



RFPs – Is it Worth Responding?

How to More Efficiently and Effectively Get Your Piece of Government Cheese

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STAHL Consulting agrees with Carl Dickson/Capture Planning, who writes concerning, “Is it worth responding to RFPs?” The answer is a simple mathematical equation: *Bids x Cost < Profit x Wins*

Is the number of bids times the average cost of bidding greater or less than the average profit times the number of wins? Ultimately, *you want the profit you will make exceed your cost of bidding.*

The key variables are:

- What is the cost of bidding?
- What is your probability of winning?
- How profitable will it be, if you win?

Small projects and/or slim profit margins decrease what you can afford to spend to pursue opportunities. If you don’t believe you can afford to prepare a customized proposal, leading you to send the customer a “quick” proposal, then you are trying to get away with sending them a hollow brochure and a quote. As a result, you are not submitting a best value solution, you are sending them a lowest cost solution.

Small projects and/or slim profit margins do not lead to you growing a quality, sustainable business. Big, long-term projects and healthy profit margins are worth investing in, so your win strategy should be to *maximize, not minimize your proposal efforts.*

You must learn is how and when to invest in a pursuit to get a positive result. For instance,

a major decision that heavily influences the outcome, that is usually not even considered, is whether you invest in preparing your proposal before the RFP is released or after. If you are not consciously investing in the win, then you are just fishing and hoping to get lucky. Unfortunately, if you invest in the pursuit of a low probability opportunity, you can easily spend more on the pursuit than it is ultimately worth. Therefore, you may well determine that it is not worth responding to RFPs due to your low win rate and/ or producing even less meaningful and consequential responses to RFPs, further driving down your win rate; creating a spiraling downward effort to reward cycle.

The solution is finding a sweet spot where the profit from the wins, not only covers the cost of bidding, but leads to larger and more profitable wins. It is well worth the effort to develop a Winning Process to respond to RFPs.

This brings us to the probability of winning or (Pwin). One must examine one's ability to manage, measure and accurately predict outcomes to meet management objectives.

What's our secret? STAHL Consulting has established, over time (30 years), its own, successful Timelines to Market (TTM) "Positioning" with Winning Processes. STAHL Consulting brings success to its customers through the process of "Outsourcing" to STAHL Consulting, *with a commitment to get at least one Award from every three, STAHL Consulting-identified pursuit opportunities submitted.* STAHL Consulting is able to track the application of its Management, Processes and Metrics to drive its Pwin. These factors correlate directly with our documented Pwin rates of more than 60% for our clients, in their given Industries, NAICS and Agencies, when aligned with their past performance and customer appraisal.

DESCRIPTION OF RELEVANT PRODUCTS AND/OR SERVICES	TARGETED BD-CMM LEVEL	RELEVANT BD-CMM GROWTH PATH			
		CUSTOMER KPC	FOCUS KPC	PEOPLE KPC	CAPABILITIES KPC
STAHL's goal is to assist our customers in creating the right positioning by developing a business strategy to target the right government buyers with the right products and services in order to win proposals. New Business Strategy: - Mission & Vision - Positioning Strategy - Win Strategy - Strategic Plan - Business Plan - Market Plans - Account Plans	2	○	⊙	○	●
	3	⊙	⊙	○	●
	4	●	⊙	○	●

Here is our secret: (STAHL Consulting-BDI-CMM Level 4) Certified by the Business Development Institute - Mr. Stahl is quoted as saying "Because of a multitude of factors in management decisions, marketing, business development, capture management and proposal management to whom all share the responsibility for the Pwin and risk being: time to market, processes, gate decisions, budgets, resource capacity planning, solution, costing, alliances, resources and overall maturity of the people, process, technology that support outcomes, will have a direct impact on the company's success to predict its Pwin calculating the accuracy to its ROI reliably." *CEO-Christopher Stahl.*

Firms are increasingly turning to STAHL Consulting for "Outsourcing," based on its systematic approach, and high Pwin and profit margin outcomes Mr. Stahl said in a recent press release, "instead of solving the world's problems by dealing with poor or immature customer management and processes without fact-based decisions, STAHL Consulting is

focused and relies solely on its ability to deliver performance-based outcomes by internally perfecting our own management, processes and decision-tree using our own proprietary processes, technology and framework infrastructure to increase our Pwin metrics to our customers."

STAHL Consulting's (CMM Level 4) mature management and processes control the Win Process. We agree with Carl Dickson's article calling out that there must be a Win Process and have learned that a successful Win Process must include timeline, decision-gates, budget and Management authority, autonomy and accountability that maps the metric results directly to one's ROI. STAHL Consulting's model is designed to identify the key factors / Key Performance Indicators (KPIs) that correlate with a high win rate. Then, using metric data on the KPIs, we track results and drive investment decision-gates to strongly position the client against their competition to achieve high Pwin rates. STAHL Consulting recognizes, and acknowledges, that its clients always want immediate or at least definable timelines around their success! By fast-tracking or "Outsourcing" to us, we are able fast-track positive outcomes (Awards), *not proposals*, by providing our clients with better proposals, that result in larger and more profitable Awards, more quickly than clients are able to do themselves. *Ultimately, we achieve higher Pwins, with increased ROI, at less overall costs.* STAHL Consulting's model uses a conservative, 33% Pwin for its clients, even though it currently has a documented Pwin record of over 60% in outsourcing win rates for our clients.

Best practices that correlate to a positive win rate include positive aspects like:

- Having an existing, positive relationship with the target customer (Agency), before the RFP is released

- Understanding the target customer’s needs and preferences
- Understanding the target customer’s procurement, evaluation, and selection methods
- Willingness of the target customer to talk to you, when you need clarification
- Obtaining detailed knowledge of the competitive environment
- Providing, pre-RFQ, unique solutions to customers that drive the target customer forward, that will influence the upcoming RFP Requirements
- High potential for additional/follow-on work with the target customer

The dozens of readiness factors identified in positioning for pre-RFP begin with strategy, marketing, business development, and capture planning. STAHL Consulting’s “Must Win Process” is used to create a list of bid/no-bid, gate decision, design criteria. These criteria form the basis of our point-scoring system. In a point scoring system, points are added for positive indicators and subtracted for negative indicators. The final score is used to substantiate a bid/no- bid decision.

Finally, STAHL Consulting takes potential profit into consideration to reach the desired model for its client. However, you probably won’t know how much profit is in it, until you have prepared and reached the decision-gate stage dealing with *Price to Win* and the *Basis of Estimate* for the bid (or, more realistically, start of the project). Most companies either use an estimate, such as their average profit rate or the potential revenue from the contract as a guide. If you can’t accurately estimate the potential revenue, there are other factors that can be used to estimate the project’s size. What STAHL Consulting uses depends on the nature of the client’s business. For example, for a staffing company we might use the number of staff, hours, or person-months. For other types of companies, we might use the number of units, deliverables, users, servers, square footage, etc.

While a large project may appear attractive at first, consider that the investment to respond to the RFP is much higher, with longer timelines and the win probability could be much lower, if this RFP is outside your demonstrated size and past performance. You might only have to win one to be very happy, but you could become very discouraged, and worse yet go broke, losing bid after bid waiting for the win. Meanwhile smaller projects produce less profit to cover the cost of responding to the RFP. *Ultimately*, the biggest impact on the equation ends up being your win probability. To bid on RFPs successfully, you need to win enough of them (in dollars and in units) to cover the cost of responding to them. This is what STAHL Consulting focuses on to deliver to clients. The most beautiful part about “Outsourcing” to STAHL Consulting is we do the work for you, developing your plan to ROI, based on an appraisal of you and your customer, being realistic and then developing this knowledge into *predictable results*.

So, the answer to whether RFPs are worth bidding is your probability of winning. You’ll do much better by “Outsourcing” to STAHL Consulting, as we have 30 years of experience assessing RFPs and successfully winning Awards. We know how to accurately assess RFP potentials for success related to specific clients and customers. *Ultimately*, STAHL Consulting *wins more and achieves higher ROIs and profitability* for our clients, not by responding to the most RFPs, but by having the *best bid/no-bid indicators* that optimize efficiency and effectiveness; responding only to the RFPs where there are the highest odds of winning.

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