



## CRITICAL GOVERNMENT CONTRACT CAPTURE AND PROCUREMENT STRATEGIES FOR WEATHERING THE STORM

Following a long period of budget austerity, coupled with sequestration and the government shutdown in 2013, the outlook for government spending is looking brighter. Federal agencies are expected to be announcing more contract wins, and other trends are pointing to the last two quarters of 2014 as being more stable.

For contractors, this represents an ideal time to conduct a thorough and objective review of their contract capture processes - to prepare for a potential surge in new awards. By taking a strategic approach, federal contractors can both increase their win rates, as well as reduce costs spent on non-winning bids.

In this article, SC&H Group and its partner, Red Team Consulting, examine the contract capture process and share best practices we've learned from working with hundreds of government contractors. Companies of all sizes can benefit from having a process to strategically position the company to win contracts. In addition to communicating the contractor's strengths, they must also bring a critical eye to address any weaknesses they may have as they evaluate a bid.

The process starts with researching the opportunity and influencing its outcome. Success depends on understanding the government customer's needs and pain points: what keeps them up at night? Research the agency's challenges. Do they have a reduced budget? Demonstrate how your solution can help them do more with less. Program delivery delays? Show how you can accelerate the process. Use the pre-bid call with the government customer to gather competitive intelligence and identify any requirements that need to be performed by a subcontractor.

A key benchmark is making the bid/no bid decision. This is when wishful thinking takes a backseat to critical thinking. A small opportunity requiring a 20- to 40-page response and two-week turnaround can cost up to \$52,000. A medium opportunity requiring a 75- to 100-page response and 30-day turnaround can cost up to \$253,890. A large opportunity requiring a 100- to 150-page response and 60-day turnaround can cost up to \$507,320.

Inevitably, contractors lose more business than they win. Understanding these costs before pursuing an opportunity is critically important. If you have a 20 percent chance of capturing a contract, would your time be better spend pursuing another opportunity with better odds?

We also recommend evaluating the validity, viability, and value of the opportunity. We've seen a record year of canceled procurements. Do your research to see if politics or other issues put the opportunity at risk. Is the opportunity actually viable? Agencies often award contracts for which there is no acquisition funding. Finally, what value is there for you? It is best to determine if you will actually make a profit based on contract requirements.

In addition, we recommend looking at the obvious "gotchas" in the RFP. Some are obvious. You either have the capabilities or you do not. Other red flags are less obvious. If the opportunity requires experience in three projects that are similar in scope and complexity, but you only have one, the value of the opportunity may be diminished.

By doing a competitive analysis, you may find that other larger contractors have the required credentials and can do the job at a lower cost.

Wherever you are in the contracting process, it's never too late to perform a competitive analysis. It's important to understand the competitors' full set of capabilities. While the Internet is a primary source for getting information, having discussions with customers, partners, and industry peers may be more valuable.

We use a competitive assessment matrix to determine the strengths and differentiators among our clients and competitors in relation to the requirements of the opportunity. This helps identify gaps in personnel, technology, processes, and other areas for developing a "win strategy." This strategy encompasses all the elements of the contract capture process. It defines the approach, capabilities, and experience you need to win. It is often a high-level statement supported by proof points. It clearly demonstrates the specific benefits for the customer, and is not just a restatement of qualifications.

Finding the right partner can often make or break a contract capture. If you're looking to subcontract with a prime contractor, look for partners that are collaborative and transparent about how they intend to complete task orders. When you're looking for subcontractors, look for existing customer relationships and any other opportunities they bring that can help win the contract.

SC&H Group can lend objectivity to the contract capture process so you can improve processes, manage costs, increase profitability, and grow. Stay tuned for more insights into how to determine the best pricing strategies after the decision has been made to pursue an opportunity.

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