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Business Development: Secrets to Success

To Team or Not to Team?

Jim Cantrell
President, SSD

Whenever a new business opportunity arises, the quintessential question is asked: What is the value of teaming with other companies or organizations to win this new business opportunity? In our consulting experience, we see more exuberance of teaming before strategic and logical examination takes place. Most managers seem to react to the idea of teaming as a "good idea" based more on intuition than the cold examination of the situation and the facts on the ground. In our consulting practice, we always recommend a formal examination of the teaming arrangement before the decisions are made. What I am outlining in this article is a summary of the process that an organization should go through in making teaming decisions.

The motivations FOR teaming are multiple. Some of the more common ones include:

- Covering a weakness inherent in your organization
- Adopting a strength of another company that you do not possess
- Removing potential competitors
- Saving costs by allowing someone else to lead the opportunity capture

The motivations AGAINST teaming are also multiple and include:

- The complexity of managing a number of companies – who are likely to have some competitive overlaps – outweighs the benefit of teaming.
- Exposing competitors to your intellectual property, staff and capture techniques that no Non-Disclosure Agreement can protect.
- Teaming will add overhead costs in the implementation of your project or service and this will either reduce your profit margins and/or will reduce your competitiveness based on costs.

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Teaming tends to fall into one of two categories:

1. Leader-follower arrangement - a clear team lead is the larger and more experienced member of the team and brings on core team members to supplement its own capabilities or to mitigate weaknesses.
2. "Team of equals" - teaming between two large and capable organizations that have largely similar but obviously complimentary capabilities.

There are some recent examples in the aerospace industry where teaming has been a success story and others that have led to disaster. Some examples of both include the following:

- Northrop Grumman/EADS team on the tanker procurement. This worked because EADS had the technology that met the requirements of the procurement and Northrop had the experience in the US defense culture and the security clearances mandatory to perform the work. Despite Boeing's successful protest, this team stood out as a prime example of sound logic for teaming.
- Lockheed Martin's success on the Crew Exploration Vehicle where they teamed with smaller suppliers and maintained a central control over the prime contract. Their suc-

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cess can be traced to the choice of team members that completely complemented the LMA's strengths and nicely covered their own technology and capability weaknesses.

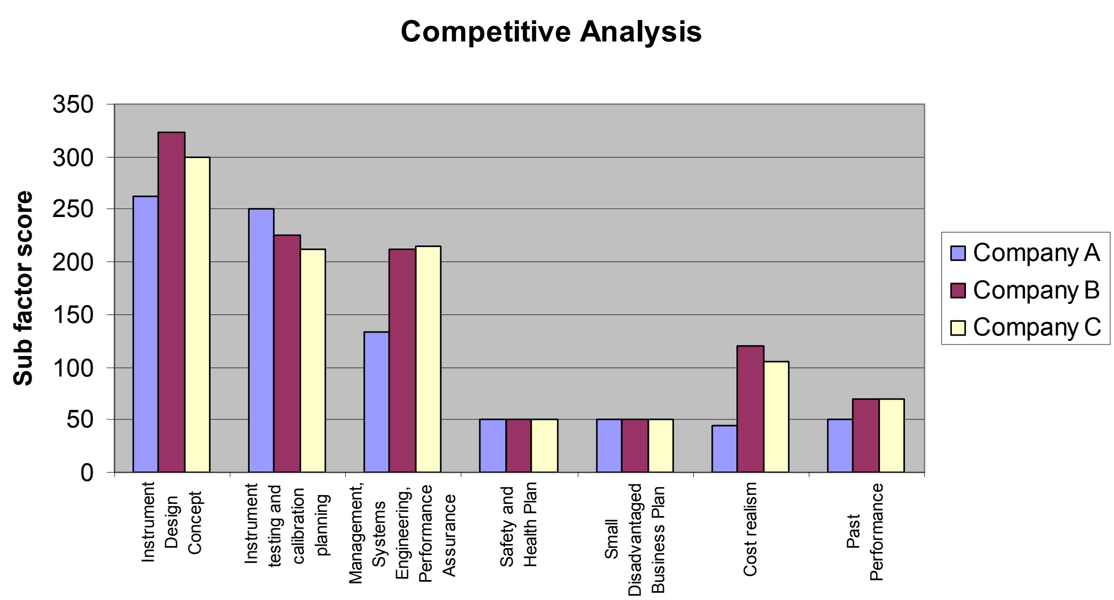
- Boeing/Northrop team on CEV - this team seemed to be based on the proposition of a "marriage of equals". In the end, the management complexity and the in-fighting between the two companies over turf sapped critical energy and time from the capture effort. In the end, it was a billion dollar blunder.

A teaming decision is one that can be either enabling or fatal depending on the logic and the teaming partner. There are a multitude of factors that need to be considered when looking at the idea of teaming.

First, break the activity into two parts. The first part of the decision is to evaluate your customer's requirements and organizational pains. Organizational "pains" as referred to here are those issues that are really driving this procurement or opportunity. Typical examples will include cost control, bad experiences with prior vendors, implementation risks and implementation timing.

The second task will be to develop a list of known and potential competitors. This is normally done as part of the "Black Hat" review process (discussed in *October 2008 Newsletter, Vol. 5, Issue 5*). It is important to account for those companies that are known to be competing as well as those who might satisfy the requirements.

Once you have a reasonable understanding of the customer's open and hidden requirements ("pains"), you should map them against your organization's ability to address each one of these areas. In separate columns, you should also map the competitors' ability to meet these requirements. An example is shown below:



In this example graphic, there are only a small number of teams and not a large opportunity for synergy to form a team. These are mostly a set of nearly equal competitors and teaming between them would likely be counter-productive. However, Company A might find a smaller sub-contractor who might improve their standing in the instrument design concept or a company who might strengthen their Systems Engineering capabilities.

In the end, teaming is a complicated process and is more often than not a source of problems rather than a solution to win. By approaching this question logically and using real opportunity metrics, there may be opportunities to improve your competitive position. However, if this is not done, the process can be quite risky and the result will not be a winning bid.

Capture Management: Pitfalls to Avoid

Pitfall #3: Negotiating with Teammates During the Proposal

Pat Dougherty
VP Strategic Planning & DoD Space, SSD

The third fatal "Pitfall to Avoid" during the Capture process relates to waiting until the RFP is released to negotiate program work share with your teammate. It's assumed that a "teammate" is more than just a subcontractor to your team winning. The only reason that a teammate should be designated is if the sum of your company plus the teammate is more than a simple 1+1=2. This type of relationship should yield a 1+ 1>= 5. The benefits gained from bringing on a teammate should be so great that your entire approach would need to change if you brought on a different company.

Ideally, the scope of work that your teammate will perform should be identified in time to allow you to take your teammate with you to meet the customer while communications are still open (prior to RFP release). This exposure to the customer allows you the opportunity to get direct and indirect feedback from your customer regarding your choice of teammate and the path you are taking with them. If the feedback is negative you still have time to change course before the RFP is released.

It is often difficult to define work share prior to the release of the final RFP because the scope of the effort can change at the last minute. If you wait until the final RFP is released to negotiate work share, you may find that the negotiating process can become a major distraction from actually writing the proposal. Additionally, there are other pitfalls of waiting until the RFP to negotiate work share. Some of them are:

- Your teammate has you "over a barrel" regarding negotiating for a greater work share since you no longer have time to find another player.
- They know that they can walk away from your team and force you to drop from the competition.
- They may try to use their leverage to force you to pass on a greater fee to them.
- You may not get the most efficient allocation of team resources on certain tasks.
- Your customer may not know (before the proposal) how your team will function.
- The pre-proposal period is an indicator to the customer of how well you will manage your teammate (which is still a subcontractor).

Although it is highly desirable, it may not be possible to complete negotiations prior to the RFP. If you should find yourself moving in this direction, the best you can do is to make the point clear to your teammate that "all decisions on work share will be made to optimize our chances of winning". You may have to be prepared to withdraw from the pursuit should your teammate push for an unreasonable share that critically hurts your chances of Pwin.

Strive to define work share with your teammates early!

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March 11	*Introduction to Spacecraft Design*	Chantilly, Virginia Westfields Marriott
April 17	*BD: Secrets to Success*	Online
April 30	*Competitive Intelligence: Practices and Techniques*	Online
May 1	*Strategic Planning for the Aerospace Professional*	Tucson, Arizona JW Marriott Star Pass Resort
June 3-5	*BD: Secrets to Success/Competitive Intelligence: Practices and Techniques*	Key West, Florida Casa Marina Resort
September 16-18	*BD: Secrets to Success/Competitive Intelligence: Practices and Techniques*	Arlington, Virginia Key Bridge Marriott
October 22	*Strategic Planning for the Aerospace Professional*	Crystal City, Virginia Crystal City Marriott
December 1-4	*BD: Secrets to Success/Competitive Intelligence: Practices and Techniques/The Successful Capture Manager*	Los Angeles, California Renaissance LAX

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Strategic Space Development Inc.
9121 E. Tanque Verde Road
Suite 105-313
Tucson, AZ 85749
Phone: 1-888-327-3993
E-mail: newsletter@strategicspace.net
stratspace.net & bdcourses.com

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Rebecca Stowers
Director of Marketing and Events
rebecca@stratspace.net
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