



WEBER STATE
UNIVERSITY

MBA 6360 - Proposals

May 31, 2017

Dave Muhlestein



Background

- B.S. in Finance from BYU
- Financial Analyst->Finance Mgr Lockheed Martin
- MBA from Santa Clara University
- 2004 – moved to UT -> Northrop Grumman
 - Program Ctrl Mgr, Deputy Program Mgr, Proposal Mgr, Contracts Mgr, and now a Program Manager
- Picked up CMA, EVP, PMP, APMP, CPCM
- Dec 2015 Graduate Certificates from Weber
- Teach MBA 6750- Financial Aspects of Contracts Mgmt every 1st Block of Fall



How Much Does It Cost ?



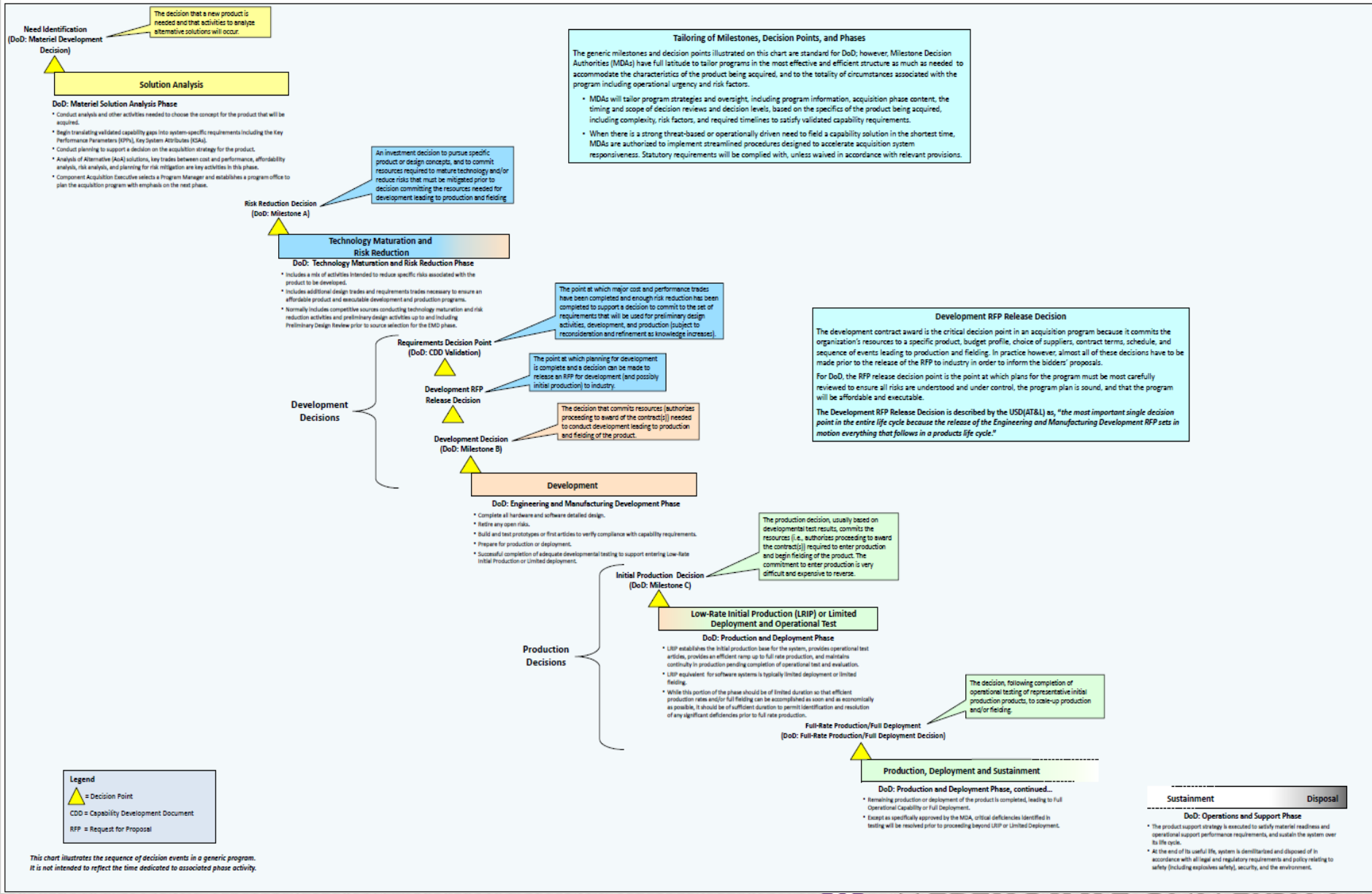
- https://www.youtube.com/results?search_query=RLrtRkB8-bE



Generic Acquisition Process (Pre-Tailoring)

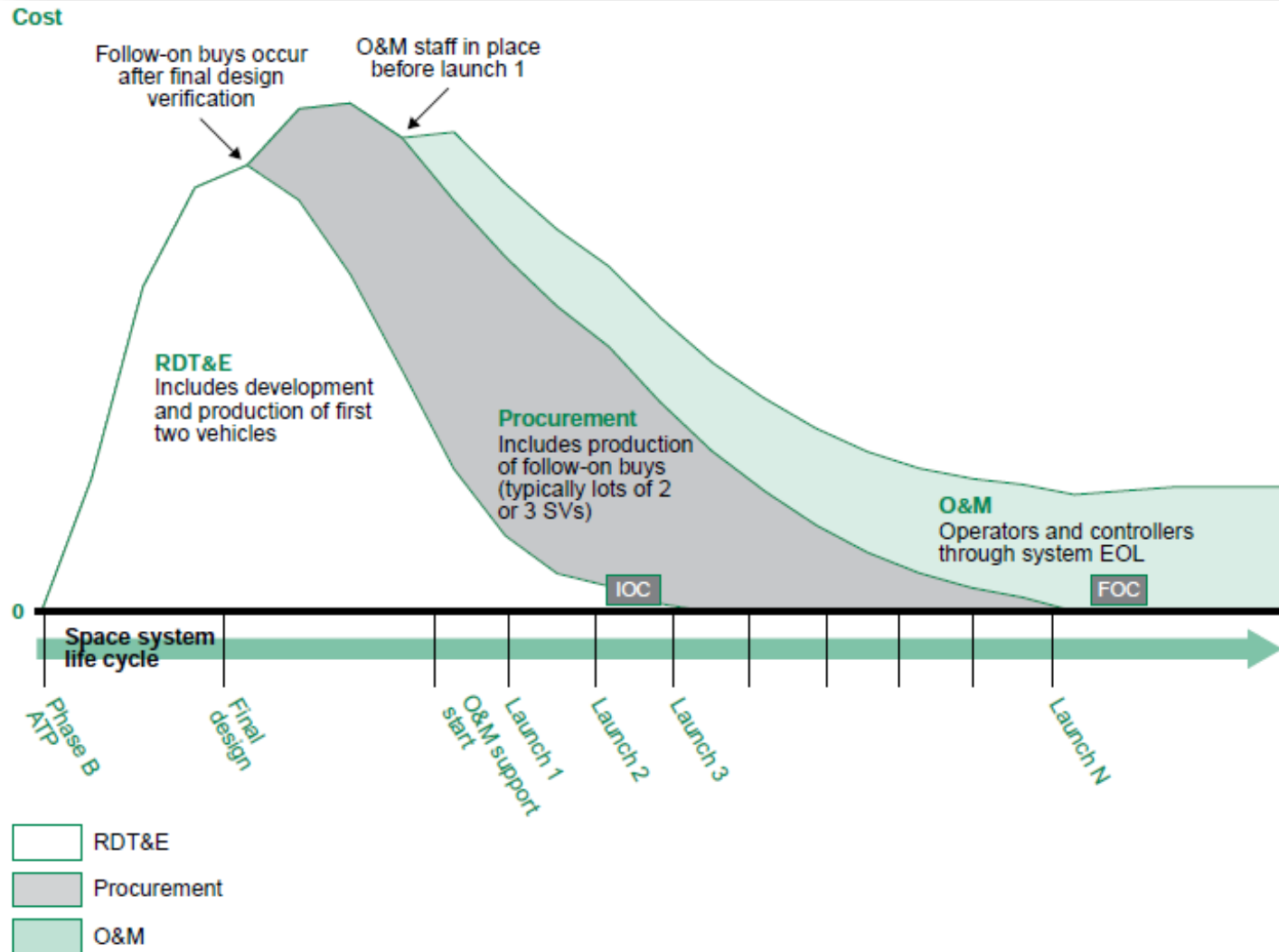
Acquisition Decision Points and Phases

This chart illustrates the sequence of events in a generic program, which could be a Defense program or, except for the unique DoD terminology, a commercial product. DoD Instruction 5000.02 milestones, other decisions, phases and major phase activities are shown in relation to the generic sequence of events.



This chart illustrates the sequence of decision events in a generic program. It is not intended to reflect the time dedicated to associated phase activity.

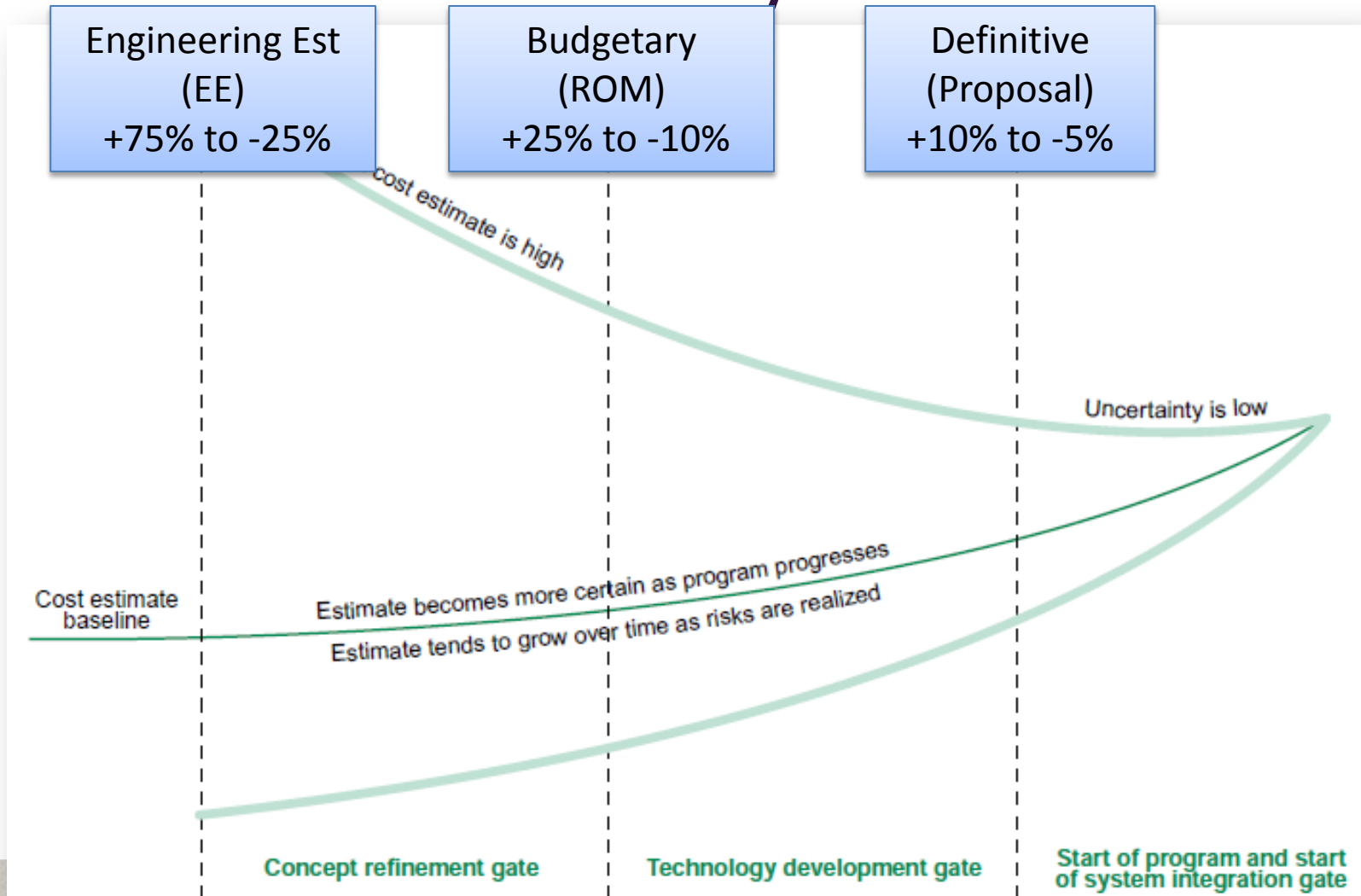
Lifecycle Costs



Source: DOD.

Note: O&M = operations and maintenance; RDT&E = research, development, test, and evaluation; SV = space vehicle; EOL = end of life; IOC = initial operational capacity; FOC = full operational capacity.

Estimates Over Time – “Increased Fidelity”



Source: GAO.

Competitive Proposal Process



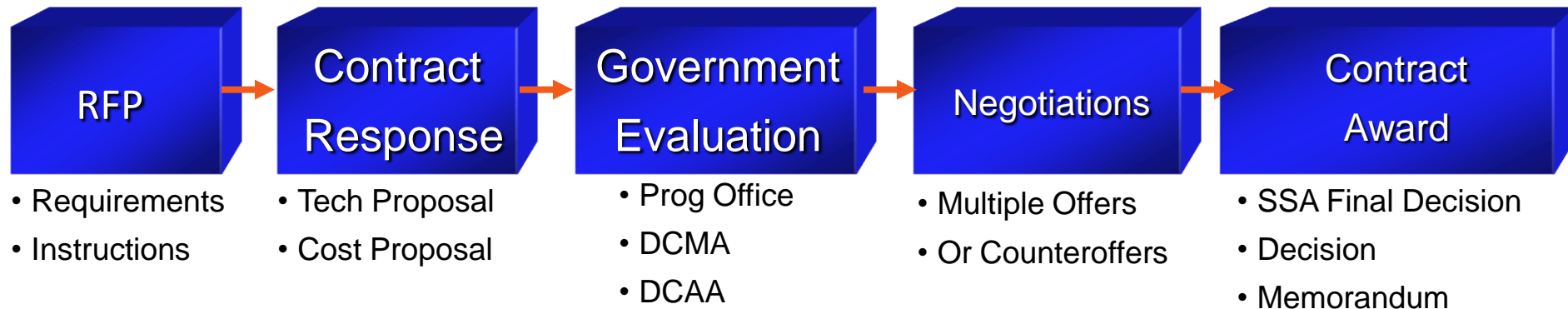
Competitive



• **SSA** = Source Selection Authority
• **SSAC** = Source Selection Advisory Committee
• **SSEB** = Source Selection Evaluation Board

Sole Source Proposal Process

Sole Source



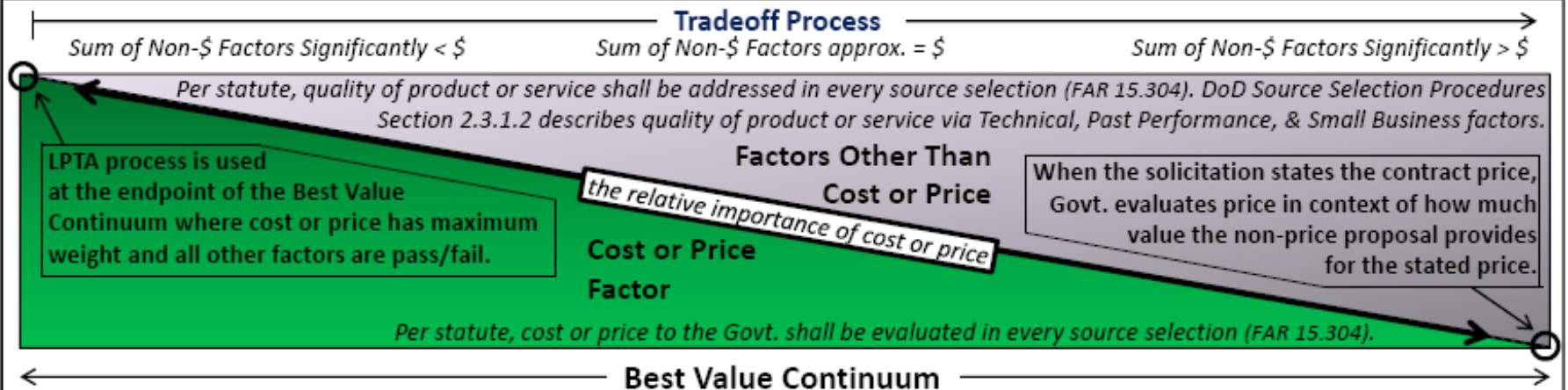
The Best Value Continuum and Source Selection

June 30, 2015

Comments/suggestions may be sent to: salvatore.cianci@dau.mil

“**Best Value** means the expected outcome of an acquisition that, in the Government’s estimation, provides the greatest overall benefit in response to the requirement.” FAR 2.101

Across the **Best value Continuum**, *the relative importance of cost or price may vary.* FAR 15.101



“The objective of source selection is to select the proposal that represents the best value.” FAR 15.302

Lowest Price Technically Acceptable (LPTA) process: An offer is acceptable if meets or exceeds standards. No additional evaluation credit given for exceeding standards. The acceptable proposal with lowest evaluated price is selected for award. FAR 15.101-2


Tradeoff process: Allows the Government to accept a proposal from other than the lowest priced or highest rated offeror. FAR 15.101-1

Stated Importance of Evaluation Factors: Per statute, the solicitation shall: (i) clearly state the *relative importance of all factors & significant subfactors*; and (ii) *identify the relationship of all factors other than cost or price, when combined, as “significantly more important than”, “approximately equal to”, or “significantly less important than” the cost or price factor.* FAR 15.304

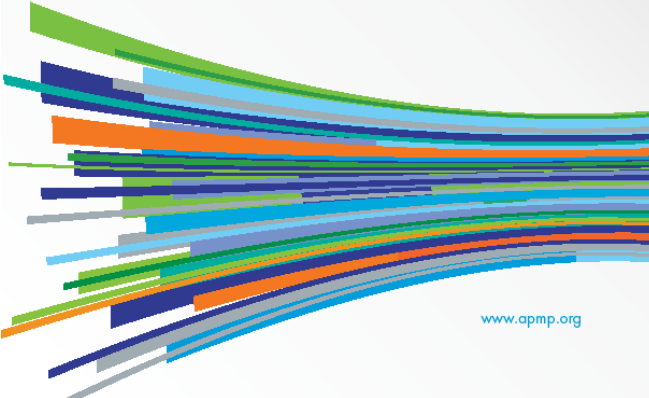
Source Selection Authority (SSA): Per statute, the SSA shall ensure proposals are evaluated solely on factors & subfactors contained in the solicitation and select the source whose proposal is the best value to the Government. The decision shall be based on a comparative assessment of proposals, represent the SSA’s independent judgment, and be documented, to include any rationale for any business judgments and tradeoffs made or relied on by the SSA. Though the rationale need not quantify any tradeoffs, the perceived benefits of selecting the higher priced proposal shall merit the additional costs. FAR 15.101 FAR 15.308

Though the FAR describes it in the context of the competitive procedure called “Source Selection”, the Best Value Continuum can be applied to competitive procedures using simplified acquisitions, Federal Supply Schedules (e.g., GSA orders), fair opportunity, & broad agency announcements.

(APMP) Association of Proposal Mgmt Professionals



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OF WINNING BUSINESS



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PROPOSAL MANAGER

COMMON JOB TITLES	POSITION DESCRIPTION
<ul style="list-style-type: none"> ✓ Proposal Manager ✓ Bid Manager ✓ Tender Manager ✓ Bid & Proposal Manager ✓ Proposal Development Manager ✓ Business Development Manager ✓ Project Manager ✓ Proposal Coordinator ✓ Proposal Analyst 	<p>A Proposal Manager is responsible for leading proposal development team/efforts (e.g., written, cost, oral, demonstrations) and ensuring that the proposal effectively communicates the win strategy and themes, business offer and solution elements; is fully compliant with solicitation requirements; and prepared to high quality standards and submitted on-time.</p> <p>Specific tasks include: Leading and motivating the team, running status sessions, keeping to the schedule, obtaining and organizing resources, coordinating inputs and reviews, ensuring bid strategy implementation, resolving internal team issues, providing process leadership, and coordinating functional and management final reviews.</p>

SUMMARY OF COMPETENCIES

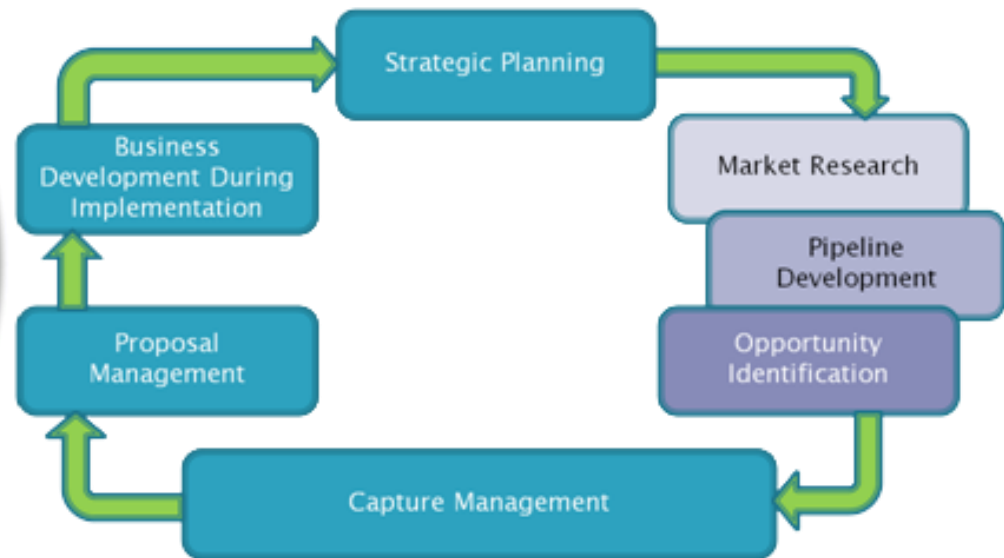
1. Ability to read and understand Requests for Proposals (RFPs). Identify all requirements contained there-in, and develop a compliance matrix and an annotated outline that structures the proposal to be compliant.
2. Strong leadership, organizational, planning, issue resolution, interpersonal and time management skills. Ability to perform in a fast-paced, deadline-oriented work environment and to successfully execute many complex tasks simultaneously.
3. Ability to manager large and small teams, both in person and virtually, including external team members and subcontractors. Manager activities of Subject Matter Experts (SMEs); authors, graphics, publications and production personnel; and others assigned to proposal team.
4. Ability to provide instructions and team guidance to all proposal contributors, as well as graphics concept development support. Ensures development and submission of compliant, competitive and compelling proposals, based on solicitation-specified requirements; proposal accurately reflects win strategy, key themes and appropriately conveys the solutions for each section.
5. Project management capabilities to meet milestones on time and within budget, including resource allocation/ staffing, budget formulation, schedule adherence, action item tracking and providing status to executive management.



<http://www.apmp.org/>



Business Development Cycle



CUSTOMER MILESTONES

IDENTIFY NEED

DEFINE REQUIREMENTS

RELEASE DRAFT RFP

RELEASE FINAL RFP

RECEIVE PROPOSAL

HEAR ORAL PRESENTATION

MAKE AWARD

Lifecycle Phases

PHASE 0
Market Segmentation

PHASE 1
Long-Term Positioning

PHASE 2
Opportunity Assessment

PHASE 3
Capture

PHASE 4
Proposal Planning

PHASE 5
Proposal Preparation

PHASE 6
Post-Submittal Activities

Milestones

Strategic Plan

Marketing / Campaign Decision

Identify Opportunity

Make Pursuit Decision

Make Preliminary Bid Decision

Validate Bid Decision

Submit Proposal

Target Strategic Markets

Analyze Strategic Relationships

Define / Make Marketing and Campaign Decisions

Assess Market Viability

Establish Pursuit Criteria

Establish Sales Discipline

Develop Sales Support Capability

Pre-Strategize by Market and Competitor

Target Prospects and Prepare Account Plans

Build Customer Relationships

Gather Intelligence About Opportunity

Determine Probable Competitors

Assess Business Fit

Evaluate ROI

Assign Capture Core Team

Draft Capture / Opportunity Plan

Approve Capture Plan

Implement Capture / Opportunity Plan

Collaborate with Customer on Problem, Analysis, Vision, and Requirements

Collaborate on Value Proposition

Identify and Initiate Teaming Relationships

Update Capture / Opportunity Plan

Mock Up Executive Summary

Prepare Preliminary Business Case

Confirm / Assign Proposal Core Team

Review Lessons Learned

Define Baseline Solution and Price-to-Win

Extend Capture Strategy into Proposal Strategy

Prepare Proposal Management Plan:

- Prepare compliance checklist
- Outline proposal
- Prepare proposal schedule
- Select proposal team
- Determine proposal style
- Identify potential boilerplate

Prepare Writers' Packages

Draft Executive Summary

Plan Kickoff Meeting

Hold Kickoff Meeting

- Plan Responses:
- Review with proposal team
 - Outline answers or complete storyboards and mock-ups
 - Draft headings, themes, visuals, and action captions

Initiate Detailed Cost Estimates

Update Executive Summary

Hold Proposal Strategy Review

Freeze Design / Offering

Draft and Revise Text

Finalize Business Case

Hold Final Document Review

Respond to Final Document Review

Complete Detailed Edit

Gain Final Management Approval

Produce Proposal

Archive Materials

Update Closure Strategy

Respond to Questions

Make Oral Presentation

Update Offer and Resubmit

Receive Award Notice

Attend Debrief

Document Lessons Learned

DOCUMENTS

- Strategic Plan
- Competitive Assessment

- Annual Business Plan / Account Plan
- Marketing Plan

- Pursuit Recommendation
- Opportunity Plan

- Capture Opportunity Plan
- Sales Presentation
- Bid Recommendation

- Proposal Plan
- Writers' Packages
- Draft Executive Summary

- Storyboards
- Final Document Review Draft
- Business Case Proposal

- Closure Plan
- Oral Presentation
- Final Offer
- Lessons Learned

Short (10 days)

1 day

2 days

2 days

3 days

2 days

Typical (30 days)

2 days

4 days

7 days

12 days

5 days

Extended (90 days)

4 days

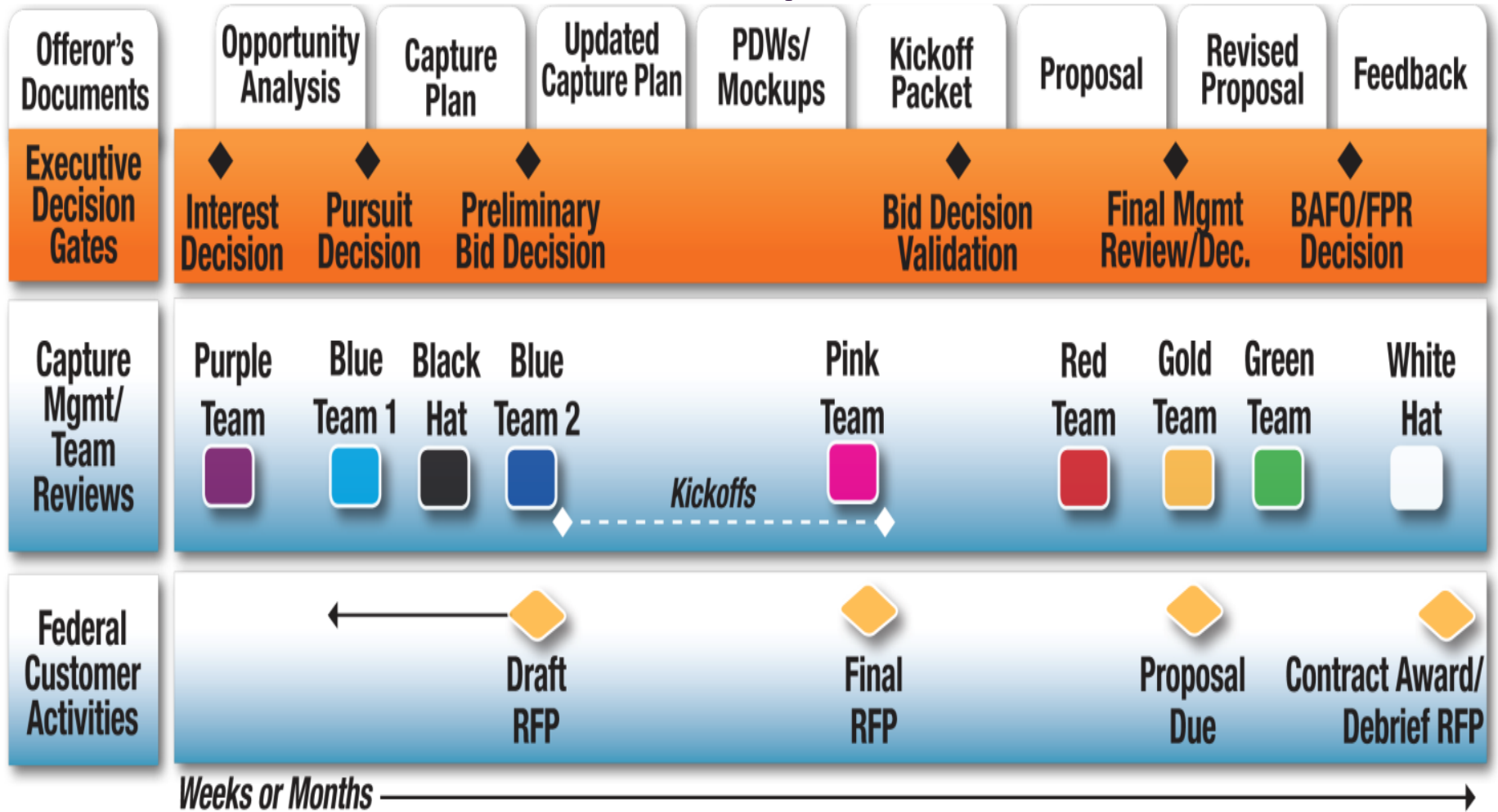
14 days

21 days

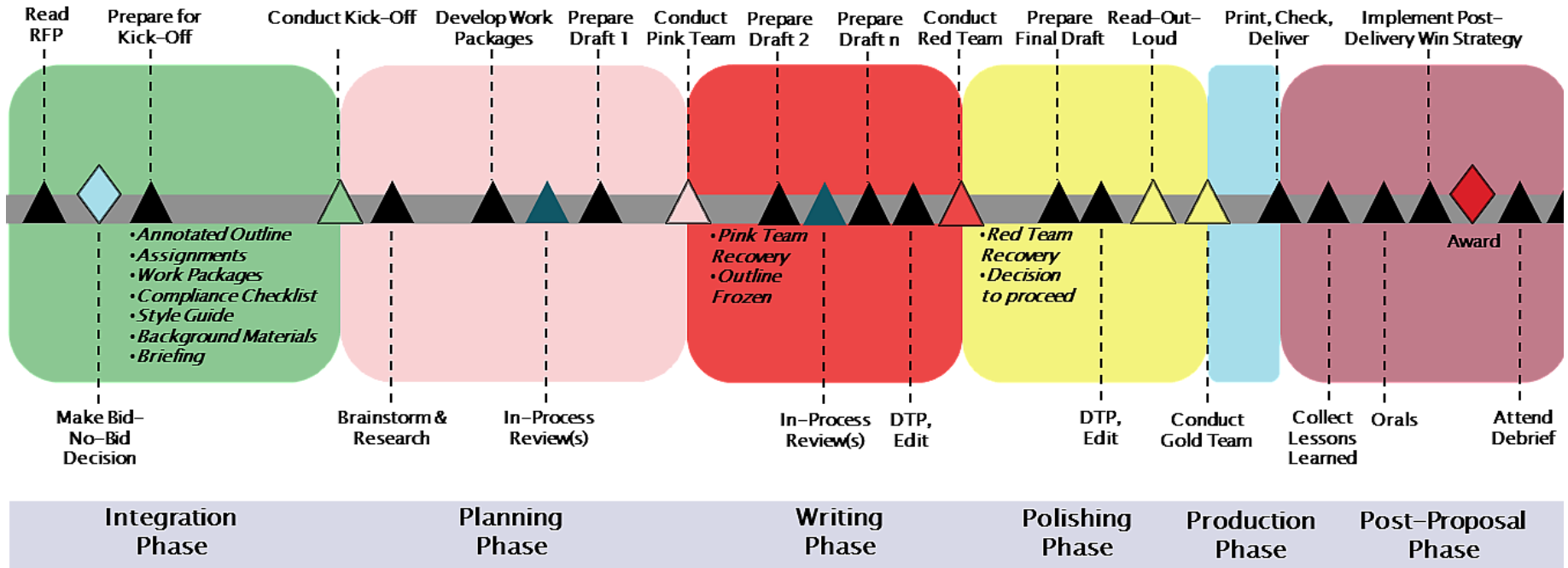
30 days

21 days

Business Development Reviews



Proposal Mgmt from RFP to CA



Cost Estimating Methods

- Analogy Method
- Parametric Analysis Method
- Weighted Average Method
- Technical Consensus Method
- Engineering Build-up Method



The Cost Estimating Process

Figure 1: The Cost Estimating Process

Initiation and research

Your audience, what you are estimating, and why you are estimating it are of the utmost importance

Assessment

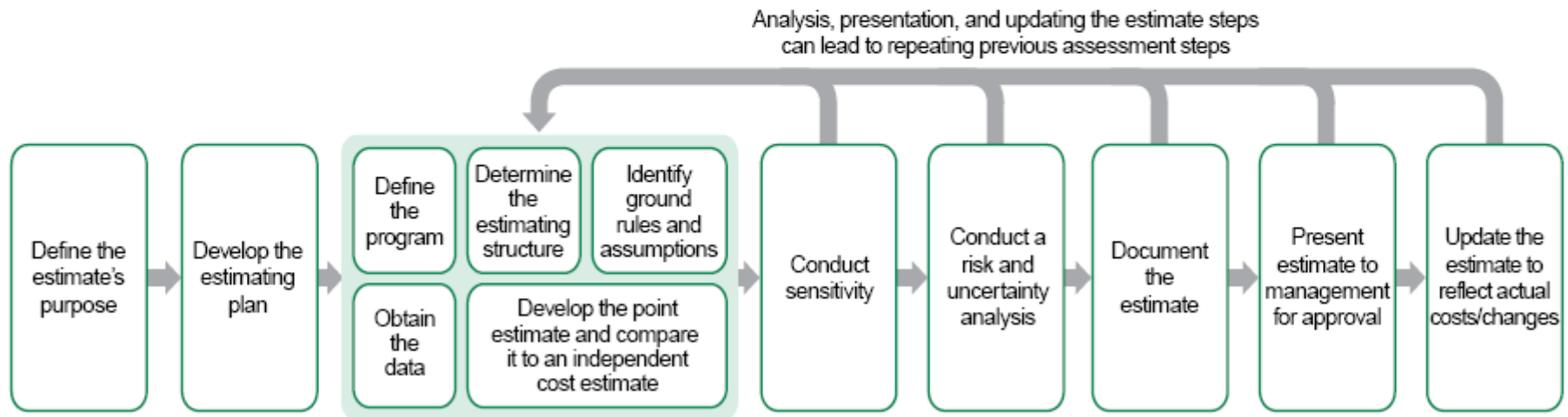
Cost assessment steps are iterative and can be accomplished in varying order or concurrently

Analysis

The confidence in the point or range of the estimate is crucial to the decision maker

Presentation

Documentation and presentation make or break a cost estimating decision outcome



Source: GAO.

Cost Estimating Process

1. Project Definition

1 Receive Customer Request and Understand Project

2 Build or Obtain WBS

3 Obtain/Participate in Development of Project Technical Description

2. Cost Methodology

4 Develop Ground Rules and Assumptions

5 Select Cost Estimating Methodology

6 Select/Build Cost Model

7 Gather and Normalize Data

3. Estimate

8 Develop Point Estimate

9 Develop and Incorporate Cost Risk Assessment

10 Document Probabilistic Cost Estimate

11 Present Estimate Results

12 Update Cost Estimate on a Regular Basis



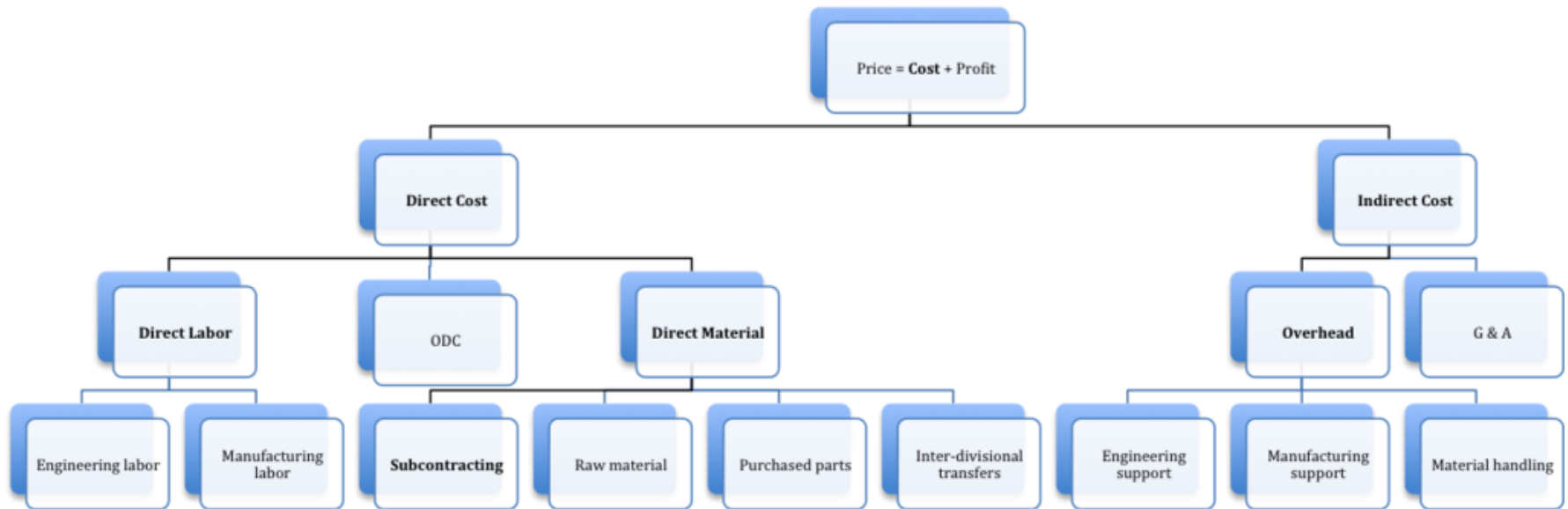
PWS, WBS, CLINs, CDRLs

Table 2-3 Sample PWS or SOW/WBS/CLIN/CDRL Matrix

Performance Work Statement (PWS) or Statement of Work (SOW)	Work Breakdown Structure (WBS)		Contract Line Item Number (CLIN)	Contract Data Requirement List (CDRL)
Task Description	WBS Level	WBS Description	Title/Description	Title DD1423 Form
Develop and Deliver a Spatial Optical Scanning System (SOW Paragraph 3.0)	1	1.0 Develop a Spatial Optical Scanning System		
	2	1.1 Design a Spatial Optical Scanning System		
	3	1.1.1 Conduct a Preliminary Design	CLIN 0001AA Conduct a Preliminary Design Review (PDR)	Deliver a Preliminary Design Review Report
	4	1.1.1.1 Develop a Preliminary Design		



Elements of Price



Supporting Data

Table 6-4 Examples of Verifiable Proposal Supporting Data

Direct labor hours	Labor-hour history of the same or similar projects Company or industry standards
Bill of direct materials	Material planning documents Engineering blueprints
Direct labor rates	Labor cost history for the same or similar project Average labor rates from payroll data Market wage or salary survey information
Direct materials	Purchase history of same or similar items Vendor quotations Vendor catalogs
Indirect rate	Historical annual indirect rates Budgetary/provisional rates

Source: Darryl L. Walker, "Is Your Estimating System Asking for Trouble?" Contract Management Magazine, May 2004.



Data Sources

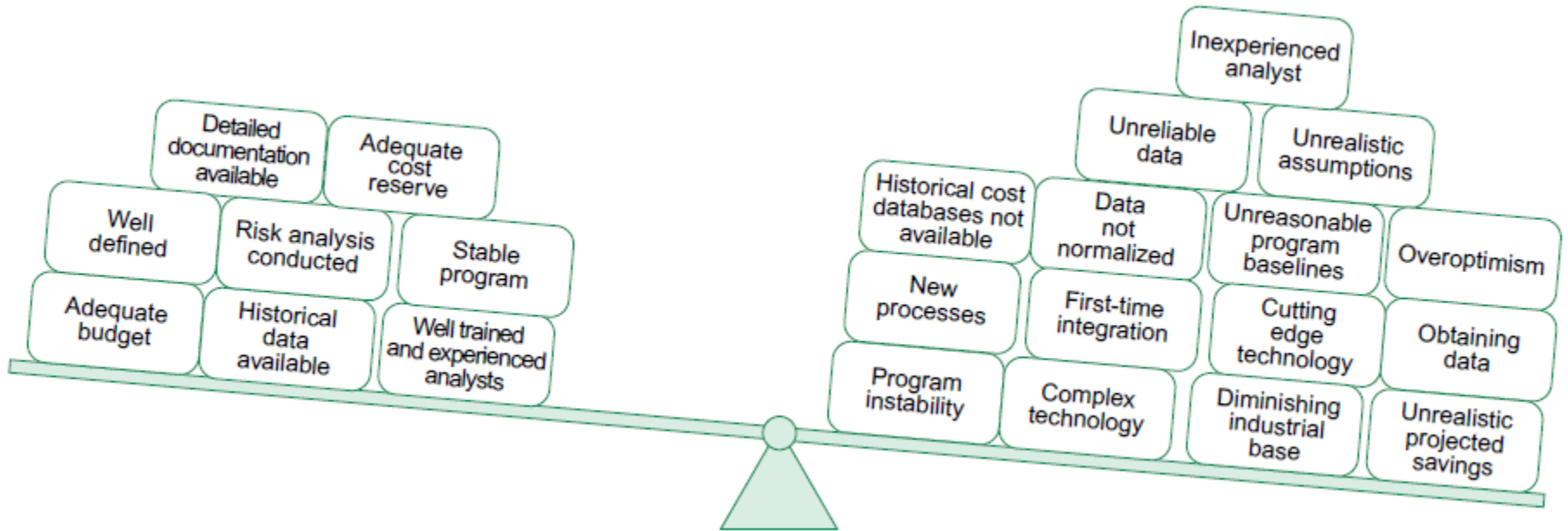
Table 2-4 Basic Primary and Secondary Data Sources

Data Type	Primary	Secondary
Basic accounting records	X	
Data collection input forms	X	
Cost reports	X	X
Historical databases	X	X
Interviews	X	X
Program briefs	X	X
Subject matter experts	X	X
Other organizations	X	X
Technical databases	X	X
Contracts or contractor estimates		X
Cost proposals		X
Cost studies		X
Focus groups		X
Research papers		X
Surveys		X

Source: Government Accountability Office, Cost Assessment Guide: Best Practices for Estimating and Managing Program Costs, GAO-07-1134SP. (Washington, DC: July 2007).



Issues Facing Estimators



Source: GAO.

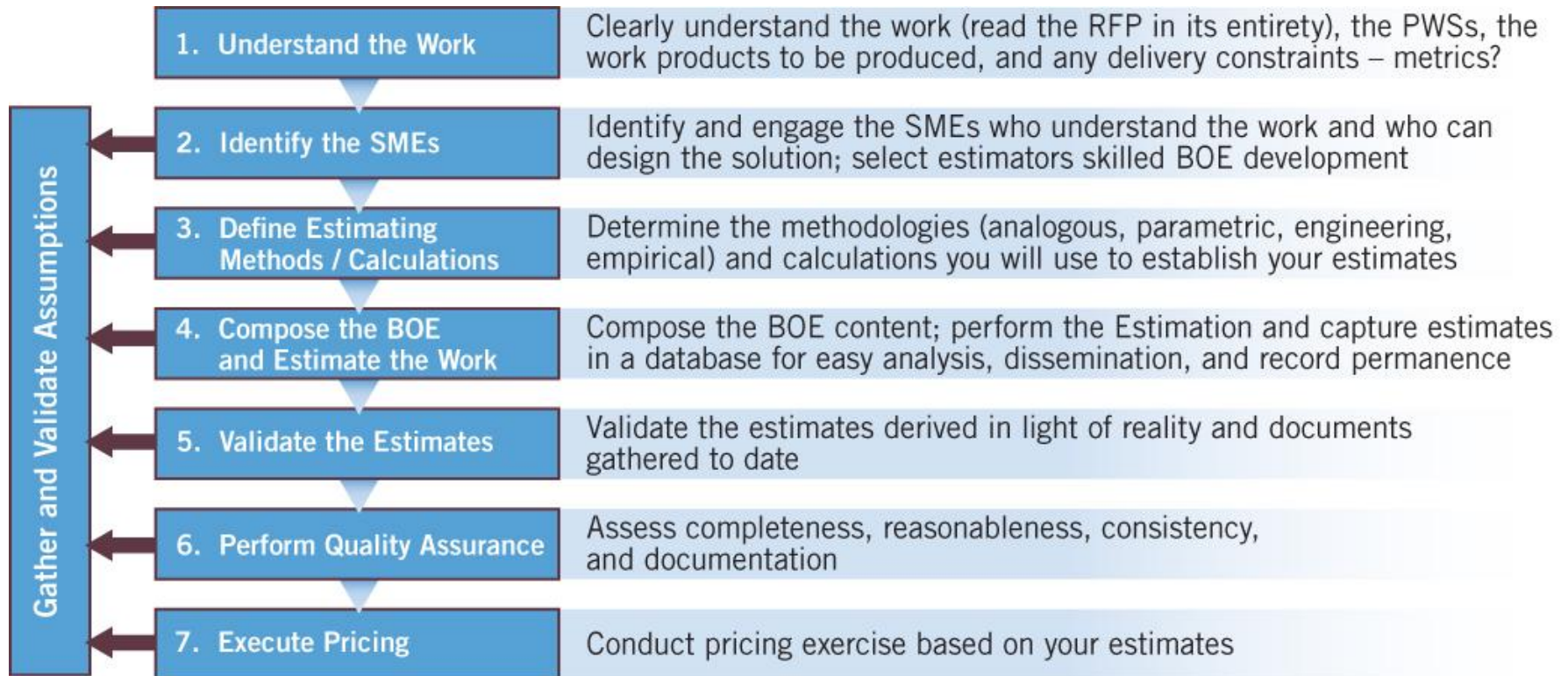


The 12 Steps of a High-Quality Cost Estimating Process

1. Define the estimate's Purpose
2. Develop an estimating plan
3. Define the program characteristics
4. Determine an estimating approach
5. Identify Ground Rules and Assumptions
6. Obtain Data
7. Develop point estimates and compare it to an independent cost estimate
8. Conduct sensitivity analysis
9. Conduct risk and uncertainty analysis
10. Document the estimate
11. Present the estimate to management for approval
12. Update to reflect actual costs and changes



Develop a Standard Estimating Process



Pricing Best Practices

Table 6-6 Checklist of Key Pricing Best Practices to Improve Performance Results

Buyers and sellers should:

- Understand why price is important to all parties involved in performance-based acquisition.
- Be able to effectively apply and/or evaluate LPTA pricing.
- Be able to effectively apply and/or evaluate best-value pricing.
- Be able to effectively conduct trade-off decision making when evaluating price.
- Realize the evolution of best-value pricing.
- Use a contract type that fairly allocates risk.
- Train all team members to properly use pricing strategies and pricing methods.
- Ensure adequate cost estimating and accounting systems and practices.
- Understand and comply with all applicable U.S. government contracting laws, regulations, and policies.

Sellers should:

- Use best-value pricing strategy to the maximum extent practicable.
- Create value-added differentiators.
- Use the value-based pricing method when appropriate.
- Hire, train, and retain the best contract negotiators.
- Understand the buyer's source selection process and key source selection criteria.
- Not agree/sign a bad deal.
- Ensure a reasonable profit is obtainable.

Pricing Example



Pricing Example



Pricing Solution

