



# Factors to Consider When Creating a **Bid/No Bid Strategy**

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## THE FIRST MOVE IS TO FIND OUT IF THE CLIENT IS REALLY LOOKING FOR A SOLUTION OR SUPPLIER.

Saskatchewan companies have improved both the quality of their bid submissions and the way they evaluate requests for proposal (RFPs) over the past 10 years. Businesses in our province are now starting to recognize the importance of having a proposal management process in place. Entrepreneurs are adjusting their systems and ensuring that they and their staff are prepared and have the skills to evaluate and respond to RFPs.

Since preparing a proposal is time-consuming and involves many resources, it is wise to be certain that your company has a good chance of winning before you spend the time and energy.

The best way to be sure is to have a “bid/no bid” strategy that takes into consideration short- and long-term factors, such as your relationship with the client, your company’s ability to deliver, the anticipated risks and profitability, and the project’s alignment with your company’s overall direction and goals.

Here are some of the main questions companies have to ask themselves to come to a decision on whether to bid.

### **Is the opportunity real?**

The first move is to find out if the client is really looking for a solution or supplier. A very good indicator is the existence of an incumbent – and whether the incumbent is doing a good job. The client may just be ensuring they are getting the best value from the incumbent, or they may actually be looking for a replacement. Finding out who the incumbent is clarifies the situation. Another indicator that the opportunity is real is the availability of funding. If it’s not stated in the RFP, it is worth asking what the budget is.

### **Can we solve the client’s problem?**

If you know that your service, solution, or product does not align well with what the client is looking for, and the competition’s does, think twice before going ahead. For example, if the client’s goal is to scale up, and your product meets the client’s current needs but does not offer expansion, it’s probably not a good idea to pursue the opportunity.

### **Can we deliver on time, within budget, and maintain quality?**

After exploring the requirements, conduct a self-assessment and answer these questions honestly:

- Have we completed a similar project of the same size on time and within budget?
- Can we deliver the project successfully?
- Do we have the resources? Do we need to hire more staff?
- Do we need new skills or new equipment?
- Should we team up with another company to meet the requirements? What type of partnership would work? Subcontracting?
- Will having a partner strengthen our position or highlight the gap in our capability? Does the RFP allow teaming up?

### **What are the anticipated risks? Can we mitigate them?**

Risks might include a dependence on material supply from an unstable market or the effect the new project might have on the quality of your service to other clients. It might be a forecast client merger or the capabilities of the tools your company is using. Look into all possible risks and discuss a rough plan for dealing with them.



## IT IS IMPORTANT TO INVOLVE BOTH YOUR BUSINESS DEVELOPMENT TEAM AND YOUR DELIVERY TEAM IN THE EVALUATION AND THE DECISION.

### **Are we going to make a profit?**

Ask your team to come up with rough estimates of the cost and the price range you can offer – including a profit margin – and benchmark that against the marketplace. If the price range does not seem to be in the winning zone, maybe it's smart to look for other, more profitable opportunities.

### **Does the opportunity align with our direction and goals?**

If the opportunity is for a service or product that your company is working on growing, then the submission is likely a perfect opportunity to show the client, and your competitors, that your business is now strongly offering this service or product, even if it means minimal profit on this project.

Or, the opportunity might be in a new market that you want to enter, so the decision to bid or not becomes a strategic one, with risks and profitability having minimal influence on the decision.

### **Do we have enough time and resources to prepare a strong proposal?**

The window to prepare and submit a proposal is usually short. Consider the availability of the resources needed to prepare the proposal within the submission timeframe when making the bid decision. Make sure your subject matter experts are available to provide thoughtful input and your proposal team has enough time to put together a responsive proposal.

Companies use different tools to weigh these factors and reach a decision. These tools range from a simple checklist of questions or a decision flowchart, to a scorecard that assigns weights to each question and computes a global score that is compared against a threshold acceptable for bidding. Some companies use e-tools to help with the calculations.

### **Whom to involve in the bid/no bid decision**

It is important to involve both your business development team and your delivery team in the evaluation and the decision. You need the marketing team, with their knowledge of the market and the competition; the sales team, who have the relationship with and insight on the client; subject matter experts with knowledge of the product or solution; project managers, with their knowledge of timelines and availability of resources; the legal department, if it is a new market or if the terms and conditions are complex; and sometimes HR, if additional resources are needed. Consensus is key to successful operations and team work, especially if the bid decision is a strategic one.

If you decide the proposal is a go, all teams involved in preparing the response will have good knowledge of the submission, so the bid/no bid exercise is not a waste of time. And if it is a no go, then they are freed up to concentrate on other opportunities that your company has greater chances of winning.



## DECIDING NOT TO SUBMIT A RESPONSE CAN BE BETTER THAN THE CONSEQUENCES OF SUBMITTING ONE THAT DOESN'T MEET THE RFP'S REQUIREMENTS.

### The bid/no bid evaluation is not a one-time exercise!

Best practices call for bid/no bid evaluation for every opportunity, big or small. Best practices also advise continuously conducting the bid/no bid evaluation throughout the proposal preparation process, not just when the RFP is received.

Revisit your decision if you receive significant changes to the RFP requirements, when you review the designed solution against client requirements, when management arrives at the final pricing, and when the compiled submission undergoes final review. Deciding not to submit a response can be better than the consequences of submitting one that doesn't meet the RFP's requirements.

It is also insightful to review bid/no bid decisions and look for trends. The review can be annual or bi-annual depending on the number of opportunities you consider each year. The review will provide answers to questions like these:

- Are we making the right bidding decisions?
- Is there a specific service, product, or market that we are not evaluating properly?

- Are we considering the right factors in the evaluation of a specific market or solution?
- Are we giving the factors the right weight in the overall score?
- Do we need to update our threshold score?

Once you identify the trends, you can adjust the bid/no bid process and update the tool you use. You might even come up with a different tool for each product line or market.

Companies that include a bid/no bid strategy in their proposal management process – meaning they do the exercise for every opportunity – end up winning more. So stop chasing losing opportunities and focus your efforts on those that have bigger chances of winning.



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Banda Marketing Group Inc. was formed in 1997. The firm provides strategic marketing, sales management, and proposal management services to entrepreneurial companies. Over the past two decades, the firm has helped over 200 companies increase revenue and profit.

#### **Proposal Management Increases Winning Rates**

Ruba Qaqish most often works with business owners and business development teams that would like to prepare and submit proposals more efficiently. Proposal management drives bid-winning and reduces opportunity costs. Ruba holds an engineering degree and is a certified member of the Association of Proposal Management Professionals. She has managed proposals for small and large projects in various industries.

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