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Business Development: Secrets to Success

Beating the Incumbent

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I frequently get a call from a client wanting to bid on a contract that is being re-competed but is held by a long-time incumbent contractor. Inevitably, it is rumored that the incumbent has been doing “a very bad job” and the customer is “very unhappy with the incumbent”. My client will always reason under these conditions that the contract is practically theirs. When my opinion is solicited, my response is not as glowing as they had hoped; however, it is not as dire as they might expect either. Incumbents can be beat. I have been involved in several rather large “take downs” of incumbents and it came as a result of a vulnerable incumbent contractor along with good preparation and flawless execution by the new competitor.

Taking on an incumbent is more often than not taking on a position of strength from a position of relative weakness. There are many examples of weak incumbents being beat by strong and hungry competitors, but there are many more examples of weak and mediocre incumbents retaining the position. So, let’s start by looking at the bid strategy from the incumbent’s point of view.

The incumbent has several strong advantages in its favor:

- ◆ familiarity with the customer
- ◆ familiarity with the requirements
- ◆ direct influence of the customer even up to the final decision
- ◆ inside knowledge on the real pains of the customer

The significant disadvantages:

- ◆ an existing working relationship with the customer lends only one perspective
- ◆ customer knows incumbent’s performance and personnel issues
- ◆ incumbent tends to repeat business formulas that have worked in the past

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Incumbent Bid Strategy

The bid strategy for the incumbent starts with anticipating the re-competition of the contract, usually a year ahead of the actual competition. Therefore, despite bad past performance in the early years of a contract, the customer will usually weigh the last year the most heavily. The incumbent bid strategy should begin looking at and auditing its current effort with the customer by understanding where improvements and new processes can be had and implementing them right away. By improving current performance and implementing new processes and systems, the customer will have a tendency to forget past indiscretions and develop a more positive view of the incumbent’s performance. The second part of the bid strategy would be to audit the customer and understand any changing requirements that might be desired and take concrete steps to start addressing these potential changes. The third step by the incumbent would be to bring outside eyes and ears to the situation and make the same assessment with regards to improvements. By starting early and controlling the customer’s perceptions, the incumbent can effectively control the agenda of the upcoming procurement in its best advantage.

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Breaking the Incumbent Lock

From the outside looking in, this scenario seems formidable to penetrate. First of all, it is important to realize that the incumbent will not necessarily execute the best bid strategy and will not necessarily do a good job at executing the strategy that they select. Despite that, it is imperative to assume that they will come up with an effective strategy and will execute it well. Hoping that the incumbent executes poorly is not a strategy. However, in my practice, I estimate that less than half of incumbents devise an effective strategy and execute it successfully, making your odds of beating them a little more promising.

The keys to beating the incumbent are to: start early, define the incumbent in terms favorable to you, draw contrast between you and the incumbent and control the agenda of the capture. While simple in concept, executing on this kind of bid requires solid strategic thinking, excellent execution, the best competitive intelligence available and lots of hard work. This also translates into a significant budget, so make sure that you are intellectually and financially prepared for the battle before you begin.

Start Early

Most incumbent contractors are in perpetual campaign mode. After winning a contract, they immediately start planning and campaigning for their next follow-on contract. Many challengers make the error of waiting until the “traditional” time for re-competition to begin their capture. Don’t make this mistake. If you are going to beat the incumbent, you need to start early – even sooner than most people expect is prudent to do so.

Therefore, there’s no such thing as too early to develop the capture strategy for the challenger. Even though the customer will not yet have the next competition on their minds, get started as soon as you can. Not only can you plan and research your capture activities during this time, you can actually start pressing the flesh with the customer by attending conferences and meetings, and building your capture strategy and team. The incumbent will have already started his bid for the re-compete of the contractors and you should too.

Define Your Opponent and the Problem in Your Favor

When challenging an incumbent, it is imperative that your capture effort develops and implements a strategy to define your opponent and redefine the customer’s problem before your opponent gets a chance to do this. Carefully watch and research the incumbent’s performance as well

as the customer’s needs and pains. The only way that you will be able to beat the incumbent on their home turf is to redefine that turf. Get out ahead of the curve and define your opponent in terms that are favorable to you.

For example, if the customer’s perception of risk is due to budgetary concerns and the customer’s perception is that costs are primarily borne out by labor rates, there is an opportunity to redefine the discussion. There are usually many opportunities to reduce costs through process improvements, injection of appropriate technology, and productivity improvements that can be independent of or in fact due to slightly higher labor rates. The net result might be that the customer could actually save money by picking you even though you have higher rates. Take every chance you can to hammer that point home. Challenge every assumption regarding rates as they relate to total cost. Put out literature laying out the supporting statistics. And, write white papers discussing your concepts. In short, define your opponent as the “spender” even though they may have lower rates. Make them defend their productivity positions and ways of doing business, in effect admitting that they are the more costly alternative. Just be sure to do thorough research on the issue before putting the message out.

Draw a Contrast

After defining your opponent, draw a sharp contrast between your company and the incumbent. There’s only one reason why people vote an incumbent out of office: they find someone better. You have to present the voters with a better alternative. Show them why your company is singular and why that difference makes you a superior choice.

Control the Agenda

This goes hand-in-hand with defining your opponent. Given the chance, your opponent will turn the competition into a showcase of his strengths and your weaknesses. Your job is to beat the incumbent to the punch by controlling the agenda in a way favorable to your team. The ultimate result will be RFP terms that better reflect the real pains of the customer and favor your team over the incumbent.

Conclusion

Beating an incumbent is possible with hard work and preparation. Get out there early and set the tone for the competition. Show the customers that there is a clear distinction between your team and the incumbent on an issue that you define. Tell the customer why you are the stronger team and work hard to get your message to all of the buying influences.

Capture Management: Pitfalls to Avoid

Pitfall #1: Not Listening to the Customer

Pat Dougherty,
VP Strategic Planning & DoD Space, SSD

While working to complete your capture activities there may be several steps or parts of the process that you might neglect, which are so important that they can become fatal to your pursuit of winning a contract. Some of these “pitfalls” are more obvious than others, but these, “obvious ones” are as just easily overlooked.

The first fatal pitfall is “Not Listening to the Customer”. This may seem to be a very obvious pitfall to avoid, but you may be communicating poorly and not even be aware of it. For example, there is a natural tendency for people to begin to formulate their next sentence or statement, while the person they are communicating with is still talking. If you do this, you may miss a portion of what is being said to you. Often, the fear is that you will either take too long to generate a response or that you might lose your train of thought for the response you think should immediately follow the statement made by the customer. It takes just a bit of practice to first listen to what is being said to you, and then think about and formulate your response.

Another possible reason you may not be “hearing” the customer is that the chemistry between you both is just not working. We have all met and talked with people who we just don’t seem to be able to communicate with. Your brain and theirs just don’t send and receive information effectively. One or both of you seem to misunderstand the mes-

sage being transmitted. In cases like this, you may need to send in someone else who is more compatible than you to deal with this customer.

The customer wants to work with people from a company that are responsive to them and understand their needs. Having the ability to effectively communicate and support the contractors make their job and life easier. Avoiding this pitfall will put you in a better position during your capture activities to secure the contract with the customer.



ANNOUNCEMENTS

●**Coming Soon** Strategic Space Development will launch two new websites in February! **Stratspace.net** for SSD’s consulting business and **bdcourses.com** for courses and trainings.

●**Online courses now available!** Save travel time and costs by registering for one of our one-day online courses. Our online trainings are intimate and interactive through presentation materials, online examples, Q&A, and webcam features. It is easy to log-in and all you need is internet access and a phone. Access to presentation materials are offered after the course. See pg. 4 for our scheduled online offerings.

●**Special Offer for Subscribers . . .** As a special thanks for subscribing to our newsletter, we would like to offer 50% off the tuition price of one of our courses this year. Go to bdcourses.com and select from our calendar of open-enrollment offerings. Use the code 08PAL at registration.

2009 Calendar - Open-enrollment Courses

Date	Course	Location/Venue
March 12	<i>Introduction to Spacecraft Design</i>	Chantilly, Virginia Westfields Marriott
February 24-27	<i>BD: Secrets to Success/Competitive Intelligence: Practices and Techniques/The Successful Capture Manager</i>	Tucson, Arizona JW Marriott Star Pass Resort
April 17	<i>BD: Secrets to Success</i>	Online
April 30	<i>Competitive Intelligence: Practices and Techniques</i>	Online
May 1	<i>Strategic Planning for the Aerospace Professional</i>	Tucson, Arizona JW Marriott Star Pass Resort
June 3-5	<i>BD: Secrets to Success/Competitive Intelligence: Practices and Techniques</i>	Key West, Florida Casa Marina Resort
September 16-18	<i>BD: Secrets to Success/Competitive Intelligence: Practices and Techniques</i>	Washington DC Key Bridge Marriott
October 22	<i>Strategic Planning for the Aerospace Professional</i>	Crystal City, Virginia Crystal City Marriott
December 1-4	<i>BD: Secrets to Success/Competitive Intelligence: Practices and Techniques/The Successful Capture Manager</i>	Los Angeles, California Renaissance LAX

To register for any open-enrollment course - go to bdcourses.com

On-site Courses

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- ◆ *Business Development: Secrets to Success*
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- ◆ *The Successful Capture Manager*
- ◆ *Project Management: A Return to Fundamentals*
- ◆ *Strategic Planning for the Aerospace Professional*
- ◆ *Intro to Spacecraft Design*

General Cost

We offer a tiered fee system based on the number of days and number of attendees. We have a minimum require-

ment of five students. All costs include labor and travel expenses required to conduct the courses on-site.

Sources

For full details on our courses, go to bdcourses.com.

To request a quote, contact Rebecca Stowers at rebecca@stratspace.net or 1-888-327-3993 ext. 7

"I hope that my competitors don't take this course!"

Ted Cheng
CEO Vision Composites

"Jim is perhaps the best business development person that I have ever met."
Chris King, Director of Directed Energy Weapon Programs, Raytheon Missile Systems



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A consulting firm specializing in aerospace and defense sectors, Strategic Space Development works with many high-tech and aerospace clients 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:

"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, AGI, Technical Director, Space Superiority

"A great lesson in the basics of Business Development. The experience that Jim brings to the class provides excellent real-life examples to accompany these lessons."
Sean Olding, L-3 Communications, Cincinnati Electronics/Business Development Engineer

"Outstanding course with great exchange highlighting the real needs for Business Development."
David Cela, Raytheon, Sr. Manager

"Excellent insight into BD "things to avoid" and "ideas for success" - great for a BD newbie!"
Michael Marsicano, Raytheon

Business Development/Capture Management Tucson, Arizona • February 24-27, 2009

Come join us for four fabulous days packed with techniques, trends and cutting-edge knowledge from experts that have been in business development for over 20 years.

On February 24-27 in Tucson, AZ at the JW Marriott Star Pass Resort, this unique seminar will discuss all phases of business development from creating a business plan and gathering competitive intelligence to positioning your company to capture a new contract.

Our *Business Development: Secrets to Success* (Feb. 24-26) will lead you through the maze of how buying decisions are made, where to locate and develop opportunities, how to develop a capture and proposal strategy and how to execute that strategy to maximize your

win rates. Also discussed are many useful techniques for winning new business and gathering competitive intelligence.

Then, don't miss an essential step in your next capture win effort by attending our *Successful Capture Manager* course (Feb 27). We will help you seek out the right opportunities, know your competition and execute your strategy for a successful win.

Rates
4 day *\$3500/\$3900
3 day *\$3100/\$3500
2 Day *\$2700/\$3000
1 day *\$1600/\$1800
*early-bird rate

To register or for more details, visit bdcourses.com.

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