

Notes from National Contract Management Association (NCMA) Panel Understanding the Proposal Bid-No Bid Decision – How to Increase Competition

Panel Members

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Moderator

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Approximately 62 people attended this event. Attendees submitted questions for the panel upon registration. A list of the questions submitted is below along with the panel member responses to the questions that were discussed during the event in [blue](#).

NCMA Panel Questions 26 June 13

Contract Type and Length of Contract

How does the contract type impact the bid-no bid decision process?

Does the mandated 3 year term on Knowledge Based Services encourage competition or not?

Communications

What actions could the government take to increase communication with industry?

[NAVAIR has been doing a good job of communicating with industry lately. Events in town to inform industry of furlough plans and budget issues are very helpful to industry. Industry has to plan as well and understanding what the customer is thinking and planning is very helpful to industry.](#)

[NAVAIR can do a better job of communicating, especially on the status of specific requirements/procurements. One panel member provided an example of how lack of communication impacts industry and, in turn, impacts industry's overhead rates. A summary is below.](#)

[About 2 years ago NAVAIR held an industry day for a large requirement to provide rapid response type services. During the industry day, NAVAIR stated that the RFP should be out in about 6 months. Industry started expending bid and proposal funds in preparation for the pending RFP. The next communication from NAVAIR was that the RFP release date was going to slip a few months. Then, NAVAIR was silent and 1.5 years after the Industry Day, NAVAIR communicated that the acquisition strategy was being completely rewritten. By this time, the companies interested in this procurement](#)

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had expended \$750K - \$1M in bid and proposal funds. The costs get passed to customers as part of overhead rates.

SPAWAR Charleston holds a quarterly event where contracts briefs the status of key procurements. This was cited by the panel members as a best practice and very valuable to industry. During this event, industry is given an opportunity to meet with SPAWAR technical personnel. The waiting list for this opportunity is 2 years long. It would be helpful if NAVAIR would implement this best practice.

Industry wants to support the warfighter. Many in industry are not in it just for the money. Many industry personnel are retired military and they want to continue to provide the best support to the warfighter. In order to do this, it is important that industry understand the government's requirements so they can offer the best possible solution.

Industry stated that sources sought announcements are helpful to them however, when responses to several sources sought announcements are all due around the same time, it is challenging for small businesses to respond.

How important is it to industry when the government asks for feedback on a draft RFP and/or suggestions on how they could structure a procurement for increased competition?
Extremely important /valuable to industry. It sends a message that the government really wants competition.

What actions by the government would make your company more likely and less likely to respond to an RFP?

A concise, functionally aligned SOW. One small business panel member stated that if the RFP asks for several different labor categories (i.e. security, admin, logistics, IT etc), it makes it harder for a company that specializes in one or two areas to propose.

An industry day or an opportunity to meet with NAVAIR technical personnel so industry can get more detailed information on specific opportunities. In these challenging times and declining defense budgets, industry is going to be even more selective on what opportunities they choose to pursue. Industry does not submit a proposal if they don't think there is a strong probability that they will win the award.

Industry has an approval process they go through when deciding whether or not to submit a proposal. How well they know they understand the customer's needs has a big impact on whether or not they choose to submit a proposal.

Delays in contract award significantly impact industry.

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How can the government make it clear the procurement is not wired for a particular business and that we really do want competition?

Business Development and Market Intelligence

How does industry learn of upcoming opportunities?

NAVAIR's Long Range Acquisition Forecast is very helpful to industry. It is important that the forecast be accurate. The panel members stated that it would be ideal if NAVAIR updated the LRAF quarterly. Currently NAVAIR updates in once a year. More frequent updates, even 2X a year, would be beneficial to industry. More frequent updates would also benefit the government by helping to lower overhead costs resulting from intelligence gathering and bid and proposal costs. LRAF accuracy is important to industry.

Describe the capture process – what is it?

How far in advance does industry start to track procurements and decide to compete?

Up to 5 years. Industry typically will start to work on teaming arrangements and a proposal strategy 12-18-24 months prior to the RFP release.

Teaming Agreements and Deciding Whether to bid as a Prime or Subcontractor

How does industry make teaming decisions/agreements? How long does it take to work out these arrangements?

Industry makes teaming agreements based on the type of work to be performed and gaps in their expertise. Industry typically teams with companies they have worked with in the past.

How does industry decide whether to prime or sub a procurement? [See above.](#)

What infrastructure should a company have in place in order to commit to becoming a prime?

What was the biggest thing you would do differently when you or your company first became a prime?

Bid and Proposal Process

How much money does it cost to prepare a proposal?

It depends on the size and complexity of the proposal but it could be \$20K to millions.

Do small businesses have full time proposal writers?

Typically no – the proposal writing is performed by employees who already work a full week.

What kinds of things in an RFP make industry think the procurement is geared towards a specific contractor? [Very specific labor category qualifications, requirement to address specific technical aspects that only the incumbent would know, short proposal turnaround time, little to no communication with industry prior to RFP release.](#)

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Some say it is too late to decide to compete once the synopsis or RFP is issued. Is this really true?

Yes, most definitely. Industry is not going to submit a proposal if they don't think they can win the contract. Once the synopsis or RFP is issued, it is too late to start working on teaming agreements and understanding the customer's needs. Industry starts tracking potential opportunities up to 5 years in advance.

Where does bid and proposal money come from?

Overhead rates.

Personnel

Are there concerns about a drain of talent from the southern MD area due to tripwires?

Significant concerns. Panel members stated the government has yet to feel the full impact. Contractor employees may take lower pay in the short run, but in the long run, they will look elsewhere for higher paying work. Industry is already starting to see this happen.

Is NAVAIR accessible for industry to let us know about their capabilities? Is it hard to market to NAVAIR and to "get your foot in the door"?

Trip Wires and Low Price Technically Acceptable

With the new Trip Wires being in place, do the contractors plan to propose labor rates for their employees that conform to the current trip wires per labor category?

Quite a bit of discussion on trip wires centered around industry's experience that lower level employees will not request approval for rates over the trip wires even if it may be justified. Industry would like to see different tripwire rates for subcontractors. Subcontracting is the way many small businesses get their foot in the door and the primes, who are required to subcontract by law (subcontracting plan), either cut the subcontractors rates or hire the subcontractor's employee so the employee can retain their salary (pass through costs applied on top of the subcontractor's rates tend to make the rate exceed the tripwire). Who is paying attention to small business subcontracting to ensure the large business primes are still making good faith effort to meet the subcontracting plan goals?

If they do not propose rates in conformity with the trip wires rates, will they worry that they will not win the contract?

Yes, they do not believe they will win the contract if they propose rates exceeding the trip wires. This will lead to proposing minimally qualified personnel to perform the work. Industry members stated they expect an exodus of highly skilled people from the Pax River area and that the worst is yet to come.

Does the contractor community feel that proposals will be judged on lowest price, technically acceptable with the trip wire rates being in place?

Yes. A government employee in the audience expressed concern that she is not seeing the A level proposals from industry, to include submission proposals addressing streamlining or more innovative ways to perform the work. Industry responded that the government is not going to see the best (A) proposals because it is industry's perception, based on results of recent competitive awards, that the A proposal will not win. Even if the RFP is best value, it is industry's perception that the lowers priced proposal will win, therefore submitting an A proposal is not in the best interest of industry. Are the right companies going to compete? Are we going to lose companies and people with niche capability?

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Per industry, LPTA is acceptable for work such as help desk support, IT, administrative positions, but not for highly skilled technical expertise that NAVAIR requires. Industry expressed a concern about being able to recruit and retain qualified people to support NAVAIR. Employees expect a good salary and benefits.

A panel member stated that many RFPs look exactly the same as they did 5-10 years ago – should they? Is the government taking enough time up front to adequately prepare the RFP?

Industry members stated that the market and decreasing funds are going to naturally drive competition. Using LPTA to force even lower proposals will result in unintended consequences.

How does the contractor community plan to propose for their highly experienced employees as being crucial to the support and justify their high rates?

In many cases, industry is not going to try to propose highly experienced personnel because their technical customers are not supportive of the higher rates. It was discussed that Level 1s are approving higher rates, but in many cases, the Level 1s are not seeing requests for higher rates because their employees are not bringing the requests to them, they are turning them down at their level.

Are the trip wires going to be written into the FAR?

It appears that awards are being made to low bidders who are at least 10% below the next higher bidder, regardless of the quality of the proposal because commands are unwilling to ask for a tripwire exception. [See answers to other related questions.](#)

How can an incumbent survive when the challenger essentially bids the incumbent's people at 50% - 70% of the current cost and then offers them a reduced salary to keep their jobs? It's especially difficult when after award the government works with the winner to retain the right people at these reduced salaries. [See answers to other related questions.](#)

Why does the government continue to advertise "Best Value" when everyone knows the awards are "Low Cost Technically Acceptable"?

With LPTA (low-priced, technically acceptable) procurements becoming more common, prices will converge and perhaps are already converging. How do non-cost factors play in this scenario when, by advertising LPTA, bidders will not spend time/money (B&P) developing technical approaches, management plans, etc. since the direction is to just be acceptable? [See answers to other related questions.](#)