



## Strategic Space Development

# Business Development Secrets to Success

## Signs of Trouble

**Jim Cantrell**  
President SSD

### Special points of interest:

- Learn the major signs up impending sales collapse
- Three solutions to maintain healthy revenue streams
- New Capture Management Course in December
- How to influence the RFP before it is released
- Upcoming BD courses in DC and LA

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One of the common themes that we encounter in our consulting practice involves companies who approach us after their sales have completely collapsed. The severity of the situation varies greatly. Some companies approach us after noticing some of the initial danger signs of a sales slump. And the some companies will wait until their sales have completely collapsed and are looking at close-out scenarios. In the latter case, it is typical to see entrepreneurs who were originally successful at developing an idea or technology and poor at managing future sales. In the former case, the most common situation is what I call the “feast and famine” cycle where in busy times, personnel are busy executing on programs (which they should be) and nobody is worried about developing new business. As we know from prior experience, the timeframe in sales in the aerospace industry can be extremely long and varying from several months to several years. In both cases, there were certainly early warning signs that, if heeded, could avoid a lot of risk, cost and misery in restoring company sales volumes to healthy levels.

The three major signs of im-

pending sales collapse are:

1. Long term sales leads (1-5 years out in terms of revenue recovery) diminishing to non-existent. Normally, a business will need long term leads whose dollar volume equals 5-10 times the company annual revenue. If long term leads are depressed below this level, your company may be in danger of a deep sales trough several years in the future.
2. Depressed operating ratios related to sales and business development. In the aerospace industry, the average company spends 16% of the gross revenue on sales and business development activities with ranges from 2% to as high as 30%. If your sales and BD operating ratios are either artificially low or have fallen in recent years, you may be in danger of not dedicating adequate resources to new business recruitment. You might be able to save this money for a short term cash crunch but a lack of investment in this critical activity over the long term will result in reduced win rates and smaller volumes of leads and ultimately sales.
3. “Walk-in” business closing at rates less than 90%. This seemingly insignificant aspect of sales is a real time barometer

of the effectiveness of the BD organization. Generally walk-in business comes to your organization after they have decided to buy from you. If your organization cannot close on this at very high rates, then this is a very serious indicator of a BD operations problem.

When I first visit clients, these three areas are some of the first places that I examine. They tell me a lot about the state of the BD organization and where the problems may lie. By far the most common problem is simply a lack of a process for developing leads, tracking them and driving them to a logical conclusion. Sometimes those systems will exist but the company will lack the resources to execute on the leads leading to a low walk-in business conversion rates. In the end, all of these problems result from a top level strategic problem within the company that can often only be solved at the highest management levels.

You might be led to believe, and perhaps rightly so, that situations that I have been describing are fatal. This is not necessarily true! The truism that I have discovered is that given a variety of clients with sales problems, there will be a

## Signs of Trouble cont.

limited number of problems and issues that they will experience. However, due to the unique nature of organizations and the people that run them, the solutions will all be unique. An excellent example to cite is a client that approached me over 8 years ago to help them. They had less than 800,000 dollars a year in revenue for 12 people and were examining close-out scenarios. They saw all of the danger signs shown above. They were willing to listen, learn, implement a sales lead tracking system and execute well on leads and make the necessary investments. This year, they have grown to roughly 15 times this revenue and are the 9<sup>th</sup> fastest growing engineering corporation in the US and are listed on the Fortune fastest growing companies list. This was a success story and they learned to simply stick to the basics. Another former client has lost approximately 50%

of their revenues following an acquisition of this company by a larger corporation. The larger company had apparently bought a healthy company for strategic reasons and starved the newly acquired division for resources and mismanaged their priorities. They in essence killed their “new toy” by ignoring all of the fundamentals and managed to do this within a year.

The lesson of all of this is to do three things:

1. Develop, manage and use a leads development, qualification and execution system
2. Make proper investments in your BD recognizing that you are competing with others that are spending 16% of their gross revenues on Sales and BD on the average
3. Make sure that adequate personnel and quality

personnel are working your sales and BD efforts. There is no proper excuse for companies to starve BD organizations of their best people.

Business development is a complex endeavor but simple fundamental activities that includes developing long leads proactively goes a long ways to reducing risks to future revenue streams!

Symptoms	Possible Causes
<b>Long-term sales leads diminished</b>	<ul style="list-style-type: none"> <li>• Lack of an established leads development and tracking system</li> <li>• Lack of an effective value proposition for product and market mix</li> <li>• Lack of management of the long term leads generation</li> <li>• Lack of an active BD organization</li> </ul>
<b>Depressed Sales and BD operating ratios</b>	<ul style="list-style-type: none"> <li>• Short term financial difficulties in company</li> <li>• System financial mismanagement</li> <li>• Lack of personnel and resources to execute leads</li> <li>• Lack of leads</li> </ul>
<b>Low “walk-in” new business conversion rates</b>	<ul style="list-style-type: none"> <li>• An ineffective or non-existent business development and sales organization</li> <li>• Inadequate resources available for BD and sales</li> </ul>

## Effective Capture Management Course December 2, 2008 Los Angeles, Sofitel LA Hotel

Strategic Space Development is adding a one-day course in *Effective Capture Management* to its highly successful three-day Business Development course in Los Angeles December 2 - 5.

Customized for but not limited to Program Capture Managers, this course focuses on proven methods to successfully posture your company to win major competitive programs. The course takes you through the capture process from identifying the initial opportunity to the release of the proposal announcement by the customer. Using real-world examples, this course provides valuable insight into the customers' perspective.

Registration begins August 2008. Go to [bdcourses.com](http://bdcourses.com) for more information.

**Dr. Pat Dougherty, VP, Strategic Planning and DoD Programs of Strategic Space Development**, is a highly educated and experienced teacher who gained a broad understanding of the customer's needs during his 20-year Air Force career in the acquisition corp. Presently, Dr. Dougherty develops business opportunities and capture strategies for suppliers to DoD and NASA. Dr. Dougherty has served on government source selection panels. Additionally, Dr. Dougherty has 16 years of business development and management experience in the civilian aerospace industry. The combination of his extensive real-life training with four college degrees (2 Master Degrees in Management) qualifies him to share the lessons he has learned.

## Capture Management: *Influencing the RFP*

In the months prior to the release of the Request for Proposal (RFP) for a new space system, the Government Program Manager (PM) often doesn't know the history of relevant programs that preceded the one he/she is leading. As a result, Government PMs are often searching for information on relevant programs so they can award a contract with a high probability of achieving the technical goals, in the time required and for the amount of money allocated. Information on past systems, employing similar technology and operating in a similar environment, can help the PM understand what is technically achievable and to understand how technology must be advanced to make the leap needed for the follow-on system. This is the reason that Government lawyers allow months of open communication between contractors and government representatives.

The PM wants to understand what technical difficulties were encountered in designing, building and testing the predecessor systems. For example, if the predecessor system needed to develop a new, very large focal plane array, which required multiple expensive, time-consuming manufacturing runs, then the PM needs to take this information into account to ensure that he has allocated sufficient time and money to make the extra focal plane arrays needed to succeed.

If your company built a satellite sensor comparable in complexity to a new system needed by your customer, it's likely that the customer will be very interested in the time your company needed to build/test the system, the final cost and other relevant facts about the unexpected program problems that surfaced and were dealt with effectively.

So, a vacuum exists in the Government that you may ideally be suited to fill. If you are the source of valuable information that helps the Government

PM become successful, you will be posturing your team to win the competition. While you are communicating with the government about what your company has done, you can also tell them how you would go about making necessary technology improvements and also provide them a realistic estimate of the time required. You have the opportunity during this time to reveal your approach.

A word of caution is warranted here. You need to let your customer know whenever you share company proprietary information on past programs and when your planned approach to the new program is also company proprietary. Your customer can protect this information while at the same time learning from it.

Also, while all this information is moving between you and the customer, your customer is realizing how well you will likely work together if the contract is awarded to your company. If the chemistry is right, and you have been there to help the customer meet his pre-RFP needs, then the customer will remember that fact as a factor in the final scoring of your proposal. Often, a positive information exchange will set your company up for an excellent score in Past Performance category. As a minimum, the customer will remember how well you worked together and can use this information as a tie-breaker.

If the chemistry is not working between you and the customer, it is better to bring in someone else from your staff in the early stages, who may be more successful in communicating with this particular customer while there is still time to build a relationship. Sometimes chemistry between individuals is unpredictable and can only be fixed by changing the players involved.

Finally, your actions in the pre-RFP timeframe can have a direct impact on the specific details that show up in the final RFP. If you see many of your words and specifications in the final

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RFP, you can be confident that you influenced the RFP and likely improved your chances of winning.

### *In Summary:*

◆ Let the customer know about your company's relevant experience.

1. Technical (design, building & testing) difficulties
2. Schedule required to achieve your system development
3. Cost for system
4. Other unexpected "Gotchas" and how you fixed them

◆ Tell the customer how you would achieve the new goal and explain why you have the best probability of success.

◆ Build a relationship with the customer. If the chemistry is not working, find another person from your company to take over for you.

◆ Look for your information in the final RFP.



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*Strategic Space Development is a business development consulting firm specializing in aerospace and defense sector business and competitive intelligence. Strategic Space has many top drawer clients in the high tech and aerospace sectors and works with companies to grow revenues, identify and pursue new business opportunities, and make sound strategic decisions. Our efforts focus on working the client factors that increase the probability of winning new business. SSD's staff hails from DoD, Intelligence Community, and civil space backgrounds and has a breadth of business and engineering experience to work across the large domain of technical sales and strategy considerations. SSD also offers professional development courses in business development, competitive intelligence, strategy development, and engineering disciplines.*

### Here's what they are saying about our courses:

*This was an eye-opener, to grasp how to quantitatively manage the very early phases of developing business opportunities. Knowing the language and a systematic process adds power to my current business development approaches.*

**Stephen R. Smith, Program Manager, Draper Laboratory**

*A must for anyone in BD. A huge help, certainly in terms of awareness for someone working in a near-BD environment (like me).*

**Bob Hall, Technical Director, Space Superiority, AGI**

*Great job Jim! It was nice to see the BD process addressed end-to-end and to have it be so industry specific. Well worth it.*

**Mark Schwalm, Director of Advanced Programs, L-3 SSG Tinsley**

## Business Development Course Washington DC • September 17-19 2008

This Fall is a perfect time to ramp up your business development efforts and strategically plan to increase your capture win rates for 2009-2010. Join us in the Nation's capitol for our three-day Business Development course held at the Sofitel Lafayette Square Hotel .

Mr. James Cantrell, President and CEO of Strategic Space Development, a highly successful aerospace consulting company, will not waste your time with academic theory but give hands-on examples of the hidden forces at work, how to "follow the money and how to guide a prospect from uncertainty to a high probability sale.

This course is meant for both experienced business development professionals and those new to the profession and focuses on:

- *Understanding the sales process*
- *Developing the new business funnel*
- *The role of marketing and brand generation*
- *Developing Competitive Intelligence*
- *Proposal strategy development and execution*

### Rates

Early-bird - \$3100 for 3-day course (available until August 17)

Regular - \$3500 for 3-day course.

We offer special rates for clients and groups.

Visit [bdcourses.com](http://bdcourses.com) to register and for more information.

**Contact** Rebecca Stowers at [rebecca@stratspace.net](mailto:rebecca@stratspace.net) or 1-888-327-3993. ext. 7.

We also offer on-site courses at your place of business. Eliminate travel costs and add wider exposure within your company. Contact us today for details.

