



14th Annual Training Day, Anaheim

The Rapid Turnaround Commercial Proposal Process

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Agenda

- Personal profile and background
- Standard industry-wide process vs commercial process
- Commercial RFQ / RFP requirements
- Kickoff meeting/briefing – a key standard event & document
- Structuring of the cost proposal letter and/or proposal
- International commercial proposals
- Conclusion

Profile and background

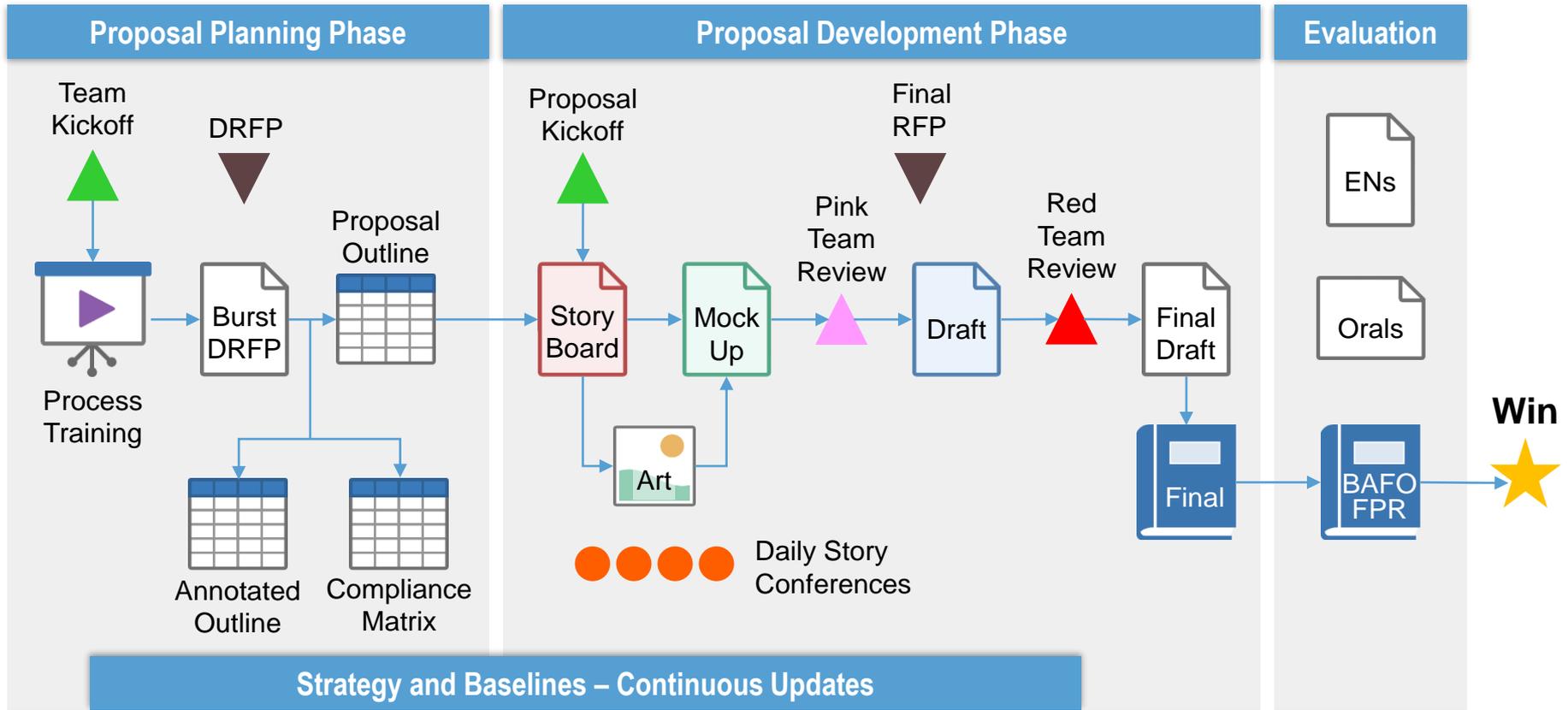
30-year career in proposal development in many capacities:

- Capture/proposal manager, supervisor of proposal development department, volume lead, proposal writer/editor
- Worked for a defense contractor, facilities maintenance company, independent consulting and consulting firm
- Worked primarily on local, state and federal government proposals implementing best practice proposal process
- In past 15 months, managed ~90 commercial proposals and rough order magnitude (ROM) estimates

Proposal work environment

- Large, major, privately-held defense contractor
 - 12 product lines for division
 - In 2016, 1400 proposals/quotes submitted
 - In 2017, number increased by 400 proposals/quotes
 - Proposal Management department embedded in Business Management group that reports to the COO
 - Schedulers, cost engineers and proposal editors physically collocated and using common process under a common director
 - Manage sole source and competitive commercial cost proposals and rough order magnitude (ROM) estimates
 - On occasion, manage government proposals

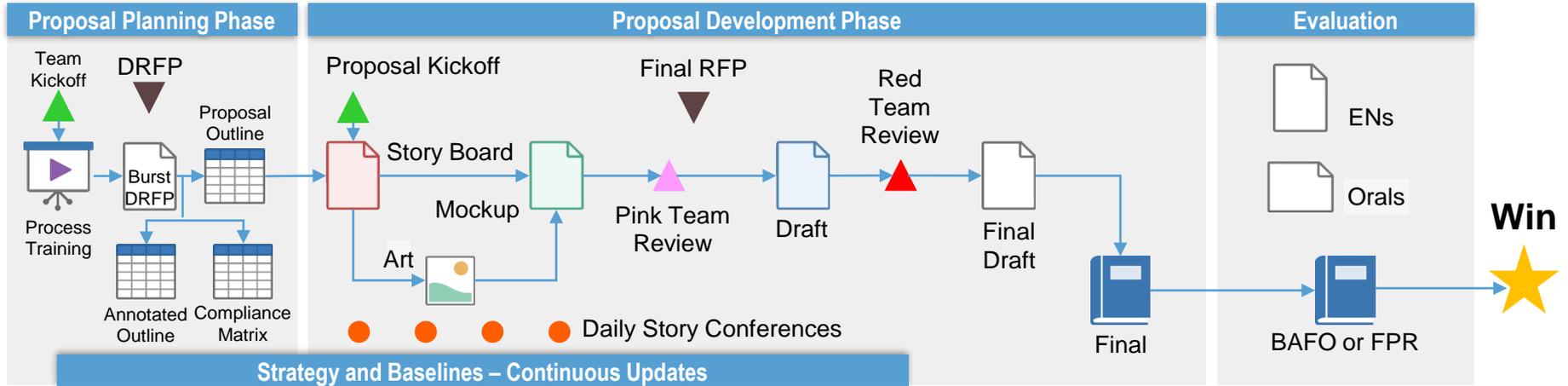
Industry-wide best practice proposal process



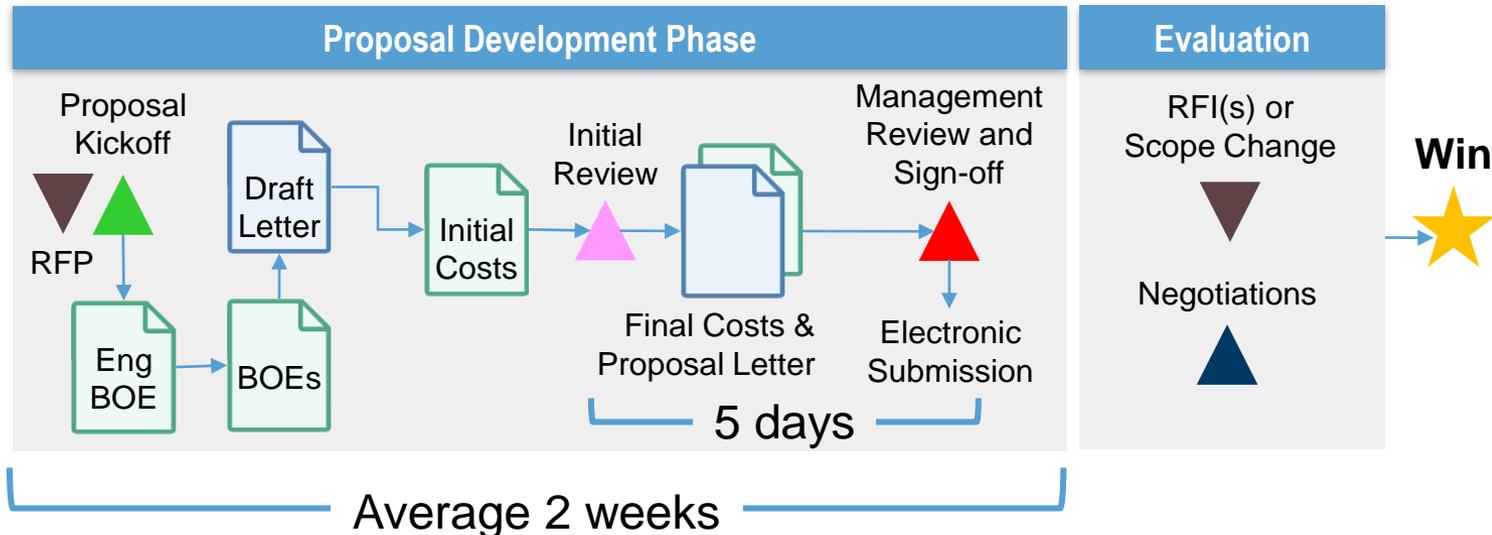
Average timeframe: 6–8 weeks or longer

Commercial proposal process

Industry-wide best practice proposal process



Commercial proposal process



Differences between government & commercial proposals

	Government	Commercial
Contract value	(\$10M - \$500M)	\$20K - \$3M
Timeframe	6 weeks – 6 months	2 – 3 weeks
RFP Structure	Secs C / L / M	None
Pagecount	100-1000+ pages	3-5 pages
Cost Regulations	Federal Acquisition Regulation	Not defined
Customer Communication	Limited or no contact after RFP released	Typically no restrictions in contacting the client
Customer Decision Date	Defined customer decision date	Often no decision date
Planning	Win strategy/themes, discriminators, action captions	None
Use of graphics	Graphic-centric approach	Minimum to none
Proposal schedule	Customer-defined dates followed	Often no defined dates

Timeline for commercial proposal

- Commercial proposals are primarily cost proposals
 - Terms are typically firm fixed price
 - Many are sole sourced; more becoming competitive
 - More RFQs/RFPs requiring narratives
- Average proposal period from kickoff to submittal is 2–3 weeks
 - If no due date is specified, depending on proposal volume, we can take longer to submit
- Often 4–5 cost proposals managed at the same time from diverse and highly technical product lines
 - Have managed up to 10 proposals simultaneously

RFQ/RFP requirements

- RFQ/RFP contains little guidance, instructions or a specified due date
 - No RFP Sections C (statement of work), L (proposal instructions), or M (evaluation criteria)
 - At the most, specification documents are provided
 - Often, the customer will call in requirements or changes

Typical RFP / RFQ instructions (Sample requests)

After speaking with [REDACTED] (Project Manager) and [REDACTED] (Supervisor Engineering Projects) we would like to go ahead and get started with the proposal for [REDACTED]. However, it should be noted we are developing a cable specification that [REDACTED] will need to provide some additional paperwork on how they satisfy the requirements.

This being said I don't think it is a bad idea to get a head start on the proposal since we are on such a tight time frame.

Thank you for being proactive to help us meet the needs of the station.

[REDACTED]
Systems Engineering

Please provide a quote and projected ETA for the [REDACTED] as specified on the attached document.

Thank you for your time,

Kickoff meeting and briefing

- Key standard element to both government & commercial proposals
 - Critical to a successful and well-executed proposal
- Schedule kickoff soon after RFQ/RFP released
- Work with strategic development manager & program manager for content (needed info upfront)
 - Content of briefing feeds into the Management Review briefing (if over \$1M) and the mandatory executive summary for the hardcopy review
- 12–15 participants from cross-functional groups: cost engineering (incl. material estimating, material planning), proposal specialist, contracts, engineering (systems & design engineering), CDM, tech edit, program manager, field service for BOEs
- Brief kickoff meeting in an hour

Challenge: At times, high volume of proposals has dictated 3 kickoffs in 1 week with many of the same players working on the same proposals

Kickoff meeting and briefing (cont.)

Kickoff deck is the bible to the team:

- Team roster (key individuals: PM, CE, scheduler, contracts, editor)
- RFP highlights: cost bogey, P-Win/P-Go, solicitation date, due date
- History with client (fee, right cost backup)
- Competitors
- Scope
- Technical approach per PM and engineering
- Hardware deliverables (feeds into the bill of material)
- Document deliverables (feeds into CDRLs)
- Project schedule (needed for BOEs)
- BOE assignment table
- BOE instructions (not spreadsheets)
- Narrative assignment table (if required)
- Proposal schedule
- Shared drive location

Cost proposal letter structure

- Implement a structure
 - References with audit trail of customer communications
 - Restate customer request in opening paragraph
 - New: highlight strengths of company; why us?
 - Technical approach & compliance matrix if there is a specification
 - Deliverables (hardware & data)
 - Price
 - Assumptions, including schedule
 - Milestone payment schedule
 - Terms and conditions (mutually agreed upon)
 - Validity period
 - Quality assurance certifications

Cost proposal product

- Small document of 3–5 pages but very labor intensive
 - Reviewed and approved by
 - Key team members, including the program manager
 - Management up to the product line director and VP
 - Contracts administrator who submits the proposal

Costing effort

- Fast and furious process
- Work very closely with the assigned cost engineer
- Engineering BOE (determine drawings & document deliverables) and bill of material (BOM) due first, followed by supporting BOEs
- Determine fee/profit (parameters per FFP /CPFF)
- Costs entered into ProPricer for breakdown of labor hours per WBS item, subcontracting, material cost, travel
- Finance docs to check for rates and defective pricing
- Initial cost rollup reviewed by team and product line VP
- Final cost rollup to be presented to executive team (president, COO, directors, functional managers) for \$1M FFP proposals

Team drumbeat meetings

- Equivalent to story conferences
- Status BOEs & narratives
- BOM: obsolescence issues, make/buy decisions, parts overlooked, buy America Act
- Collusion issues with subcontractors
- Issues flagged with supplier quotes, questions with RFP or scope being bid
- Discuss cost competitiveness/reduction, if cost rollup deemed too high

Management review presentation & hardcopy review of proposal

- Formal high-level cost review
 - Present to executive management team, functional heads, key contributors (20–30 people)
 - Hone presentation skills through required Toast Master's session for each proposal manager during proposal manager staff meetings
 - Scope of work and technical approach
 - Risk identification & mitigation to the *company* not the customer
 - Identification of capital investment and IP rights assertion
 - External / internal assumptions
 - Cost data
 - Cost approved at end of session
- Routing of hardcopy proposal for wet signatures to functional groups within a set number of days
 - Proposal Manager responsible for preparing an executive summary to be included in the binder(s)

International commercial proposals

- Work through reseller in each country
- RFP written in English as a second language or it needs to be translated
 - RFPs can be very confusing.
 - Example: a recent RFP had 9 embedded matrices and requirement documents, which are not written with clear instructions so we missed pricing a requirement
 - No evaluation criteria
- Unique evaluation process
 - Recent \$1.6M Greek proposal took 5 number of revisions, a customer visit for the product demonstration, RFI responses over 12 months and decision still has not been made
 - Cultural differences promote haggling
 - Sense of urgency (or lack) is different than with US companies

International commercial proposals (cont.)

- Considerations
 - ITAR, T&Cs, CEO approval for international proposals
 - Payment terms
 - Currency
- Time zone differences in submittal to resellers and end customer
- Acceptable reseller credentials to company executives

Advantages of commercial proposal process

- Integrated business management setup
 - Collocation of program controls, master planning (scheduling), costing, proposal editors/specialists
- Effective assessment of technical / cost / schedule risk to determine cost impact to company and ensure revenue
- Established procedure/reference documents
 - Proposal Process
 - ROM Estimate Process
 - Engineering Development Process

Value of Best Practice proposal process applied to commercial proposals

- Managing proposal to published schedule instills discipline and structure, which translates to quantifiable improvements
 - Tangible benefits
 - Improved on-time submittal from 75% to 90% over first 5 months
 - Erased 1+ year's backlog of proposal in 5 months
- Check for compliance
- Include sales message and discriminators to sell the product—not addressed previously in commercial proposals

Questions
