

# Preparing Your Project for Re-Compete and Close-Out: The Role of the Project Manager

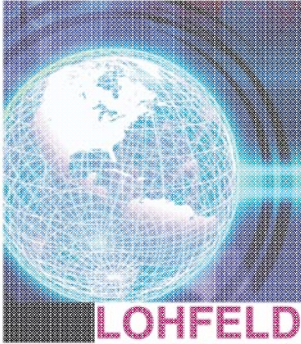
Presented to: *PMI-WDC, Fair Lakes, Virginia Lunch Series, July 1, 2014*

Presented by: *Lisa Pafe, PMP, CPP APMP*

*Principal Consultant, Lohfeld Consulting Group, Inc.*



# Agenda



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- Definitions
- Why should you care?
- Re-compete
  - Pre-RFP
  - Post-RFP
- Close-out
- Conclusions



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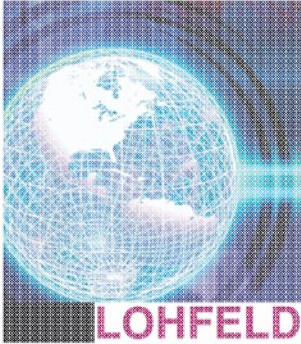
# Definition

Features	Re-compete	Close-out
All option years exhausted, OR	x	x
Customer decides not to exercise an option	x	x
Customer still has need for the work	x	



# Both Re-compete and Close-out Require...

- Understanding the PMBOK Closing Process
- Knowing when the project ends
- Planning from day one based on end date
- Procurement Close and Project Close SOPs
- Documentation/Archival
- Lessons Learned



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# Why Should You Care?

1. *It is much more cost-effective to win a re-compete than to win new business.*
2. *Ineffective close-out causes payment delays and unnecessary administrative costs!*



**Generate More Revenues  
for Your Company**

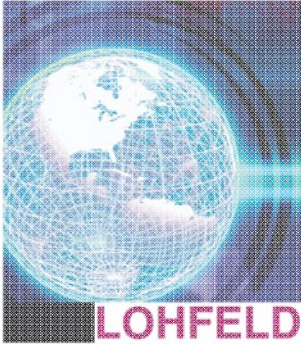


**Support the Project Team**



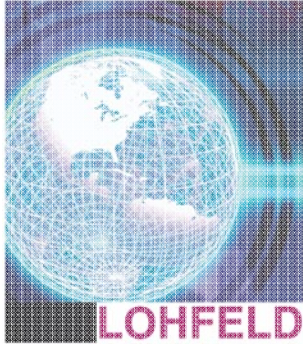
**Advance Your Career**

# Re-compete



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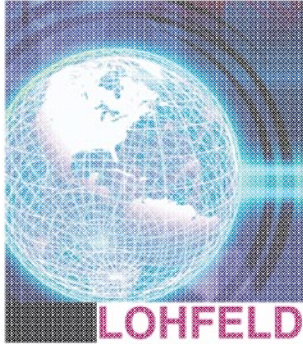




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# Rules of the Road

- All actions must be in compliance with PMI ethics
- Never detract from the billable project work
- Firewall all re-bid communications



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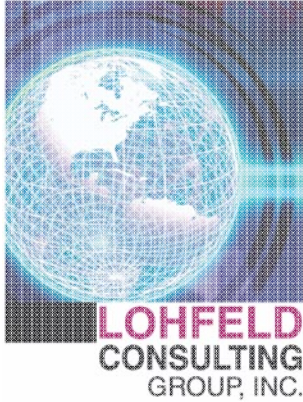
# Incumbents don't always win...

- The overall Federal win rate ranges from 30% (new business) to 70% (re-competes), on average according to a variety of industry research\*
- However, recent trends such as more competition and LPTA have decreased incumbent win rates: incumbents lose at least 50% of the time\*\*

\***Grant Thornton** *Government Contractor Industry Surveys, 2010-2012*, **Shipley** 2010 survey

\*\*Empirical studies by Washington Technology and SM&A





# Understand the Customer's View of the Incumbent

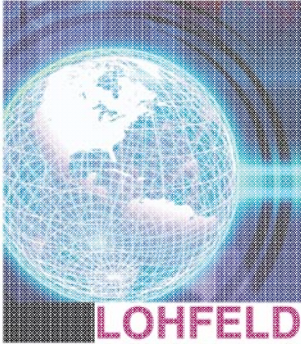
- Pros:

- No transition
- Low risk
- No mission impact
- Keep the same people

- Cons

- More expensive
- Same ideas
- Less innovation
- Keep the same people

**Incumbent-itis:** False sense of security, complacency and over-confidence that results in failing to take the proposal process seriously and thus losing the re-compete bid.



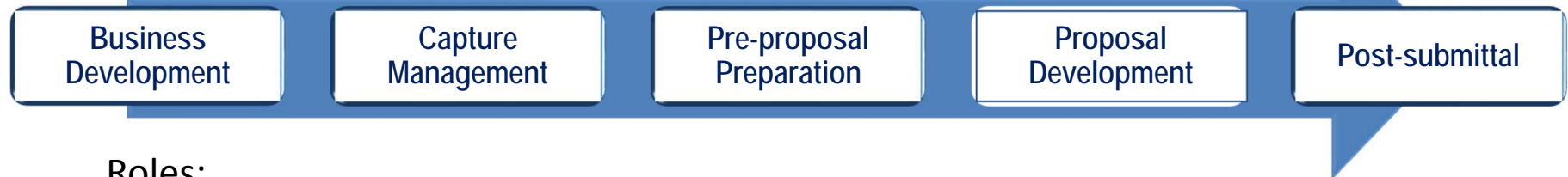
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# Actionable Steps: Pre and Post-RFP release

Start here!

RFP  
released

Orals, Q&A, final  
proposal  
revisions and  
BAFO



## Roles:

- Business Developer
- Capture Manager
- Proposal Manager
- SMEs/Solution Architects
- Writer
- Reviewers
- Pricing Analysts

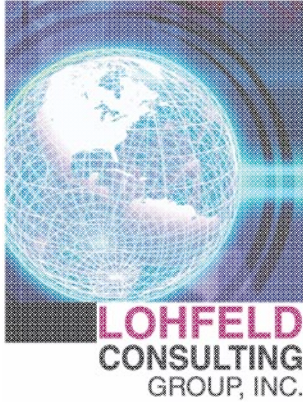
*Partnership is key!*

# Pre-RFP



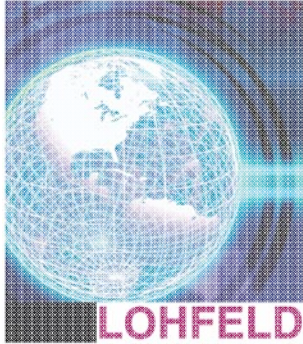
- Tension between:
  - Risk aversion and real or perceived need for fresh perspectives
  - Low risk versus low price





# Customer Relationship Management (CRM)

- Honestly assess your relationship
  - Are there any problems or performance issues?
  - Have these issues been addressed successfully?
  - Have you taken proactive, preventive measures to prevent recurrence?
- Get to know the customer, and ensure they get to know your company
- Build the risk aversion



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# Past Performance

- Focus on project execution excellence
- Continuously introduce improvements and innovations
- Ensure the past performance evaluation reflects high quality work and customer satisfaction

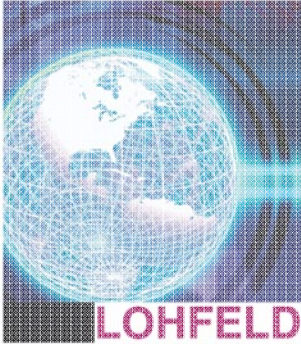
*“The government will likely use the incumbent's past performance evaluations as a major factor in the re-compete process.”*

-GovWin by Deltek



# Price Competitiveness

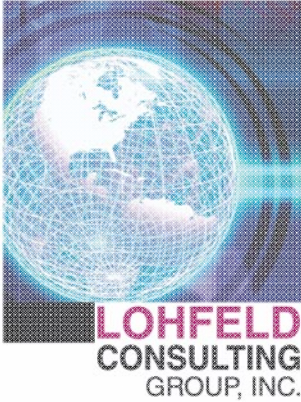
- It is difficult for incumbent to come in as lowest bidder due to more senior labor categories
- Start greening early to transition more junior staff onto project (staff from contract start may be overqualified and command a higher salary than more entry-level yet qualified replacements)
- Look for areas where innovation (technology, process improvement, etc.) can reduce costs



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# Competitive Intelligence

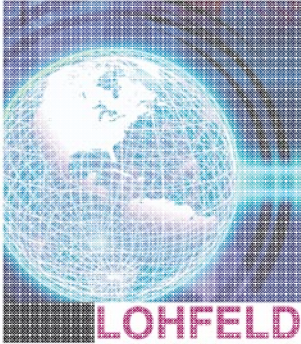
- Because you are on-site, you can serve as an “ethical spy”
- Who is visiting with the customer?
- Who has offered brown bags and seminars?
- Who else is working for the same customer?



# Influence (with Caution)

- You know the scope of work, so you know what is most important
- Influence the new solicitation to your advantage
- Evaluation factors are key:
  - If transition plan, past performance and key personnel are weighted high, that favors the incumbent
  - Do you have discriminators that can be woven into the solicitation?





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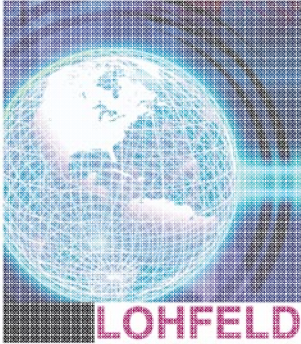
# Know the Decision-makers

- Government agencies establish a Source Selection Board to review proposals
  - Who will be on the Board?
  - Do you know the final decision-maker (Source Selection Authority)?
  - Do you know the Contracting Officer (not the same person as the COR/Government Project Manager)
- Learn the hot buttons of all stakeholders (programmatic, economic, acquisition)



# Pre-Position the Team

- Two scenarios: You remain the prime or you have to be a subcontractor
- As prime for the re-competed contract:
  - Keep your performing teaming partners loyal
  - Replace non-performers early
  - Eliminate potential competitors by adding them to team
- As subcontractor:
  - Can one of your teammates be the prime?
  - If not, who else makes a good teaming partner?
  - Can they be brought in early to fill open positions?



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# Save all artifacts to use as proposal “proof points”

- Congratulatory emails
- Awards and certificates of appreciation
- Customer quotes and kudos
- Award fees
- Achievements (performed testing with zero rollbacks; brought in web redesign under budget; identified efficiencies and/or new technology that saved the customer money)
- Project library (strategic plans, deliverables, research)
- Resumes



# Post-RFP: Do not fear the proposal

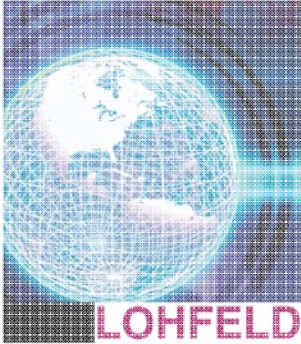


**Proposal to:  
Our customer**

**Proposal for:  
Our project**

- Proposal – it is not 4 letter word
- Because you started early, it will be relatively painless





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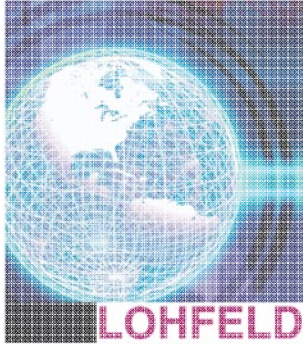
# Contribute your Knowledgebase

- Leverage repository and technical library for proof points
- Coordinate with customer on past performance evaluation
- Serve as SME to help with management, technical, and past performance proposal sections
- Gather and update resumes
- Provide actual costs to help build price



# Compare the Solicitation to Current Scope of Work

- What do these changes signify?
  - Do they reflect changes/technological advances in your industry?
  - Do they reflect the processes and methodologies you already employ?
  - Do they include certifications you do or do not have?
  - Do they indicate a desire on behalf of your customer to increase or decrease the current level of service?
- Which RFP requirements seem to be related directly to your performance as the incumbent?



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# Help Build the Solution

- Simply stating you are the incumbent is not enough -- evaluators review proposals in accordance with evaluation factors
- Winning solutions don't just happen
  - Address all RFP requirements to show knowledge only the incumbent possesses
  - Link your solution to your customer's hot buttons, and build features, benefits and proofs that demonstrate high likelihood of mission success
- Be honest about performance problems, but focus on how you have resolved them successfully



# Have the Best Proposal

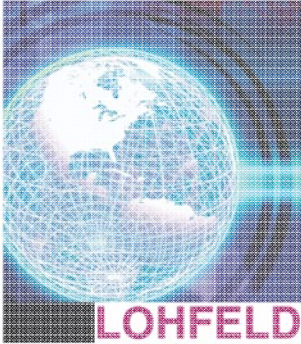
- Expectations are higher for the incumbent's proposal
- Evaluators expect to see your experience with and knowledge of the contract translate into a much greater level of detail
- Best-informed has better chance to solution effectively and price competitively





# Bring Home the Win!

- You are an integral part of the team, along with BD, capture and proposal staff
- Build a positive culture around winning:
  - Start early
  - Think strategically
  - Be prepared
- No matter what the outcome, capture lessons learned



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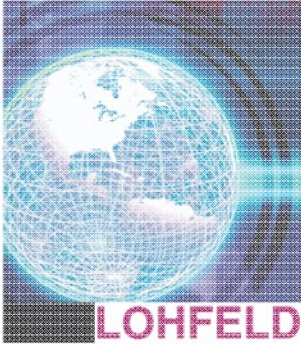
# Contract Close-Out





# Procurement and Project Close

- PMI PMBOK definition encompasses two processes:
  - Close Procurement – a single project may have multiple procurements/contracts; each must be closed
  - Close Project – work has been verified, delivered, and accepted by customer
- You can only close the project after you have closed the procurement(s)



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# PMBOK Closing Group Concepts

- Administrative
- Financial
- Legal





# Project End

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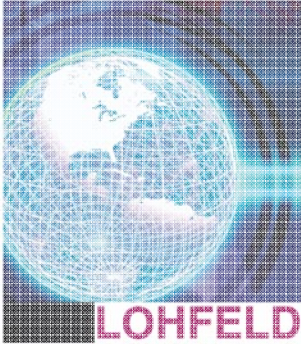
- According to PMBOK, the end of the project is reached when:
  - All objectives are met, or
  - Objectives cannot or will not be met so project is terminated
  - Need for project no longer exists
- Federal Acquisition Regulation (FAR) 4.804: A contract is considered physically complete when:
  - Contractor has completed the required deliveries and Government has inspected and accepted the supplies.
  - Contractor has performed all services and Government has accepted these services.
  - All option provisions, if any, have expired.
  - Government has given contractor a notice of complete contract termination.



# Government Perspective

- They are in no hurry

<b>Standard Closeout Timeframes</b>	
<b>(FAR 4.804)</b>	
<b>Timeframes</b>	<b>MOCAS Codes and Contract Types</b>
6 Months	<b>J</b> FIRM FIXED PRICE
36 Months	<b>L</b> FIXED PRICE INCENTIVE <b>R</b> COST-PLUS AWARD FEE <b>S</b> COST CONTRACT <b>T</b> COST SHARING <b>U</b> COST-PLUS-FIXED-FEE <b>V</b> COST PLUS INCENTIVE FEE <b>Y</b> TIME AND MATERIALS <b>Z</b> LABOR HOUR
20 Months	<b>A</b> FIXED PRICE REDETERMINATION <b>K</b> FIXED PRICE W/ECONOMIC PRICE ADJUSTMENT <b>O</b> OTHER – BASIC ORDERING AGREEMENT/BLANKET PURCHASE AGREEMENT (BOA/BPA)



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# Government Close-out Steps

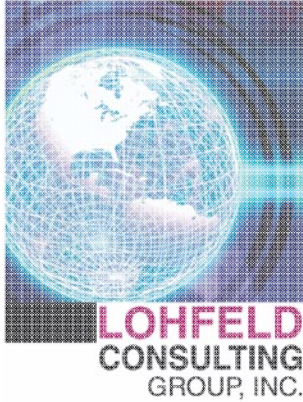
- Disposition of classified material
- Final patent report
- Final royalty report
- No outstanding value engineering change proposal
- Plant clearance report
- Property clearance
- All interim or disallowed costs settled
- Price revision completed
- Subcontracts settled by prime contractor
- Prior year indirect cost rates settled
- Termination docket completed
- Contract audit completed
- Contractor's closing statement completed
- Contractor's final invoice submitted
- Contract funds review completed and excess funds de-obligated
- Contract completion statement prepared



# Common Reasons for Close-out Problems

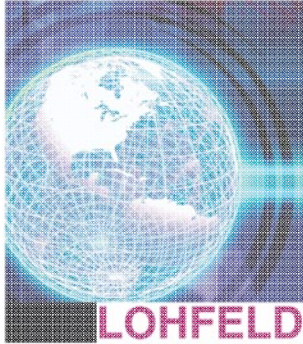
- Project success makes review and close-out seem unnecessary
- Project failure makes us want to move on
- PM is already focusing on next project
- Management wants to “save money”
- Lack of processes/procedures for controlled close





# Make Closure Easier

- Develop and/or tailor closure processes as part of transition-in/initiation
- Continuously confirm and document work meets requirements
- Index and archive records (including inventory) electronically
- Keep track of funds for customer final review



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# Government-Required Documentation

- Document formal acceptance of all deliverables to customer (COR) and contracts (CO) in accordance with delivery instructions
- Document indirect costs, rates and invoices are accurate, meet payment instructions, and accepted; alert CO of discrepancies immediately
- Meet contract requirements for final performance reporting, warranty and product acceptance requirements
- Maintain accurate inventory of GFI/GFE/GFP to ensure ease of final disposition
- Document final closure of subcontracts



# Conclusions

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- Both re-compete and close proceed more smoothly if you plan from day one
- Understand what is involved in the PMBOK Closing Group and what your customer requires
- Document and archive everything!

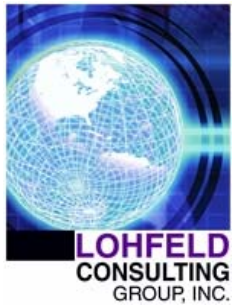
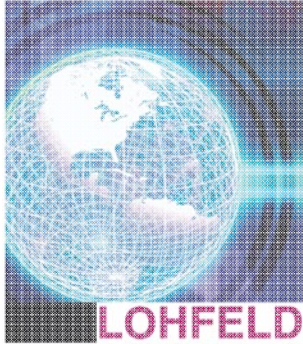


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# Questions and Answers



# About Lohfeld Consulting Group



**Lohfeld Consulting Group specializes in helping companies create winning proposals.** We are the premier proposal services consulting firm focused exclusively on government markets. Our services include: go-to-market strategy and execution; pipeline development; capture management; proposal management, writing, and review; capture and proposal process consulting; WinCenter™ integrated capture and proposal tool; and professional training.



## Contact Lisa Pafe

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