

Attitudes to Incumbents

What Procurement Professionals really think about incumbents' performance at rebid





Introduction

Between November 2012 and January 2013 Rebidding Solutions conducted a survey of procurement professionals to find out what their experiences and attitudes are towards incumbents and their performance in rebidding.

There is little survey information available on rebids in general, and even less on procurer’s views of incumbents and what this important group of stakeholders want to see from incumbents – and what they actually experience. Whilst bidders get their own feedback from customers after they have won or lost a particular bid or rebid, this information is held within the company (and even then often not collated into lessons to be used for the future). We wanted to get a broader perspective and to see if there were common views and experiences across procurement professionals in different countries and in different sectors that we could use to pick out lessons for incumbents to help improve their rebids.

We wanted some insight into what procurement experts saw as the common problems and issues with incumbents’ rebids, what they felt incumbents needed to do to improve, and what they wanted from incumbents’ proposals.

The results we received certainly gave us a number of points which we believe incumbents can use to improve their chances of rebid success – and avoid a number of common mistakes and approaches which clearly vex many of our survey respondents.

The term ‘rebid’ is not commonly used in the same context in the USA as it is in the UK and a number of other countries. The more common term in the US is ‘recompete’. As our survey was international we used the term recompete in the questions as whilst the term is most often used in the US it is clear across most countries what it refers to.

This paper gives a summary of the results to our survey. A full analysis of the results and, crucially, an analysis of the lessons for incumbents and what they can do to meet the needs and expectations of procurers like our survey’s respondents is available to subscribers to the Rebid Centre. For details of the Rebid Centre go to www.rebidding.co.uk

Who responded to the survey?

We publicised the survey on a range of LinkedIn Groups for procurement professionals. We received 50 responses from around the world and across government and private sectors. So our results can’t be seen as statistically significant for the entire procurement community; both as the respondents were self selecting and the numbers responding are too small for statistical analysis. However our main aim was not to create statistics, but to get opinions. And as you will see from the results we certainly received some strong opinions.

Survey respondents by Country and Sector

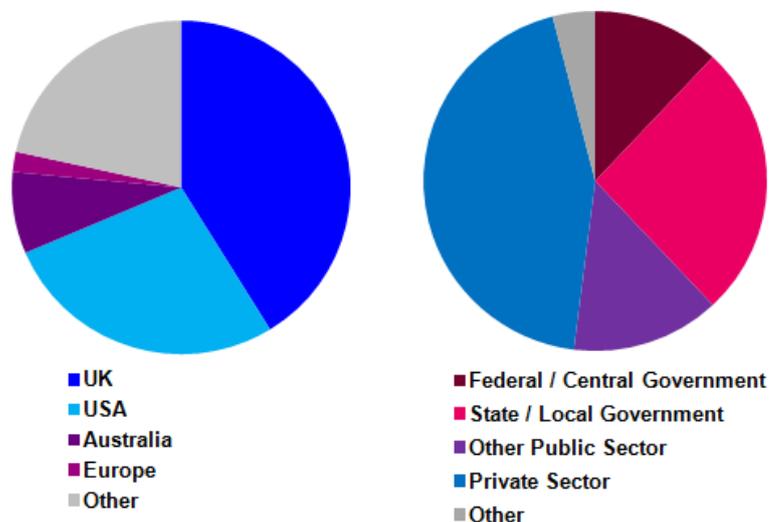


Figure 1



What questions did we ask?

We asked eight questions. Of these some gave the choice of specific answers. The rest simply asked respondents for their own experiences and thoughts. The questions were:

1. What do you expect of an incumbent at recompetete that is different to new bidders' approaches and bids?
2. Which specific aspects of an incumbent's bid should be superior to a new competitor's bid? (here we gave specific choices – see below)
3. What is your experience of aspects of incumbents' bids that have been particularly good, please give examples if possible;
4. What is your experience of aspects of incumbents' bids that have been particularly poor, please give examples if possible;
5. To what extent does an incumbent's performance on the contract impact on their chances of winning the recompetete? (we asked respondents to pick one of three options – see below)
6. What in your opinion are the primary reasons why incumbents lose recompetetes?
7. In your experience approximately what % of incumbents win their recompetete?
8. What is the most important thing an incumbent can do to improve their chances of winning their recompetete?

The Results

As we analysed the responses to the survey it became clear that respondents were sending some clear messages which crossed over between questions. So rather than simply listing the answers we received by question asked, we have pulled out these common themes and illustrated them with answers from a range of the questions we asked. First however let's look at the results from the questions where we asked for more specific responses and gave our respondents set choices to answer.

Which aspects of an incumbent's bid should be superior to a new competitors bid?

Figure 2 shows the percentage of respondents who chose each of the set answers. Respondents could pick more than one answer. On average they picked three each.

The most popular choice was 'Knowledge of our strategic priorities'

As one of the few questions where we set the options, we were encouraged that only 10% of respondents chose 'Other' indicating we have covered the more relevant areas.



Figure 2



Impact of incumbent’s performance on the contract

We asked respondents to what extent an incumbent’s performance on the contract impacts on their chances of winning the recompet. We gave three options:

1. It is not an important factor in deciding whether they win the recompet;
2. It has an impact but it also depends on the content of their recompet;
3. It is the single most important factor.

Respondents could only choose one option

The proportion of respondents choosing each answer are shown in figure 3

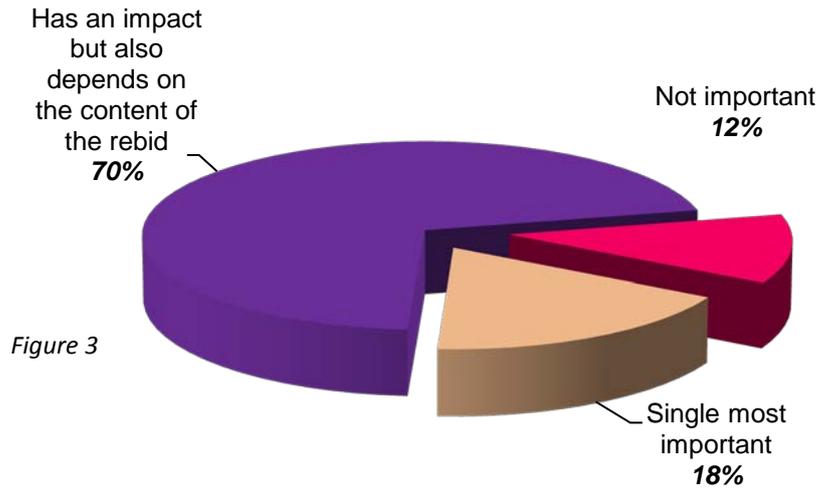


Figure 3

Percent of incumbents winning their recompet

We asked respondents to indicate from their experience what percentage of incumbents win their rebids. The overall numbers showed two peaks, so for this set of answers only we split the results out by country and by sector. There was no appreciable difference across countries. However the split between public and private sectors revealed an apparent difference in patterns. See figure 4.

As with all the answers to the survey the results are not statistically significant. However they suggest an interesting potential difference between the private and public sector experience.

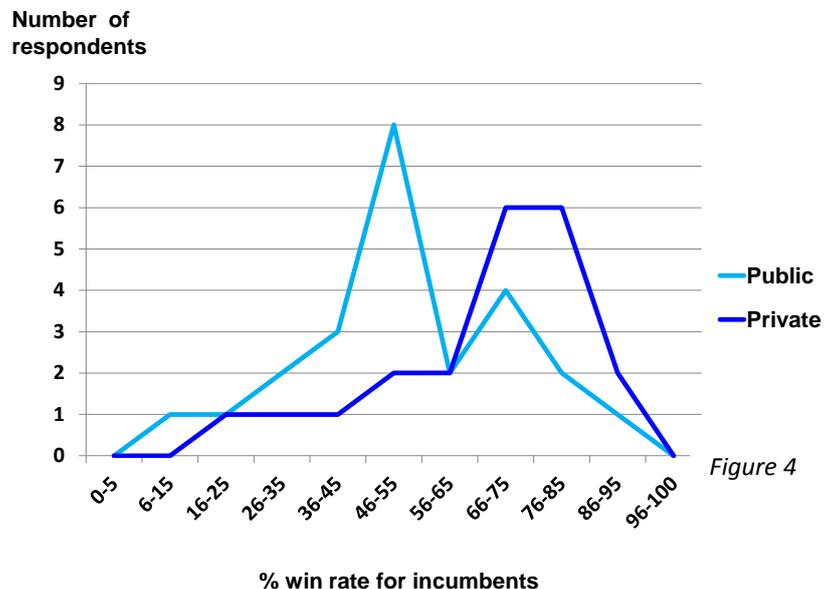


Figure 4



Results for other questions

As we have indicated above, the answers to the other questions we asked were not dictated by choices we set. We asked open questions and wanted respondents to give their own views. Respondents commented on their own specific experiences and thoughts.

As we reviewed these comments it became clear there were some specific groups of issues respondents had with incumbents' rebids which crossed the boundaries of answers to particular questions. Rather than simply give a set of quotes from the responses to each question in turn we have grouped answers into particular themes, which we will illustrate with respondents answers to a range of questions from the survey.

The groupings we have focused on are:

- **Complacency is a killer;**
- **Treat the rebid as seriously as a new bid;**
- **Deliver and improve performance on the contract;**
- **Build and maintain a strong customer relationship;**
- **Be honest about performance;**
- **Follow the tender instructions; don't assume the customer will fill in the gaps for you;**
- **Don't assume more of the same will win the rebid;**
- **Focus on the customer's strategic and cultural needs;**
- **Add value and innovate to beat the competition;**
- **Use your experience to deliver focused improvements.**

Some may feel the groupings reflect well known issues. However the fact our respondents still experience these issues would indicate there are still a lot of incumbents to whom the problems are not so obvious – or perhaps to whom the solutions elude them in the heat of a rebid.

As with any analysis of this type, others looking at the raw set of answers might group them differently and decide on a different set of themes. However we hope you will see from the quotes given that there is some justification to our own conclusions.



Complacency is a killer

Complacency amongst incumbents was perhaps the most common theme from the respondents' comments. For some it was the only word given in answer to a question. For others complacency was mentioned specifically within an answer, or was clearly implicated. Some of the specific answers illustrating this were:

Question: What in your opinion are the primary reasons why incumbents lose recompetes?

"Complacency"

"Complacency and over familiarity"

"Complacency and / or arrogance"

"Complacency and just presenting the current service with no new developments"

"Complacency - they assume and rely on the train of thought that I already know about them, who they are, what they do etc, and they lose sight of the fact that companies bidding to be new entrants will be aggressively competitive"

"Laziness, just expecting to be re-awarded"

"Complacency, arrogance, laziness and a tendency to presume the purchaser knows or can take into account poor performance"

Question: What is your experience of aspects of incumbents' bids that have been particularly poor, please give examples if possible;

"Arrogance and complacency"

"The incumbent thought they would get the contract without having to work too hard. They were complacent in their presentation of their offer. They didn't understand the strategic priorities"

"Complacent on winning and so not addressing emerging needs; pricing high as cost of change makes moving hard; adding price escalation metrics which look good but cost more over time; not answering the basic specification"

"Where they simply haven't put the effort in. They assume because they already have a contract they will win. There is also sometimes a tendency to go for 'business as usual' with no ideas or innovation. Complacency is a killer."

Question: What is the most important thing an incumbent can do to improve their chances of winning their recompetes?

"Don't make assumptions. A decision has been made to change something within the service; just because you provided the old service does not mean you will automatically win the next one"

Question: What do you expect of an incumbent at recompetes that is different to new bidders' approaches and bids?

"I expect the bidder to understand that it is fair game and not expect that they have the contract"



Treat the rebid as seriously as a new bid

As an antidote to being complacent, respondents had some clear advice for incumbents on how they should approach their rebid.

Question: What is the most important thing an incumbent can do to improve their chances of winning their recompile?

“Approach the bid as if it was a new client whom you really wanted to work for, because you have true value to add to the client's operation”

“Read and respond to the document as though it was a new business opportunity that they were keen to grasp - this is often why they won the business the first time round!”

“Bid as if it's a new contract (using their incumbency with a very light touch)”

“Give 100% effort to the new tender, treat it as new business”

“Do their due diligence (homework), ask questions, treat each solicitation as if it were their first chance at award”

“If given the opportunity, this is what I would tell them: “Don't assume you're going to win the recompile. Using the knowledge and experience you have acquired, respond to the bid as if it's brand new and the relationship doesn't exist because that's how the bids will be evaluated””

Question: What is your experience of aspects of incumbents' bids that have been particularly good, please give examples if possible;

“They treat the bid as if it were the first time bidding for the organisation and put the effort to show they are the best fit”

“Treat opportunity as new business and leverage their knowledge of the customer”

“I've seen incumbents take advantage of their existing position to put in a tender specifically focused around our needs taking into account geographic, political, cultural and operational factors. Where incumbents put in the same effort as they did to win the business first time round they tend to be able to put together a better submission than non-incumbents”



Deliver and improve performance on the contract

The comments from respondents expanded on their views, as expressed in question 5 about the impact of performance on the contract and its impact on the rebid: that incumbents need to focus on delivery throughout the contract period of they are to increase their chances of rebid success.

Question: What is the most important thing an incumbent can do to improve their chances of winning their recompile?

“Perform the job well in the first place and provide accurate and honest bids”

“Given the best value for money before hearing about potential rebids”

“Improve the quality and service outcomes while developing “raving fans” for their responsiveness and steps towards service improvement”

“Deliver to the contract and expectations. Insightful response to tender”

“During the term of their existing contract they need to communicate constantly what it is they are doing and also show the value they are providing. It is too late at the recompile to then tell everyone what you have been doing for the last 12 or 24 months”

Question: What is your experience of aspects of incumbents' bids that have been particularly poor, please give examples if possible;

“Cost cutting offered that should have been offered during incumbency as routine contract improvement activity”

“Incumbents that deliver poor, overpriced or sloppy bids generally have performed the same in the previous job. In most cases they will be aware of the dissatisfaction and are not really interested in reclaiming the contract”

Question: What in your opinion are the primary reasons why incumbents lose recompetes?

“Poor account management. Not acting on previous feedback and suggestions. Automatically assuming RPI price increases will be acceptable to the customer”

“Constant poor service and delivery coupled with little and no communication between supplier and client as well as a total failure to adhere to improvement plans and processes set out for them and a blatant attitude that it is their right to win contract extensions / retenders”

Question: What do you expect of an incumbent at recompile that is different to new bidders' approaches and bids?

“That all issues and SLA requirements have been met. That we are already been offered any innovations (technical and commercial) should we NOT have come out to bid”

“Would have expected continuous improvement during current contract delivery bringing delivery up to current standards”



Build and maintain a strong customer relationship

Hand in hand with delivery during the contract, building relationships and taking a partnering approach were seen as important requirements for rebid success.

Question: What in your opinion are the primary reasons why incumbents lose recompetes?

"Attitude. Not becoming a partner in the enterprise. Work with me and I'll work with you"

"Became or grew into a non business partner"

"Tired relationship - grass is greener elsewhere!"

"In the public sector they don't appreciate the balance of professional relationship building and the procurement process. Both play an important part for the incumbent supplier"

Question: What is the most important thing an incumbent can do to improve their chances of winning their recompile?

"Stay involved with your business and act as a partner"

"Stay competitive in pricing and technology of product. Talk to me about what is going on in the industry including competing products and call on me more than just when it is time to place an order"

Question: What is your experience of aspects of incumbents 'bids that have been particularly good, please give examples if possible;

"Carrying on the process of a working relationship and continuous improvement"



Be honest about performance

Our respondents want incumbents to be honest in their rebids about their performance on the contract to date.

Question: What is the most important thing an incumbent can do to improve their chances of winning their recompetes?

“Acknowledge what they have got wrong in the past”

“Recognise weaknesses and propose changes to address these”

“Be clear what the client wants. Strengths and weaknesses of your current performance”

“Don't sit on their laurels, be honest about current levels of performance, look carefully at competitors' likely offerings”

Question: What do you expect of an incumbent at recompetes that is different to new bidders' approaches and bids?

“Clarity on the business requirement of the bid from the start of the process. Honesty on current performance and how to improve and innovate”



Follow the tender instructions; don't assume the customer will fill in the gaps for you

And once the rebid proposal is due, incumbents must take the process seriously, completing the documentation fully and not assuming the customer already knows the details of what they have done, who they are, what they can do, or why the customer should choose them rather than the competition

Question: What in your opinion are the primary reasons why incumbents lose recompetes?

"Failure to respond to the specific requirements outlined in the RFP. Incumbents sometimes bring too much knowledge from outside the RFP to bear on their proposal approach"

"Failure to evidence the work they have done and making assumptions that we 'just know' what they can do"

"Lack of attention to detail"

Question: What is your experience of aspects of incumbents' bids that have been particularly poor, please give examples if possible;

"Adherence to specification can sometimes drift based on what the incumbent 'thinks' they're being asked to do as opposed to the text of the RFP"

"Not caring to complete the proposal in accordance with the requirements, assuming that they don't have to comply, assuming the recompute is a formality"

"An obvious lack of having read bid specifications, or responding to new specification sections, relying only on past business relationships and previous expectations (incomplete responses)"

"Some good incumbents fail to elaborate on their experience and qualifications. Instead of detailed resumes, they provide summaries. They tend to brush over the submission requirements making them in some extreme cases non responsive"

"The number one problem is when suppliers put no effort whatsoever into the bid and expect to win on the basis of "well you know what we can do because we have been doing it""

"Often they assume we know all about them and put in a rather poor response"

Question: What do you expect of an incumbent at recompute that is different to new bidders' approaches and bids?

"I would expect them to ensure they answer the questions based on the assumption we know nothing about them - they can only be scored on the content of the submission - to ensure a level playing field you can't use prior knowledge in evaluations."

"First to read the requirements, they may have changed. Second, respond fully with the required and requested information. Third, but not least, get your response in on time"



Don't assume more of the same will win the rebid

Too many incumbents, in the opinion and experience of our respondents, seem to assume the customer isn't looking for anything new

Question: What is your experience of aspects of incumbents' bids that have been particularly poor, please give examples if possible;

"They submit the exact same bid they submitted for the first contract without regard to spec changes"

"Overpriced shoddy bid that did not address the ITT but merely rehashed what they had done before"

Question: What do you expect of an incumbent at recompetes that is different to new bidders' approaches and bids?

"Understand the new requirement and not assume Business as Usual"

Question: What in your opinion are the primary reasons why incumbents lose recompetes?

"Complacency and just presenting the current service with no new developments"

"Too cocky on pricing, offering same product when there is other product with 'new' or improved features at the same going rate"

Question: What is the most important thing an incumbent can do to improve their chances of winning their recompetes?

"Analyse in detail future requirements and improvements required and not reflect on past performance"



Focus on the customer's strategic and cultural needs

We saw from the answer to question two which asked which aspects of incumbent bids should be superior to new bids that the most common response was incumbents should show knowledge of customer's strategic priorities. This was backed up by answers to other questions:

Question: What is your experience of aspects of incumbents' bids that have been particularly good, please give examples if possible;

"A willingness to be flexible to our needs and priorities, to adapt their business to our strategic directions that may diverge from previous or current business relationship"

"Knowledge of strategic direction of organisation"

"The quality of a bid where time has been taken to consider the business they are in and the business to which they are supplying. Showing a genuine commitment to the organisation"

"Very clear strategy (organisationally and process) to fit in with client's organisation and objectives"

"Understanding the culture of the organisation, offers to execute the contract as per the client expectation"

Question: What is the most important thing an incumbent can do to improve their chances of winning their recompetes?

"Use the run up to the tender process to ensure they fully understand the direction of travel of the council and how they can contribute to the wider aims etc. Undertake an end of contract review to see where they can add further value"

Question: What do you expect of an incumbent at recompetes that is different to new bidders' approaches and bids?

"Their familiarity of our customers and needs, an awareness of emerging trends and values, that they have a focus on the pulse of their existing relationship with us as a customer"



Add value and innovate to beat the competition

Just as our respondents don't want to see incumbents offering the same as they have been delivering to date, they want to see the incumbent to take the threat of competition seriously and deliver innovation and added value (and reduced costs of course) in their new solution.

Question: What do you expect of an incumbent at re-compete that is different to new bidders' approaches and bids?

"Show that they are still hungry to have the contract. Show they have kept innovating and they know they are competitive"

"To take the opportunity to refresh ideas and present changes to the current status"

Question: What is your experience of aspects of incumbents' bids that have been particularly poor, please give examples if possible;

"Virtually no attempt at identifying improvement / innovation opportunities"

"Complacency in terms of responses - no innovation - assume same old will be as good"

"They don't revise their cost structure or new alternatives to offer better conditions"

Question: What is your experience of aspects of incumbents' bids that have been particularly good, please give examples if possible;

"Delivering cost saving innovations and suggestions"

"Where they have reduced pricing, working on removing inefficiencies and introduced a pain / gain arrangement"

"Reaction to competitive pressure"

Question: What in your opinion are the primary reasons why incumbents lose re-compete?

"Because they feel confident nobody will be more competitive, and lack of responsiveness"

"Don't put sufficient effort into the bid material - a level of taking the purchaser for granted, assuming it is too much trouble to transition, not offering anything particularly new that value adds"

"Failing to bring the latest delivery standards to the new bid"

"They do not provide a compelling service offer. They lack innovation and ideas. They do not demonstrate adequate desire to work for the client"



Use your experience to deliver focused improvements

Given the advice from our respondents on treating the rebid as a new bid and not making assumptions our respondents also see the benefits an incumbent can deliver, if they are intelligent about the experience they have gained on the contract, to focus their suggestions to good effect.

Question: What is your experience of aspects of incumbents' bids that have been particularly good, please give examples if possible;

"Where innovation has been based on experience and is suggested in a pragmatic manner that works for both parties"

Offering innovative cost v performance models based on their experience with the client

Question: What do you expect of an incumbent at re-compete that is different to new bidders' approaches and bids?

"Insider knowledge, no steep learning curve, lessons learnt, suggestions for improvement"

"I expect them to use their knowledge of our business in an intelligent way such as giving examples of the work they have done with us to show they care about the company"

"Three things: 1. More innovation and ideas for improvement to the organisations core services by simple improvement in service provision. 2. A value for money counter specification where the incumbent feels the client has overspecified and can therefore save money. 3. On a like for like basis a reduced cost from previous contract because all lessons have been learned"

Question: What is the most important thing an incumbent can do to improve their chances of winning their re-compete?

"Leverage their experience and knowledge of the client. By paying close attention to the RFP details"

"Treat it as new business and leverage their knowledge of the customer"

"Assume nothing - act as if we do not know anything about them and provide all information: tailor the response to capture their experience of working with us"



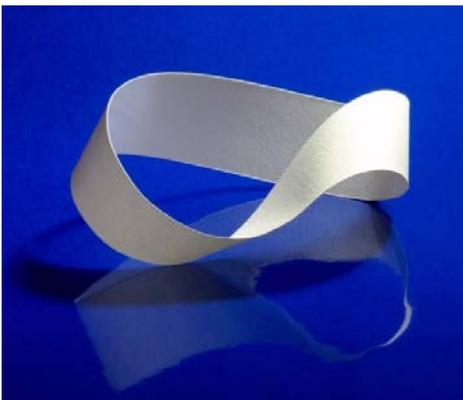
Finally

We hope you found the results from our survey as interesting and useful as we did. We have found there is limited constructive advice available for incumbents on how to approach their rebids. Some businesses have their own processes, experienced bidders have picked up their own ideas (and scars) from the rebids they have run, but advice tends to follow relatively vague entreaties to 'start the rebid on day one of the contract', 'start your rebid early' or 'take your rebid seriously'. Whilst we agree with this advice, the details and processes of how to put it into action are still largely lacking. Even given the self selecting sample of our respondents it is clear to us that procurers are experiencing many issues with incumbent's rebids. These mistakes may seem obvious when read in this context, but it appears from our results that many incumbents are still making them in the heat of real life rebids.

We hope this summary of the results of our survey goes at least a short way to helping incumbents avoid some of these mistakes and improve their rebid success.

As we said at the start of this paper this is just a summary of our survey results. A full analysis of the results, and step by step advice on how incumbents can avoid the mistakes our respondents are experiencing, can be found in the Rebid Centre.

To join the Rebid Centre go to www.rebidding.co.uk



Rebidding Solutions helps incumbents win their rebids. As well as providing articles, advice and processes for incumbents in the Rebid Centre we have also published the Rebid Guide which contains 60 ideas for incumbents to put into practice from day one of their contract to improve their chances of winning their rebid. We also provide consultancy and bespoke training for incumbent companies and contracts, helping them put together the processes and actions that lead to rebid success.

For an overview of all our services visit our website at www.rebidding.co.uk and sign up to our free newsletter giving hints and tip what to do to win your rebid.