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THE DECLINE OF THE INCUMBENT EMPIRE: 10 PROVEN WAYS TO UNSEAT THE INCUMBENT

Lisa Pafe, Lohfeld Consulting Group

Lohfeld Business Winning Webinar

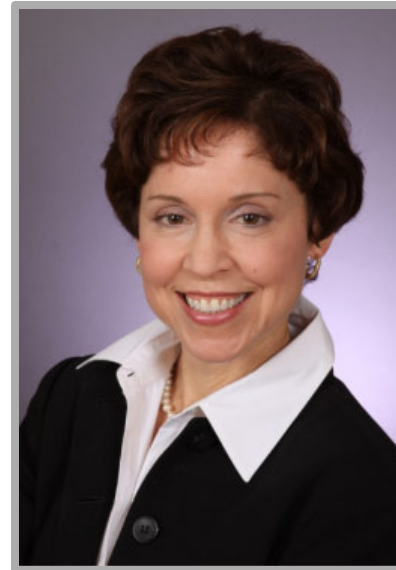
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Your Speaker Today –



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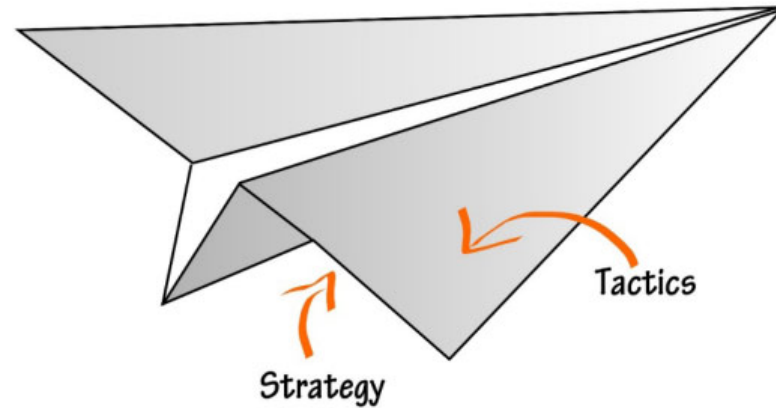
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Agenda



- The Challenge
- Perspectives
- Capture Phase
- Proposal Phase
- Bring Home the Win



The Challenge



- Winning against an incumbent is a challenge, but not an impossible one
- Recent trends in the US have incumbents losing more often (50 percent of the time)
- Best informed wins, so how do we overcome the incumbent's advantage?

Incumbent's Perspective



- Much more cost-effective to win a re-compete than to win new business
 - Retains jobs
 - Retains revenues
 - Continues customer relationship for additional follow-on opportunities

Incumbent's Perspective continued



- Enormous incentive to retain the work
- Yet, often fall prey to incumbenitis
 - The customer loves us...
 - Let the BD folks worry about the re-compete...
 - Contracts will handle it
 - I don't need to do anything until RFP hits...do I?

Incumbenitis: False sense of security, complacency and over-confidence that results in failing to take the proposal process seriously and thus losing the re-compete bid.

Customer's Perspective



- **Pros:**

- No transition
- Low risk
- No mission impact
- Keep the same people

- **Cons:**

- More expensive
- Same ideas
- Less innovation
- Keep the same people

Customer Perspective continued

- Tension between:
 - Risk aversion and real or perceived need for fresh perspectives
 - Low risk versus low price

McHUMOR.com by T. McCracken



"Sure you won 'Contractor of the Decade' five times, McWit, but what have you done lately?"

©T. McCracken mchumor.com

Capture Phase



1. Shape the opportunity in your favor
2. Perform effective SWOT analysis to ghost incumbent/other competitors
3. Address capabilities gaps
4. Overcome the customer's risk aversion
5. Craft the winning value proposition

Shape the Opportunity

- Incumbent will try to shape the RFP and so should you
- 90% listening, 10% talking
- Network with ALL customer contacts – technical, SMEs, budget, contracts



Shape the Opportunity - continued



- Must be in context of customer's needs, NOT your capabilities
- With proper positioning, client buys into your solution and helps you shape it
- When you bid, your solution exactly mirrors their needs
- Make sure you are leading, not just tracking

Effective SWOT Analysis



- Become a student of the incumbent (and other competitors)
 - Ethical stalking
 - Data mining
- Look for “blind spots”
- Gather evidence, not wishful thinking
- Make sure results are actionable with clear next steps

SWOT Analysis continued

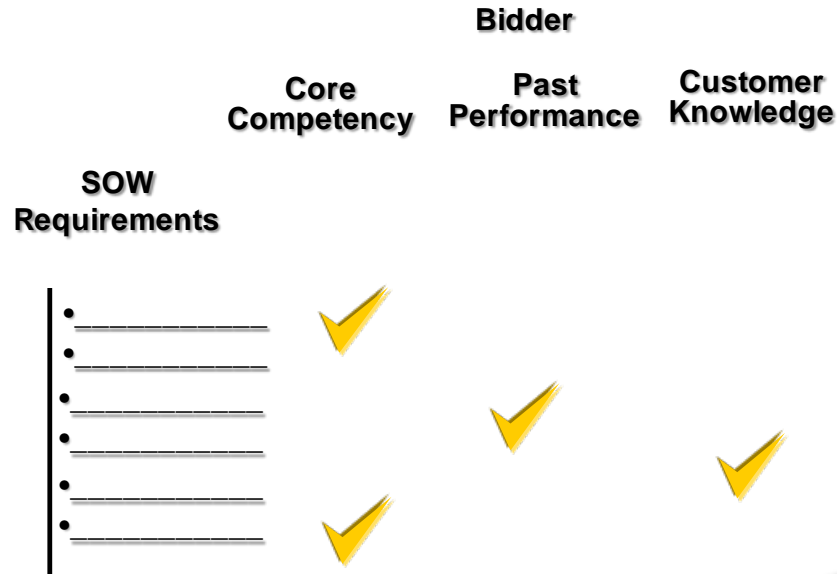
| | |
|---|---|
| We Win (Reasons why we'll win – maximize our strengths) <ul style="list-style-type: none">• Xx• | They Win (Reasons why we'll lose – weaknesses for us) <ul style="list-style-type: none">• Xx• |
| They Lose (Our opportunity to “ghost” the competition) <ul style="list-style-type: none">• Xx• | We Lose (Threats to us – need to minimize strengths of competition) <ul style="list-style-type: none">• Xx• |

Incumbent vulnerabilities: promises made and not kept...goals not achieved...performance measures not attained...personnel not retained...costs not contained...



Address Capabilities Gaps

- Start early and be honest!
- Court incumbent's teaming partners and personnel
- Take potential competitors off the street
- Look for teaming partners to fill gaps



Overcome Risk Aversion



- Learn hot buttons of all stakeholders and evaluators (programmatic, economic, technical, acquisition) and turn these into potential risks
- Customer may be willing to risk a new relationship if you offer compelling solution, innovations and value adds
- Lower price may overcome perceived risk in today's market

Craft Winning Value Proposition

- Articulate what you are promising
- Demonstrate quantitative results of your solution
- Offer proof points that translate into perceived **STRENGTHS**



Proposal Phase



1. Exploit “incumbentitis”
2. Make the business case for change
3. Avoid the usual win themes
4. Conduct effective proposal reviews
5. Price to win

Exploit Incumbentitis

- Incumbents build risk aversion by focusing on the past
- Focus your proposal on the future
 - Demonstrate risks of status quo
 - Ghost past failures
 - Provide proof of future success



Exploit continued



- Review RFP for changes/significance
 - Trends/technological advances in your industry?
 - Processes and methodologies you already employ?
 - Certifications you do or do not have?
 - Desire to increase or decrease current service levels/prices?
- Which are related directly to incumbent performance?

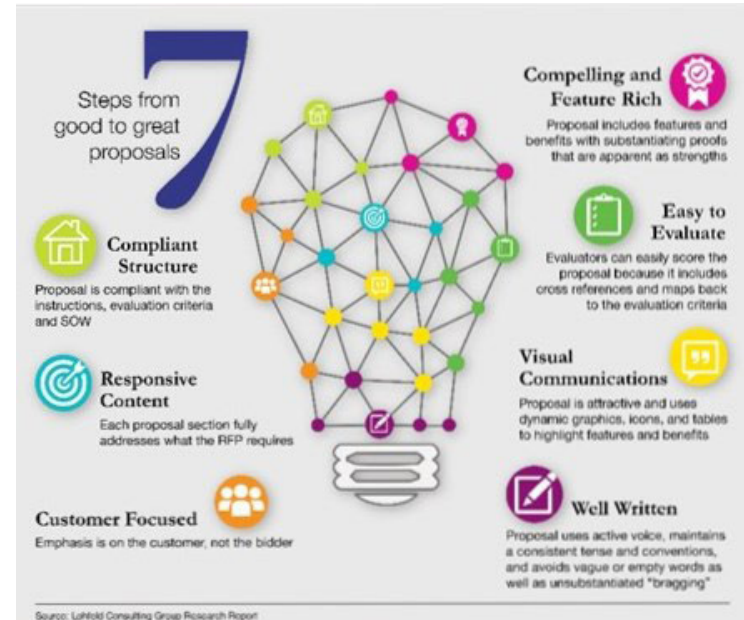
Make the Case for Change

- Demonstrate your bid is low risk at better price
- Show why *different* is *better*
 - Value-adds that can be scored as strengths
 - Innovations in line with level of risk aversion
- Gather and provide proofs for every element of the solution



Effective Reviews

- Compliant
- Responsive
- Compelling and Feature Rich
- Customer Focused
- Easy to Evaluate
- Good Visual Appeal
- Well Written

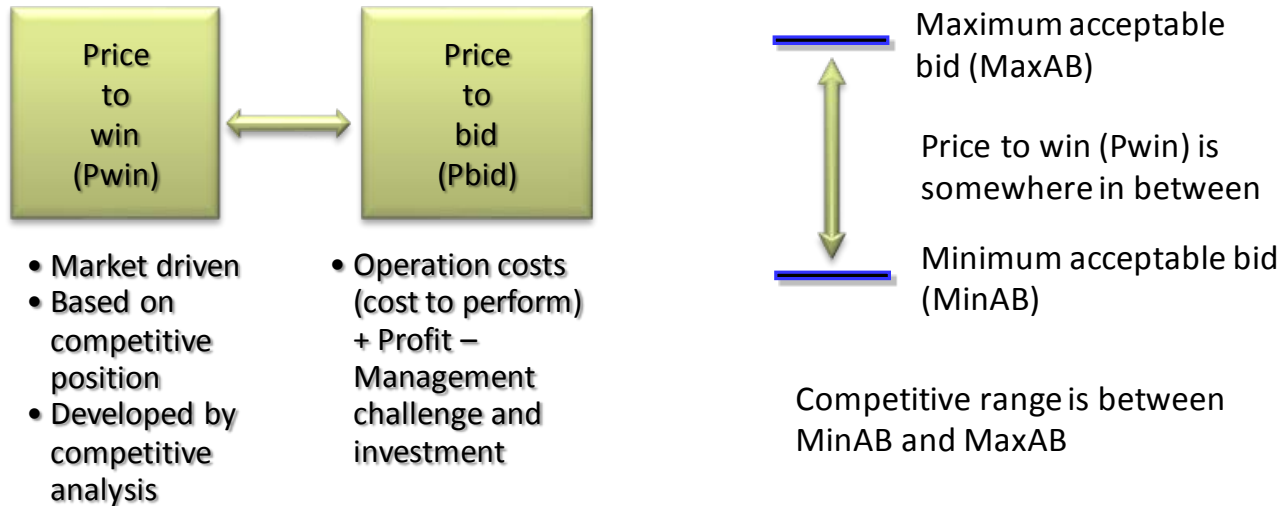


Effective Reviews continued

- At least one person to review from perspective of incumbent advocate
- At least one person to review for effective “ghosting” of incumbent



Price to Win



Price to Win continued



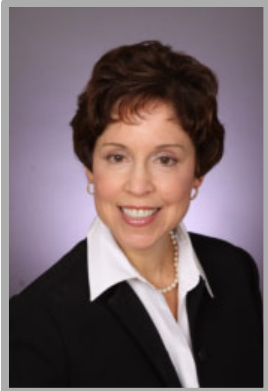
- Recent studies show market forces are causing incumbent price erosion of 15-30%
- Use reverse engineering and competitive intelligence to derive rates and markups
 - Business unit level, not company level, based on service or product
 - Mine publicly available data such as:
 - Financial reports
 - Press releases
 - Past contract awards
 - Debriefs
 - Resumes

Bring Home the Win!

- Build a positive, winning culture
- No matter the outcome, capture lessons learned for your next battle versus the incumbent



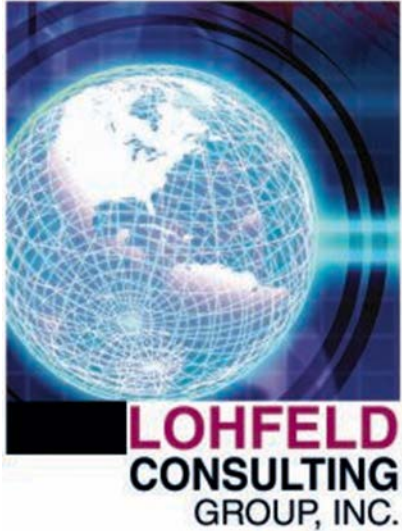
Questions and Answers



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About Lohfeld Consulting Group, Inc.



Lohfeld Consulting Group specializes in helping companies create winning captures and proposals. As the premier capture and proposal services consulting firm focused exclusively on government markets, we provide expert assistance to government contractors in Go-To-Market Planning, Capture Planning and Strategy, Proposal Management and Development, Capture and Proposal Process and Infrastructure, and Training.

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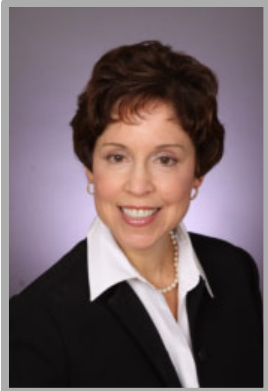
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