

# IT'S **NOT** Magic

TOP TIPS TO **DEMYSTIFY**  
GOVERNMENT PRICE  
PROPOSALS  
AND SET YOUR  
ORGANIZATION UP  
FOR **SUCCESS** ✨

BY **MATTHEW MCKELVEY**



**T**HE GOVERNMENT PROPOSAL DEVELOPMENT PROCESS CAN AT TIMES SEEM AN EPIC TASK OF MYTHICAL PROPORTION. PROPOSAL TEAMS ARE COMPRISED OF A LARGE NUMBER OF INDIVIDUAL RESOURCES FROM MULTIPLE TEAM MEMBERS WORKING OVER AN EXTENDED PERIOD OF TIME. THIS COMPLEXITY REQUIRES THE CONSTRUCTION OF A MULTI-LEVEL SCHEDULE TO CENTRALIZE ALL ESSENTIAL DELIVERABLES AND THEIR RESPECTIVE TASKS.

The bottom-line is that developing a complete price/cost proposal—and ideally, a winning one—not only takes time and effort, but also the discipline to efficiently and effectively leverage all those internal and external resources. So while it at times may seem like only mystical forces help line up the inputs, estimates, calculations, decisions, and production of the final product, it's actually the disciplined process of careful planning, time management, and attention to detail that leads to success. Here we share some of our expert tips to help you maximize the value of the time your team dedicates to each price proposal, to demystify the government pricing structure, and to set you up for even greater success (and wins!) from your hard work.

### *First Things First: Timing is Critical and Planning is Necessary*

One of the first questions many people have related to the pricing process is "How early should you get started writing a cost proposal?" Well, the answer may surprise you. For many contractors, pricing teams only get involved in the proposal process when the final request for proposal (RFP) is released. This is a critical mistake. While not every RFP will have a draft issued, most significant procurements do. In order to be effective and efficient, pricing should be a central part of the capture process at a minimum from the draft RFP kickoff.

However, we believe pricing should be involved even earlier, when

the capture process truly begins. As the majority of government procurements are either follow-on contracts or consolidations/spin-offs of existing programs, most contractors begin the solutioning process well ahead of the RFP release. Although pricing generally won't have significant hands-on time at this stage, this is the time to identify and begin gathering critical data that may require longer lead times. It also allows the bidder to ask questions of the government before the black-out period after an RFP's release. The black-out period is in place to ensure that individual bidders don't get information or guidance not available to other bidders. Before this period, however, all bets are off. Contractors can ask direct questions of the government and the answers aren't necessarily made public. There is nothing worse than realizing after the RFP release that a critical piece of data would have been invaluable to the pricing strategy.

Another benefit of starting earlier is the identification of multiple suppliers for labor, materials, and/or facilities with time to allow for this data to be not just received, but analyzed, negotiated, and

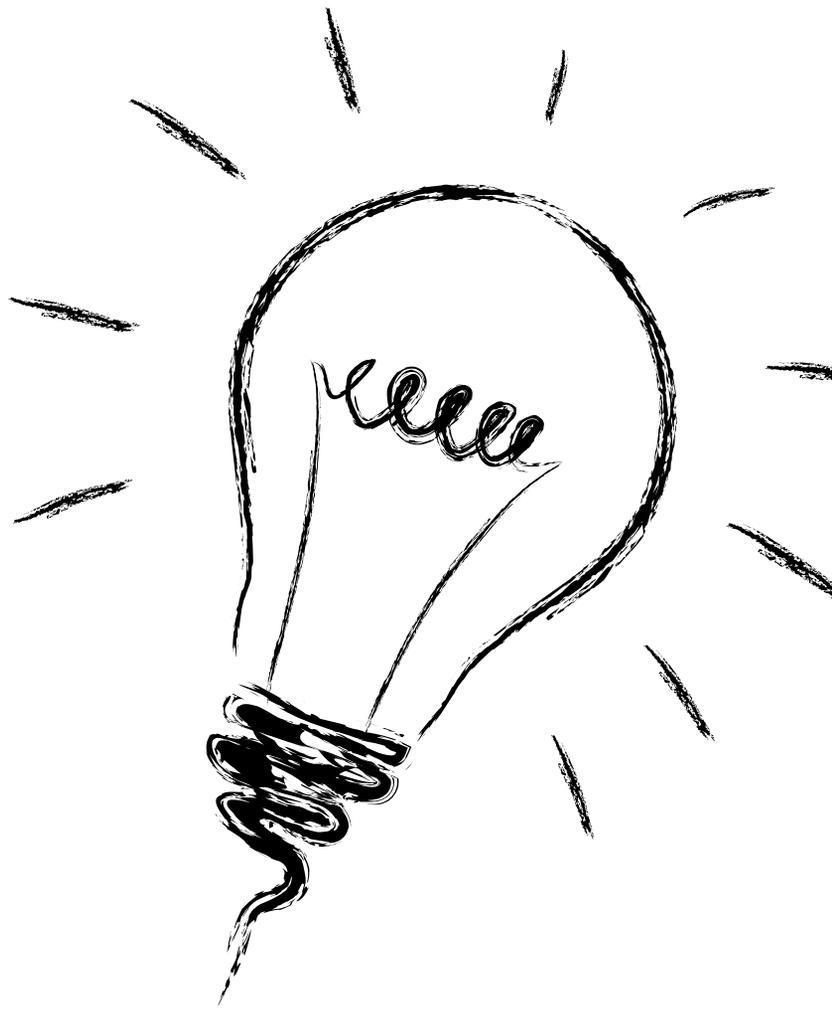


finalized. Also, involving the pricing team at the outset can also be helpful in identifying price/cost-related questions or observations for the government, which is key in helping to shape the RFP, potentially increasing your chances of winning the procurement.

## How to Develop a Winning Proposal Schedule Strategy

Proposal schedules are more important than to just ensure the *delivery* of a price/cost proposal. Well-planned and well-managed schedules provide the opportunity to deliver an accurate, complete, and compelling price/cost proposal. This is key. The best proposal companies develop a robust and detailed schedule, review the status daily, and call out risks well in advance. They live by the schedule with zeal. And their proposal win rates are higher for it. Here are some tricks of the trade:

- **Work backwards from the due date.** This helps to identify potential duration and dependency risks. Assume delivery two days in advance, with an additional three days for physical production, for a total of five days ahead of the due date to have *everything* completed. Of course, if it's an electronic-only submission, the three days can be shortened accordingly. This ensures you have time for final reviews and double-checks to avoid the last-minute chaos. Pens down means pens down, and all reviews are held on time.
- **List out each deliverable.** Deliverables include, but are not limited to, RFP document reviews, questions to the government, data calls, quotes, cost element development, regular tag-ups and strategy discussions, formal review stages (often called color reviews), and quality control (QC) checks. In particular, you should note how much time is expected to complete each deliverable, whether there are key precedent steps, who owns the deliverable as well as who is required to complete it, anticipated lead times to gather information from subcontractors and vendors, and how many iterations of each set of data are required. That's how to ensure you're building in enough time to identify, request, receive, and confirm each deliverable. One important lesson we've learned over the years is to make sure the deliverable due dates are based on necessity to the overall schedule. Asking busy technical or administrative staff to work overtime to get the pricing team a piece of data that could have been received without burning the midnight oil burns the collegial bridge quickly. Get the reputation for being realistic with your due dates and you'll spend less time chasing them down.
- **Identify critical "choke points" and come up with a fail-safe back-up plan.** This is important because everyone knows that despite how well you schedule, not everything goes according to plan. The reality is that people miss deadlines, deliver incorrect or incomplete information, or can be reassigned. An effective production schedule incorporates a back-up plan should key elements of the schedule be missed along the way.
- **Be as specific as possible.** List out names of individual team members responsible for delivery of information or data items, note key due dates and turnaround guideposts, and com-



bine schedule and action lists together into one centralized document. And whenever possible, provide a template for the owner to use to supply the deliverable. This makes the entire process easier to manage and also makes problems and delays more visible ahead of time to help you mitigate or resolve them before they become larger issues.

- **Provide updates every day on each point of the action item list.** This keeps everyone on the project team aware of what is going on, when things are due, who is doing what, and the percentage of completion of each step in the process. I like a daily posted status report in bullet-point format. Risks are communicated to the whole team in advance to either reprioritize or reassign resources to maintain the schedule.

Additionally, when it comes to the systems you use to manage these activities throughout the development process, it is much better to work with a platform like Microsoft SharePoint or another online document repository as opposed to emailing back and forth between team members. Using a document repository or shared site not only helps allay security concerns, it also allows for centralized, real-time organization of information and helps with version control. You want to ensure everyone is viewing and modifying the same (and most up-to-date) drafts of each deliverable.

## What's Compliance Got to Do with It?

One of the key items to remember when developing price/cost proposals for the government is that you are not just telling the government *what* it will cost to deliver the technical solution. You are also telling them *why* your proposed price/cost is reasonable, realistic, complete, and accurate. Delivering a strong and compelling basis for each of your cost estimates (staffing, direct labor, subcontractors, other direct costs, indirect rates, and fee/profit) is key to streamlining the government evaluation, minimizing government adjustments, highlighting competitive advantages, mitigating competitive disadvantages, and ultimately increasing win likelihood.

Compliance with the *Federal Acquisition Regulation (FAR)* and Cost Accounting Standards (CAS) is critical as well. Whether your company is exempt from CAS, operating under modified CAS, or operating under full CAS coverage, the government requires you to propose your costs the way your company accounts for them and reports them. In short, the government does not care as much about the manner in which you run your business, as long as you are consistent in the way you estimate, account, and report your costs. Failure to do so registers to government reviewers as a bait-and-switch move, which can erode your credibility and drastically decrease your chances of winning the work.



Also remember that every cost in your proposal must have a supporting basis. While each individual RFP will instruct the bidder as to what level of documentation is required in the proposal, your pricing team should have a written basis for each and every cost available in case of audits or questions from the government, and to aid the program management team upon award.

There are three primary types of basis: actual, historical, and professional judgment. *Actual* costs can include, for example, a valid quote from a vendor or someone's actual current salary. *Historical* data can include the staffing or costs from similar programs. It can also include salary survey data (which is based on historical information escalated to the start date). Historical costs are adjusted to make them valid for the target RFP. Finally, *professional judgment* is where qualified professionals rely on their experience in combination with some portion of actual and historical data to make an estimate. We could write a full article on this part of the proposal process alone. Suffice it to say, unless you have a basis for a number (always in writing, never verbal), it's not a supported cost. Ballpark figures are not compliant.

The government can remove your company from the competition for even minor compliance errors. To ensure this does not happen to you, create a compliance matrix. This is an excellent way to organize and manage all RFP compliance requirements and track progress meeting them in one place. The matrix should list everything the RFP requires so nothing is missed, along with the section and page reference from the RFP. Finally, include the compliance matrix in your price/cost proposal with a column referencing where you addressed this requirement in your proposal to make it easy for reviewers to check off the boxes on their list.

The final step for compliance is the QC. The best practice is to have a pricing or analyst resource who is not involved in the price/cost proposal to perform the QC role. An independent view is more likely to catch compliance oversights, logic breaks, mathematical/formula errors, and narrative/support missteps. The QC must review the price/cost models early for structure and formula accuracy, then again near completion for data input accuracy and support validation. Don't skimp on this role. A strong, formal QC process can save your proposal from self-inflicted wounds.

## Putting it All Together

Overall, government price/cost proposals are far from any sort of mystical entity. While they can be complicated, detailed, voluminous, and challenging, they can be handled with a defined and repeatable process. If you've followed the schedule, deliverables list, and compliance matrix, you'll be in good shape. No doubt issues will arise, but with these items as the backbone of your process, you will be able to adjust and address them accordingly.

Some top-level points to remember for maximum success include:

- **Plan early and develop a comprehensive, centralized proposal schedule.** Everyone is busy, and if clear next steps are not laid out in front of the entire proposal team, activities can fall behind or through the cracks, and this can cost you the entire proposal!
- **Set realistic deadlines and involve the pricing team from the get-go.** This is critical to success, period. There is precious little time to respond fully once a final RFP has been released. Having pricing involved earlier in the process mitigates that critical risk.
- **Hold regular touch-base points and status reviews** to break down silos between technical and pricing groups, ensure everyone is on the same page, and get the whole team aligned around the same goals for the completion of the proposal.
- **Get everything in writing.** Even if someone details you something verbally in the gathering process, it is critical to confirm that you heard correctly and are on the right page when developing cost proposals to prevent confusion and errors from cropping up. Send them an email asking them to confirm what you heard—that will shake out any discrepancies.
- **Quality control rules.** Always be sure to dedicate time for an independent party—someone not involved in any aspect of writing the proposal—to review and proof its contents. This should be done both early and at the end of the proposal schedule.

At the end of the day, navigating the government proposal process and demystifying its elements is as simple as creating a robust and repeatable process. Doing so will improve your price/cost proposal product and ensure your hard work results in increased success moving forward. **CM**

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