

# Competitive Price To Win

*Competitive Price To Win is the process for assessing how competitors will offer solutions to meet customer requirements. It relies on customer and competitor intelligence to identify both what customers value and the solutions competitors are likely to offer to achieve it.*

*Competitive Price To Win results are never just a number. They demonstrate the tradeoff between capabilities and costs offered by competitors as evaluated by the buying customer. These results help the team you support develop an integrated solution that increases the win probability and meets their business goals.*

## Introduction

Competitive Price To Win has become a major focus in the evolution of business development best practices. In markets involving complex sales, business development practices tend to evolve in this order:

1. Professional sales techniques are implemented—first tactical, then strategic.
2. Professional proposal planning and management processes are implemented.
3. Formal capture planning and management processes are implemented.
4. A formal Competitive Price To Win process is implemented.

What we call Competitive Price To Win (cPTW) is known in our industry by a number of names. Common examples include Price To Win and pricing-to-win. Unfortunately, these terms focus on the word "price", leading users to believe that the results of this process are intended solely to project the

lowest evaluated price our team should offer to win the deal. In reality, Competitive Price To Win provides an overall assessment of the "Big S" solution – technical, management, past performance, and cost/price – competitors will offer based on their own understanding of the customer and opportunity. More to the point, it provides critical information that can be used by the team to develop a solution that helps them win and meet business goals. This is why some companies refer to the process as "deal to win" or "position to win".

Competitive Intelligence (CI) efforts have long held an important position in industries like automaking and pharmaceuticals where large sums of corporate spending hinge on understanding competitor positions in the market. In the Government procurement space, Competitive Price To Win had its start in the 1980s when a large defense contractor looked at how its most successful business development professionals identified, pursued, and captured opportunities. They identified several common characteristics:

- Use of a consistent process for gathering and analyzing data, not simply for the sake of gathering data, but for developing useful, actionable intelligence.
- An early focus on understanding each opportunity's customer, including needs, wants, values, key personnel and their roles, sources and uses of funding, acquisition approaches and evaluation processes, and prior buying behavior.
- An early and ongoing assessment of likely and possible competitors, including likely solutions, past performance, teaming, and strategies and tactics for turning cost into bid price.

The results of these efforts produced actionable intelligence which:

- Informed their own decisions as to what opportunities to pursue and ones to ignore.

- Provided executives with the information they needed to make effective decisions regarding committing bid and proposal funds – and providing ammunition for early cancellation of pursuits that did not meet corporate business goals.
- Once decisions were made, results could be used to develop winning strategies and tactics, including effective approaches to shape the opportunity in their favor.

The company's analysis resulted in the establishment of both competitive intelligence and Price To Win practices at a corporate level – and a mandate that these new units be used on all large opportunities. These practices treated the recipients of these analyses – the team they supported - as clients and performed their work independently. The results were dramatic: overall win rates increased, revenue grew, and bid and proposal funding was more efficiently allocated.

Before we proceed, here are a few key definitions:

- **CA Analyst** is the individual or team responsible for ethically gathering and analyzing competitive intelligence data to produce competitive analysis results.
- **PTW Analyst** or **cPTW Analyst** is the individual or team responsible for using competitive intelligence data and results to develop Competitive Price To Win results.

Both roles may be fulfilled by the same individual or team, particularly on smaller opportunities. They may be employees of your company or may be external consultants.

## What is Competitive Price To Win (cPTW)?

Competitive Price To Win is not the same as pricing. It is an externally-focused process that provides an overall assessment of the "Big S" solution – technical, management, past performance, and cost/price – competitors will offer based on their own understanding of the customer and opportunity.

Here are a few more key definitions:

- **Cost** is a measure of the resources needed to supply a solution. These may include direct costs such as labor, materials, and travel, as well as indirect costs like corporate overhead and burdens.
- **Price** is the amount of money expected, required, or given in payment for the solution. Put another way, it's the amount charged your customer in a bid. In general, the higher the cost, the higher the expected price. But in today's hypercompetitive market, price is more than "cost plus profit." It is a reflection of strategy.
- **Costing** and **Pricing** are internal processes used by the business development team to develop their own costs, and based on their own strategies, convert them to the bid price they will offer in response to customer requirements.
- **Business intelligence** is another internal process used for analyzing your own company's data and performance.

Competitive Price To Win looks outside the capture and proposal organization to focus on what customers require and value and how competitors are likely to develop solutions to meet these needs. cPTW efforts involve several tightly related components:

- Externally-focused analyses on the customer and competitors, broken into several distinct parts:

- Early **Competitor Analysis** efforts (also known as "strategic competitor analysis") focus broadly on competitors' general capabilities, capacities, personalities, and strategies in the context of a market or market segment. It may be performed as an adjunct to a more general Market Assessment. It is best used to identify gaps in the market that can be exploited. It is not typically performed as part of an opportunity-specific pursuit effort.
- Opportunity-specific **Competitive Analysis** efforts (also known as "tactical competitive analysis") focus on the specific solutions competitors will offer in response to the requirements of a specific opportunity. It includes a detailed analysis of the opportunity's customer to determine the process and people involved in defining requirements and making the award decision.
- The output of Competitive analyses is **competitive intelligence**. These results provide input to two externally-focused cPTW efforts:
  - Before detailed requirements are known, efforts focus on developing the **Price To Compete**. This uses historical data to identify where competitors tend to bid and where customers tend to make awards in relation to budget. The results of this "top-down analysis" may be used by your organization's leadership to determine whether to pursue or not, and if so, craft an early solution.
  - Once an opportunity's requirements and evaluation processes are known, **Price To Win** focuses on the tradeoffs between the customer's requirements, budget, and values and your competitors' likely objectives, capabilities, solution, costs, and strategies. The results of this "bottom-up analysis" may be used by your team to fine-tune their solution, or justify walking away from an opportunity that does not meet their business goals.

All of these efforts should be performed independently of your team's business development efforts.. Why? Because this assures that your results reflect a true external analysis, free from the typical "we're the best" biases that are a necessary part of every successful capture effort.

This also raises another related point: cPTW is completely independent of your internally-focused solutioning, costing, pricing, and proposal development efforts. cPTW establishes the optimum position capture and proposal teams need to achieve to win and perform post-award; pricing is the process the team uses to try and hit that position (or not, based on their own business goals, strategies, and tactics).

## Best Practices

### 1. Understand the characteristics of a successful cPTW capability.

What makes cPTW successful? Here are a few critical success factors, applicable to both internal practices established by companies and to external consultants who provide this support on a per-hire basis.

#### 1) You must have a champion.

New processes and systems are threatening to the “established order.” cPTW processes provide special challenges, because their strength is their mission to identify and present the unvarnished truth to decision makers – even if (especially if) that truth contradicts current approaches. A high-level executive who understands the benefits that effective cPTW results bring to an organization, and can articulate those benefits to the inevitable naysayers, is essential for success.

#### 2) Expectations must be realistic from the start.

Establishing an effective cPTW practice (including both Competitive Analysis and Price To Win tasks) is a time-consuming, extensive (and expensive) process that requires close coordination between a complex mix of stakeholders. Depending on the size of the organization, the breadth of markets it serves, and the maturity of its existing business development processes, completing these steps can take more than a year. Even then, initial results (completed analyses of targeted opportunities) are likely to be immature. PTW Analysts improve with practice; leadership must recognize that significant results (in terms of improved win rates or better bids) may not be seen for a year or more.

Like all intelligence efforts, cPTW is not an exact science; the work relies on open-source data, assessed based on the knowledge and experience of individual PTW Analysts. Even after long operation, companies that expect 100% accuracy on every project will be disappointed.

3) *Information needs of decision makers must be understood – and met.*

Effective cPTW is not an ad-hoc effort. Its goal is to provide leaders with the information they need to make informed business decisions at each stage of the business development process. Failing to completely and accurately provide this information at any gate review is a hint that the capture is in jeopardy.

4) *cPTW efforts must be independent from capture efforts.*

cPTW efforts are, by definition, outward facing; they identify the solutions competitors are likely to offer in response to customer requirements. The goal of the effort is to identify how competitor solutions are likely to be evaluated in terms of both capability and price: the Price To Win position, not the price alone. Understanding of your

capture and proposal team solution is not necessary to achieve this goal – in fact, it increases the risk that “out of the box” solutions will be down-played or ignored altogether.

Effective cPTW organizations may be part of the overall business development organization, but they should not be part of the same direct management structure.

5) *Truth must be valued – even when it’s uncomfortable.*

Effective cPTW efforts, performed without knowledge of your solution, challenge the solutioning team’s assumptions. This is especially critical when you are the incumbent, where knowledge of “the way it is now” gets in the way of “what the requirement says.” This is an even more significant problem in organizations whose executives are known for “shooting the messenger.” cPTW Analysts must be able and encouraged to offer contrary findings backed by defensible data, reasoned assumptions, and careful analysis without fear of retribution.

6) *Resources must be adequate and appropriate.*

Successful opportunity-focused cPTW takes time and effort. It must be viewed as a fulltime, primary task, not “other duties assigned.” Prior to implementation, candidates must be carefully selected for both aptitude and attitude. Keep in mind that the skill sets of Competitive Intelligence analysts (open-source research, solutioning, and analysis) and Competitive Price To Win analysts (modeling, solutioning, costing, and pricing strategy development) are different. During implementation, they must be given adequate time to successfully complete all training.

Criteria must be developed to identify which opportunities in your pipeline will be supported, and ensure that sufficiently trained, qualified staff must be on hand to provide needed support. In a complex (i.e.,



business-to-government) environment, a “typical” cPTW Analyst may support eight or more large opportunities per year. In a short-duration business-to-business environment, a typical cPTW Analyst may support that many in a month.

In addition to people, cPTW analysis relies on open-source, non-proprietary data which may be free (e.g., competitor websites) or subscription-based (e.g., industry-specific reporting behind paywalls). The variety – and cost – of these sources varies by industry and market. While budgets are never unlimited, failure to provide access to appropriate databases and related sources guarantees uninformed analyses and project failure.

7) *Information sharing must be valued at all levels.*

Information is like falling snow; the more you have, the more effective the use you can make of it, now and in the future. In most organizations, information is stovepiped. For example, it’s common for business developers to hide their contact lists from operations staff, who have no defined means of reporting or collecting the tidbits of information they gather from daily interactions with other internal organizations. As a consequence, valuable information is lost – information that can help you win in the future.

Effective cPTW requires establishing a repository of information that is accessible across all levels of the organization: a knowledge base. Knowledge bases may be simple customer relationship management (CRM) tools, or complex applications designed specifically for competitive intelligence functions. Regardless of the tool selected, it should be available (with appropriate business restrictions) to all staff across the company, so that every snowflake – any snowflake – can be collected.

It also requires a culture that actively promotes collection and sharing of information. Successful capture efforts require effort from many functional areas: business development, solution architecture, operations, human resources, pricing, etc. All must work together to create a solution that wins and allows for successful performance – and effective communication and knowledge sharing is critical to that success.

## 2. Do not confuse Price To Win and pricing.

**Price To Win** is an externally-focused effort whose results are used to identify the optimum position the capture and proposal teams should aim for in order to beat the competition. **Pricing** is an *internal* effort performed by the team to determine how (or if) to pursue a program, and if so, how to offer a solution that achieves the Price To Win position. These are independent efforts that are best performed by different groups.

## 3. Rely on competitive intelligence, not intuition.

Accurate and defensible Price To Win results rely on ethically gathered, rigorously analyzed data resulting from the competitive analysis process.

Once information is gathered, clearly define all assumptions prior to developing needed models. If your data is complete, assumptions are clear, and your model is accurate, your results will be defensible – even if they do not match what your organization’s leadership hopes to see.

## 4. Begin cPTW activities as early as possible and update as new information comes to light.

Commercial, federal, state and local, international – the standard opportunity lifecycle is pretty much the same. What differs is the total time between opportunity identification and contract award. In business-to-government

programs, it's not unusual for this to cover multiple years; in business-to-business programs, the total span is more often measured in months or even weeks. In any case, cPTW (and associated Competitive Analysis) efforts must be performed in lock step so that the analysis reflects the current states of the customer, environment, and competitive field.

There are several consistent stages that process-defined companies use to ensure consistent performance:

- In large (i.e. business-to-government) opportunities, Market Assessment and Competitor Analysis efforts are typically performed as an internal process by resources within a company, but may be performed by competitive analysts. Early market assessment is used to identify at a *high level* the unmet needs of customers in the context of a broad market. Customer information is matched against high-level competitor capabilities to identify gaps that the capture and proposal teams may be able to exploit.
- Once an opportunity is identified, early competitive analysis provides intelligence that funnels into Price To Compete efforts. This helps the capture and proposal qualify the opportunity in the context of their business goals and objectives before significant bid and proposal spending is required.
- Once they have decided to pursue the qualified opportunity, an early bottom-up Price To Win analysis based on customer requirements and evaluation processes helps the team understand what the customer values and what competitors are likely to offer in response. Early cPTW results help your organization identify marginal “no bid” opportunities, conserving bid and proposal funds. Once initial results are developed, keep the momentum going. Continue your research and

analysis and refine your results. New requirement in the solicitation? New entrant in the competitive field? New and disruptive technology? Iterative Price To Win results help the team stay in front of the curve, making their solution more winnable – or give them the information they need to abandon an unwinnable pursuit. These efforts must continue through contract award. All information – data, assumptions, and model results – must be captured in your knowledge base for future use.

- Post-award, compare your own Price To Win results with the winning price and review items that made the difference for the customer. Understanding what differentiated the winner as part of lessons-learned reviews can help your organization’s leadership improve on subsequent bids.

Results in each stage enable organization’s leadership to make informed decisions.

So when is the right time to start cPTW activities? Simple answer: start very early, and continue through final contract award.

## **5. Employ accessible information systems and analysis tools.**

Access to – and consistent use of – a shared knowledge base by PTW Analysts, Competitive Analysts, and all individuals responsible for gathering competitive intelligence data is a fundamental best practice.

Knowledge bases run the gamut from index cards filed in a shoe box to extensive (and expensive) purpose-built systems. Many organizations use off-the-shelf CRM systems because their use is already accepted by staff in leadership, marketing, and sales roles. Regardless of its format, a knowledgebase must be easy to use, accessible to all members of the

team, and free (to the extent possible) of the effects of “drinking your own bathwater”. Several principles apply to effective knowledge base use:

- **Store every bit of information you gather in your knowledge base.** Follow the rule that “it doesn’t exist if it isn’t in the knowledge base.”
- **Remember the phrase “garbage in, garbage out”.** When adding information, assess its accuracy and reliability - but keep in mind that these factors will change over time.
- **Remember that it’s everyone’s job to gather information.** Your action plan with its clear responsibilities and clear deadlines shows the path through the forest making this effort more effective.
- **Data must be refreshed on a regular basis.** Companies are bought and sold; people get promoted or job-hop; contracts may be awarded (and even terminated). Refresh your knowledge base as an ongoing effort. This is particularly crucial when supporting short-duration, business-to-business opportunities where time for research is limited.
- **Be above reproach when gathering information.** Do your work legally and ethically to avoid putting yourself and your company at risk. If in doubt, call out!

Knowledge is power. Use the information in your knowledge base to help win the instant opportunity, but plan for the future to help in any eventual re-competition.

## 6. Gather, analyze, and use customer Intelligence.

Gathering and analyzing customer intelligence to support a cPTW analysis is a strategic process that involves systematically collecting, analyzing, and applying information about opportunity customers to help win the business. For related information, see the [Customer and Competitor Intelligence](#) section within the Body of Knowledge.

## Gathering customer data

First and foremost, legal and ethical restrictions limit how, when, and from whom you may collect customer intelligence. These may be defined by law (for example, the Procurement Integrity Act in the United States) or by policy (ethics policies and codes of conduct commonly developed by individual companies). Identify, understand, and follow these restrictions – always!

Before starting research, identify the information needed for the cPTW analysis. Assess what prepositioned information is already available in your knowledge base, then develop a plan to collect specific information. Remember, your goal is to obtain news you can use, not fluff filling a binder. Typical information needs include:

- **Details of the opportunity:** What is it trying to accomplish and why? What are its explicit and implicit requirements? What product or services deliverables are needed? Where and when will work be performed?
- **Funding sources, uses, and timing:** Where is funding coming from (for example, appropriated Government budgets, Working Capital Funds, user fees, redistribution from other programs)? What is the **maximum funding** from all sources available to the customer? When will it be available – immediately on contract award, at a designated date in the future, or over multiple years? How likely that funding may be reduced through legislative action or reprogramming? Characterize how maximum funding is used; will funds be carved out for acquisition support, for independent system tests and evaluations, to fund work on related programs, or for other support. Subtracting these costs from the maximum funding defines the

- addressable funding**, that is, the maximum amount available to the awardee.
- **Key people and roles:** Who will make the award decision? Who are the influencers who will shape the decision? Who defines requirements? Are they the same as the end users? Who will run the acquisition process? Who will evaluate bids? Who will provide funding? For each of these constituencies, work to identify their value definitions, biases, and pain points.
  - **Acquisition and evaluation processes:** How will the acquisition be performed (for example, using sealed bid or open competition approaches)? What is the process the customer will use to evaluate proposals and make an award decision? Will the award decision focus on the low price, high value, or somewhere in between? In large programs, these may be defined in solicitation documents. In smaller programs, definitions may be less clearly documented, if documented at all.

Typical data sources include customer-provided documents (which may include requests for information, draft and final solicitations, briefings to potential bidders); interviews with customer staff as reported in trade journals and other media; customer briefings at trade shows; and discussions with customer staff (which may be limited by laws and policies). This latter process is known as “HUMINT” for “Human Intelligence” (which is described later in this document).

Analysts within an organization may also be able to tap into internal resources, with several important caveats. Marketing, sales, and business development staff are expected to know their customers in detail, but they may be reluctant to share their knowledge and network. Onsite staff working closely with their customer counterparts may have great access to

customer information but may create conflicts of interest (or worse!) if their knowledge is proprietary. Use this information judiciously; trust but verify! The PTW Analyst must remain independent from your capture and proposal teams to avoid biasing their work.

### **Converting customer data to actionable intelligence**

Actionable intelligence is information PTW Analysts use to craft recommendations to help companies win. In turn, it enables organization's leadership to make informed decisions, including whether to allocate resources to an opportunity's pursuit to "no bid" and save resources for opportunities that better meet their business goals and objectives.

Systematic analysis involves several key steps:

- **Organize and categorize data:** Start by organizing the collected customer intelligence into relevant categories based on the information needs of your capture and proposal teams. Use a structured repository (a "knowledge base") to make it easier to compare and analyze the data.
- **Develop a customer snapshot:** Create a visual representation of the opportunity and customer based on a standardized format, which may be tailored to the specifics of the opportunity.
- **Characterize the customer's personalities:** At a high level, customers tend to have relatively stable personalities which define (or at least influence) typical behaviors. For example they may be mission-focused and risk-averse, or cost-focused and devil-may-care; they may desire the absolute best technology at a high price or accept barely-credible solutions using outdated technology requirements at the lowest possible price; they may consider contractor staff as integral parts of their organization or expect new staff at each contract recompute.



- **Identify the customer’s definition of value:** Use your understanding of the customer’s people and personality to identify what they value.
- **Continue to gather customer intelligence and refine the analysis:** Remember that gathering relevant customer intelligence is an ongoing process, and the analysis should be regularly updated to reflect changes in the market and competitive landscape.

## 7. Gather, analyze, and use Competitor Intelligence.

Gathering and analyzing competitive intelligence to support a Competitive Price To Win analysis is a strategic process that involves systematically collecting, analyzing, and applying information about competitors and the market landscape to create recommendations to help win business. For related information, see the [Customer and Competitor Intelligence](#) section within the Body of Knowledge.

### Gathering Competitive Data

First and foremost, ethically collecting competitive intelligence is essential to maintain trust, integrity, and respect within the business environment. Transparency and adherence to legal boundaries are paramount. PTW Analysts must gather information from publicly available sources and avoid any unauthorized access to confidential or proprietary data. Respect for competitors' intellectual property rights, trade secrets, and proprietary information is crucial in maintaining ethical standards.

Second, understanding the specifics of the opportunity and cPTW objective is key to defining what specific information you need to gather and why. From there, key competitors that are relevant to your industry, market, or specific opportunity you're pursuing should be identified. Relevant competitive intelligence can be found in a number of external and internal sources.

The most commonly searched external data sources include company websites; press releases and partnering announcements; annual reports; legal and regulatory data; social media; job postings; industry publications and reports; and subscription services.

Many PTW Analysts prefer to gather their data via face-to-face interactions, a process known as **elicitation**. Elicitation is a key component of the “human intelligence” (HUMINT) approach. Building relationships and networking with industry professionals can lead to insights that may not be found simply through online searches. Examples of common opportunities for gathering HUMINT include attendance at trade shows, seminars and webinars; membership in industry associations and online communities; online sites for reviews and testimonials; and interviews with potential customers and competitors. When gathering HUMINT, avoid the use of deceptive practices or misrepresentation. Engaging in false identities, phishing, or impersonation is unethical (and in some cases, illegal) and can lead to damaging reputational consequences.

PTW Analysts within an organization may also be able to tap into internal resources - but care must be taken to remain independent from the capture and proposal teams to avoid biasing their work.

### **Converting Competitive Data to Actionable Intelligence**

Actionable intelligence is information PTW Analysts use to craft recommendations to help the team they support win. In turn, it enables the organization’s leadership to make informed decisions, including whether to allocate resources to an opportunity’s pursuit to “no bid” and save resources for opportunities that better meet their business goals and objectives. Systematic analysis involves several key steps:

- **Organize and categorize data:** Start by organizing the collected competitive intelligence into relevant categories. This could include competitor profiles, product offerings, pricing structures, customer feedback, market trends, and more. Creating a structured repository makes it easier to compare and analyze the data.
- **Develop a competitive landscape snapshot:** Create a visual representation of the competitive landscape, summarizing the key insights about each competitor's strengths, weaknesses, pricing, value propositions, and positioning.
  - **Assess market trends and technological advancements:** Research recent and emerging changes in technology, and project how your competitors are likely to adapt. This can reveal their ability to innovate and their preparedness for future challenges.
  - **Identify competitor strengths and weaknesses:** Evaluate each competitor's strengths and weaknesses based on the information you've gathered. **Strengths, weaknesses, opportunities, and threats (SWOT) Analysis** may be an effective tool for organizing these factors – and an even more effective tool for demonstrating how competitors will use them to develop strategies. Consider factors such as product features, market reputation, customer testimonials, technology capabilities, partnerships, and customer service quality.
  - **Identify likely solutions:** Determine the “Big S” solution each competitor is likely to offer, and how it will be perceived by the customer’s evaluators. Is their technical solution mature or in development? Are they seen as industry leaders, niche players, or challengers? Are their management and financing capabilities up to the task? What is the quality of their past performance? What are the unique benefits they will emphasize?

- **Identify differentiation points:** How will your competitors differentiate themselves from the rest of the field? What are the features, capabilities, and benefits that set them apart? What are the messages and themes they are likely to communicate to the customer? What is their competitive advantage?
- **Characterize each competitor's personality:** Like customers, competitors tend to have relatively stable personalities which define (or at least influence) typical behaviors. For example, they may proudly offer the absolute best technical solution at the cost of a higher bid price or offer a barely credible solution using off-the-shelf products and services at the lowest possible price; they may use extensive (and expensive) recruiting and retention practices to offer the “best and brightest” staff or treat staff as throwaway commodities. Personalities provide insight into how they will meet customer requirements and value definitions.
- **Assess value propositions:** Identify the value propositions each competitor may offer to the customer on this specific opportunity. How will they turn differentiators into discriminators? How will they communicate their value and prove their benefits to the customer? How will they address customer pain points?
- **Analyze pricing strategies:** Use open-source research to examine how competitors structure their pricing. This includes identifying pricing models, tiers, discounts, and any special offers they have used on other programs. Analyze whether competitors offer flexible pricing options, such as customizable packages or different pricing tiers. This can help you analyze how they may cater to various customer constituencies (i.e. requirements definers, end users, acquisition staff, etc).

- **Integrate historical win-loss data:** Study your competitors' history of wins and losses. Understand the common factors that contribute to their successes and the reasons behind their losses.
- **Conduct scenario analyses:** Consider various scenarios and how competitors might respond. How would they react to pricing changes, market shifts, or technological disruptions? How does the opportunity fit within their overall strategic objectives – are they an incumbent looking to hold on to an existing contract or are they trying to break into a new customer or expand their current footprint?
- **Continue to gather competitive intelligence and refine the analysis:** Remember that gathering relevant competitive intelligence is an ongoing process, and the analysis should be regularly updated to reflect changes in the market and competitor landscape.

## 8. Use a top-down approach to project the early Price To Compete.

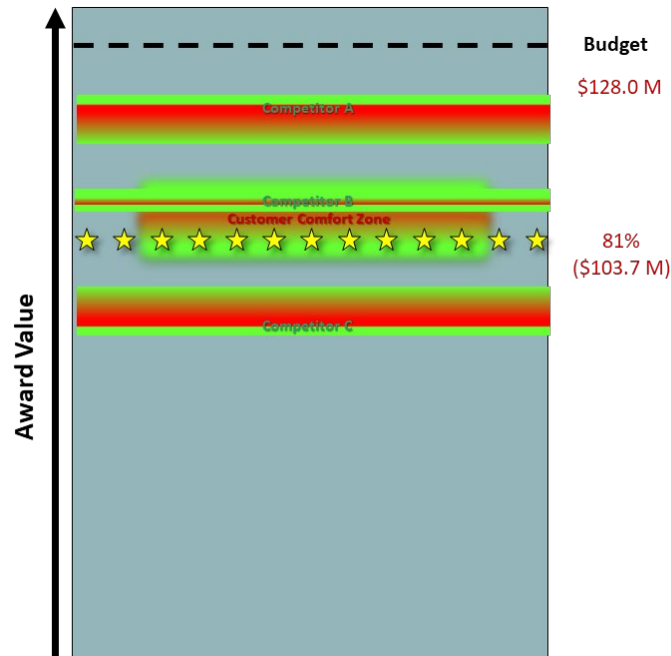
The Price To Compete process uses historical data to identify where competitors tend to bid and where customers tend to make awards in relation to budget. The results of this “top-down analysis” may be used by your organization to determine whether to pursue or not, and if so, craft an early solution.

It begins by gathering and analyzing funding data from past acquisitions conducted by the same end customer to determine sources and uses of funding. These are used to identify how funding was used, including the total of all funding sources (the “maximum funding”) and any takeaways like management reserves and costs for related contracts (used to calculate the “addressable funding”, that is, the maximum amount available to bidders). This data may be challenging to find, particularly for international and business-to-business programs.

You now update your findings to identify who received the award for each acquisition. Look for three things: who received the award, the total contract value, and the total evaluated price. These numbers are generally different. In business-to-government acquisitions in the United States, it's usually easy to find the total contract value from published sources.

Next, you look at each of your targeted competitors to see what awards they have received in the past. This should not be limited to the opportunities you identified in the earlier steps. Instead, cast a broad net to find awards made to the same business unit that you will be competing against. Identify the customer and opportunity, total contract value, and the total evaluated price. Do not focus on the solutions offered; that's not relevant in a Price To Compete exercise. But you will get extra points if you find any post-award performance issues.

Finally, use your data to project the award tendencies of both the customer and competitors. Results are never presented as point values; instead, they are shown graphically to highlight the comfort zones of each party. This enables you to provide recommendations to the solution designers and leadership for use in their decision-making processes. An effective tool for showing this relationship is the PTC Window shown in Figure 1.



**Figure 1: The PTC Window** (Contributed by Richter & Company). Use this tool to compare and contrast historical award and bid tendencies to project where your organization should offer a price based on the budget for the program being pursued.

In this example, the customer tends to make awards in a narrow band between 80% and 85% of budget. Both Competitor A and Competitor B demonstrate award histories that are outside the customer’s comfort zone:

- Competitor A tends to receive awards at a much higher price range: 95% to 98% of budget – above the customer’s likely definition of “reasonable”.

- Competitor B tends to receive awards at a much lower price range: 75% to 77% of budget.

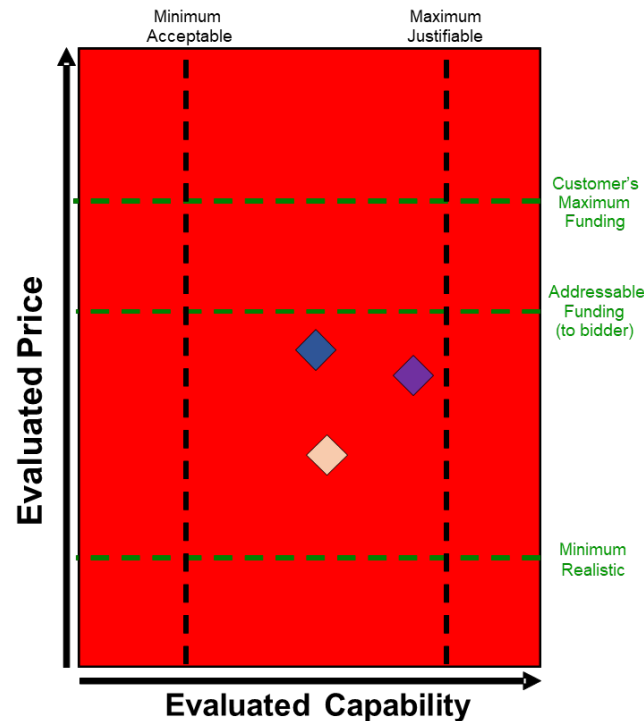
Applying these results to the current opportunity's \$128.0M budget, the recommended Price-to-Compete position would be \$103.7M or 81% of the \$128.0M funding value.

## **9. Use a bottom-up approach to project the opportunity-based Price To Win position.**

Once customer requirements, acquisition approaches, and evaluation processes are known, an accurate, defensible Price To Win analysis may be performed. It is critical that this analysis be based on competitive intelligence data and be performed independently of your capture and solution teams to avoid biasing results. External subject matter experts may be used if requirements are outside the knowledge and experience of the PTW Analyst.

This analysis is performed by identifying the elements of cost of each competitor's solution and the strategies and tactics they are likely to use to offer a bid price. A templated "notional" solution based on a clearly defined work breakdown structure is a very effective tool for assuring that all required cost elements are included. It also ensures consistency across all competitor models. Once all models are developed, solutions are evaluated using the customer's evaluation process and criteria to demonstrate how both the non-cost (technical, management, past performance, etc.) elements of each competitor's solution will be viewed by the customer. These results may be combined with the numeric results of the PTW models to demonstrate the optimum Price To Win position your team needs to achieve to have the highest win probability. An effective tool for showing this relationship is the PTW Window shown in Figure 2.





**Figure 2: The PTW Window** (Contributed by Richter & Company). Use this tool to compare and contrast competitors' probable positions to establish what to recommend to your organization's leadership. The absence of a scale reflects the relative nature of your assessment. Do not expect quantitative precision. Source: Richter & Company

The PTW Window is a conceptual tool intended to help you assess alternatives and identify the Price To Win position for the acquisition approach. It reflects the customer's view of its options plotted in two dimensions: price as evaluated and capability as evaluated. Keep in mind that the evaluation process may not match the reality of what the customer actually intends to buy.

The boundaries are defined as follows:

- **Maximum Funding** is the maximum amount the customer has available from all sources.
- **Addressable Funding** is the amount the customer has available for a purchase after deducting expenses associated with the purchase. It represents the upper limit of what they would consider reasonable (and the highest amount a winning bidder could expect to receive).
- **Minimum Realistic** is the amount below which the customer doubts the credibility of obtaining an acceptable solution.
- **Minimum Acceptable** capability is the lowest capability that the customer is willing to accept to meet its defined needs.
- **Maximum Justifiable** capability is the most capability that this customer can justify. While more capability might be possible and available, the customer would not perceive a practical use; it would be considered “gold plating.”

The box in the middle is the “Win Zone.” Competitor positions plotted within this space should be considered credible and threatening to your success.

## 10. Refine PTW results based on changes to the opportunity and competitive landscape.

Competitive Price To Win analyses are based on a series of constants: finite requirements, finite competitive field, and finite solutions. Our work is planned around these constants. Unfortunately, as the Greek philosopher Heraclitus famously said, “change is the only constant in life” and no plan, however well prepared, survives first contact with the enemy. But you can prepare for these changes by performing a wide-ranging analysis enabled by “out of the box” thinking and include approaches and tactics to deal with changes as they occur.

Changing requirements are normal in large acquisitions. Some changes are driven by end-users as they rethink and reprioritize their needs, wants, and desires. Some are driven by the people running the acquisition in response to political pressure, changes in laws and regulations, or out of a desire to make the acquisition more controversy-resistant. Some are even driven by bidders themselves, seeking to improve their win probability by shaping the opportunity in their favor.

When an updated document is published, it is your job as a cPTW Analyst to carefully and thoroughly review it, identify changes, and update models and results accordingly. An important question to ask when changes are identified is “cui bono”: who benefits? The answer helps you gauge the impact of the change on the competitive field and its solutions and offer actionable recommendations to your organization’s leadership.

Changes in the competitive field may also be common. It is not unusual for bidders to drop out of the race because they believe their solution is no longer viable. This may have a ripple effect on other competitors, who may have the opportunity to add the old bidder’s subcontractors or suppliers to bolster (or replace) existing teammates. Continually update your competitive intelligence to make sure your results reflect the new current approach.

Large changes – “game changers” – may have a significant impact on solutions, assumptions, and results. In extreme cases, they may even invalidate your work. Examples may include reduction in funding, introduction of new and disruptive technologies, or changes in the larger social or political environment (wars, etc.).

Effective cPTW Analysts build strategies for combating changes into their approach, including extensive “what if” planning. What if a key

technology suddenly becomes obsolete? What if a big company decides to muscle into the market? What if the evaluators or decision-makers change? You cannot identify all possible scenarios – but you must plan for all likely scenarios, and maintain flexibility to deal with surprises.

**11. Recommend strategies and tactics to achieve the Price To Win position – but remember that it’s your organization’s leadership call to follow them or not.**

The role of a cPTW Analyst is to identify the optimum position that capture and proposal team needs to achieve in terms of both capability as evaluated and price as evaluated. The goal of your analysis is not to simply produce a number. To provide value to the organization, you must use results to offer recommendations to help them win. Suggest strategies that highlight their own strengths, counter competitor strengths, and exploit competitor weaknesses. Strategies can be developed using tools like SWOT or Five Forces analyses based on competitive intelligence data. Effective strategies have four elements:

1. **Approach** – the actions taken to develop and present the solution
2. **Customer Benefit** – the specific and quantifiable value the customer will receive and appreciate
3. **Proof point** – the evidence submitted to clearly substantiate the ability to provide the benefit
4. **Theme and messages** – the general impression and specific statements conveyed that make the offer effective and persuasive

Strategies may be simple or complex, but they must meet the customer’s definition of value to be effective.

Keep in mind that development of the proposal and capture team’s solution is not part of a PTW analysis. That effort is the responsibility of

the cPTW Analyst. This helps ensure that the PTW analysis is never biased by their views.

Here's an analogy to make this distinction clear. At every archery range, there's a person whose job is to move a target into position. He may move it right, he may move it left; he may push it closer to the shooting line, or he may push it farther away. *His job ends when he anchors the target and moves safely away.* At that point, the archer's role begins; she steps to the line, determines the range, assesses wind and weather, nocks an arrow, lifts the bow, sights the target, draws the bow, aims, and finally lets the arrow fly. *It is solely the archer's decision about when and how to shoot.* Whether she hits the target or not is completely outside the range person's control.

## 12. Perform a lessons-learned review following opportunity award.

Once proposals are submitted and awards are announced, a thorough lessons-learned review should be conducted. It's a valuable exercise for continuously improving your competitive strategy and decision-making processes, and helps your organization refine its approach, leverage successes, and avoid repeating past mistakes. Conducting a lessons-learned review of a Competitive Price To Win analysis involves a reflective assessment of the cPTW process, its outcomes, and the strategies employed. A comprehensive review encompasses the following steps:

1. **Gather stakeholders:** Assemble the team involved in the cPTW analysis, including sales/capture, pricing, solutioning team, subject matter experts, and leadership.
2. **Review objectives:** Clarify the initial objectives of the cPTW analysis, such as winning a specific contract or improving overall competitiveness.

3. **Review data and assumptions:** Gather all relevant data, assumptions, and information used during the cPTW process. This includes market research, competitor analysis, customer insights, and financial data.
4. **Evaluate accuracy:** Compare the results of the cPTW process and recommended strategy with the actual results. Determine if the analysis accurately predicted the competitive landscape and if the strategy aligned with market realities.
5. **Analyze outcomes:** Examine the results of the cPTW analysis in terms of whether the desired outcomes were achieved, such as winning the contract or gaining a competitive advantage.
6. **Identify success factors:** Identify factors that contributed to the success of the cPTW analysis, such as accurate market insights or strong value proposition.
7. **Recognize challenges:** Identify any challenges or shortcomings encountered during the cPTW process, such as inaccurate data, unforeseen market dynamics, or communication gaps.
8. **Customer feedback:** Gather customer feedback, if available, to understand how well the pricing strategy aligned with their perceived value.
9. **Solicit team insights:** Encourage team members to share their observations and insights about the cPTW process, including what worked well and what could be improved.
10. **Summarize lessons learned:** Summarize key lessons learned from the cPTW analysis. These could include insights about pricing strategies, competitive analysis techniques, collaboration methods, and data accuracy.
11. **Document best practices:** Identify best practices that contributed to the success of the cPTW analysis. These practices can serve as guidelines for future efforts.

12. **Identify improvement areas:** Highlight areas that need improvement, such as data collection methods, market research and assessment tools, or communication processes.
13. **Adjust future efforts:** Use the lessons learned to refine future cPTW efforts. Consider how the insights gained can be applied to enhance accuracy, competitive positioning, and overall decision-making.
14. **Share findings:** Share the findings and lessons learned with relevant stakeholders, including leadership, sales teams, and anyone involved in future Competitive Price To Win analyses.

Lessons learned efforts are not useful if results are not used. Integrate the lessons learned into your organization's ongoing improvement efforts. Regularly review and update cPTW processes based on new insights and changing market dynamics.

## Application in Diverse Environments

The general concepts and best practices defined in this document apply to all cPTW activities, large or small, business-to government or business to business, United States-based or international. But use in non-United States Government opportunities may require some fine-tuning.

### International Opportunities

cPTW Analysts supporting federal government opportunities in the United States have several advantages over their international counterparts.

- **The United States Government tends to be more transparent when sharing opportunity data.** Solicitation documents may be provided iteratively to offer an early look at the opportunity before final requirements are known. Tools like the Freedom of Information

- Act offer a consistent (albeit slow) mechanism for obtaining information.
- **Many free (or low cost) tools are available.** These consolidate voluminous data from government sources reducing research time.
  - **Acquisitions follow standard processes that are well defined.** They are codified in law or agency policies and are well documented. As a result, they are generally understood by cPTW Analysts, capture and proposal teams, as well as customers.
  - **Open-source data related to competitors is readily available.** Contact information may be accessed through online search engines; capabilities may be widely publicized; open discussions in public formats like trade show and industry events are common.

Successful cPTW Analysts supporting opportunities outside their country augment their team with in-country Subject Matter Experts. These SMEs provide valuable insight into local laws and acquisition practices, and often have well-developed networks covering both customers and competitors. They may also help with translation of solicitation documents to help assure that nuances and gaming opportunities are not missed.

### **Commercial (Business to Business) Opportunities**

The goal of cPTW efforts in the commercial (business to business) space is the same as in the large-scale government space: to help your organization win by identifying the Price To Win position. As with a public sector Price To Win analysis, this approach involves understanding the market, competitors, customer needs, and the overall business landscape to recommend strategies and tactics that position your organization favorably against competitors while addressing the customer's requirements and preferences. However, there are some critical differences, which are outlined in the following table:



	<b>Commercial Sector</b>	<b>Public Sector</b>
Customer Characteristics	Private companies or organizations seeking solutions to address their business needs and goals.	Government agencies or entities with specific regulatory requirements, compliance considerations, and public funds manage.
Decision Making Process	Often driven by business goals, return on investment, and market differentiation.	Can be complex and involve multiple stakeholders, compliance with regulations, and public accountability.
Budget Factors	Can vary greatly and prioritize cost-effectiveness and value for money to achieve business goals.	Influenced by political and fiscal considerations, with a focus on justifying costs to taxpayers and demonstrating efficient use of public funds.
Evaluation Criteria	Emphasis on innovation, market differentiation, speed to market, and overall cost-effectiveness to meet business objectives.	Focus on technical capabilities, past performance, alignment with government requirements, regulatory compliance, and socioeconomic considerations.
Market Dynamics	Highly competitive market with low barriers to entry. Places a premium on differentiation and value proposition.	Generally fewer bidders due to specific requirements and regulations. Focus on addressing government needs and demonstrating public value.
Contract/Relationship Duration	Contracts tend to be short-term, based on immediate needs. customers may switch vendors more frequently.	Contracts tend to be long-term, often spanning multiple years. Building strong relationships and reliability are crucial. Incumbent relationships tend to be prioritized.
Pricing Strategy	Emphasis on profitability and value proposition while staying competitive within the market.	Balances public value with affordability, demonstrating cost-effectiveness and efficient use of public funds.
Risk and Compliance	Risk assessment focused on market dynamics, competition, and business risks.	Focus on regulatory compliance, political risks, and the ability to meet government standards/requirements.

**Table 1: Public Sector vs Commercial Price To Win.** *While the overall process is the same, commercial efforts face challenges resulting from a lack of information, a short opportunity lifecycle, and other factors.*

A critical success factor in performing cPTW analyses on short-turnaround commercial opportunities is to rely on prepositioned information already saved in your knowledge base. This means you must refresh your knowledge base on a continuous basis, not when a proposal is due. A simple approach to accomplishing this is to identify your most common competitors and set aside time each week to look for the latest news regarding their contract awards, new products, leadership changes, and other data as defined in your collection plan. Do the same for your most common customers. Store this information in your knowledge base so it is available for rapid use when a new opportunity is identified.

Results of a successful Competitive Price To Win analysis in the commercial space help your organization develop their solution in line with the customer's perceived value definition thereby enhancing their competitiveness. Adapting your Competitive Price To Win process to address these differences will increase your chances of success.

### **Small Opportunities**

The cost of a comprehensive cPTW analysis may be difficult to justify for small opportunities – but an effective analysis can be performed on a limited budget if several conditions are true:

- **Competitors and their likely solutions are known.** These may be the “usual suspects” that the your company competes with regularly, or former teaming partners that are attempting to bid on their own.

- **Current, prepositioned knowledge is available.** Small opportunities typically provide limited time for research. An updated knowledge base refreshed on a continuous basis is essential.
- **Standardized cPTW models are available.** Models and tools provide consistency between opportunities, and offer a common “look and feel” that help BD leadership quickly make informed decisions. Effective models are easily tailorable to the requirements of new opportunities.

If these conditions are not met, leadership should seriously consider a no-bid decision unless the opportunity is strategic.

## Common Pitfalls and Misconceptions

### 1. Assuming that the Price To Win is just a number.

Price To Win is more than a number. It reflects a position between price as evaluated and capability as evaluated seen through the eyes of the buying customer.

### 2. Believing that the PTW is an assessment of your proposed solution.

Price To Win analysis and the Price To Win position that results should never include a review of capture or proposal team’s solution, cost, or pricing ability. It’s totally an externally derived result based on examination of customer and competitor behaviors and facts.

### 3. Failing to embrace Price To Win concepts.

Misunderstanding the concepts of Price To Win leads many companies to 'lose on price'. Many companies think Price To Win is the lowest price they can set after examining their own bottom-up costing. This is not true and can lead to a loss. More accurately, it is the target they must achieve in

terms of both price and capability to win the opportunity. Once this position is identified, they may determine if it meets their business goals, and if not, walk away,

#### **4. Price To Win can be successful without separate competitive analysis effort.**

We use the term “Competitive Price To Win (cPTW)” to reinforce the idea that the competitive intelligence from customer and competitive analyses is *absolutely required* for performance of a successful Price To Win analysis. Without clear, accurate data, Price To Win results will never be defensible or actionable.

#### **5. Believing that Price To Win and pricing are the same.**

These are complementary efforts, typically performed by staffs with different skill sets and missions. cPTW sets the target your organization needs to achieve in order to beat its competitors. Pricing is the process used by your organization to convert the cost of its own solution to the price it will propose to the customer in their bid.

#### **6. Believing that cPTW is a “once and done” exercise.**

Even on smaller opportunities, changes may (will) occur. Continuing customer and Competitive Analysis effort should be performed until contract award to provide updated competitive intelligence as input to the Price To Win process. Updated cPTW results may then be provided iteratively to the capture and proposal teams.

#### **7. Forgetting that cPTW is not an exact science.**

cPTW efforts rely on open-source data, filtered through clear assumptions, run through a consistent, tailorable model. If all three of these factors are

true, results are what they are, even if they differ from the organization's expectations. Unfortunately, data is rarely complete; assumptions reflect the sometimes-limited knowledge and experience of the PTW ; and models may be subject to interpretation. Winners use cPTW results as a single data point within their overall solutioning effort. Losers point to "bad" cPTW results rather than identifying all the factors that contributed to the loss.

## Summary

- Competitive Price To Win is more than a number. It uses customer and Competitive intelligence to demonstrate competitor tradeoffs between capabilities and costs as evaluated by the customer, enabling the identification of the Price To Win position.
- Identifying the Price To Win target is an iterative process that begins early in the procurement cycle (top-down Price-to-Compete), provides bottom-up Price To Win results once requirements, evaluation processes, and acquisition approaches are known, and continues throughout the life of the opportunity and beyond to include lessons learned after the win.
- Information obtained about the customer and the competition are important ingredients in determining the Price To Win position. Gathering and analyzing this information is the responsibility of the customer and competitive analysis process. All information must be captured in your knowledge base and updated to maintain currency.
- Custom spreadsheets and commercial tools populated with customer and competitive intelligence are important for assessing the Price To Win.
- A winning solution must offer value to the customer. It is up to all offerors to learn from their customers what constitutes value to them. It is the job of cPTW analysts to assess how each competitor will use this

understanding to develop their own “Big-S” solution and offer recommendations to help win the business.

## Terms to Know

- **Cost** - A measure of the resources needed to supply a solution. These may include direct costs such as labor, materials, and travel, as well as indirect costs like corporate overhead and burdens.
- **Costing, Bottom-Up** – A method for estimating a solution’s overall cost by identifying the individual costs of each element in the solution. Element costs may be identified using approaches like parametric modeling; extrapolation from known actuals costs; comparison by analogy; or engineering judgement. Bottom-up costing requires detailed knowledge of the solution’s technical requirements. It is a key part of Price To Win modeling in the overall Competitive Price To Win process.
- **Costing, Top-Down** - A method for estimating a solution’s overall cost by allocating a project’s identified budget to its major components. Top-down costing is best used to provide an early estimate when a solution’s detailed requirements are not known, and as such, it is often a precursor of a more rigorous bottom-up costing effort. It is a key element of Price to Compete modeling in the overall Competitive Price To Win process.
- **Competitive Price To Win (cPTW)** - Competitive Price To Win is the process for assessing how competitors will offer solutions to meet customer requirements. It relies on customer and competitor intelligence to identify both what customers value and the solutions competitors are likely to offer to achieve it. Competitive Price To Win results are never just a number. They demonstrate the tradeoff between capabilities and costs offered by competitors as evaluated by the buying customer. These results help the team you support develop

an integrated solution that increases the win probability and meets their business goals.

- Customer Intelligence – An understanding of a customer’s needs – spoken and unspoken – and the capabilities desired of a vendor/contractor to support requirements. It is a key element of the sales and opportunity development process that occurs well in advance of responding to a bid or RFP.
- Competitor Intelligence (CI) – Objectively understanding the strengths, weaknesses and strategies of companies competing against your company for business. CI is well-defined business practice to understand the competitive forces and market dynamics that affect your company’s viability and long-term profitability.
- Knowledge Base – An organized structure repository of information that facilitates the storage of ready-to-apply intelligence in a database. A knowledgebase must be easy to use, accessible to all members of the team, and free (to the extent possible) of the effects of “drinking your own bathwater”.
- Market Assessment – A process for identifying the unmet needs of customers in the context of a broad market, not of any specific opportunity. It matches Customer information against high-level competitor capabilities to identify gaps that the capture and proposal teams may be able to exploit. It is performed as part of corporate strategy development, very early in the business development process.
- Price – The amount of money expected, required, or given in payment for the solution. Put another way, it's the amount charged to your customer in a bid. In general, the higher the cost, the higher the expected price. But in today’s hypercompetitive market, price is more than “cost plus profit.” It is a reflection of strategy.
- Price To Compete (PTC) - An early part of an effective Competitive Price To Win process. It uses historical data to identify where competitors tend to bid and where customers tend to make awards in relation to budget. Results are expressed as a percentage of budget,

and best presented as a range, not as a single point. When compared to the current opportunity's budget, it provides an early estimate when a solution's detailed requirements are not known. As such, it provides useful information for preliminary design to cost and similar solutioning efforts.

- Pricing – The internal process used to convert cost to bid price based on strategies. Effective pricing takes into account customer requirements and definition of value; the solutions competitors' will offer; and your own business goals and objectives.

## See Also

- [Customer and Competitor Intelligence](#)
- [Features, Benefits, and Discriminators](#)
- [Knowledge Management](#)
- [Lessons-Learned Analysis and Management](#)
- [Linking Opportunity/Capture Plans to Proposal Content](#)
- [Persuasive Writing](#)
- [Proof Points](#)
- [Strategy and Win Themes](#)
- [Unseating the Incumbent](#)
- [Winning as the Incumbent](#)