

White Paper

Positioning to Win – finding the marginal gains to drive competitive advantage

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Introduction

Since the very earliest days of bidding the pressure to succeed and beat the competition has always been immense. In an industry where there's absolutely no prize for second place and Bid Managers are driven by the mantra that "losing is not an option", it's no wonder that some organisations are being left behind. The relentless internal pressure to succeed is resulting in bidding teams working harder and harder without necessarily taking the time to step back to identify where their processes can be improved and the areas where they could operate a lot smarter.

For most commercial organisations, the key objectives of delivering sustained year on year growth whilst hitting profit targets are largely universal. When these are combined with a fierce level of competition for each significant opportunity that comes to market, organisations are constantly looking to adopt new methods and techniques to help find that competitive edge.

In recent times, leading bidding organisations have started to evolve by sticking their heads 'above the parapet'; challenging their own thinking and looking for fundamentally better ways of working in order to find even the slightest edge. One such technique that is starting to be embraced and adopted is the concept of 'Positioning to Win' rather than the more traditional 'Pricing to Win' method.

The idea of 'Positioning to Win' is a relatively new technique that's emerged from the ashes of a countless number of lost bids and is now at the heart of the latest bidder best practice and industry thought leadership being led and delivered by Commerce Decisions.

By conducting numerous retrospective reviews on lost bids, leading organisations have now realised that they had previously failed to truly understand the implications of the procurement rules set by the buying Authority. Their use of Pricing to Win had ultimately led to poor decision making when it came to the creation and execution of a winning bid strategy. This approach frequently drove a false sense of confidence in their decision to bid in the first place, as well as the belief that the key winning factor was always going to be how much they needed to undercut their competitors in terms of price.

This white paper looks to explore some of the typical pitfalls that come with more traditional pricing-based thinking and, in doing so, highlight the three key pillars for any best practice Positioning to Win process. Understanding these will enable bid teams to identify the marginal gains that could mean the difference between winning and coming second.

The science behind Positioning to Win

Pillar 1: A data-led approach

As a practice, Positioning to Win aims to make sense of all the different variables and data points in the bidding process. The aim is to enable better decision making so that bids can be put forward with a higher chance of success. More specifically these data points are spread across three key areas:

- The rules of the procurement set by the Authority
- The different combinations of potential solutions that could be put forward
- How your key competitors might bid and what impact that has

By taking a data-led approach 'Positioning to Win brings an inherent level of rigour to the bid process that is not evident in the more traditional 'Pricing to Win' technique'. Most critically, bidders can quickly establish a Bid/No-Bid decision by analysing opportunities up front using this methodical approach based on hard facts and a thorough understanding of the implications of the data made available to them.

In fact, for most leading bidding organisations that are really focused on increasing or maintaining a high percentage win rate, the bulk of their Positioning to Win activities take place up front and are often purely internally-focused. Naturally, the key benefit to this is to minimise the time and money spent on bidding when there is a low chance of winning. For example, based on the rules of the procurement set by the Authority, what is the best combination of capability and cost they can put forward and, most critically, does their best solution give them a decent chance of actually winning?

'Positioning to Win' brings an inherent level of rigour to the bid process that's not found in the more traditional 'Pricing to Win' technique.

Following this internal review, bidders are then able to start to factor in the potential competition and to consider how rival bids might impact their chances. This work should then combine to help build and really narrow the focus on a very short list of key questions that will require real attention and care, as this is where the bid will be won or lost.

While the value of doing these activities up front might seem obvious, the reality is that for a lot of companies, the usage and general bidding culture around Pricing to Win remains far too common. This puts a bid team on the back foot from the outset. All too frequently, organisations either haven't fully bought into the concept of how to effectively conduct Positioning to Win or they are still operating on the false assumption that the cheapest compliant bid will always win. In fact, the work Commerce Decisions has done to support buying authorities worldwide conclusively shows that most bids now being won aren't actually the cheapest but are those that offer the greatest value.

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A large proportion of tendering opportunities now being evaluated have been developed using approaches that have been tested more robustly prior to publication. As such, any bidders still attempting to win by price alone are starting to really struggle. Whilst it's easy for a bid team to dismiss a few lost bids as 'anomalies' or due to their main competitor 'having submitted loss-leading pricing', a clear trend is starting to emerge where some bid organisations are starting to pull away from the pack in terms of their overall percentage win.

These are the ones who are taking a Positioning to Win approach. More to the point, bidders who are still using traditional methods are now finding it increasingly difficult to predict and forecast bid outcomes, a factor that is ultimately impacting their overall bottom line. Today's leading bidding organisations that are embracing Positioning to Win have gone through a fundamental shift in approach, and no doubt an internal culture change, as they recognise the importance of taking a much more 'data-led' approach to gain competitive advantage.

By truly buying into the science of bidding rather than just taking a 'gut feel' approach, leading organisations are now much better equipped to understand and respond to some of the latest thinking incorporated into procurement evaluation schemes by the Authority – these include factors such as Value for Money and Social Value.

Reinforcing the importance of a more data-led approach by bidders, buying authorities are now refining their approach to the market in order to reduce the chances of their procurement being 'gamed'. This is also negating the effectiveness of Pricing to Win strategies. Essentially, the Authority is now investing more time and energy into the upfront planning and preparation for a procurement. For example, running sensitivity analysis and war gaming exercises are becoming increasingly common for testing whether the procurement is set up to deliver the intended effect and the best possible outcome. In an age where bidders are looking for even the smallest competitive advantage, it begs the question whether they can really afford not to have the same data-led mind set and approach as the Authority, rather than effectively leaving success to chance.

To summarise, by taking a data-led approach, bidders can quickly identify and challenge any false assumptions in their approach. Commerce Decisions routinely supports bidders on public sector competitions in the UK, and these are some of the most common statements we hear – all of which are applicable to bidding organisations worldwide:

- As a business this is a 'must-win' bid for us
- We can win this by simply going in at rock bottom pricing
- As the incumbent, I know this customer and understand what they actually want
- I've seen this MEAT (Most Economically Advantageous Tender) method countless times before and understand what it means
- I know who my competitors are and how they impact my chance of winning

However, with so much of this thought process based on 'gut feel' rather than 'hard facts' these lines of thinking tend to unravel very quickly once we start digging into the data.

Pillar 2: Independent expertise

While being data-led is obviously crucial to developing and executing any successful bid strategy, the question must be, "if it's that simple, then why doesn't it automatically translate into success?" In a world of marginal gains where bidders are always looking for any and every edge possible, the answer lies firmly at the door of the human aspect of bidding.

For the most successful bid teams the 'secret sauce', so to speak, is to start with a data-led approach. This is complemented by having the right people and expertise to help interpret the data in order to make more informed and fundamentally more calculated strategic decisions as part of the bid process.

While this might sound obvious, the reality is that a lot of seasoned Bid Managers, who are typically very stretched and working to tight timescales, generally feel dubious as to the additional marginal gains that are still out there waiting to be had. Those Bid Managers who are willing to take the leap and challenge their own thinking and ways of working by layering and complementing the skills of their existing team with the right level of strategic external resource, can really reap the benefits.

A great example of this is the struggle that a lot of in-house technical experts typically have in finding the optimal balance between the points awarded for technical capability and its associated cost. It's common for an in-house team to not fully understand the maths/implications of the procurement rules and they can therefore become too focused on putting forward a more technical heavy solution than needed based on the false belief that winning more marks in the technical section is a good thing. Teams often fail to understand the impact of the correlating loss of marks on price that can quite easily adversely affect their overall chances of winning. In this situation an independent strategic resource would be ideally placed to help find the best solution and to challenge thinking - sometimes the best solution in terms of overall points is a technical approach which scores less but saves a large amount of cost.

Conversely, sometimes the best way to beat a competitor is to price higher than them and, by doing so, enable a much higher score technically. An independent reviewer is often better placed to identify these nuances than a seasoned bid team member who knows their organisation's offerings inside out.

To summarise, having the right external and independent expertise to support their existing team can help a bidding organisation to:

- Ensure everyone really understands the maths and the implications of the procurement rules set by the Authority. For example, do they really understand the relationship between quality and cost for this specific procurement given that the answer can vary significantly depending on the MEAT method selected?
- Unlock actionable information in order to establish where this bid will be won or lost
- Provide insight on how the customer will behave and how their evaluators will score their bid
- Deliver first-hand intelligence on the potential impact of different tactics, depending on the evaluation method and overall procurement procedure selected by the Authority
- Challenge the status quo in order to get a much more 'truthful' reality of how they compare to their competitors i.e. do they understand who their real threat is and how they can put in a better bid?

Pillar 3: Senior Director Buy-in

Large commercial organisations, whether they are operating in a matrix, a hierarchy, or other company structure, will typically have individual business units and respective teams, each with their own goals that map back to the overall objectives of the business. With a set up like this, however, there is often a disconnect between the individual Bid Manager (who is under pressure to deliver successful bids) and the Senior Directors (who can be significantly removed from the latest thinking and awareness of the most effective strategies).

Successful implementation of a best practice Positioning to Win process first requires full recognition of the benefits and buy-in at a senior level. Certainly, without a common understanding, there is an increasingly high risk that it is not done effectively. While this approach might sound very 'top down', support from senior stakeholders is essential in ensuring bidding practices are contemporary and take advantage of the latest intelligence. As a result, leading bidding organisations are now instilling Positioning to Win across the entire business, making it part of their everyday culture and establishing it as standard practice for every department.

If you take a minute to consider the alternative, imagine a Bid Manager who's in charge of delivering a successful, and no doubt important bid to the business. They take a data-led approach and complement their Positioning to Win approach with the right external expertise to really help craft and hone the best possible bid strategy.

Naturally, for any large or strategically important bid, this strategy now needs Senior Director buy in and sign off. Fundamentally one of the most common pitfalls and frustrations is that all the good work done by the Bid Manager is now very much at risk of being undermined and picked apart by Senior Directors, who are still living in the traditional mindset of Pricing to Win. In fact even with some pretty compelling bid strategy artefacts, without senior level recognition of what 'Positioning to Win' really means, then questions and statements like "what is our price to win?" or "we need to be 10% cheaper than competitor X to win" remain all too common.

While driving understanding and genuine buy-in from the top down is great in theory, many Bid Managers work in large organisations where teams operate in silos and, as a result, they can often feel quite disconnected from the senior management team. Here are a few tips that will help Bid Managers to get the bid strategy sign off they need:

- Cite previous internal examples of results that didn't go your way which include commonalities with your current bid and use the lessons learnt to support your approach
- Use the data to defend against any false assumptions or questions based on 'gut' feel' alone
- Deliver clear and concise artefacts that provide compelling evidence and argument as to the direction the bid strategy should take – even a well written one-page Executive Summary can make the difference
- Demonstrate that the recommendations are supported by the work of independent/ third party expertsto add credibility to the findings
- Try to pre-empt any of the Pricing to Win based questions by clearly demonstrating the likely negative outcome in your scenario modelling and analysis.

Conclusion

Whether it's an organisation trying to roll out a best practice Positioning to Win process or a Bid Manager wanting to increase their chances of hitting their own objectives, there are clearly a lot of different factors in play that will help determine whether or not the outcome is ultimately successful. To summarise, here are some final tips to help ensure Positioning to Win is not just regarded as an arbitrary concept but an actual practice that adds value and provides the marginal gains that every Bid Manager and company should be looking for:

- Start by underpinning your Positioning to Win strategy with data via the use of software tools to help you to quickly analyse and model different scenarios.
 - Avoid trying to do this in Microsoft Excel due to the ease of misinterpreting the procurement rules and the maths behind these - one simple formula error in Excel could spell disaster for your entire bid
- Make sure that your team has access to, and is complemented by, independent expertise throughout the process of your Positioning to Win strategy
 - Use the knowledge and insights of a third-party expert to provide absolute credibility to the process, helping unlock the marginal gains needed to make a genuine difference to the final outcome
- If your organisation isn't fully bought into what it really means to implement a Positioning to Win approach, you should ensure your strategy is as defensible or as 'air tight' as possible

The translation of data and outputs from various workshops into a tangible and concise report designed for Senior Management (also including recommendations from a credible third party) will go a long way to ensuring Bid Managers get the support and buy-in required to secure sign off of their bid strategy.

The key three key pillars for any best practice Positioning to Win process are:

- The importance of taking a data-led approach to bring a level of rigour to the bid process not found in the more traditional 'Pricing to Win' technique
- Having the right external and independent expertise to provide insight on how the customer will behave and how their evaluators will score the bid
- Ensuring senior level buy-in is secured to support the overall bid strategy

These factors are critical to achieving a successful outcome.

ADVANCE™ Position to Win

Commerce Decisions has developed a unique Position to Win offering within the ADVANCE™ solution, to support better decision making so that bids can be put forward with a higher chance of success. ADVANCE™ Position to Win:

- Provides a unique combination of best practice expertise with market-leading software
- Gives bid teams the support and insight needed to beat the competition
- Offers a unique independent and data-led approach
- Is based on our extensive experience of supporting bidders to increase scores by up to 7%
- Allows bidders to identify the best approach for a winning bid
- Helps bidders understand the rules of the competition and structure their approach to maximise their pWin%
- Provides the hard data to help avoid the misinformed “Price to Win” mandate

Find out more

Get in touch via info@commercedecisions.com or visit: www.commercedecisions.com/advance for more information on how our ADVANCE™ software and expert services can help you:

- Successfully balance cost and quality
- Build your understanding of what the buyer is really looking for
- Discover the real threat challenging your next win by reviewing the competitive landscape, enabling you to increase your scores and ultimately win more bids
- Uncover the marginal gains, supported by a Positioning to Win approach, that could mean the difference between winning and losing.

About Commerce Decisions

With over 15 years' experience of supporting and shaping UK MOD and public sector procurements, we're uniquely placed to provide advice and guidance on your next bid. We know first-hand what buyers are looking for, and use this to increase bid scores by up to 7%. We do this through a consultancy-led solution comprising training and expert consultancy support, all underpinned by the ADVANCE™ software which provides direct insight into the responses buyers are looking for.

The ADVANCE™ software has been specially designed to support the bidding process providing a unique solution to overcome the challenges bidders face. ADVANCE™ provides a central place to manage bid submissions, enabling the submission of bids with the highest chance of success and fully integrates with our AWARD® solution, de-mystifying how a bid will be seen by an evaluator.