STRATEGIC PRICING FOR WINNING GOVCON PROPOSALS
CohnReznick’s Government Contracting Industry practice helps federal contractors optimize performance by providing strategic advice on compliance and federal regulations, while also providing a range of audit, tax, and business advisory services.

We provide full life-cycle support of your contract, and as you seek to grow, we help you stay ahead of the curve by implementing proactive strategies to increase profitability and competitiveness, while minimizing the costs and effects of regulatory noncompliance.
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
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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 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)
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!
FINAL RFP IS HERE
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
WHAT HAPPENS BEHIND CLOSED DOORS

Source Selection Authority

Source Selection Evaluation Board

Technical Team
Past Performance Team
Management Team
Security Team
Cost Team
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

<table>
<thead>
<tr>
<th>Offeror</th>
<th>Tech</th>
<th>Mgm’t</th>
<th>Past Perf</th>
<th>Security</th>
<th>Evaluated Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tekkies R’ Us</td>
<td>Very Good</td>
<td>Good</td>
<td>Very Good</td>
<td>Pass</td>
<td>$150,102,392</td>
</tr>
<tr>
<td>We Heart IT</td>
<td>Good</td>
<td>Very Good</td>
<td>Satisfactory</td>
<td>Pass</td>
<td>$140,339,824</td>
</tr>
<tr>
<td>HelpDeskTech</td>
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<td>Excellent</td>
<td>Good</td>
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<tr>
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<td>Satisfactory</td>
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<td>$135,492,332</td>
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<tr>
<td>1-877-HelpDesk</td>
<td>Good</td>
<td>Very Good</td>
<td>Good</td>
<td>Pass</td>
<td>$138,482,672</td>
</tr>
</tbody>
</table>

Reminder: Technical 50%, Management 30%, Past Performance 20%
WHAT HAPPENS BEHIND CLOSED DOORS

• Competitive Range Determination

<table>
<thead>
<tr>
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<th>Tech</th>
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<th>Past Perf</th>
<th>Imputed Score</th>
<th>Evaluated Price</th>
<th>% From Lowest</th>
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</thead>
<tbody>
<tr>
<td>Tekkies R’ Us</td>
<td>Very Good</td>
<td>Good</td>
<td>Very Good</td>
<td>4.7</td>
<td>$150,102,392</td>
<td>10.8%</td>
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<td>HelpDeskTech</td>
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<td>7.0%</td>
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<tr>
<td>GeekBattalion</td>
<td>Satisfactory</td>
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<td>Satisfactory</td>
<td>3.3</td>
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<td>1-877-HelpDesk</td>
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<td>Very Good</td>
<td>Good</td>
<td>4.3</td>
<td>$138,482,672</td>
<td>2.2%</td>
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</table>

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:

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<td>HelpDeskTech</td>
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<tr>
<td>1-877- HelpDesk</td>
<td>Very Good</td>
<td>Very Good</td>
<td>Good</td>
<td>Pass</td>
<td>$130,442,232</td>
</tr>
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### CONTRACT AWARD

- Final Scores:

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<td>Very Good</td>
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<td>Very Good</td>
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<td>$140,102,492</td>
<td>7.4%</td>
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<td>4.1%</td>
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<tr>
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<td>4.80</td>
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<td>0%</td>
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</table>
AND THE WINNER IS...

HelpDeskTech!!!!
2022 GAUGE BENCHMARKING SURVEY

TAKE OUR SURVEY
GOVERNMENT CONTRACTING RESOURCES

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A GREAT STRATEGIC PRICING ARTICLE....

Five Qualities of a Great Strategic Price

QUESTIONS? CONTACT US

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