



Welcome to the Webinar:

How to Price Bids that Win Federal Contracts *and* Make a Profit

We will start at 8 am ET....

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How to Price Bids that Win Federal Contracts & Make a Profit



Speaker:

Marsha Lindquist, CP APMP, NCMA Fellow

480-513-1132

<http://www.GraniteLeadershipStrategies.com>

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What You Will Learn - Take Aways

- What is pricing strategy?
- How to evolve your project life cycle costs for profit
- When and how to take control of your subcontractors' pricing
- Why you need to consider efficiencies to beat your competition



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Your Mantra

We never
lose on
price





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Designing a Winning Price



- Art and a science
 - ✓ Cost is what it costs you to do the work (science)
 - ✓ Price is market driven
 - ✓ Price is cost plus strategy considerations (art)
- Pricing Strategy = Price That Wins AND Makes \$!
- Considerations
 - ✓ Design to cost
 - ✓ Solution-based
 - ✓ Risk factors - push to the edge of the box
 - ✓ Added value - worth it?



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Pricing Strategy - What's that?

- Those decisions and deliberate actions which drive your ultimate price that wins
- Not cost plus fee
- Cost plus risk (aggressive or conservative)
- You can impact cost – but you can impact the price more
- Biggest impact is on methods and decisions that influence the value you add and whether the customer cares about that value



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1. Polling Question (choose multiple)

What top pricing strategies do you take to get to bid price?

- ☐ Cut indirect rates
- ☐ Focus on profit margins
- ☐ Push our subcontractors/suppliers to lower targets
- ☐ Emphasize conservative labor rates
- ☐ Cut escalation to the bone
- ☐ All of the above



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What Most Do Get To A Winning Price

- Cut fee/profit margin
- Cut indirect rates
- Cut escalation



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Top Pricing Strategies for Your Toolbox



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2. Polling Question (choose 1)

In General, Your Staffing Strategy - Price Minimum or Deliver “Best”?

- ☐ Drive hours, #people, & salaries to lowest
- ☐ Let technical drive solution=high salaries
- ☐ Don't plan anything on the staffing plan
- ☐ Give best for keys & bid the rest depending upon demand



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Evolving Project Life-Cycle - Best Practices

Considerations

- “Incumbentitis” salary creep
- Escalation is not a fact of life
- Named individuals, salary surveys, company average salaries

Pricing Strategy

- Consult respected salary surveys
- Salary surveys you pay for are representative of the market
- Plan replacements at lower levels as attrition occurs
- Name individual salary only if they are key
- Agreements may require certain practices – plan change



Key: The Real Way to Profit is to Plan for Replacements & Right Mix!



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3. Polling Question - Subcontractor Pricing (choose 1)

How often do you give your subcontractors or suppliers target prices to achieve in your bidding process?

- ☐ We give them targets every time
- ☐ We never give them targets
- ☐ Our subcontractors and suppliers just hand us the pricing at the last minute and we don't have time to negotiate
- ☐ We wait until they give us the first pricing and then give them targets



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Pricing Your Teammates Right -Best Practices

Considerations

- Teammates need target prices set by prime!
- Data calls deadlines = commitment to meet price
- Incentive to trim price?
- Dug in on profit margin?

Pricing Strategy

- Challenge them!
- Make your teaming language "price solid" – changes?
- Data call dates must be genuinely adhered
- Do your homework – their history
- Advance pricing strategy discussions – common vision - escalation & fee
- Do price analysis & negotiate long before due date – they can hang you up
- Get agreement on basics – escalation, fee
- Discuss shared B&P costs



Key: Get Teammates Involved in Pricing Strategy!



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4. Polling Question (multiple OK)

What are the biggest reasons you miss the mark on price?

- ☐ Don't understand what the customer wanted
- ☐ Aimed for one price; winner was way below us
- ☐ Told to get to specific wrap rate but it was not enough
- ☐ Do no or little homework about competitors or price to win
- ☐ Did not know what our costs were in time to make an informed decision



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Realizing Efficiency Savings -Best Practices

Considerations

- Competitors will be sharpening their prices
- Reality: Competitors will do everything to take it away from you
- Your Reality: You will reap rewards if you take it away from them - grow your business

Pricing Strategy

- Where can you make technical improvements?
- What performance efficiency have you realized?
- What can you do differently that saves the customer\$?
- Where have you realized efficiencies that you factor into the pricing?



Key: Performance Efficiencies Save Big Bucks!



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Key Take Aways

- **Evolving Project Life-Cycle**
 1. Plan replacements at lower levels as attrition occurs
 2. Use paid salary surveys
- **Pricing Your Teammates**
 1. Do price analysis ahead of time to know targets
 2. Get solid teaming language to change pricing
 3. Stay on schedule!
- **Realizing Efficiency Savings**
 1. Know your technical improvements \$
 2. Study your own historical savings

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Thank you! Questions?

Subject Article - email Marsha to obtain

Marsha@GraniteLeadershipStrategies.com

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- *Send Questions:*

➤ Questions@targetgov.com

- ***The Basic Guide to Government Contracting*** By Gloria Larkin



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