

Why Incumbents Lose



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Incumbents Usually Lose

- Conventional wisdom says ~50% loss rate
- A&D prime contractor's management says ~80% loss rate
- SM&A says ~90% loss rate
- Anecdotal evidence suggests incumbency is the major handicap to winning

Incumbents lose because they cannot focus on winning

Why Challengers Beat Incumbents

- Ghost incumbent's performance
 - Incumbent must explain away the deficiencies that drove the customer to re-compete the follow-on
- Credibly claim major improvements
 - Incumbent is caught in the “Why don't you do better now?” trap
- Propose “out of the box” approaches
 - Incumbent's knowledge creates inflexibility – know “what won't work,” so doesn't propose innovatively
- Fight from an underdog position
 - Incumbent has the arrogance of “inevitability”
- Recruit the best team and personnel
 - Incumbent must use existing resources (burned out)

Incumbents Misunderstand the Procurement's Driving Forces

- The procurement's objective is a fair and open competition (if the government wanted "more of the same" they would not have a competition)
 - Incumbents think it is just to buy more stuff
 - Incumbents try to thwart the competitive process
- Large procurements have preliminary phases
 - Early phases are designed to level the competition
 - Incumbents think that leveling is unfair, and complain
 - Challengers think leveling is appropriate, and cooperate

***Incumbents use early phases to "game the customer"
Challengers bond with the customer***

The Challenger is Organized to Win

- Challengers start with a small team focused on winning
 - The team is eager for the competition
 - The team grows as needed
- Incumbents start with a vast team with conflicting goals
 - The team dreads the competition
 - Personnel are focused on maintaining their jobs
 - Denial regarding negative past performance is common

***“Small, agile and eager beats
Big, constrained and worried” almost every time***

Incumbents Traditional Proposal Failure Modes

- **Timidity** – No bold ideas to capture imagination
- **Misdirection** – Strategy driven by corporate criteria
- **Narrowness** – Limited application of team skills
- **Costly** – Cost did not drive trades
- **Inconsistency** – Poor volume linkage
- **Ghosts** – Unresolved past performance setbacks

Conclusion

- Incumbents usually play defense
- Challengers always play offense

***In proposals, like in football, the offense scores the points
The defense only scores if the offense goofs***