

Final Report

Request for Proposal (RFP) Improvement Study

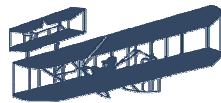
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EXECUTIVE SUMMARY

Problem

The consensus of Defense Industry is that Request for Proposals (RFPs) are poorly put together by inexperienced and untrained people. The Government teams try to capture acquisition strategies and requirements that are not fully developed, are often changed during the solicitation process, and not adequately vetted by the senior levels. This results in miscommunication and misunderstanding on industry's part. These Defense Industry inputs can be summed up into three basic origins:

- Lack of Training
- Lack of Process Discipline
- Lack of Communication

Impact

Industry proposals that cannot and do not address all of the pertinent issues in a solicitation lead to contracts that do not address nor meet the needs of the Service.

Recommendation

The consensus of industry is that this could be addressed in part by:

- (1) early and often open communication with the industry players that will be proposing and executing the program,
- (2) better and more training for Government personnel,
- (3) implementation of more disciplined reviews to ensure strategies and requirements are fully developed prior to RFP release, and then
- (4) adherence to an established schedule for the solicitation.

Result

This would lead to RFPs and proposals that adequately address the needs and requirements of the Air Force, resulting in contracts that actually have a chance to be executed on the cost and schedule desired.



1.0 INTRODUCTION

There has been growing concern within both the Government and the Defense Industry that the quality of the Government's Request for Proposals (RFPs) may be impacting the ability of industry to plan and prepare high quality proposal responses that meet the programmatic needs. In response, Headquarters AFMC contracted with Dayton Aerospace, Inc. (DAI), to investigate and better understand this concern. Specifically, DAI was tasked to gather data, analyze the data, determine findings, and develop recommendations from industry for HQ AFMC on how Air Force RFPs can be improved. The basic premise is that if the Government can improve the RFPs and the solicitation process, it will result in better proposals from industry. This ultimately will result in better planned programs and increased probability for successful program execution.

The following is a list of the statement of objectives that were to be addressed by the study. The full Statement of Work for the study effort is in Appendix A.

1. Identify specific industry capture strategies
2. Organization of industry capture teams
3. Methods used to develop a proposal
4. Identifying known problems with Air Force RFPs
5. List industry best practices and lessons learned
6. Examples from actual programs
7. Providing specific recommendations for process improvement

The majority of the data collected by DAI during this investigation focused on Objectives 4, 5, and 7. This was due to the fact that industry was somewhat hesitant about sharing extensive details on their specific methods for capture strategies, teaming and proposal development methodology. Therefore, it was concluded that the main focus of this report would be associated with reporting these objectives. The results for objectives 1, 2, 3, and 6 are summarized in Appendix F.



2.0 STUDY APPROACH

Overall, a three-phase approach was employed in this study consisting of (1) data gathering, (2) analysis, and (3) documentation. The details of this approach are shown in the flowchart in Figure 1.

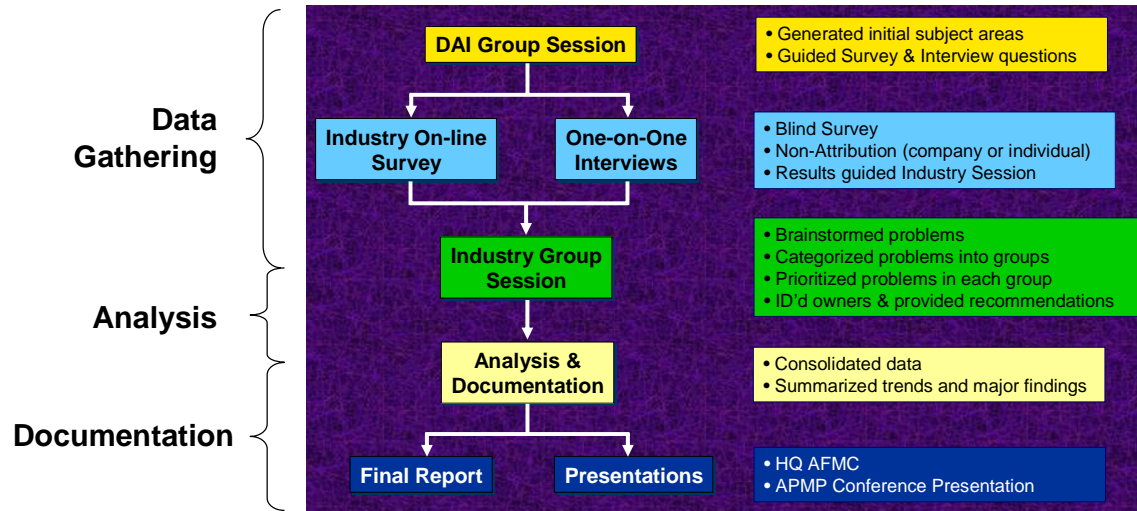


Figure 1 DAI Study Approach

2.1. Data Gathering

The Data Gathering Phase was comprised of four steps. The following subsections address each step.

DAI Group Session

This was held with a group of DAI personnel all very familiar with both the Government and Industry view of RFP and proposal preparation. This session was used to generate the initial subject areas which were used to guide the preparation of the industry survey and interview questions.

Industry On-line Survey

This was an on-line survey that was constructed with both short answer choice questions, and the ability to allow the participant to provide individualized responses. The survey was set up as blind, non-attribution responses for both the individuals and the companies represented. The results guided the preparation of the next step, Industry Group Session. The On-line Survey participants represented a cross-section of the industry with an emphasis toward the major prime/integrating companies. From the respondents input, almost 70% represented companies that were first tier primes, 14% represented subcontractors, and 17% identified themselves as other, such as proposal developers/consultants. From an experience standpoint, the vast majority of the respondents had over 10 years direct experience in proposal related positions. From a



company standpoint, the respondents indicated that the majority of their respective companies have a formal proposal process.

One-on-One Interviews

In addition to the on-line surveys, individual interviews with voluntary industry participants were conducted. This provided opportunities to further explore areas of RFP concerns that were not covered in the on-line survey. These interviews were also conducted on a non-attribution basis. The inputs from these interviews were used in guiding the preparation of the next step, Industry Group Session. The results of the One-on-One Interviews are summarized in this section. Although each interview was not formally structured with identical questions, the results still fell essentially within the same problem/area groupings that resulted from the overall Industry Group Session. For that reason, the results are presented in that format for consistency.

Industry Group Session

This was the main data gathering process for the study. The session was facilitated by DAI at the HJ Ford Enterprise Engineering/Decision Support Center, which permitted the rapid gathering of data (anonymously) from each of the participants. This session was conducted in five parts:

1. Brainstormed individual RFP problem areas
2. Grouped these problems into logical major categories
3. Brainstormed the findings in each category
4. Selected the “Top 5” in each category, then prioritized the “Top 5”
5. Identified the problem “owners”, developed a detailed description of each finding and brainstormed recommendations for addressing each finding

2.2. Analysis

The next phase involved the analysis of the data gathered. The data from each of the sessions described above was consolidated, trends were determined and summarized, and major findings were used to develop the final summary recommendations.

2.3. Documentation

The final phase involved the documentation of the survey data and the final results. In addition to this report a presentation of the results was prepared to brief HQ AFMC personnel. DAI also had the opportunity to present the results at the annual Association of Proposal Management Professionals conference.

3.0 STUDY RESULTS

The following summarizes the findings and recommendations that resulted from the surveys,



interviews and industry group session. The major headings were determined by the industry participants to be the major areas of concern based on the RFP problems “brainstorming” session. It might appear that some of the findings seem to be a harsh indictment upon the Government regarding the solicitation process, but, it must be kept in mind that this is exactly the target of this study effort. Note there are just as many problem areas on the industry side with similar impacts to the overall process. This study effort however deals only with the Government issues relative to the process.

The results are presented in the following order:

- Potential Influences on Study Results
- Categories of Findings
- Areas of Failure/Opportunity
 - Problem
 - Impact
 - Recommendation/Opportunity
 - Result
- Overall Conclusion

3.1. Potential Influences on Study Results

Before discussing the findings and recommendations, there are two subjects that bear mentioning that apparently had an influence on how the industry participants responded to the subject matter. The first subsection describes both the Government’s and Industry’s perception of the RFP/Proposal/Contracting process. The second subsection is how both the Government and industry approach the subject of risk.

Government and Industry Perception of the Solicitation Process

One of the concerns to be addressed in the study was the difference in perception of the overall RFP/Proposal/Contracting process between the Government and industry, and how that perception might influence their input to the study. Referring to Figure 2, the Government generally views the procurement process as three connected, but distinct parts, as depicted by the three “cones” in the upper part of the figure. The first cone is the RFP process where the Government initially defines the program that forms the basis of the solicitation (RFP) to industry. The second cone is the proposal process where industry responds to the direction in the RFP and defines their response in the proposal submittal. The third and final cone represents the source selection process where the Government evaluates each industry proposal and selects the one that best meets the needs thus defining the final program which will be placed on contract.

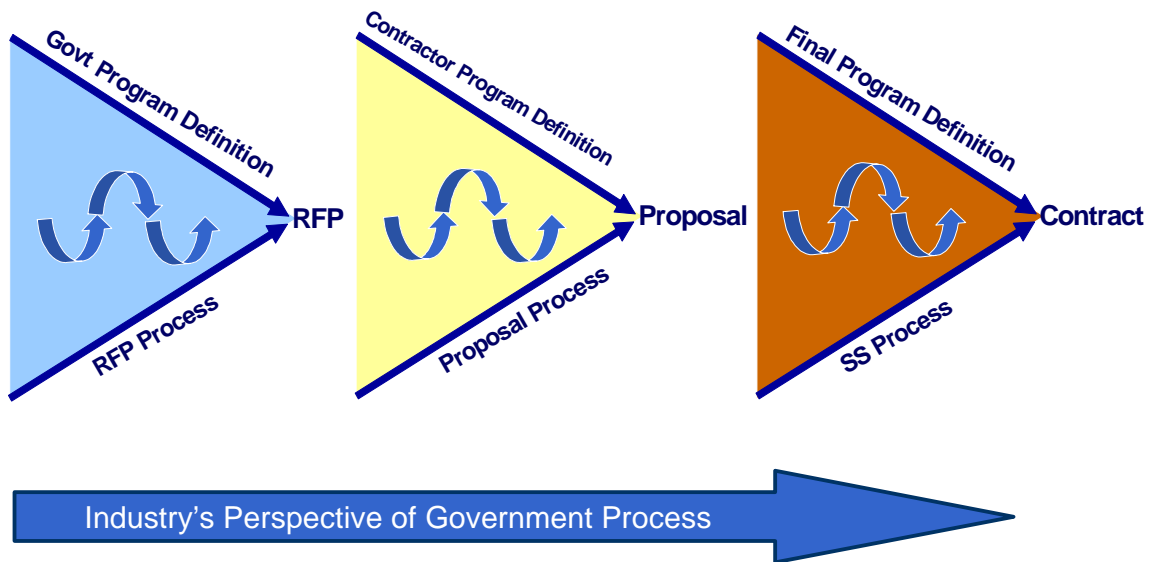


Figure 2 Government and Industry's Perspective of Government Procurement Process

In contrast, industry on the whole views the solicitation/evaluation process as a continuum as depicted by the continuous arrow in the lower portion of the figure. This is primarily driven by the assumption that the same Government personnel that participate in the RFP process will be the same team that also evaluates the proposals during the source selection process. In addition, they view the timeframe from initial draft RFP to the final source selection as one continuous timeframe, as the industry proposal timeline (and team participation) runs continuously through each of the Government's procurement phases until the source selection decision is announced.

Risk

One topic area that was a recurring theme in multiple categories of the study results addressed the issue of risk. Many of the responses indicated that the subject of risk was not well understood by either industry or the Government. This applied to both the understanding of proposal risk and program risk. The main reason for concern reflected by the industry participants was that industry (primarily senior management) was very reluctant to propose any program risks rated as "High", even though their proposed risk mitigation process could properly mitigate or "burn down" the high risk to an acceptable level without impacting the overall execution of the program. This stems from previous proposal experience where Government evaluators misunderstood the fact that a high initial *program* risk, properly mitigated, could still lead to a low *proposal* risk rating in that area. Another risk-related concern was industry's perception that the Government was reluctant in many RFPs to provide a list of their identified program risks, or at a minimum engage in risk discussions during draft RFP or Industry Day discussions. Industry participants unanimously agreed that open risk discussions early in the RFP process would result in better prepared and more responsive proposals. The final point of total agreement was that the Government could do a much better job of risk-related training for all RFP participants.



3.2. Categories of Findings

The industry representatives during the group session subdivided the findings into nine different categories as follows:

Acquisition Strategy

This category captures the thought that RFPs are often released before the entire acquisition strategy is developed and thereby leads to changes after the RFP is already released. Questions from industry after the release often bring to light flaws or errors. Some of these are caused by organizations just copying previous RFPs and not performing a disciplined review to determine if all aspects of that RFP apply to their solicitation. Other times it is just lack of experience or training on the part of the Government personnel. This is often further impacted by the lack of a disciplined review by more senior level and experienced acquisition officials.

Experience/OJT

This category encapsulates the issues that focus on Government personnel responsible for development of the RFP and execution of source selection and the fact that they have less than the required experience or On-the-Job Training (OJT) in these specific areas. This often leads to missteps by the solicitation team. Recent reductions in workforce have led to the departure of a significant number of experienced personnel and a remaining workforce that is overworked. This sometimes leads to placing inexperienced and/or untrained people, but available, into positions they are not qualified to fill, thereby resulting in less than optimum solicitation packages and process execution.

Formal Training

This category describes the possibility of inadequate formal training for the solicitation team members. This lack of training, considered separately from lack of experience/OJT on a specific task, addresses the issue of personnel filling positions for which they have not received formal training. There has been a significant upheaval of Government acquisition personnel over the last decade resulting in the exodus of many highly trained people and a significant reduction of the remaining workforce. The Sustainment/Acquisition Composite Model that establishes AFMC manpower requirements for the POM submittals has indicated for the last several years that there is an under manning situation at all AFMC centers thereby impacting the availability of personnel to accomplish the formal training required to maintain and achieve appropriate levels of expertise in many positions.

Funding

This category depicts the difficulties surfaced by the all too often situation where the available funding profile does not match that necessary to procure the identified requirements. Either the profile of available funds does not match that required to execute the program on the schedule



dictated by the Government or the total funds available are not adequate to address all of the requirements identified. This leads to unrealistic proposals to address the Government's solicitation requirements and eventually to unexecutable contracts and programs.

Requirements

This category addresses two subject areas relative to program requirements. The first is that of requirements that are beyond the capacity of available funds and the second is in regards to changing requirements, specifically relative to those changes that happen after the RFP is released and during the proposal process.

Scheduling

This category denotes two issues relative to scheduling. The first is the schedule for the solicitation process. This time is not used as productively as possible. The industry days and Draft Request for Proposal (DRFP) process are not used to the programs best advantage. The Question & Answer (Q&A) process has too long of a response time and there is generally inadequate time to respond to RFPs due to all of the changes that occur after its initial release without extension of the time for proposal preparation and submittal. The second issue is the overall schedule for the program. Detailed discussions with industry before the RFP is released can assist the Government in defining the most accurate timeframe required for program execution.

RFP Preparation

This category involves both the personnel constructing the RFPs and the process by which this takes place. It revealed the many times that inconsistencies exist between different sections of the RFP (e.g. Section L & M). This situation surfaces due to many causes but prevalent are the lack of trained personnel and the lack of discipline in the overall process to ensure consistency throughout the RFPs.

Pre-proposal Discussion

This category highlights the problems introduced when there is insufficient open discussion with the industry members that will eventually propose and then execute the program effort. There is inadequate employment of the Industry Day, DRFP and Q&A processes in order to define, explain and clarify the best approach to the execution of the program. While this period of time provides a wealth of opportunity to "get it right" very often the Government does not take advantage of these processes.

Proposal Preparation

This category draws attention to lack of understanding on the part of the Government personnel regarding the industry's proposal preparation process. Very little is usually understood about the level of detailed effort that industry conducts during the DRFP, RFP and proposal preparation



timeframe. The impacts of slippage in the RFP schedule and the changes in RFPs after release can be enormous but not visible to the solicitation team.

3.3. Areas of Failure/Opportunity

Most of the detailed findings can be identified with several of the above categories. However, after review and analysis of the findings we concluded that most if not all of the findings can be attributed to one or more of three broad areas of deficiency:

- Lack of Training
- Lack of Process Discipline
- Lack of Communication

The good news here is that each of these areas already have processes in place to address them, albeit their application has eroded over the years, or repairs can be started that could provide immediate results to assist in improvement of the this overall RFP process.

Lack of Training

Problem

The deficiency here is a result of many different contributing situations. The lack of formal, just-in-time or OJT training for solicitation team personnel appears to be a significant contributing factor in the poor quality of RFPs and poor execution of the RFP process. Some indicators are RFPs that are clearly copies of earlier program RFPs since some sections include the former program name or specific clauses or other items that are totally inappropriate for the current solicitation but were left in. This lack of training also impacts the other two deficiencies in that the process is not necessarily well known and therefore cannot be followed nor do the people know first hand what value can result from open communication with the industry participants. This situation also leads to mistakes in the RFP requiring changes after release for correction of conflicts within the RFP, changes in a faulty acquisition, changes in unsettled requirements etc.

Impact

The impact of the problem described above is a haphazard approach leading to many changes during and after the RFP release that cause confusion and misunderstanding on the industry side and results in them expending significantly more B&P dollars than is necessary. Additionally, the lack of training leads to conflicts within and between sections of the RFP causing confusion on the part of the industry participants. Couple this with poorly or not at all conducted industry days, DRFPs and/or Q&A and the level of confusion increases even more.

Recommendation/Opportunity

At a minimum, conduct mandatory just-in-time training for personnel who will participate in preparation of solicitations and source selections. Aspects of this training should include how



important achieving consistency between RFP sections, finalization of an acquisition strategy specifically shaped for that program before the RFP is released, open communication with industry to ensure a well crafted and achievable set of requirements regarding cost, schedule and performance are established, and a disciplined independent review of the overall solicitation package prior to final release.

Result

The hoped for result is less turmoil during the preparation of the RFP and conduct of the overall solicitation. Personnel that have the appropriate training in the solicitation process understand the importance of a well thought out acquisition strategy prior to development of the RFP, consistency throughout the RFP sections, minimal changes after the RFP is released and the value of inputs from the industry participants to help shape the program strategy.

Lack of Process Discipline

Problem

This problem leads to many of the same situations as the Lack of Training. There exists a process to create and review RFPs but it appears it is not used in a disciplined enough manner. Many times the specific solicitation team members are the only ones who review their strategy and RFP package. It appears that there is often very little review by experienced, senior, independent individuals or teams of the solicitation package.

Impact

This lack of discipline in following the established processes allows release of RFPs with many problems. Some of these are multiple conflicts between sections, not well thought out acquisition strategies requiring later changes, mismatched funding and requirements and other results outlined in this report. These problems often result in significant confusion on industry's part relative to what actually is required and can create situations where the solicitation could be legitimately called into question.

Recommendation/Opportunity

A disciplined review process needs to be reinstated by a team independent from the solicitation team (e.g. Acquisition Strategy Panels, Murder Boards, Integrated Acquisition Strategy Process) so as not to allow solicitations to proceed until acquisition strategies are complete, Industry Days, DRFPs and Q&As are conducted to invite industry input and requirements in the area of cost, schedule and performance are established. Additionally, more discipline needs to be implemented in the overall execution of the process. The Q&A process needs to be tightened up to provide quick, thorough and accurate responses to all potential bidders.



Result

The independent review team process will provide a view from people not intimately involved in the overall preparation of the solicitation but with experience across many acquisitions. This will allow them an unbiased view to ensure the RFP is tight, accurate and addresses all concerns of industry.

Lack of Communication

Problem

This deficiency is a result of holding all of the information too close and not soliciting inputs from industry who will actually execute the program effort. Non-use and misuse of Industry Days, DRFPs and a solid Q&A process have culminated in much confusion and misunderstanding in many of our solicitations.

Impact

By not engaging with industry or doing so in an ineffective manner the solicitation team limits the value of the greatest source of information as to what can actually be accomplished relative to cost, schedule and performance. Industry is vitally interested in participating in early and often communication regarding program requirements in all areas. Admittedly some of this interest is self serving to try and influence the requirements so as to provide them with a competitive advantage but it is in no party's interest to pursue a program that is not achievable. This could result in contractors guessing at what requirements are, bidding to win at an unrealistic funding profile and an impossible schedule. Industry will always attempt to comply no matter how ridiculous.

Recommendation/Opportunity

Significantly increase the interface between industry and the solicitation team prior to release of the RFP. More aggressive use of Industry Days, DRFPs and a responsive Q&A process should be pursued early and often for every solicitation. The earlier industry can be engaged then the more definitive the solicitation team can be regarding the requirements for cost, schedule and performance. Several Industry Days should be conducted to allow for open flow of information as to what the Government expects and what industry believes can be delivered. Interspersed with the Industry Days should be several DRFPs so that the Government can bounce their approach off of industry several times in an iterative fashion to close in on the optimum acquisition strategy and set of affordable requirements. Additionally, a well disciplined Q&A process should be conducted with clear answers in a timely manner to assist the industry participants and provide an open channel to clear up any misunderstandings and to help them to focus their approach. The areas that should be addressed are requirements as to what is the art of the possible, schedule as to how long the program execution phase should realistically take and cost as to what can actually be accomplished for the available funding or how much funding would be needed to achieve the overall requirement.



Result

This early use of industry inputs provides a much better chance of arriving at achievable results relative to performance, schedule and cost. It allows industry several opportunities to interface with the Government team to help both sides better define what should be pursued and what is achievable. This approach will avoid many miss starts by both the Government and the industry teams saving both time and money.

3.4. Overall Conclusions

If the recommendations outlined for each of the findings above are followed, industry believes they will result in much clearer and sharper solicitation packages targeted at achievable cost, schedule and performance requirements thereby leading to a better understanding by industry and therefore better proposals that meet the achievable Government requirements and ultimately to executable contracts and programs within cost and schedule constraints.

4.0 SUMMARY/RECOMMENDATIONS

The results of this study reporting on the defense industry's perspective of the Air Force RFP process can be easily summarized into three broad areas of deficiency:

- Lack of Training
- Lack of Process Discipline
- Lack of Communication

The consensus of industry is that these deficiencies could be addressed in part by early and often open communication with the industry players that will be proposing and executing the program, better and more training for Government personnel, implementation of more disciplined reviews to ensure strategies and requirements are fully developed prior to RFP release and then adherence to an established schedule for the solicitation.

The good news is that each of these areas already has proven processes in place to address them. The bad news is that their application has eroded over the years. The good news is that repairs could be implemented quickly that could provide immediate results.