



## **OPPORTUNITY IDENTIFICATION & QUALIFICATION<sup>SM</sup>: BID SMARTLY OR WALK AWAY**

*The impact of OI&Q<sup>SM</sup> on revenue generation in government services*

*Excerpt from the Washington Technology Column by Bill Scheessele*

With commercial markets reeling in today's economy, future revenue growth is becoming more uncertain for firms in government contracting as well. As evidence, federal services contract actions have increased approximately eight percent on average over the past four years, according to the Center for Strategic and International Studies' report highlighted in a recent *Washington Technology* article, *Study: Fed contracts increase but average value declines*. The same story reveals that 2008's numbers are coming in slightly down from previous years with a five to six percent increase in contracts and an average contract value that decreased approximately 60 percent in 2007.

With increased competition for fewer opportunities with leaner value, if your organization's position is one of strategic revenue growth, then you need to focus on the concept of Opportunity Identification & Qualification (OI&Q<sup>SM</sup>).

OI&Q is not just a line item in a zero, sub-zero or other numbered phase early in an organization's Business Development process. As it becomes more difficult to maintain or grow revenue in the government contracting realm, OI&Q may be the most critical pre-capture decision point there is.

That's because, when faced with an opportunity, the OI&Q process eliminates emotional judgments to prime, sub or walk away. Instead, it presents a deliberate set of qualitative and quantitative questions for the Business Development team to use when assessing an opportunity.

First, has your team invested the time to understand the contract vehicle, and gathered critical Intel on this project including the key decision-making people involved? Have they previously met with the customer and—through asking the hard questions—built the trust relationship? Does your team understand all aspects of the customer's mission? Have they discussed current

and future issues and discovered the real challenges, months—even years—before any hint of an announcement?

Second, does this opportunity match up with your organization's core capabilities, expertise, and do you possess the credentials to do the job? If shortfalls exist, consider teaming with a small business that does fill the capability gap. Or, does this opportunity represent a strategic decision to build business in a new segment? Will your firm seek an acquisition with the necessary expertise?

Third, does your BD team possess sufficient resources and bandwidth to "capture it right," assuming there's a real likelihood of a win? A client recently shared a point of view on this, noting the use of quantitative criteria in the decision-making process was of utmost importance, allowing the BD team to decide on the reasonable probability of a win in a manner that was objective and free of emotional bias.

A valid exception to the "high-probability win" school of thought does exist. One way to familiarize a potential customer with your firm's capabilities and credentials is to bid a low-probability opportunity. When executed as part of a comprehensive marketing strategy, activity like this can be the basis for relationship-building and future work.

It all comes down to the OI&Q strategy of bidding smart. That means asking the hard questions mentioned above and disqualifying opportunities early on—as part of your BD strategy. Let's not gloss over the act of disqualifying. It figures prominently in the measurement of the BD team's pipeline.

This brings up the question asked recently about how much emphasis company leadership places upon not disqualifying low-probability opportunities early and, as a consequence, significantly affecting the size of a

pipeline and the eventual probability of winning.

A client recently shared the answer to this query with this experience: Bidding smartly is not necessarily building a fat pipeline. In her reality, if it's in the pipeline, it's real. Consequently, her BD group has a high win rate, although their pipe is not of the same magnitude as others with a win rate of only 15 percent.

There are added benefits of following an IO&Q process and bidding smartly. From a financial standpoint, by preventing low-probability opportunities from ever entering the pipeline, the BD team is a prudent steward of the corporation's B&P funds. Even more critical than the financial aspects are the personnel and psychological ramifications of strictly following an IO&Q process. Bidding everything that moves and building a fat pipeline has the effect of eventually burning out and de-motivating the BD team and drastically lowering your proposal win-rate. A client recently offered from experience that, after too many losing bids, it becomes harder and harder to get the team interested and excited about the next pursuit, given the extent of both the professional and overflow to personal time that goes into preparing a response to an RFP. There's another drawback that's seldom factored in when low probability opportunities are not

disqualified early on. Although infrequently required in bidding, it's in the "orals" portion of an RFP, where enthusiasm and work ethic play a big part, that true belief in an organization's capability—or lack thereof—eventually seeps out.

Responding to corporate pressures may be the real "fly in the ointment" with respect to professionally executing an IO&Q process. By this we mean can the BD team stand their ground and disqualify opportunities early-on thus saving overhead time and expense, while attempting to meet corporate growth goals as measured by pipeline size, number of prime bids and proposals submitted? If the BD team is constantly overridden by management and directed to bid non-qualified opportunities, an untenable situation develops leading to mistrust and unintended consequences along with a downward spiral of productivity and success.

In many aspects, a full blown Opportunity Identification and Qualification process is the missing link in most organizations' Business Development revenue growth strategy. Followed correctly, IO&Q can set the stage for a valid pipeline, prudently invested B&P budget, and high win rate demonstrated by excited and motivated BD individuals who believe in their heart of hearts they can win.

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