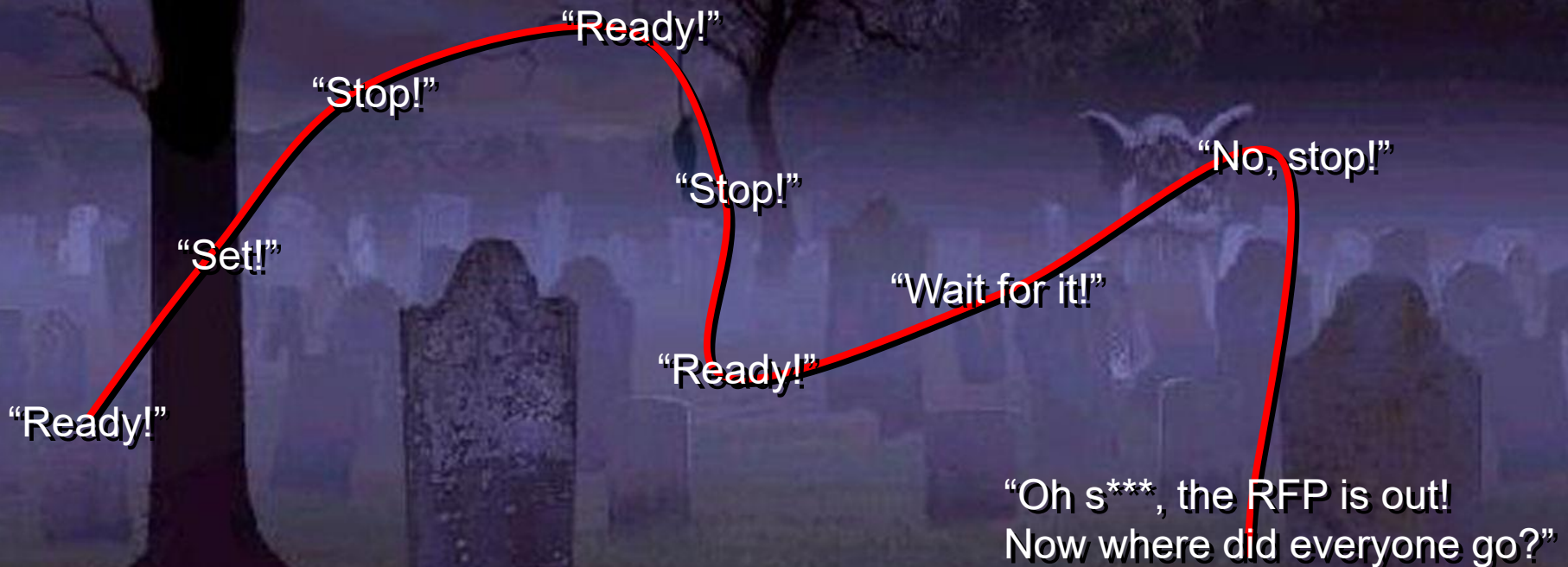
- Most internal members also have a ‘day job’
- Some don’t want to work on a proposal
- Collocating the team in a PDC allows focus and avoids ‘day job’ distractions
- Who is key? What would you do if they were suddenly not available, e.g. became ill?
- Don’t underestimate production team size – will you be able to get contractors?

# BUILDING THE TEAM – EXTERNAL MEMBERS

- Better if they can collocate with you
  - Requires network access, PC resources and physical space, may require security clearances
- If collocation is impractical, risks are higher
  - Must establish communications protocols, e.g. email, secure FTP, shared templates
- What if a team member is on more than one team?

# SLIPPING CUSTOMER SCHEDULES

Getting a team together can be hard when there is a firm schedule, but what happens if this is your procurement?

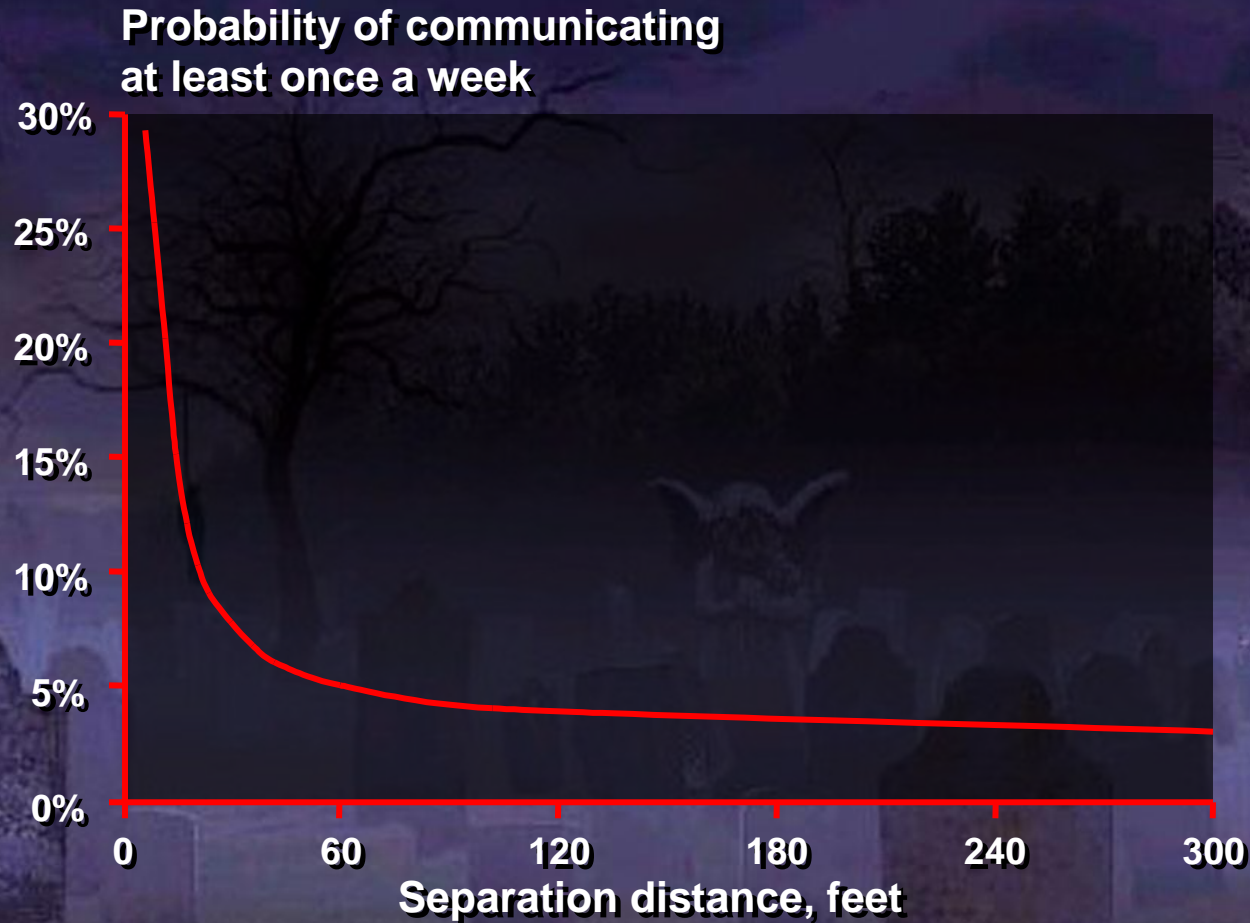


- Put the entire proposal team in one location
  - Helps to break from old patterns
  - Focuses on proposal development speed
  - Aids stand-up meetings and Just-in-Time training
- Remove the internal walls
  - Volume leads, authors, SMEs and production in a wall-less area
  - But put a wall around the proposal!

*\* Preston Smith & Donald Reinersten, "Developing Products in Half the Time", Van Nostrand Reinhold, 1991*

# COLLOCATION\* (2)

Technical communication is more likely to occur between team members who are located close together



\* Thomas J Allen, "Managing the Flow of Technology: Technology Transfer and the Dissemination of Technological Information within the R and D Organization", MIT Press, 1984

- Ensure that the proposal team is aware of expectations at each phase of the proposal process, especially authors
  - Avoids initial ‘War and Peace’ writing and ‘Sistine Chapel Ceiling on a Postage Stamp’
- Include software training if necessary
  - A half-day spent on basic Microsoft Word training can save several person-days of effort during document integration (80% of Word users only ‘think’ they’re experts)

# LET'S JUST HAVE ONE TEAM, SHALL WE?

- Proposal team comprises everyone associated with ANY aspect of the proposal:
  - Yes, that includes Contracts and Finance!
  - Everyone must participate in relevant reviews, and all content must be reviewed
  - ‘Company Policy’ does not supersede RFP directions
- Everyone on the team is bound by the same proposal schedule:
  - Yes, that includes Executive Management!
- The Proposal Manager IS in charge!
  - Don’t go directly to authors with new direction

# DEALING WITH THE LIMITED LIABILITY PARTNERSHIP (1)

## TALES FROM THE CRYPT

- A well-defined and stable team structure is key
- Traditional aerospace and defense companies normally have well-defined lines of responsibility and authority
  - Senior Vice President
  - Capture Manager
  - Program Manager
  - Chief Engineer
- This is a relatively easy interface for the Proposal Manager, most of the time...



# DEALING WITH THE LIMITED LIABILITY PARTNERSHIP (2)

## TALES FROM THE CRYPT

- The LLP has 'Partners'
  - A Senior Partner (like the Mafia's 'Don')
  - Other Senior Partners, both 'made' and 'unmade'
  - And 'plain' Partners
- Senior Partners have different responsibilities
- One of these is responsible for program capture but only has a fraction of the authority
- Basically, no one is in charge, but everyone thinks they are!
- The Proposal Manager must discover who is who, become the Don's trusted lieutenant, and only deal with the 'made' senior partners
- End game requires careful control to prevent multiple simultaneous editing by the partners...



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# SCHEDULE RISK



# SCHEDULE CONTROL IS ESSENTIAL

- The Proposal Manager must set a schedule at the start of the proposal and stick to it
- Poor schedule control leads to:
  - Overspent budgets
  - Not enough time for reviews (content errors)
  - Potential disaster at end-game (failed delivery)
  - Ruined credibility as a Proposal Manager!

*“You cannot negotiate for time with a Xerox® color printer”  
- Suzanne Kelman, SM&A Production Manager*

# PROPOSAL PRINTING OR...



'NOTLD', Dir. George A. Romero, Continental Films, 1968

# PROTECT PRODUCTION DEADLINES AT ALL COSTS

- There's a reason why they're called DEADLINES – you're dead in the water if you miss 'em!
- Maintain the authors' 'pens down' deadline to give production enough time for integration and printing
- Just-in-Time training for authors can lessen integration effort
- Tight artwork management reduces time wasted on unused art
- Setting page count limits early on helps set deadlines for final printing

# INFRASTRUCTURE RISK



# WHAT ARE YOU GOING TO DO IF?

- Does everyone have the right software on their computer, especially production?
- Are authors saving their work to the proposal server, or their desktop?
- Is MIS making daily backups of the proposal server?
- Is there a document and art configuration management process in place?

# AND WHAT HAPPENS IF?

- Do you have a backup plan in case of power failure? Fire? Natural disaster?
- Are you printing in-house or externally?
  - Printing externally carries added schedule and security risks
  - Printing internally has infrastructure risk:
    - Do you have enough resources?
    - Do you have enough consumables? (paper, toner, binders, packing materials, etc.)



## TALES FROM THE CRYPT

- A client bought a new color laser printer especially for a new proposal to the European Space Agency
- The printer vendor claimed the initial supply of toner would be 'more than adequate'
- Many drafts were printed, and 25 copies of a 500-page final proposal
- The proposal was delivered, and then we went to print a reference copy of the proposal
- The black toner ran out after five pages...

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# DELIVERY RISK



# DELIVERY RISK – DO IT YOURSELF!

## TALES FROM THE CRYPT

- PM decided to use two well-known couriers
- Had to use an outside printer for final books
  - Printer promised to print two sets
  - Printer promised to get one set to each courier
  - Proposal Manager left the printer with the job...
- But, printer ran out of time
  - Gave both sets to one courier
- Defeated the object of having two sets!
- Moral: Stay with it to the very end...

# DELIVERY RISK - MORE THAN ONE ROUTE

## TALES FROM THE CRYPT

- HF Modernisation (JP2043) proposal to Australian DoD, 1995
- Prepared in Melbourne, Victoria
- Submission in Canberra, ACT
- To guarantee delivery two complete sets of books were prepared
- One driven by road
- One flown by air



# THE TEAM AFTER THE PROPOSAL...



*'Zombie', Dir. Lucio Fulci, Variety Films, 1979*

# DON'T STOP UNTIL YOU'VE WON...

- Post-submission clarifications require as much focus as submitted proposal
  - Responses must be coordinated and reviewed by the proposal management team
  - Responses should look and feel like the rest of the proposal
  - Revisions to the proposal should be inserted into the original proposal, with a summary
  - Only make customer-requested changes!

# ORALS ARE CRITICAL

- Orals should be treated as a separate 'volume' of the proposal
  - Not just a bunch of graphics pulled from the proposal and put into PowerPoint
  - Must be consistent with submitted proposal
  - May be used to evaluate the Program Team
- Presenters must rehearse and be prepared for Customer questions

- Your computer resources or theirs?
  - Take your own laptops and projector
- Can you get access to the briefing facility beforehand?
  - How bright is the room, how big is the screen?
- Do you need to arrange security clearances?
- Do you need your senior management to attend?



# "WHAT DO YOU THINK OF OUR SLIDES, HONESTLY?"

## TALES FROM THE CRYPT

- A new client was submitting fairly good proposals, prepared centrally at head office, but still losing to the competitors
- Often, proposal was followed by the potential customer interviewing the regional project manager
- Project manager threw something together in PowerPoint to back up the 'interview'
- Slides were uninformative, unstructured, unreviewed, unprofessional and damned ugly!
- Client failed to realize the important of the interview, i.e. the orals, in winning the contract

# THE PROPOSAL RISK REGISTER

(A.K.A. THE DAILY VOLUME STATUS REPORT  
AND THE WEEKLY STATUS REPORT)

# MONITOR RISK DAILY TO THE TEAM

- Daily standup meeting acts as an effective risk monitoring mechanism:
  - Status of each module, by volume:
    - Completed, Due today, Late
    - Shows areas requiring management attention
  - Status of module art, by volume:
    - Number of pieces of art and amount completed
    - Shows areas requiring management attention, or whether extra production resources are required
  - Customer and competitor status, e.g. RFP amendments and clarifications

# MONITOR RISK WEEKLY TO SENIOR MANAGEMENT

A well-structured Proposal Status Report (PSR) will act as a risk register for:

- Schedule
- Win Strategy
- Team
- Infrastructure
- Deliverables

Milestone	Lead	Planned	Revised	Actual
Win Strategy	Belton, Leonard	3/2/2004	3/2/2004	3/2/2004
PSR Team Review WP	Belton, Leonard	3/2/2004	4/2/2004	4/2/2004
PSR Team Review WP	Belton, Leonard	3/2/2004	4/15/2004	4/15/2004
Completion (Win Phase)	Belton, Leonard	4/2/2004	4/2/2004	4/2/2004
Customer Briefing	Belton, Leonard	5/18/2004	6/17/2004	6/17/2004
DRFP Release	Belton, Leonard			
Formal RFP	Belton, Leonard			
PSR Team Review	Belton, Leonard			

Deliverable	Stat.	Current Emphasis	Planned Action
Organization	↑	Review current organization structure and ensure it is aligned with the business strategy.	Review current organization structure and ensure it is aligned with the business strategy.
Systems Engineering	↑	Review current systems engineering process and ensure it is aligned with the business strategy.	Review current systems engineering process and ensure it is aligned with the business strategy.

Deliverable	Stat.	Current Emphasis	Planned Action
Campaign Staffing	↑	Review current campaign staffing and ensure it is aligned with the business strategy.	Review current campaign staffing and ensure it is aligned with the business strategy.
Campaign Products	↑	Review current campaign products and ensure it is aligned with the business strategy.	Review current campaign products and ensure it is aligned with the business strategy.

Deliverable	Stat.	Current Emphasis	Planned Action
Executive Summary	↑	Review current executive summary and ensure it is aligned with the business strategy.	Review current executive summary and ensure it is aligned with the business strategy.
Mission Satisfaction, etc	↑	Review current mission satisfaction and ensure it is aligned with the business strategy.	Review current mission satisfaction and ensure it is aligned with the business strategy.

Deliverable	Stat.	Current Emphasis	Planned Action
Past Performance	↑	Review current past performance and ensure it is aligned with the business strategy.	Review current past performance and ensure it is aligned with the business strategy.
Cost	↑	Review current cost and ensure it is aligned with the business strategy.	Review current cost and ensure it is aligned with the business strategy.

Deliverable	Stat.	Current Emphasis	Planned Action
Contract Displus	↑	Review current contract displus and ensure it is aligned with the business strategy.	Review current contract displus and ensure it is aligned with the business strategy.

**IF ONLY I'D  
REALIZED  
THE RISKS...**

