

STRATEGIC PRICING FOR WINNING GOVCON PROPOSALS

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CohnReznick LLP



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MEET GRANITE LEADERSHIP STRATEGIES



Where your Government contracting strategy is our business

Winning more profitable business is yours when you focus on strategic pricing

You get unique Government contracts

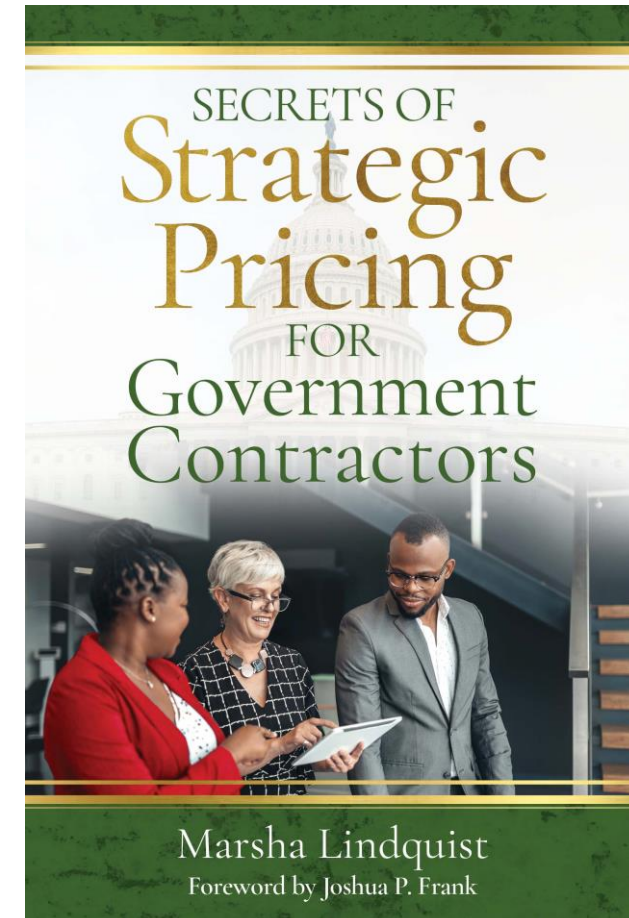
- Strategic pricing & pricing
- Cost accounting
- Contracts
- Federal compliance guidance





MARSHA'S UPCOMING BOOK

- Strategic Pricing is a book for seasoned experienced Government contractors
- Uncover secret strategic pricing processes and tools
- Improve your pricing and discover winning ways
- Checklists you wish you had sooner





PLEASE READ

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THE SET UP

Jeff will be playing the role of Army Contracting Officer/Head of Cost Evaluation Team.

Marsha will be playing the role of HelpDeskTech, Inc., BD Guru and Proposal Cost Manager.



PRE-RFP



THE OPPORTUNITY

The Department of Army requires Help Desk/IT Support Services for offices worldwide (“HDITSS”)

Selected Key Attributes of Acquisition:

- Full & Open, Requirement to Sub 25% to Small Businesses
- 60 Day Transition + Base Year + 9 Option Years
- Primarily Cost Plus
- Worldwide Support – Combination of virtual and on-site
- Consolidation of multiple Help Desk contracts (multiple incumbents)

BACKGROUND ON THE OPPORTUNITY

- Market Research Conducted
- Decided against existing BPA/GWAC or GSA
- Want FULLEST open competition and allow maximum flexibility for offerors
- Opportunity was mentioned in recent Industry Days

CONTRACTOR PREP

- Get pricing involved at this stage - Early Pricing
- Establish Initial Pricing Strategy
- Data Gathering - price to win, competitive assessment, historical performance data
- Initial Subcontractor Data, Targets & Expectations
- Lead Items & Impact the RFP
- Initial Internal Pricing Model & “What If” Scenarios
- Key Indirect Analysis



DRAFT RFP DROPS

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DRAFT RFP DEVELOPMENT

Section A - Solicitation/Contract Form

Section B - Supplies and Services and Prices/Costs

Section C - Statement of Work

Section D - Packaging and Marking

Section E - Inspection and Acceptance

Section F - Deliveries or Performance

Section G - Contract Administration

Section H - Special Contract Requirements

Section I - Contract Clauses

Section J - List of Attachments

Section K - Reps/Certs

Section L - Instructions, Conditions and Notices to Offerors

Section M - Evaluation Factor for Award

DRAFT RFP DEVELOPMENT

HDITSS Section M Key Points:

- Best Value Procurement - Using Trade Off
- Technical Approach 50%
- Management Approach 30%
- Past Performance 20%
- Security Pass/Fail
- If those all above factors are equal, then *evaluated* cost can be a discriminating factor

DRAFT RFP DEVELOPMENT

HDITSS Section M Key Points:

- Cost will be evaluated for realism, reasonableness and completeness
- The evaluated cost will be costs that are adjusted by the government as a result of its evaluation
- Failure to provide sufficient support to demonstrate realistic or reasonable cost estimates may result in disqualification

DRAFT RFP DEVELOPMENT

HDITSS Section L (Cost Volume Reqs) Key Points:

- Need to use Government-provided spreadsheet to summarize costs proposed
- Need to submit detailed rate buildups for labor and indirect rates (FPR's OK)
- Subcontractors need to submit unsanitized proposals with similar support as prime
- Need to submit cost/pricing analyses performed on subs

DRAFT RFP DEVELOPMENT

HDITSS Section L (Cost Volume Reqs) Key Points:

- Need to submit details on relocation, travel, and other direct costs
- Need to submit Basis of Estimate for hours, skill mix and quantities without cost information
- Must demonstrate acceptable accounting system
- Must demonstrate financial capability

DRAFT RFP IS RELEASED

Sections L & M are only PART of RFP - READ IT ALL!

What do you do in this stage?

- Carefully prepare your questions - push back → detailed ODCs, labor outside disclosed practices....
- Shape need for supporting details - labor, escalation, indirects
- Cumbersome? - tell them what they need to change!

DRAFT RFP IS RELEASED

What else do you do in this stage?

- Form your strategic pricing initiatives
- Get & use draft pricing templates to augment internal pricing model
- Build initial bottom-up price
- What do you need to price?
- Begin your narratives....really!
- Subcontractors can mess up your bid big time! (pricing, sealed package, SAM)

DRAFT RFP IS RELEASED

More.....?

- Effective questions
- Industry briefings
- Proposal preparation
 - Price build - internal model
 - Tie to Government workbook
 - Strategic pricing - continued/ongoing
 - Recurring regular pricing meetings (team & teammates)
 - Data calls, target refinement, price analysis

RFP Q&A

- Importance of Q&A deadline
- How the government handles Q&A
- Answers to the Q&A are incorporated into the RFP!
- May result in RFP changes

RFP Q&A

Q&A provide the additional insights

Get clarification on ambiguous or confusing

Seek pricing items to focus on by reading ALL

Q&A are part of requirement!

A low-angle, upward-looking shot of several tall, classical marble columns. The columns are arranged in a row, receding into the distance. The sky is a clear, bright blue. The image has a slightly desaturated, blue-tinted appearance.

FINAL RFP IS HERE

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FINAL RFP RELEASED

- Final checks before RFP is released
- Review “late” questions and other industry feedback
- Finalize timeline and acquisition evaluation team

FINAL RFP RELEASED

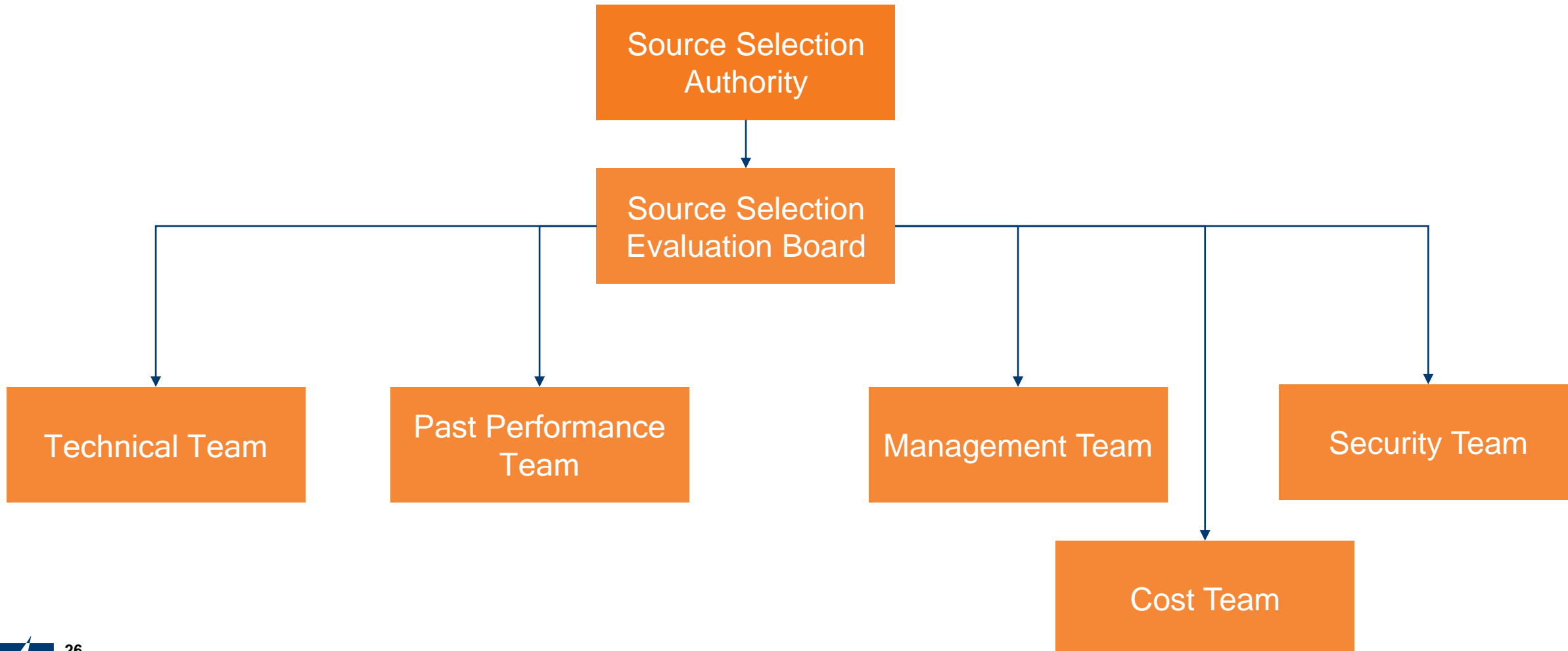
- Proposal pricing refinement
 - Strategic pricing focus - stay focused! - REFINE
 - Re-read the RFP (at least 3 ++) - compliance & changes
 - What if the Government does not ask for compliance matrix or supporting documentation?
 - Solidify work plan & schedule
 - Data requests
 - BOEs, Pricing iterations, Technical reviews, color reviews
 - Attention to Subcontractor special needs!



THE PROPOSAL EVALUATION

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WHAT HAPPENS BEHIND CLOSED DOORS



WHAT HAPPENS BEHIND CLOSED DOORS

- How does a cost proposal get evaluated?
- How is cost realism and reasonableness assessed?
- Could there be an audit?
- When does the tech team look at costs? Do they ever?
- Clarifications

WHAT HAPPENS BEHIND CLOSED DOORS

- Competitive Range Determination

Offeror	Tech	Mgm't	Past Perf	Security	Evaluated Price
Tekkies R' Us	Very Good	Good	Very Good	Pass	\$150,102,392
We Heart IT	Good	Very Good	Satisfactory	Pass	\$140,339,824
HelpDeskTech	Very Good	Excellent	Good	Pass	\$145,020,911
GeekBattalion	Satisfactory	Good	Satisfactory	Pass	\$135,492,332
1-877-HelpDesk	Good	Very Good	Good	Pass	\$138,482,672

Reminder: Technical 50%, Management 30%, Past Performance 20%

WHAT HAPPENS BEHIND CLOSED DOORS

- Competitive Range Determination

Offeror	Tech	Mgm't	Past Perf	Imputed Score	Evaluated Price	% From Lowest
Tekkies R' Us	Very Good	Good	Very Good	4.7	\$150,102,392	10.8%
We Heart IT	Good	Very Good	Satisfactory	4.1	\$140,339,824	3.6%
HelpDeskTech	Very Good	Excellent	Good	5.1	\$145,020,911	7.0%
GeekBattalion	Satisfactory	Good	Satisfactory	3.3	\$135,492,332	0%
1-877-HelpDesk	Good	Very Good	Good	4.3	\$138,482,672	2.2%

Point Assignment

Unacceptable 0, Poor 1, Fair 2, Satisfactory 3, Good 4, Very Good 5, Excellent 6

WHAT HAPPENS BEHIND CLOSED DOORS

- Army selects all but GeekBattalion to be in Competitive Range
- Discussions with Others
- Request for Best and Final Offers

BEST AND FINAL OFFER

- Revise price - most times!
- Show how your price is still realistic and reasonable
- Incorporate clarifications into your narrative
- Highlight how you answered Government concerns
- Begin your FPR/BAFO as you respond to clarifications

CONTRACT AWARD

- BAFO evaluation - Usually Concentrates on Changes
- Final Scores:

Offeror	Tech	Mgm't	Past Perf	Security	Evaluated Price
Tekkies R' Us	Very Good	Very Good	Very Good	Pass	\$140,102,492
We Heart IT	Excellent	Very Good	Satisfactory	Pass	\$135,779,824
HelpDeskTech	Excellent	Excellent	Good	Pass	\$136,830,931
1-877- HelpDesk	Very Good	Very Good	Good	Pass	\$130,442,232

CONTRACT AWARD

- Final Scores:

Offeror	Tech	Mgm't	Past Perf	Imputed Score	Evaluated Price	% From Lowest Price
Tekkies R' Us	Very Good	Very Good	Very Good	5.00	\$140,102,492	7.4%
We Heart IT	Excellent	Very Good	Satisfactory	5.10	\$135,779,824	4.1%
HelpDeskTech	Excellent	Excellent	Good	5.60	\$136,830,931	4.9%
1-877-HelpDesk	Very Good	Very Good	Good	4.80	\$130,442,232	0%

AND THE WINNER IS...

HelpDeskTech!!!!



2022 GAUGE BENCHMARKING SURVEY

The banner features a background of US dollar bills. At the top left is the CohnReznick logo with the text 'ADVISORY • ASSURANCE • TAX'. At the top right is the Unanet logo with the tagline 'Where Information Means Insights'. In the center, there is a graphic of a speedometer with the word 'GAUGE' below it. Below the speedometer, the text '2022 GAUGE BENCHMARKING SURVEY' is displayed in large, bold, blue letters. At the bottom center, there is an orange button with the text 'TAKE OUR SURVEY' in white.

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A GREAT STRATEGIC PRICING ARTICLE....



Five Qualities of a Great Strategic Price

<https://graniteleadershipstrategies.com/five-qualities-of-great-strategic-pricing/>





QUESTIONS? CONTACT US



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