CEO FORUM

APMP is continuing to grow. We have made a great deal of progress over the past several years to provide the membership more benefits and access to more networks for support and resources. As a result of the APMP annual strategic planning session in September, many more initiatives are underway:

• Adding up to three International Directors-at-Large (DALs) to the Board. These DALs will work with our international membership in a similar manner as our US Government and Commercial DALs.
• Developing a cross-reference matrix (or cheat sheet) that correlates common terms used across government, commercial, and now international business as it relates to proposal and/or campaign development. For example, in the government and commercial realms we have a Request for Proposal (RFP), whereas in the UK it might be an Invitation for Tender.
• Continuing to support the Business Development Capability Maturity Model (BD-CMM) project. A full model is scheduled to be published 1Q/2004. Note that the APMP Benchmark Study 2002, which represents the quantitative data set used to correlate the BD-CMM model, is now available for purchase on CD-ROM.
• Renaming, but more importantly, refocusing the Acquisition Reform Task Force. This was renamed to the Task Force to support a broader scope of work supporting both government and commercial activities.

2004 looks to be an exciting year for APMP as we move into the international arena. We want to hear your comments so we can continue to meet your needs relating to the unique world of acquiring business!

–Kirste Ross & Mary Mills

Proposal Management

The Journal of the Association of Proposal Management Professionals

IN THIS ISSUE

Five Years and Counting

It has been an honor to captain this ship of silver-tongued scribes and persuasion pirates on a journey from concept to professional journal to legacy in the making. For the journal's success and quality during this period, I am thankful to a core group of co-conspirators—Jayme Sokolow, Rich Freeman, Rick Rider, and Linda Mitchell—together with countless other talents who serve today or have served as writers, authors, editors, designers, peer reviewers, and muses throughout the journal's life.

Working on the journal has been a labor whose returns have always outweighed the investment —especially where ROI is measured in the context of knowledge, friendships, and the satisfaction of working with an engaged, intelligent, give-it-your-best team.

It is particularly pleasing that the journals we produce have proven to be timeless. Even the first edition (Spring 1999) has nuggets of insight and information with application to our work today.

I recommend you to the journal's new captain, John Elder, effective with the Spring-Summer 2004 edition. John has been participating on the journal in the background for several months, so the transition will be seamless. I also recommend you to support the journal as a writer, editor, artist, muse or peer reviewer on future editions. It is your journal. It serves your community. It only gets better when the community it serves plays an active part.

Lastly, thank you to David Winton, the Executive Director, who has helped champion the journal, its funding and administration so ably behind the scenes.

To all – may the winds always be in your favor.

Dennis

R. Dennis Green

Professor of Persuasion–
Dr. Tom Sant

By R. Dennis Green

It was not the goal of a young college professor with a fascination for critical theory and rhetoric to become a persuasion guru to hundreds of global corporations, but the paradigm, company, and tools he created have made it so, winning new business for global clients for 26 years.

As a young PhD teaching English at the University of Cincinnati in the late 1970s, Tom Sant heard of an inquiry from General Electric's Evendale plant about teaching technical writing after hours to its engineers. This opportunity was widely dismissed by Sant's professorial colleagues. Even Sant had some cautionary warning signs. One of his students taking English as a requirement said, "Dr. Sant, what you don't seem to realize is that we're going to be engineers, so we don't need to learn to write." But Sant was (and remains) innately curious. And he had a growing family, so the prospect of extra income had an undeniable appeal. When Sant accepted the GE assignment, his colleagues just shook their heads.

To Sant's delight and everyone's eventual profit, however, he encountered an interested, appreciative corporate audience. The engineers said: "We need help." "I need to communicate the work I'm doing, the research I've developed, the ideas I have more effectively." "How do I do it?" "What's the secret?" Sant went right to work.

His starting point was research he had been pursuing on structural patterns and rhetorical techniques that were most likely to produce specific effects in the audience. All of a sudden these academic forays had possible real world application with Sant's students. "The engineers tended to be very right brained," said Sant. "They were great at visualizing. They were great at spatial analysis. They were not as strong in linear analysis, which of course is the foundation of writing."

Sant developed a technique that helped the engineers write more fluently. Word got around, and the
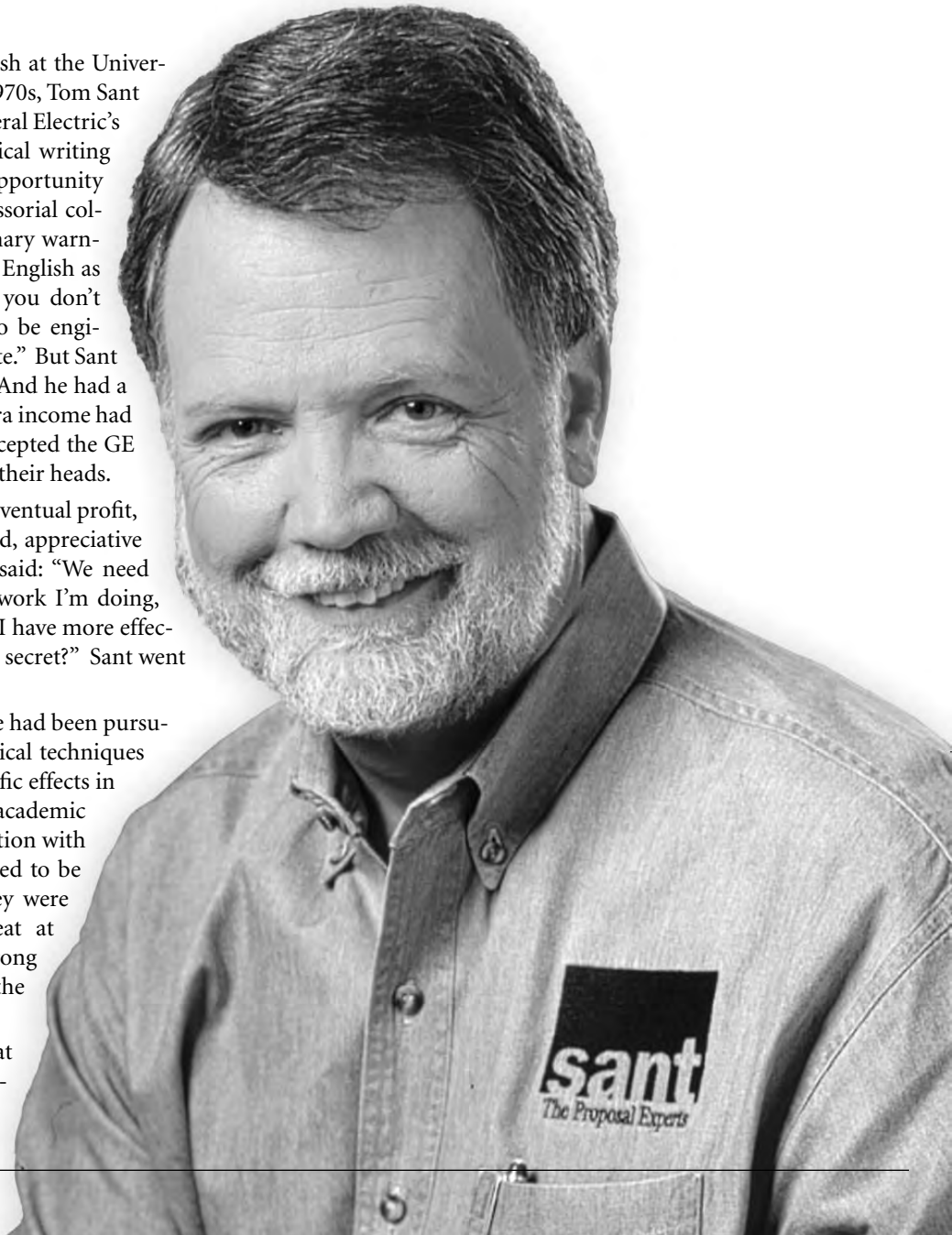
after-hours class began filling up. One GE student was a section manager and department head who deemed himself too old to learn but smart enough to hire the teacher, so Sant soon added 'consultant' to his resume of ancillary activities. Sant was paired with a group of PhDs working on issues of metallurgy and life management in GE's Aircraft Engine Group. As Sant explains, "they had a doubly difficult time communicating to the rest of the community what they did and why it mattered. So I began helping them. People noticed. And then they said, look we've got a major proposal coming up here with NASA. We'd like you to help us write that."

> They won. And when they won, they went, whoa, we never thought we had a chance at this thing. So look, here's a new one.

"At that point," Sant said, "I really didn't know what a proposal was. I hadn't been involved with one. But once I got into it, I saw that this was just an exercise in persuasion, an opportunity to use persuasive techniques to communicate a technical message. Unfortunately, what they had been doing was typical of the problem we still see rampant. They were offering data dumps. They were providing white papers. They were doing in-depth analyses of technical issues, but the documents weren't structured in a way that was persuasive."

"Because I already had some credibility," said Sant, "they trusted me enough to let me rearrange the entire document. And it went out with a structural pattern I eventually named the persuasive paradigm. They won. And when they won, they went, whoa, we never thought we had a chance at this thing. So look, here's a new one." The second proposal won, too.

The third proposal Sant prepared for GE is the one that would rip him from the academic cocoon of "teaching literature, truth and light." It came in the shape of a major opportunity with the US Navy on the F-101 engine system. GE had already lost to Pratt & Whitney, but because of some Pratt performance issues, the Navy reopened the bid.

"Everybody in the industry just kind of assumed, well, this is just a pressure tactic. They want Pratt to hurry up and fix whatever the issue was," said Sant. "But GE thought, you know, we already spent all of the money developing our engine. The prototype's done. Let's try to do a better job. So the Group Executive and the manager of that engine program said, 'We'd like you to use whatever stuff you're doing on these proposals here in the Life Management Group to help us with this one.'"

Sant accepted, saying he was glad to do it. "I was so naive, I didn't know I'd put my neck on the block," he said. "But we did it and they ended up winning billions of dollars worth of work. It completely flipped the frame on

the industry. It put GE ahead of Pratt on the world market." Sant even found himself on the receiving line when GE president Jack Welch came to congratulate the team.

GE was not ungracious to Sant. The company invited him to "teach everybody" in this proven and winning technique. Sant remembers a moment of panic. "That means I've got to actually figure out what I'm doing so I can articulate it in a straightforward step-by-step way." Shortly after, he began teaching a class on how to write winning proposals at GE.

This experience led to opportunities with other companies. AT&T, then going through divestiture, was one of the first. In the early 1980s, he secured a national contract with AT&T to train their sales force of 3,000 people. "They were in the throes of going from being the world's largest monopoly to being poleaxed in terms of being in a competitive market, feeling like they needed to develop a whole new set of skills and techniques," said Sant. "And their existing proposals were basically project plans—lengthy lists of products and very detailed project steps." Predictably, their proposals weren't winning. Worse, they provided a roadmap of their strategy to would-be competitors. Tracking the product lists, a competitor could simply underbid them. Sant redesigned their proposal strategy and taught them how to win.

Sant–The Enterprise

Sant's life became one of travel and adding more clients. Suddenly and unexpectedly, this young ex-professor was making more money than the president of his university. Eventually, he incorporated, and his company, Sant Corporation, grew to acquire hundreds of commercial clients across the country and around the world. These clients ranged in size from small start-ups to Fortune 100 companies such as Procter and Gamble and General Foods.

Until the 1990s, Sant Corporation was a service company focused primarily on training and consulting related to persuasive business writing. But then the founder initiated a transformational turn.

"One thing nagged at me throughout that period I was training people," he said. "I'd walk away but feel there needed to be a 'leave behind' besides the manual." His discontent led to two initiatives. One was to write the book, *Persuasive Business Proposals: Writing to Win Customers, Clients and Contracts* (American Management Association, 1992). "I really wanted to do something different," said Sant. "At that point, a lot of the writing about proposals was focusing on the government sector and how to do federal bids—a very specialized breed of cat. But you don't follow that sector's formula if you're writing business-to-business proposals. It just doesn't work." So he wrote a book that could be applied to both commercial and government bids.

Concurrently, Sant began to develop a complementary, computer-based tool. He had conceived the tool while consulting with Cincinnati Milacron, a manufacturer of complex machine tools and manufacturing cells, but had

Tom Sant, At A Glance

Position: Founder and Chief Executive Officer, The Sant Corporation (since 1978) ("Semi-retired")

Education: Ph.D., M.A., English, University of California, Los Angeles; B.A., Arizona State University (1970)

Born: June 28, 1948, in Ogden, Utah. Shares birth date with Richard Rodgers (of Rodgers and Hammerstein) and Mel Brooks.

Family: Wife and four sons

Hobby: Cooking. Recently demonstrated at barbecue for oldest son's wedding and 60 guests.

Compulsion: Golf, a rediscovered passion (after a 25-year hiatus). Plays to an 8 handicap. Admirer of Palmer, Player, Lema, Hogan and Woods. Uses Callaway Big Bertha driver, Mizuno irons and Cleveland woods with a Callaway Hex Red ball. "I've got an odd putter. It's like the old Bobby Jones Calamity Jane with a wooden shaft."

Per Sant, "You can tell a lot about a person by the way they play golf. I've met people in business who have high competitive drive, but they actually have low self-esteem. So they desperately want to win, but they're not able to deal with the fact that sometimes you lose. And that's a bad combination in both business and golf, because that kind of person either resorts to deception or dishonesty, or they fold under pressure. And you can see it easily on the golf course. You get people who really want to play well but when they get a couple of bad shots or unlucky bounces, they just blow up."

Favorite Quotes: "God grant me the serenity to accept the things I cannot change, the courage to change the things I can, and the wisdom to know the difference." Prayer of St. Francis Assisi

"If you wish to persuade me, you must think my thoughts, feel my feelings, and speak my words." Cicero, the Roman Orator and Statesman (born 106 BC)

been prevented from developing it because Milacron was doing its proposals on a mainframe system. Client AT&T provided the impetus for Sant to make his tool a reality when it equipped its entire sales staff with an early generation of laptop computers and asked Sant if he might offer them something new and computer-based.

In 1991, the company unveiled its first prototype to a group in Orlando, Florida. The AT&T sales staff was irrationally exuberant. "They about fell out of their chairs," Sant said. The tool coached sales personnel through the process of analyzing a deal and building a sales proposal. It used a query and answer wizard to identify appropriate content modules, and assembled a finished proposal at the end.

"They'd never seen anything like this," said Sant. Moreover, they were delighted that this tool would perform in a matter of minutes a task which most of them had grown to hate. "Seeing how they went nuts," said Sant, "I thought, you know, we may have a product here."

The tool became a commercially available product in 1992. Its development and promotion have come to dominate the company. According to Sant Corporation President Lewie Miller, the company has undergone a "textbook transition" from a consulting services organization to a software firm. Initially, most clients were receiving custom software code. "By 1996," said Miller, "those four years of custom work led to a reconfigurable product. We've now been refining the reconfigurable product for seven years."

The services which grew to support the product were a complementary adjunct—in part relating to maintaining the client databases needed to work with the tool.

"When I began automating," said Sant, "people would say, oh, that's really great. Now I can put out more proposals. What I always wanted to emphasize was that the tool's value wasn't just in the fact that you can do it faster, but that you can do it better. After all, if you're automating proposals that are basically junk, you're just producing a lot more garbage. And in reality your win ratio will probably go down thanks to automation because you'll produce more stuff, but it still won't win. What we're trying to do is incorporate best practices and concepts that really work."

Today, Sant Corporation is headquartered in Cincinnati, Ohio, and has a second office in the United Kingdom. It employs 30 people and lists more than 1,000 corporate customers.

It distinguishes itself from the other large proposal management product and service providers by pointing to its heritage. "We come from a background in which we've worked heavily with the business-to-business or commercial sector, as well as government bidding," said Sant, "which is not necessarily the case with other companies. Many are strongly rooted in government bidding. That's not a bad thing," he said. "It's just a difference in the ways we face the market."

A second discriminator, according to Sant, is one of approach. "We take an empirical or a research-oriented approach to the whole issue of developing a persuasive

document," said Sant, "whether it's a presentation, a letter or a complex proposal." According to Sant, the research has led to developing very specific guidelines for the best way to write persuasive white papers, executive summaries, past performance summaries, team résumés, RFP answers, or other proposal components. The guidelines lay out what to put first, what to put second, how to say it, and what to leave out. "For example, we've developed a structured approach to identifying your differentiators," said Sant, "then folding them into specific win themes which separate you in terms of value. It proceeds step by step. And we've developed this very concrete approach based on research that reveals the way people think when they're trying to make decisions. Knowing how they think, we then work backwards."

"My impression," said Sant "is that others in the field may come more from an orientation of managing the project successfully. That's certainly an important thing. I don't want to minimize that. But our approach is to look at the proposal in terms of what's the right content to have in there at the end of the day."

Sant served as President and CEO of the company until about two years ago when Miller was hired to assume the company's day-to-day operations. Although Sant refers to this time as his semi-retirement, he remains quite active, still consulting about a 100 days a year.

"Tom loves to call on customers," said Miller. "He is active with me on sales calls, and on process and content consulting." He said, "It's the thing he loves to do."

Because Sant Corporation is privately held, its annual revenues are not published. Miller reveals only that they're "less than $10 million." Three-quarters of the revenues are derived from software product sales and support services. The balance is derived from public training and consulting services work."

Sant Corporation is also distinguished by a very active international practice. Its sales office in the UK is the service center for many large corporate and other clients with a broad European base or practice, such as Accenture, PricewaterhouseCoopers, Manpower, and Telindus. Asia, Latin America, and Australia are additional regions where Sant is broadly active.

Cognitive Webbing— Sant's Proven Methodology

Given his background in structural linguistics, it may not surprise you to hear Sant's proposal development strategies described in terms of cognitive patterns or a new proposal paradigm. They are. But he also has provocative views on the storyboard, one of the industry's most widely used tools.

"I probably stand outside the inner circle on storyboards," said Sant. "I've used them. I've participated with proposal teams that use them. But I don't believe in them."

Why? "The storyboard was one of those trendy innovations which emerged in the late '50s and '60s," said Sant. "It was an adaptation out of a really sexy industry—entertainment. But if you think about it, it doesn't apply to a proposal. A storyboard in the entertainment industry (and I've written scripts, so I know how they use them) starts with a completed script. The storyboard is used to create the flow of visuals or images to match the actual text of the script."

> *We take an empirical or a research-oriented approach to the whole issue of developing a persuasive document, whether it's a presentation, a letter or a complex proposal.*

When applied to proposals, Sant said, "We do the exact backward thing. We try to create this visual flow of a document before we have a document. And in our experience, it ends up slowing people down." Does that mean people shouldn't do it? "No," said Sant. "If they're used to it and if it's a technique that helps them get started, great. Because, anything that overcomes writer's block and helps people get the document done is probably a useful technique."

What Sant recommends instead of storyboarding is a technique for determining content strategy and structure that he calls cognitive webbing. "Cognitive webbing is an outgrowth of a technique for improving fluency, a technique that I invented when I was working with the engineers at GE," he said. "It's a way of structuring a brainstorming session." It begins with the question: "What
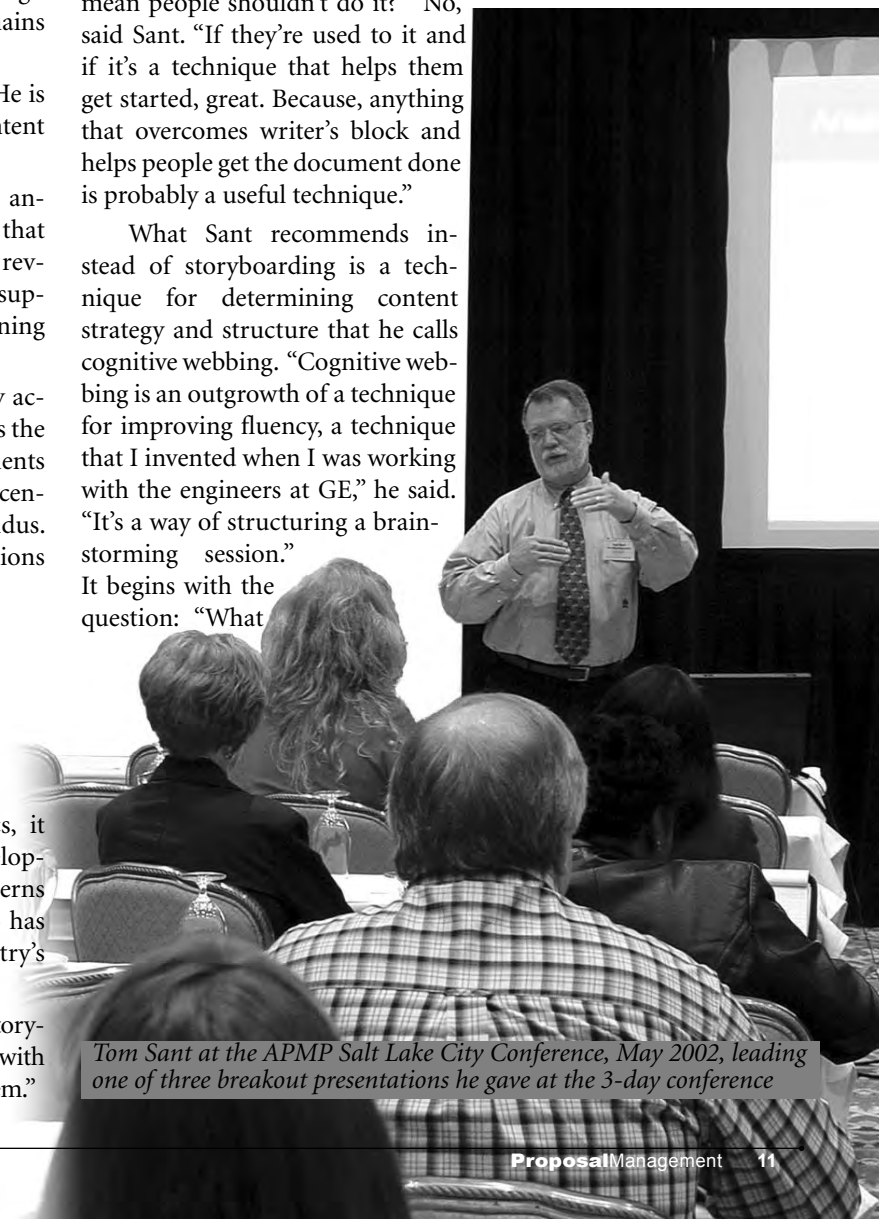
Tom Sant at the APMP Salt Lake City Conference, May 2002, leading one of three breakout presentations he gave at the 3-day conference

is it at the end of the day that this decision maker wants to see accomplished? What's the end result that will make them feel like spending their money?" He starts with the client's end result.

The other thing that's really had an impact on our industry is the exposure of dishonesty in so much of corporate America.

"Then I ask, how do we prove to them that we are the best candidate to get them to this end result? And that leads to several additional questions," said Sant. "What are the client's specific needs or problems? Why are these needs and problems worth solving? What makes them important to the business or agency-critical? How will the customer measure success? What are the outcomes they're looking for? Which outcomes are most important? What's our solution going to be? Why is our approach better than any other alternative approaches? What evidence or examples can we provide to demonstrate the paybacks they're looking for? How do we prove in terms of evidence and prior experience that we're credible and competent to deliver on time and on budget? So we go through these basic questions, brainstorming and generating ideas."

But how do the answers translate to a proposal? "Everything discussed goes up on a white board or on a piece of paper," said Sant. "Whoever is leading the process is creating a map or web of related ideas and details."

To make sense out of the chaos, Sant structures the assortment of ideas, observations, thoughts, and feelings in by using the sequence he calls the "persuasive paradigm": first the customer's needs, second the customer's desired outcomes or measurable results, third the proposed solution, and fourth the evidence to establish competence and credibility. According to Sant, "It has to be that order to work persuasively. If you rearrange it and put the corporate information first, the document becomes informative but not persuasive."

When the team has identified multiple needs or outcomes, the Primacy Principle applies. "This comes out of cognitive psychology," said Sant, "which has established the significant impact order of presentation has on an audience. You could call this the principle of first impressions, because the reality is what a person sees or hears first, they assume is predictive — 'normative' if you will—of what's going to come in the rest of the presentation. If the first thing they see is your company history or a detailed discussion of your technology, it's an immediate turnoff because subliminally what you're saying is, 'look this proposal is not about you and what you need, it's about us'. They're already gone. That's the wrong message."

"But if what they see first is *their* needs, *their* business issues, *their* concerns, *their* agency objectives, and if they also see that you have prioritized them the same

way they would, from most important on down, the subliminal message is that you think about things the way they think about them. People want to work with people who seem to think and have the same kind of values that they have. It helps reduce what in cognitive psychology is called 'cognitive dissonance,' that sense of otherness we get when we're trying to work with outsiders or strangers. As cognitive dissonance goes down, the anxiety associated with making a buying decision goes down, and the customer's comfort level goes up."

"At the end of this cognitive webbing process," said Sant, "we have a detailed outline. And it only takes half an hour to an hour. I've used it for more than 25 years, and I might use it again next week if I'm working with a client to develop a proposal outline. It works."

When asked about the importance of graphic content, Sant responded enthusiastically. "One of the bits of research that we've come across, that we've incorporated in our training and our software," said Sant, "is research that shows the impact of graphics on perceived persuasiveness. It turns out that if you ask people to rate a piece of text on how persuasive it is, you'll get a particular score. Then, if you simply add a graphic to the message, without changing a thing otherwise, leaving it word-for-word the same, and test it with a new group, the score will go up 47 percent. People will perceive it to be that much more persuasive."

"Why do graphics have such an impact on the audience's perception? I think there are a couple of reasons. For one thing, a lot of people tend to be right-brain dominant, so they understand a message easier if it's presented to them graphically. And when something is communicated so that we understand it easily, that message also seems more persuasive to us. That's why simplicity in writing style is so vital, too. The same thing said in simple, direct language is more persuasive than saying it in a complicated, difficult-to-understand style."

The greater challenge, according to Sant, is conveying this point to proposal authors. "People naturally want to come across as being really intelligent," said Sant. "They may believe that a potential customer needs to know they have a PhD in thermal dynamics, or they may feel insecure
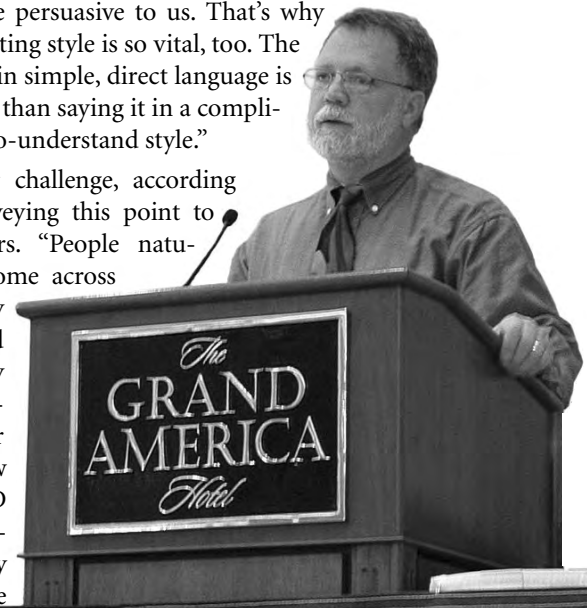
Tom Sant at the APMP Salt Lake City Conference, May 2002, addressing full assembly on industry trends as part of "Vision of the Titans" panel discussion

in their own level of knowledge, so they feel compelled to write in a complicated, pseudo-scientific style. Well, writing that way isn't going to convince the reader of anything except that they can't understand you."

Graphics are an important part of any proposal, according to Sant, but he believes there is one area of the proposal where they are indispensable: the value proposition. As a result, the Sant software contains tools that allow users to build Return on Investment and payback graphics on the fly.

"With our tool a sales person or proposal writer can enter certain key parameters, numbers, values, benchmark data, whatever, and the system will generate a graphic. For example, it might generate a bar chart showing current energy costs versus projected costs after we install our equipment. Or it can create a trend curve showing projected market growth without change and growth if you implement our lead generation system. Or it will generate a pie chart showing distribution of resources, allocation of expenses, or distribution of time and effort. So, in a matter of a couple of minutes, the user can create these simple, colorful graphics that will have huge impact. That's very powerful!"

Although Sant's techniques were developed in the 1970s and 1980s, concurrent with other now widely-used processes, he didn't become aware of the others until a later date. "I was coming out of a different tradition," Sant explains. Perhaps the result of academic conditioning, he first approached the issue of proposal structure and persuasive writing from the viewpoint of 'What makes language work?' For him, it was "an issue focused on discourse analysis and the need to understand the psychological and linguistic components of persuasion. From there it was a matter of translating that into something practical. I suppose that's why I probably have more in common with some of the dominant sales methodologies—things like Solution Selling, Strategic Selling and SPIN Selling—than I do with traditional proposal consultants. These sales methodologies are widely used, particularly in the commercial sector. For the most part, they were based on similar research into the psychology of persuasion. It was very interesting later on when people who were teaching these sales programs would say, 'Wow, your proposals map beautifully to the way we teach people to sell.'"

View on Trends

Asked for his views on industry trends, Sant charted contradictory forces. "On the one hand," he said, "the federal government is trying to create a more competitive environment where selection isn't based merely on price, but on other factors. They're giving greater discretion to evaluators, decision makers, and contracting officers to make informed choices. But at the same time, in part through technology developments, they're moving toward a much narrower and more limited form of solicitation. In fact, sometimes solicitations are so tightly defined and so numeric in nature, they're basically just a spread-sheet where vendors fill in numbers. What that does is to create a strong pressure toward commoditization, toward reducing everything down to the lowest price. So you get this weird set of contradictory impulses, emphasizing value on the one hand and minimizing it on the other. What lies behind both trends is the same fundamental desire: people want to make a good decision. They want to select the course of action that delivers the best rate of return to their organization. At the same time, they don't want to make mistakes. So they try to simplify things down to as objective a process as possible. These two trends are going to play out in some interesting ways in coming years."

"When you see major open-ended contracts—the indeterminate dates, indeterminate quantities, or IDIQ, kind of contract coming out of major agencies—what they're looking for are the firms who will be good business partners, who can be trusted. In these situations, there's a tremendous opportunity for communicating value based on differentiators. But later, when you get to the level of an actual task order, sometimes it's just down to who offers the lowest quote."

Decision making is an emotional process, and decision makers actually use a minimal number of facts to reach a conclusion.

"In the commercial sector, I think people are still stunned by the way the economy's gone over the past couple of years. From the significant stock market meltdown to the impact of September 11, it was brutal, not just to our economies, but to our psyches and to our souls. So people have been really reluctant to make buying decisions, to make the kind of bold, innovative moves that they were making throughout most of the 90s. And it's too bad because that means a lot of good ideas that may not fit into the traditional patterns don't get tried. They don't even get proposed. People just don't have the guts to do it right now. Instead of soliciting true proposals, seeking new ideas and creative solutions, people have slipped back into safe strategies, looking more for a bill of materials and job quote."

"That will change, of course," Sant predicts. "We're already starting to see that loosen up. We have major clients come to us who are saying 'look we're not penetrating the levels of our client organizations we want to. And we're not developing the kind of loyalty and enthusiasm for what we do that we think we deserve. So help us figure out ways to communicate above and beyond just pricing and outlining our core competencies.' And that up-tick, over the past 6-7 months has been very noticeable. So what I think we're going to see is an opportunity to begin to use more strategic thinking, more creativity, to communicate."

"The other thing that's really had an impact on our industry is the exposure of dishonesty in so much of corporate America," Sant said. "Because of some highly publicized scandals, people aren't sure who they can trust. As a result, proposals themselves are now looked at with even

more skepticism and wariness than they were before. So we have to be particularly careful not to deliver marketing fluff, by which I mean the kind of vacant and generalized hyperbole that people often use when they don't know how to substantiate their claims. In the past, that kind of writing was annoying and looked amateurish. Now it actually creates an unsettling sense in your client that maybe these people are lying to me. Or, maybe they're trying to deceive me. So we're seeing proposal professionals and sales people work hard to combine a strategic value message with the specificity to back it up in ways that previously they didn't feel compelled to do. That's a very good trend, because although it makes the task of writing a proposal harder, the resulting documents are much more substantive and have much more credibility."

Sant also weighs in on the recent debate provoked by Nicholas Carr's *Harvard Business Review* article, 'IT Doesn't Matter.' "His point," said Sant, "is that information technology, computerization, automation, in and of themselves, no longer constitute a competitive advantage. Instead they have become what Carr calls a ubiquitous commodity. And if you're trying to sell products or services based simply on the competitive advantage to be gained from implementing an IT tool, forget it, because nobody's buying it anymore. They look upon computerization or automation or information management as just being part of the infrastructure, like having telephones and electric lights. So what you've really got to figure out is what is it you've got that is in alignment with the mission objectives of the company or the agency to whom you are selling? Well, that's a refreshing point of view. And it's further reinforcement that people need to get away from the feature dump we see so often in proposals where the message basically focuses on what we can do and how it works."

You never know when you'll see a connection between an idea there [in other aspects of life] and something going on in the world of business.

When Sant asks his clients why their deals get stalled or why decision makers fail to move forward, they sometimes speculate that the decision maker doesn't have enough information. "It's a pretty common answer, particularly in a scientific or engineering organization, but it's wrong," Sant explained. "The research indicates that people don't make decisions based on having a certain quantity of facts. Instead, decision making is an emotional process, and decision makers actually use a minimal number of facts to reach a conclusion. It really comes down to making sure we understand which facts are the right ones to create an emotional sense of certitude or confidence in the decision maker."

Sant chuckles. "People think they can shovel a whole lot of information on their clients and somehow smother them into acceptance. Well, that doesn't work."

"In a global study of how people make decisions, researchers from some of the most distinguished universities in the world collaborated to look at the actual processes by which people come to closure and make a decision. What they found is that regardless of education, gender, or cultural background, people use the same seven heuristic processes to make decisions. Apparently these heuristics are hard-wired into our brain, just like the capacity to generate language. It's part of our human adaptive took kit. What this means for us in business development and proposal writing is that, first, we need to understand what those seven heuristics are, then, second, we need to have enough insight into our customer to know which of the seven they are likely to use, and finally we need to know how to structure our proposal or sales presentation to deliver the right facts in the right order to satisfy their decision heuristic. The process is deceptively easy to describe, and it's fiendishly difficult to do."

Once a Professor...

Looking at the path of Sant's career, he's come full circle. To the academic track he once abandoned, he now returns.

"Isn't that funny how things go around," mused Sant. "I've started reading French critical theory now, looking at the deconstruction theories developed by some post-structuralist thinkers who got busy after I got out of the profession. I need to catch up. And you never know when you'll see a connection between an idea there and something going on in the world of business." For example, in a recent training session with Sodexho, the food services giant, Sant was able to apply some of that reading, "sharing with them the work of the French sociologist and philosopher Pierre Bourdieu, who analyzed the ways in which cultural distinctions are manifested through food choices and decorating styles. It provides an academic justification for one of their key differentiators, the care with which they research and develop an appropriate culinary and cultural ambiance for each client."

Whether by design or happenstance, Sant has served as a useful bridge between academia and business. He has translated research into a tool and methodology with powerfully persuasive utility. Speaking about the difficulty faced by sales personnel and those writing proposals, he said one thing that, happily, did not apply to the speaker. He said, "People in academics have no clue how difficult it is."

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Security:
The Essential Partner in
Proposal Management

By Richard A. Parker, CPP
Eletha L. Duffy, Esq. and Jon Williams

Baseline Proposal Management Security: How Much Is Enough?

So you understand the need for secure computer networks and the importance of nondisclosure agreements for the protection of your company's proprietary information as contained in your proposal work. You also understand that neither cell phone conversations nor e-mail transactions are secure communications. As a result, you know to avoid using those means of communication for your sensitive proposal content. If you believe that these elements constitute 'enough' security for your proposal management efforts, and that anything more than this is overkill or simply the fancies of security weenies, we encourage you to read on.
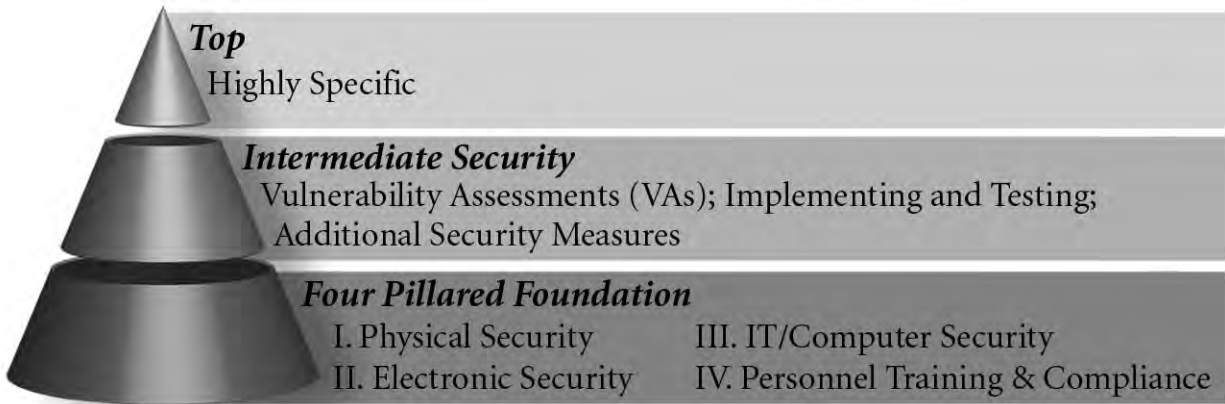
Very few individuals want to believe the extent of the risks of security breaches in any capacity, until it either happens to them or happens to someone similarly situated. Security violations are unnerving matters to ponder, and often times, individuals choose to respond by ignoring or minimizing the reality of the potential risk, rather than taking proactive steps to prevent a loss. We encourage you to embrace the need for security for your proposal management efforts as essential to your operations, overcome any desire to put your head in the sand and not view reasonable and measured security efforts as overkill or unnecessary burdens. We also encourage you to not lull yourself into a false sense of security simply because you have not suffered a catastrophic loss *yet*.

For far too many organizations, proposal-related security is comprised of a misplaced reliance on a haphazard concoction of a secure computer network, a paper shredder and legal statements like non-disclosure agreements (NDAs). The primary flaws in this common approach are that it fails to differentiate actual security measures from warnings and legal notices that only have after-the-fact loss-recovery use; and, the misplaced reliance on remedial terms tends to result in the inadvertent creation of major gaps in actual security efforts. While a secure computer network and properly used paper shredder are legitimate components of a proposal management security program if used without fail, this equipment will be useless unless the staff is trained to use it religiously. Warnings and NDAs do not provide any real protective barrier for the information they address. They provide the means for after-the-loss legal action to attempt to recover damages. They do not actively secure anything.

To assist in setting forth our security foundation, we are going to specifically explain several fundamental security measures needed by every proposal management team or organization. We will draw on our in-depth and extensive experience in preparing requests for proposals (RFPs) as well as preparing highly-sensitive proposal responses, conducting vulnerability assessments (VAs) regarding these processes, implementing and testing corrective measures and then applying these techniques to build or enhance proposal management security programs.

The measures we use and recommend in this article are all actual barriers that will help protect your assets and Intellectual Property (IP) from being compromised so that ideally, there will be no losses and consequently no need for costly damage recovery and after-the-fact legal efforts. It is our hope that by encouraging you to consider and implement these measures, you will have a far better sense of whether you have implemented *enough* security for your proposal management process, or whether the time has come to reevaluate and either shore up current gaps or add on the next level of protection.

Top
Highly Specific

Intermediate Security
Vulnerability Assessments (VAs); Implementing and Testing;
Additional Security Measures

Four Pillared Foundation
I. Physical Security   III. IT/Computer Security
II. Electronic Security   IV. Personnel Training & Compliance

The Four Pillars of Fundamental Proposal Security.

> *Despite legislation to deter IP theft, given the number of cases prosecuted it is clear that IP theft remains a significant, rampant risk.*

The potential for your proposal to be compromised because of intentional human intervention is far more likely than you might want to believe, regardless of whether the intervention is on the part of one of your own employees, an outsider, or even a collaborative effort of both. Industrial and electronic espionage hit staggering levels in the late 80s and early to mid 90s. In 1991 alone, US entrepreneurs lost more than $60 billion because of such theft. This kind of damage takes place worldwide and at a huge detrimental cost to legitimate businesses, and not just the start-ups, either. Major, well-established corporations fall prey to IP theft as well. In fact, as an example, as recently as the beginning of 2002, the European Economic Union Treaty members addressed this issue and considered revising its IP protection laws because of evidence from the International Chamber of Commerce that the European Union (EU) loses approximately 5 percent of its Gross National Product (GNP) annually to IP theft.

As a result of this problem that has grown to such costly proportions over the past decades, the US enacted the Electronic Espionage Act of 1996 (the EEA). The EEA was enacted to deter and establish serious civil and criminal penalties, such as a maximum of 10 years imprisonment, not only for theft or conspiracy to commit theft of a trade secret, but also for the *intent* to commit such a theft. That shift, to allow prosecution for 'intent' is a significant step in the right direction as it finally allows for perpetrators to be punished *before* the crime is committed and another entity falls victim. While this shift is very encouraging, the downside is that it is often difficult to prove intent *before* the commission of a crime. The EEA was designed to be applied in conjunction with other federal laws and has been used to prosecute numerous cases

in the US. In addition, many other countries as well as the EU have followed suit and have enacted similar legislation. For want of space, a more in depth explanation of the legal remedies for IP theft transcends the length of this article.

The Four Pillars of Fundamental Proposal Management Security

We believe that once you have put in place the correct fundamentals of proposal management security, you will have a solid foundation upon which additional layers of security elements may be added. These elements are (1) physical security; (2) electronic security; (3) IT/computer security; and (4) personnel training and compliance.

Based on this security foundation, your company's assets will be far better protected from the outset and more readily protected as your business grows. It will be easier to add additional layers of security on top of a solid foundation such as this, rather than attempting to implement mid-to high-level security measures on top of a weak or nonexistent security foundation.

> *The European Union (EU) loses approximately 5% of its Gross National Product (GNP) annually to IP theft.*

Proposal Creation: A Vulnerable Process

The proposal submission process is based on the notion that proposals will be submitted to a decision maker, who, following evaluation, will reward one or more of the bidders with a contract. In other words, the proposal process is by its very nature competitive.

If any one company has knowledge of the contents of even one of its competitors' proposals, it can gain a significant competitive advantage. A failure to secure your proposal content effectively can cost you the contract

awards upon which your organization's future depends; if you represent a smaller company, it can even cost you your business. Consequently, to ensure the longevity of any proposal-based business, it is vital that your proposal response content (IP and proprietary assets) be secure from theft, disclosure, or compromise.

Unless your security foundation is rock solid and impenetrable, your intermediate and top levels will ultimately fail.

Regardless of the current size or net worth of your business, security must be embraced as a vital and ever-changing partner in the fabric of your business operations. Just as you lock the door to your office daily, so must you secure your proprietary proposal content. Companies can no longer survive unless they protect their own assets. "But we haven't suffered in the past as a result of weaknesses in our proposal security," you may be thinking. Well, if you are happy to take the risk that all of your current and potential competitors are totally scrupulous and ethical, then you are gambling with remarkably high stakes. We argue that you are being overly trusting and frankly unrealistic. If you are not convinced that the threat to your own corporate assets is real, remember that one survey estimated that US *entrepreneurs* alone lost over $60 billion in one year because of IP and trade secret theft[1].

Adopting a Realistic Approach to a Baseline of Effective Security

To be cost-effective, a company needs to protect its proposal development process with the level of safeguards commensurate with both the level of threat and the value of the assets to be protected. We do not advocate using a cannon to kill a mouse.

Your offices need to be secure from infiltration through any one of an endless number of disguises.

Rather, we propose that the security measures be in proportion with the security threats faced by the target company. Therefore, if a company's success on a proposal were to secure new work worth $50,000, then it would be wasteful for that same company to spend $40,000 on new safeguards at that point in time for that one proposal.

However, if those safeguards are ongoing and will enhance the level of protection for future or other ongoing proposals of equal (or often greater) value, then the investment may be valid. That is to say, if the company is submitting 20 proposals per year and anticipates securing work from half, then that level of expenditure may be in proportion if not modest.

If your proposal management team is based on a core group of five or less, and the potential value of the income generated by your proposals is modest and still well within the realm of a small business enterprise, then, the basic safeguards we outline should suffice to provide the conceptual and fundamental elements necessary to secure your proposal management process. As your company grows, a VA will become necessary to identify risks and benefits—including the source of your primary risks, costs and remedies associated with primary methods of preventing those risks, and keeping your security expenditures and efforts in line with your overall assets and needs.

We do not advocate overkill when it comes to security; rather we advocate the formulation of a needs-based analysis and cost-effective recommendations measured to fit your specific proposal management security needs. Hence, the VA becomes invaluable during these growth periods as well as during times of transition or heightened risk (e.g., if one of your recently terminated employees suddenly turns hostile and begins to threaten to annihilate all of his or her former co-workers, or threatens to compromise all your proprietary information and IP). VAs will be discussed in further detail later in this article.

The Four Basic Elements of an Effective Security Foundation

Think of creating your security program as if you were building a pyramid. First, you need to lay elements that will interlock and constitute the foundation, while making sure that each is effective unto itself. Once these elements are interlocked, they will form a strong base upon which to build as your business develops towards the summit and your needs for security enhancements increase. Then, as this growth takes place, you will be able to build confidently on this base, adding layers of additional measures to enhance and fortify your security program.

Larger organizations, moving towards or already at the summit and as such in need of the most enhanced security measures—especially those operating in sensitive

1. The Dispatch, April 1, 1991, Published by the Department of State.
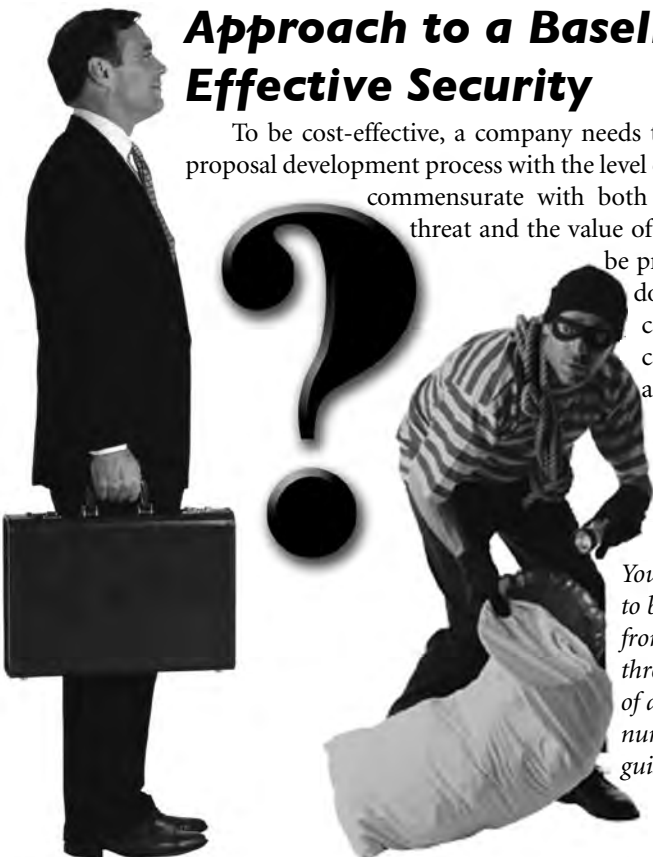
markets such as defense contracting—clearly will need to use qualified security experts to formulate their overall security approach, including their proposal management security efforts. The security experts should be able to advise them on all of the applicable legal requirements regarding proposal security imposed for their particular venue. Addressing these higher level security needs transcends the scope of this article, but remains a necessity for the survival of the most powerful multinationals and defense contractors in the world.

The four-pillared foundation that we recommend will be the same in concept whether your proposal management process is for a small firm or for one of the largest defense contractors in the world. The reason is quite simple: unless your security foundation is rock solid and impenetrable, your intermediate and top levels will ultimately fail.

Proposal team members should not canvass senior managers' views on the project over a beer in a bar.

For example, Tri-Care, a primary health care provider for US military members and their families, suffered a terrible loss of the highly sensitive and private information with which it was entrusted: namely, the names, addresses, social security numbers, physical descriptions and health histories for approximately one-third of its 1.5 million patients. While it claims it maintained 'adequate' security measures for its size and the nature of its business, those measures failed to prevent two individuals from walking right out of their front doors with two of their computer hard-drives that contained all this confidential data.

Your staff must be trained to secure their laptops and to guard sensitive information.
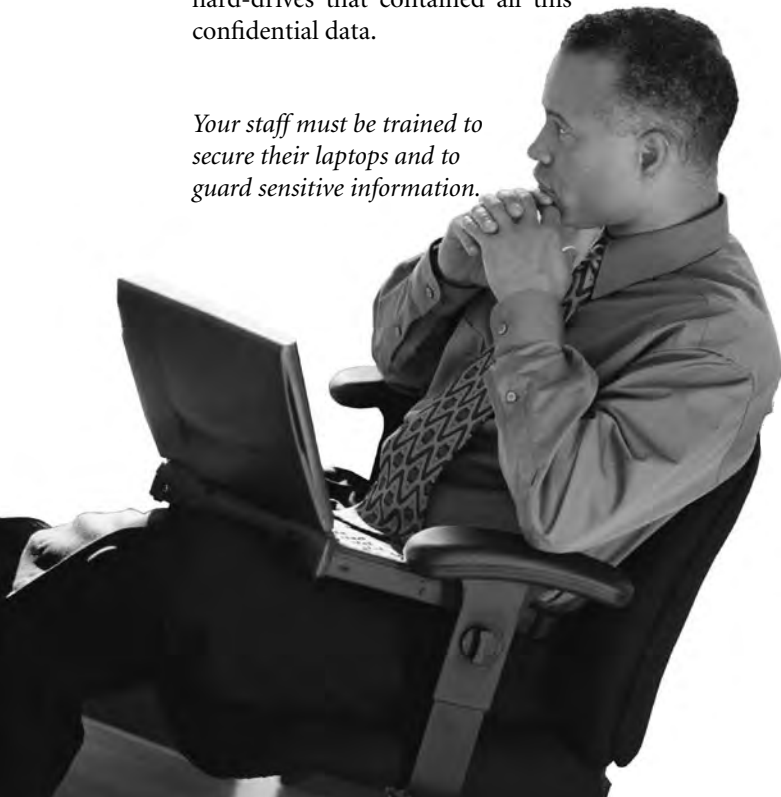
Physical Security Basics

"Who just walked out your front door with your hard drives in his briefcase?"

At a minimum, the areas where proposals are worked on in your facility should be locked at all times when none of the proposal team members are present. Ideally, these offices should be maintained separately from the primary operations of your business, but if this is not feasible, then at a minimum, locks and access limitations are a reasonable start.

We advise that all access to proposal management offices should be monitored and logged (recorded). In addition, the cleaning and maintenance staff (especially the computer network maintenance staff!) should be escorted or pre-screened to work in these offices. While it may sound like overkill to ensure that the cleaners are either escorted or appropriately checked beforehand, dressing as a member of cleaning staff is well-known to security experts as one of the easiest ways to infiltrate a corporate office. Whether it is in the guise of a cleaner, a visitor who happens to be lost, an inspector from some local authority, a courier, a maintenance engineer or any one of an endless number of disguises, your offices need to be secure from such readily accessible forms of infiltration.

Admission to the proposal area should be tracked and carefully monitored. Lists of attendees should be confirmed at least 24 hours before any meeting, and government issued photo IDs should be required from each participant upon entry unless he or she is personally known to others. (Many companies' forms of identification issued to employees are easy to counterfeit, just as are many state drivers licenses.) Do not gamble your future business on your memory for names and faces.

Even seemingly credible individuals should not be left alone with access to your sensitive information. One of the co-authors of this article frequently has been escorted (by individuals who had never met him before) into their organizations' proposal centers, and has been left surrounded by proprietary and sensitive files and computers until his hosts arrive for their meeting. Though our colleague is highly reputable, more stringent security, due diligence, and scrutiny is advised when your employees are hosting anyone whose background previously has not been cleared for the purposes of maintaining security at your proposal management center. Do not be ashamed to protect your IP assets.

Off-Site Security

If your proposal team cannot meet in a secure conference room in your offices, it may be that your firm will arrange for a meeting in a hotel conference room. If this is the case, there are certain minimum safeguards that should be practiced and in effect:

• Hotel staff never should be allowed into the room while the meeting is ongoing. Fetch refreshments into the room yourself, and place the used crockery

on a tray outside the room; if you really need to be waited on, put all your materials away and do not discuss the proposal while catering staff is present. (Alternatively, leave someone in the room while the rest of you go to the restaurant—and don't talk about the proposal while you are outside the secured conference room).

· At the beginning of each break and end of each day, each individual must be responsible for securing any and all data from his or her workspace. Absolutely no materials should be left in the conference room while the room is not attended by your own staff. Take particular care of the trash cans! As your business grows and security needs increase, there will come a point that it would be inadvisable for your company to have such a meeting in a quasi-public location like a hotel without first having it swept for surveillance devices.

Security in Transit

"Guess what I overheard?" or "I just turned my back for a moment, how can my laptop be gone?"

Ideally, your staff should not work on proposals in public places. However, many highly sensitive and extremely valuable proposal responses are worked on in transit to maximize the use of executives' time. Some simple measures are highly recommended: drafts should not be revised on restaurant tables or a Starbuck's counter. Proposal team members should not canvass senior managers' views on the project over a beer in a bar. Proprietary materials should not be read in public unless certain security measures are in place. That friendly neighbor in the next seat may just work for your competitor.

Given the need for extended travel time, we recognize that it could be highly inefficient for your staff to not work during travel hours. As with all of our security advice, our recommendations are based upon balancing the most likely risks against the costs necessary to implement the appropriate safeguards (and/or countermeasures) against those risks.

We cannot overemphasize this area of threat, as we have heard more horror stories than you would ever care to hear about 'good' employees who have found their laptops gone having turned their backs momentarily—perhaps having left them to reserve their seats at the coffee shop table while they have dashed over for a refill. So let us recommend certain basic safeguards that should be in place to provide a minimum baseline of security for proposal management work done in transit.

Your staff must be trained to secure their laptops and to treat the sensitive information they are entrusted with as just that: highly valuable corporate assets. Given that laptops are often the means to transport these assets, they must be trained to never leave them unattended in a public place for even one moment. Further, they must

be educated to view the locking mechanisms for the laptops as protective barriers to be used without fail, rather than as a nuisance. Fingerprint locks as well as motion-sensitive locks with high decibel alarms are inexpensive, readily available and effective baseline security measures.

Specific corporate policies and procedures should be reviewed and distributed solely to trusted and cleared personnel.

Finally, they must keep the privacy screens on all the time the laptop is in use. These minor but cost-effective measures can be the difference between safeguarding your proposal information versus a disaster. Similarly, because there is no expectation of privacy with cell phone conversations, no discussions regarding proposal content should take place over cell phones. Under US law, there is no expectation of privacy for conversations that take place on cell phones.

Employees should be taught how to play a key and active role in corporate security.

Computer Security—Basics

To the extent that proposal data must be kept on a computer network, that network must be similarly secured by firewalls. Anyone who has access to that network, especially for maintenance purposes, must be monitored while working, or must have been cleared by a background check before access is granted. Under no circumstances should a 'substitute' maintenance worker be allowed to work on a network that holds proposal data. The maintenance workers on your network could easily steal or sabotage your proposal and its component data.

This element of an effective security program is not very costly. It involves some degree of time and a commitment on the part of your staff to monitor the access to the network.

More advanced countermeasures include steps to prevent unauthorized copying or elicit transmission of data. If you have concerns about an employee's integrity or his or her potential for compromise, then the time has come to call in a security expert who will conduct a proper and cost-efficient VA, and who will then make recommendations based upon those findings.

Human Factors—Internal

Staff Training

Early in this article we discussed the importance of creating the right corporate culture regarding security, in conjunction with any other security measures that you may implement.

Depending on needs and budgets, staff training in this area can last from a 30-minute briefing on company security policy, procedures and expectations and role of the employee in supporting these efforts, to more detailed role-specific training. At the fundamental level, the following elements should be taught at a relatively brisk pace—but hopefully with a vivid and corporate culture-changing impact:

• **An Overview: The Importance of Security for Proposal Management Operations**—Explain your specific reasons that these individuals should be concerned with your security needs. It may be enough to appeal to their basic sense of professionalism and the logic that a proposal process is inherently a potential target. Over and above that, longer-term issues of corporate survival and consequently job security for your employees may be discussed. Other 'negative' reasons might be the addition and implementation of penalties for noncompliance to the company's security policies (including termination of employment).

• **Potential Risks and Threats Should Be Clearly Identified**—These may be general threats, or may be more specific. For example, if your company is being threatened with violence by a disgruntled former employee, then your employees should be advised of this matter, made aware of the identity and appearance of the individual, and taught how to respond if they see the individual near or in the corporate facility. Alternatively, if the risk is theft via electronic means, then your employees should be apprised of such, and made aware of the methods of minimizing that risk. It is imperative to advise your staff of the nature of the primary risk(s) because they will be more attentive to mitigating the threat if they know of the threat(s) and the potential damages these threats would cause if they are successfully employed against your firm.

• **Employee Responsibility**—Employees should be taught how to play a key and active role in corporate security. It is imperative that each individual understand the specific security-related responsibilities that come with his or her position. For some staff, including some senior executives, it may be more appropriate to hold this discussion privately, because of specific and confidential responsibilities

A well-trained and motivated security staff that is reasonably compensated and provided a reasonable work environment will provide significant added value as part of your overall security program.

that might fall on that individual. Additionally, staff should be advised of any new security measures that are being implemented and should be encouraged to come forward with their own assessments of risks and protective measures.

• **Policy/Procedure Review**—Specific corporate policies and procedures then should be reviewed and distributed solely to these individuals (and that distribution should be tracked just as we recommend all other hard copy distributions be tracked so that your potential adversary will not know the methods you have implemented to stop them).

Simple steps can be taken to prevent electronic theft of your proposal content.

To ensure that your staff takes the potential threats seriously, we recommend that instruction on security methods be conducted by an individual who is a Subject Matter Expert (SME) in the related crime prevention areas, and who is experienced and trained in teaching methods, including the creation of lesson plans, visual aids, practical demonstrations and handouts.

Background Checks for Employees and Consultants

All employees who have access to proposal and company-sensitive information should have their backgrounds verified at time of hire and periodically thereafter in accordance with the laws of your jurisdiction. If legal in your jurisdiction, background checks should consist of the following at a minimum:

• Verification of past employment history
• Validation of academic credentials
• Local jurisdiction criminal history record check
• Credit history.

If you intend to retain consultants to work on your proposals, you should first rule out whether there is any potential or real conflict of interest. You should determine whether the consulting group you plan
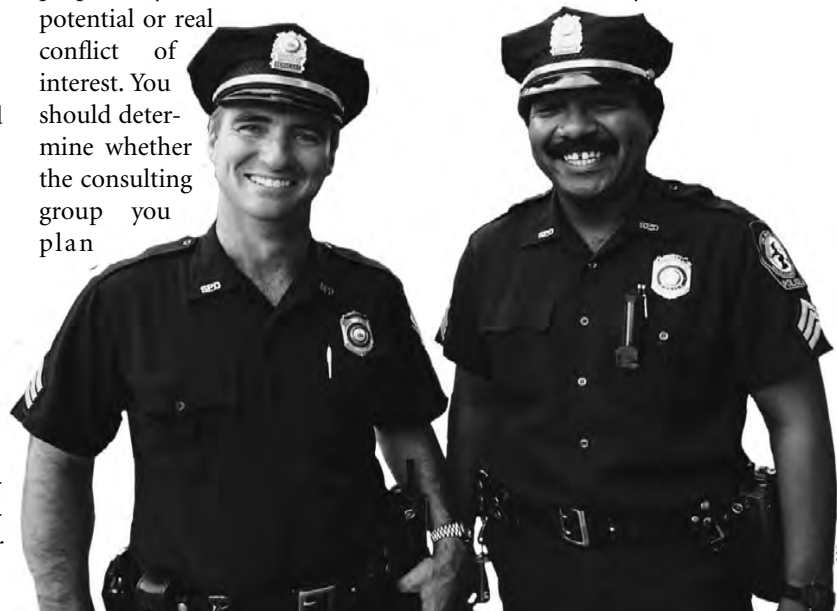
These anecdotes are from our personal experiences—They give just a sampling of real life proposal management security breaches that occur on a very common basis.

Anecdote 1

They stood in the loading bay of the customer's Head Office. There, in front of them, was the neat box of proposals that they had just delivered, for a deal worth over half-a-billion dollars. And there, next to their own proposals, were the neat piles of documents submitted by their competitors.

They looked at each other. "Let's try something."

"What?"

"See the security guy over there? Go over and distract him."

They were scrupulously honest, of course. They would never have dreamt of stealing the competitors' proposals.

Anecdote 2

It's fun working as a proposal management consultant. One gets to work with lots of companies, reading lots of their proposals, and helping them to win business.

So I call one client. "Is the draft proposal ready for me to review yet?"

"Give us five minutes and it'll be on the site. Do you have the user name and password?"

"But I don't have access to your Intranet— can you e-mail it to me?"

"That's OK, it's on the *Internet*. Here, let me give you the URL….."

on retaining is also working for one of your competitors (be very wary of alleged 'Chinese walls' and the ability of a consulting group to supposedly partition off communication regarding your matter with another that is in conflict with it). Second, their professional credentials should be verified. Third, you should review and confirm the credentials of each staff member they intend to assign to determine whether each individual has the relevant skills and experience. Just as with a potential employee, it is equally important to contact professional references. Finally, request a Dun & Bradstreet report to determine their financial status.

Attitude Adjustment for You—Play Nicely with Others, Especially Your Staff!

It may seem odd to you at first that your attitudes to other staff is included as a 'fundamental element' of proposal security, but how you treat your employees will have longstanding effects upon their ultimate loyalty and behavior towards you and your firm. Security for the proposal management process is just like any other type of security. Remember, a chain or fence is only as strong as its weakest link. Consequently, if you invest all your resources in security technology and then choose to save money by minimizing security guard staff wages, benefits, equipment and work environment, you will have gone a long way to weaken the overall effectiveness of your security program.

We do not believe that 'burn bins' are the most effective or cost-efficient means of data destruction.

How many times have you seen guard stations that are run-down, with black and white CCTV monitors the size of the average palm pilot? How many times have top executives walked by security staff and not acknowledged their presence? If you think these gestures or lack thereof have no consequence, you are wrong. If you are not treating each and every employee with respect, and are not demanding the same of every one of your employees, then *you* are weakening a key link in your security foundation.

We cannot overemphasize the value of common courtesy and a respectful demeanor in maintaining employee, as well as security staff, cooperation and support. A well-trained and motivated security staff that is reasonably compensated and provided a reasonable work environment will provide significant added value as part of your overall security program.

Termination of Employment

How your firm handles termination of employment is closely related to the previous issue of attitude and respect. In general, matters should be handled privately and respectfully, with as little hostility as possible. While this is a subject in and of itself, we will just touch on it briefly.

Remember, time is of the essence under such circumstances, especially because emotions will be running most high when the employee initially learns of the company's decision to terminate his employment. If you should unwittingly dismiss an emotionally unstable employee, he could do tremendous damage to your sensitive operations if access remains available to that data after he is apprised of the decision to terminate.

Once the termination is explained, the employee should be escorted *at all times thereafter* from the point of dismissal until escorted to his car or other transportation outside the corporate offices. At the same time, his work associates should be advised that the individual is no longer a company employee and that company information should no longer be shared with that former employee *effective immediately*. Grounds for his termination should *not* be disclosed. Finally, the dismissed employee should be barred from the corporate property once escorted out.

While your company must follow the laws of its jurisdiction, it should also know how to terminate a senior member of the staff without exposing itself to significant risk.

Think this is nonsense and spook stories? Consider the case of Rohm and Haas (R&H), an American chemical corporation, who terminated the employment of one of its vice-presidents. In response to what he perceived to be a wrongful termination, that individual, who had access to 'recipes' for chemical compounds that R&H had spent hundreds of millions of dollars researching and developing, copied a number of those 'recipes' onto two CDs.

He promptly sent the CDs along with an anonymous note to one of R&H's primary competitors. Fortunately for R&H, that particular competitor, Elf-Atochem, is a highly ethical company. Instead of profiting from this ill-gotten gain of R&H's proprietary information, Elf-Atochem immediately turned the CDs over to its counsel, who then assisted R&H in the search for, identification and prosecution of, the disgruntled and vengeful executive.

Don't expect crack security efforts if you are not treating your employees well.

Security from Outsiders

Previous sections have covered a range of measures designed to protect your proposal process from outsiders, including a number of physical security measures. Another area of external risk that needs to be considered is electronic espionage. Equipment for this purpose is readily available in today's high-tech markets. While most of our basic elements can be described broadly and will apply to most circumstances, addressing even basic level countermeasures to prevent electronic espionage is highly specific to the facts and circumstances at issue. As a result, we will explain just a couple of cost-effective ways to minimize that risk even if you represent a company that cannot yet afford the implementation of a full secu-

rity analysis and comprehensive security foundation for its proposal management process.

Simple steps can be taken to prevent electronic theft of your proposal content from happening to you. Three cost-efficient countermeasures are:

1. Relocating telephones and telephone lines at least three feet from computers because phone lines can be used to read data from PCs and laptops

Employees must be taught the value of corporate information, even if that information only seems like average garbage.

2. Placing heavy curtains over windows to help eliminate the monitoring of conversations within the room by laser-based devices that are capable of reading speech vibrations off the window glass

3. Using a simple but more costly means to help defeat electronic bugs with a combination of copper-based paint and a copper-wire mesh on all surfaces.

Once your business grows to a significant size, a solid VA should be conducted and relied upon to determine such detailed issues as the identification of the rooms or spaces that should be 'swept' at regular intervals for electronic eavesdropping devices. Formal assessments become invaluable when it comes to making a risk-based and cost-efficient set of decisions about which methods should be implemented or whether additional countermeasures should be added.

Media Management and Discarded Materials

Your garbage: really 'garbage' or a jigsaw puzzle waiting to be reassembled by a competitor?

Copies of your proposal-related documents—whether drafts of the proposal itself, details of meetings and discussions, or individuals' working notes—clearly can be of immense value to a competitor looking to seek that extra competitive edge.

In the first instance, a chain of custody must be logged and actively maintained so that a pre-designated employee will have the ability to identify each individual who handled each copy of your sensitive data, and for what period of time. This tracking list must be kept while handling materials like draft proposals. That is the only way you will be able to ensure that you will be able to track each copy's trail all the way from creation to destruction.

Anecdote 3

I smiled cheerfully at the receptionist. "Morning, Susan."

"Morning. You're in the office early this morning."

I smiled. "Lots to do. I've still got my visitor's pass from yesterday—is that OK?"

"Sure. Go on in."

And two minutes later, I am standing in an empty proposal center, surrounded by PCs and documents.

Anecdote 4

He was only away from the car for two minutes, paying for his fuel.

They'd broken the back window on the passenger's side. He knew before he even looked that his laptop was gone.

The unnerving thing was that two of his senior colleagues working on the same bid had had their laptops stolen in the past week as well.

Anecdote 5

The account manager phoned me: "The customer's RFP arrived last night; I'll e-mail it over to you."

"No need."

"Why not? You're running the strategy session tomorrow - won't you have read it beforehand?"

"Of course. But I've already got the RFP."

"How?"

"From a competitor."

"*A competitor?*"

"Yes. They must have chosen the wrong Williams on their e-mail contacts list when they were circulating it last night."

As for individual hard copies distributed, each should be numbered and dated, logged on a spreadsheet maintained by your proposal management leader, and printed with time sensitive fading ink if necessary to minimize the risk of photocopying. The spreadsheet should account for the re-collection of these copies and their specific destruction.

We do not believe that 'burn bins' are the most effective or cost-efficient means of data destruction because of the cost of designated space and other related costs and potential risks. Unless the ashes and remains are then pulped or otherwise further destroyed, the risk remains that some of the data may be reconstructed.

> *Most security measures currently in place in the private sector are highly vulnerable and not well designed.*

Alternatively, we recommend pulping. We do not recommend burning first because there simply is no need for materials to be burned before they are pulped. Pulping is done by entities that provide services where a truckload of equipment and usually two employees will arrive at your location to destroy your materials on site, and immediately provide you with a 'certificate of destruction.'

If your company cannot afford pulping, then fine, cross-cutting paper shredders, particularly those that accommodate and shred CDs and small metal objects are highly recommended. The size of the remaining 'crosscuts' should be so small as to make it virtually impossible to piece back together again.

As an example, during one recent VA, the primary author conducted a walk-through of a manufacturing and design plant of a well-known, multinational aerospace manufacturing company. The plant was old but had a sufficient fireproof walk-in safe for its engineering drawings. It also had a shredding room that housed shredders large enough to accommodate engineering drawings. While walking though one of the outer courtyards later that night, the author discovered an entire dumpster (approximately 5' by 5' by 15') *filled* with the company's draft engineering drawings **completely intact.**

Why? Because the employees did not value the materials they were handling. The plant is located in a rural area. They did not believe the risk of theft of their 'garbage' was 'real,' nor were they taught the value of the 'garbage' they had in hand. They also were not treated particularly well, and the corporate culture was not one that embraced any significant security concepts.

Our point is not to 'blame it on the staff' but to remind upper management that like it or not, you are somewhat dependent upon your employees for the security of your own IP. As a result, don't expect crack security efforts if you are not treating your employees well. If you won't go the average mile for them, you would be foolish to assume they will go the extra mile for you. If you are a CEO or member of upper management, when was the last

time you stepped inside your guardhouse? If it is so run down that you don't want to go inside, then you can safely assume that the guards who have to work in there are not particularly motivated, and may be relying on outdated security equipment.

Moving up the Security Pyramid: The Vulnerability Analysis

Once the security foundation has been put in place, your organization must remain aware of its competitive risks and threats, and re-evaluate its security practices and equipment at regular intervals. As your company grows and climbs up to the next level of the security measures needed, the analysis of potential risks and threats facing your entity is best done by professionals who specialize in this area and who will conduct a VA as a basis for moving forward.

As it applies to proposal management, the purpose of the VA is to identify the assets (both tangible and intangible) that are targets of opportunity and identify each point at which each asset is vulnerable to either an insider and/or outsider threat. These methods of wrongfully eliciting your proprietary work are called 'pathways.'

The VA will identify and examine existing means of pathway detection [e.g., casual observation, guard services, alarm systems, closed circuit television cameras (CCTV)] and will evaluate the extent to which each of those pathways is effective and ineffective. In addition, the VA will identify the extent to which all or any of those pathway detection systems are in effect. It will provide estimates of the likelihood of risk of loss from each pathway. Then it will set forth the cost of whatever security measures would be necessary to fully mitigate or neutralize each risk.

The VA will include a set of recommended actions to be considered by upper management. Often, the company that performed the VA will be able to oversee the actual installation of the chosen security measures. The actual physical installation will usually be done by an unrelated company (or companies). Staff training will most likely be the responsibility of the company that conducted the VA.

The Basic Elements of the VA

In general, a VA report is the result of an in depth evaluation of at least the following elements:

1. Identification of targets in terms of assets at risk whether real property, IP, confidential or proprietary information, or personnel.
2. Determination of the risk of compromise for each target based upon a threat analysis which takes into consideration elements such as, but not limited to, patterns of past activity involving current or similar assets, geo-political state of affairs in the region or specific industry, nationality of the firm, local criminal activities.

Securing your proprietary information is a continually renewed partnership between management, employees, trusted outside vendors, and resources combined with a commitment to ensure excellence in evolving procedures to meet changing environments.

3. Assignment of a risk factor so that a cost-benefit determination may be made.
4. Identification of pathways to the target assets.
5. Identification of the means of detection in place between an adversary on the outside and the target.
6. Identification of the barriers in place to delay or deter the adversary and their respective effectiveness.
7. The actual time each barrier will delay the adversary. This is required to determine if the response elements (such as your own security force, local, state or federal authorities) will arrive in time to stop the adversary from reaching the target. In layman's terms, the VA will identify the actual amount of time your particular adversary would need to succeed in overcoming your security barriers, compromise or take your primary assets, and then leave the premises with them.
8. Identification of insider compromise from either an individual working alone or with associates on the outside.
9. Educating the clients as to the risks from the insider acting alone or in support of an outside adversary.
10. Review of emergency/contingency response to natural or other disruptions to your operations and business goals.
11. Recommendations for change captured in a tier approach as to what steps must be taken immediately, which steps are prudent and what can be long term along with a cost-benefit analysis and alternative approaches for consideration.
12. Follow-up action and options in terms of providing specifications for equipment, policy and procedure development or revisions, training and awareness instruction, construction/project management, periodic reviews and/or audits to ensure compliance to newly implemented guidelines and countermeasures.

This basic methodology will consist in general terms of observations by SMEs who will conduct interviews with staff and management (both security and non-security), review and analysis of documentation and training, computer modeling of the protection envelope, and under certain circumstances, penetration trials of security measures to determine overall effectiveness as well as the time and quality of the response. These penetration trials are taken only with the full cooperation of client management in advance of this testing. At certain levels, effective testing of newly installed security systems is conducted by an outside/third party firm, and not by the entity that designed or installed it.

Prevention or Investigation? Who should you trust to carry out your VA?

In recent times, particularly after the tragic events of 9/11/01, the market has become filled with self-proclaimed security 'experts.' Yet in many cases, even the most highly qualified advisors and experts do not understand the real meaning of *securing* a proposal management process or any other asset for that matter.

Most security measures currently in place in the private sector are highly vulnerable and not well designed. Consequently, IP theft is at an all time high—and proposal processes are exposed—as the wrong security experts are being employed to prevent these losses. Success is the best indicator of all. If proposal management security, along with security of IP (and physical security as well) were addressed well everywhere, then all would be safe and sound. Sadly, anyone can show you millions of dollars worth of real life examples in which cases the security measures in place simply were not *enough.*

Unlike engineering tasks where reverse engineering can be cost-effective, reverse engineering in crime prevention is not the most effective way to go. To establish an effective *security program*, you need to work with *security* professionals whose *modus operandi* is to work in a very structured way to assess risks and develop prioritized protection plans—not with criminal investigators. Remember: you (or your company) must be a victim before you need the expertise of a criminal investigator.

In essence, you must decide who you really want to be retained as an expert to secure your corporate assets from risks of threat and compromise—someone who has decades of experience in finding the culprit, or the one who has decades of experience ensuring that no crime takes place in the first instance.

In Conclusion: How Much Security is Enough?

The most difficult question to answer in terms of any type of security program is: how much is *enough*? No one wants to overspend on security measures. No one wants to waste time or money on security efforts and measures that are ineffective or unnecessary.

However, because it is an easy and common mistake to undervalue one's own IP as well as the risks facing critical processes such as proposal development, more times than not companies underestimate their need for commensurate security measures. This is not a scare tactic on our part; it is a fact. The more valuable your property is, the more likely your property will become a target for theft. Underestimate the value of your property, and you will underestimate the need to secure it, thereby increasing your risk of losing it.

We believe that you have '*enough*' security in place when the security measures you implemented will make it so cost-ineffective and so high in risk to attempt to violate your security that any potential wrongdoer either will choose to move on to an easier target or simply give up his or her attempts against you. *Enough* security means that security, even for your proposal management process, is a part of the very fabric of how you and your staff do business; it is a recognized, acknowledged cost of operations, and a clear and distinct element of your corporate culture.

Enough security means that you maintain an ongoing awareness that the risks to your proposal content are not static: they will be actively monitored and your systems and security measures will change as the threats change. *Enough* security means that your proposal management process will not be compromised.

So long as your business grows and as long as you continue to work in competitive markets, you will need to reevaluate your risks, because they will grow and change over time. We encourage each entity that relies on the highly competitive proposal process for securing new business to embrace security from the ground up. It may well keep you in the running to win that next major bid; and, it might even protect the very existence of your organization over time.

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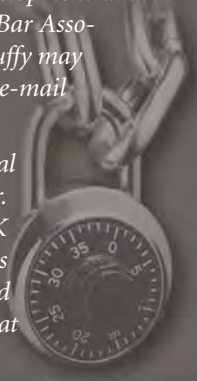
Why the Inuit Hunt WHALE and Other Secrets of Customer Behavior

By Dr. Tom Sant

In a soon-to-be-released update and second edition to Dr. Tom Sant's popular book, Persuasive Business Proposals, *he relates persuasive writing and new business acquisition strategies to empirical research and findings gleaned from both the business environment and other walks of life, including the practices of the Inuit. This book excerpt is Chapter 3.*

A specific practice group within one of the world's largest consulting firms hired me some years ago to look at their proposals. They were mystified why they weren't winning more. They were always one of a final two or three vendors. But for some reason, they almost never won the deal. They wanted some tips that would push them over the finish line.

When I looked at the dozen or so sample proposals they sent, I wasn't really surprised they were losing. I was actually surprised they were making it to the final. The proposals were all very technical. They were written in an informative style, as though they were white papers or journal articles. In addition, the tone tended to be condescending or patronizing toward the client. They con-tained no specific evidence of recent, relevant experience, provided no cost justification or value proposition, and sometimes did not follow the customer's instructions in the original RFP. So it didn't seem too surprising that they were losing. What appeared to be happening was that they were making it to the final cut based on name recognition alone, but when the decision maker moved to a more advanced kind of evaluation, they were losing out.

The defining moment in any sales process is the customer's decision. From the moment we first find a lead and qualify it as a real opportunity, through all the meetings, presentations, conversations, and communications between salesperson and prospect, our focus is on getting the customer to make a decision in our favor.

Obviously, understanding how people make decisions will help us sell more effectively. With insight into the customer's decision process, we can deliver the right message in the right way at the right time.

The Myths of Decision Making

For centuries, the assumption has been that people make decisions in a rational, careful, and thorough manner. Certainly since the triumph of rationalism after Descartes, the model for human thinking has been highly analytical and structured.

For example, Benjamin Franklin claimed in a letter he wrote to the British chemist Joseph Priestley that when confronted with a significant decision, he would divide a sheet of paper into two columns, label them Pro and Con, and then list all the evidence he could think of on each side. Next, he would compare the evidence from each column, striking out those that balanced each other out, until he was left with a preponderance of evidence on one side or another.

Sounds reasonable, doesn't it?

The problem is that virtually nobody makes decisions that way. Franklin was describing an idealized process that simply doesn't work in the real world and never has.

Imagine for a moment that you are the unfortunate victim of an accident. While cleaning leaves and twigs from your roof, your ladder slips, plunging through a couple of layers of bushes and a porch railing. Luckily for you, someone sees the accident and calls for an emergency medical team. How would you feel if that team used Franklin's process for deciding how to treat you? By the time they divided a sheet of paper in half, wrote down all the positives and negatives associated with each course of action, and began to eliminate them, you'd be beyond help.

Obviously, emergency room nurses and physicians, medical response teams, police officers, firefighters, soldiers, and others who work in fast-paced, life-and-death environments don't function that way. And neither do business people, students, government employees, or anybody else.

When we and our customers must make a decision, we usually find ourselves dealing with huge amounts of complex, confusing, often conflicting information. We are often under tremendous time pressure. We need to make the "right" decision because the consequences of a bad one could be catastrophic for our business or careers. So how do we do it?

How People Really Make Decisions

Recent research has documented for the first time how people actually make decisions. An interdisciplinary team, based at the Max Planck Institute for Human Development (Berlin and Munich) and the University of Chicago, has published results of extensive inquiries into the methods people use in all kinds of situations. This study, **Simple Heuristics That Make Us Smart** (Oxford University Press, 2000), documents the specific techniques people use for making decisions quickly based on a minimal amount of information.

It turns out that people use a limited set of decision-making strategies or techniques. We use them from the time we're children (kids who are taking "multiple-guess" tests in school resort to these techniques for narrowing their choices), in college, in our personal lives, and of course in our business activities.

> For centuries, the assumption has been that people make decisions in a rational, careful, and thorough manner.

The researchers speculate that these techniques, or "fast and frugal heuristics" as the authors of *Simple Heuristics* call them, are hard-wired into our brains, part of our evolutionary survival package. Our ancestors didn't have the biggest teeth or the sharpest claws, so they needed to make good decisions. Those decisions helped them survive, and they help us function today.

To determine whether people use these techniques in making a proposal-related business decision, I conducted experiments for over a year in which I distributed a proposal for Internet security services to groups of business professionals. I asked them to evaluate the proposal, noting the time when they reach a decision either in favor of or against the offer being made in the proposal.

They are looking at a real proposal, one that deals with a complex, important problem and offers a solution priced at approximately $250,000. So how long does it take people to make a "keep/discard" decision? On average, a little over six minutes.
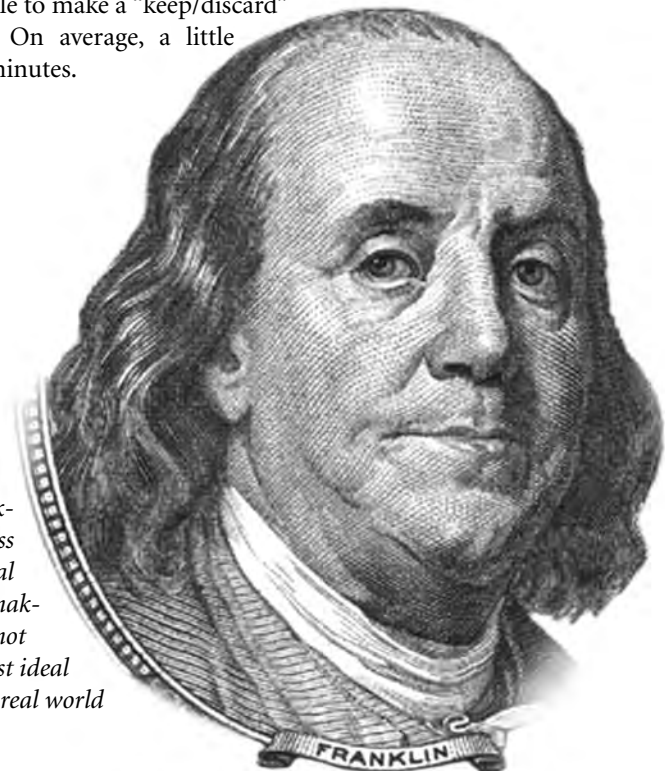
Ben Franklin's process for rational decision making may not be the most ideal choice for real world problems.

Fast and frugal, indeed!

By understanding how people gather and process information, we can gain good insight into the best way to organize our proposals. Also, we can structure our evidence for maximum effectiveness and can prioritize the content to match the kind of information the customer is looking for, based on the decision techniques he or she is using.

In *Simple Heuristics* the authors describe seven heuristics of choice, but of those there are three that are particularly important for making business decisions: recognition, single factor decision making and estimating the rate of return.

Recognition

The first and simplest technique relies on recognition as a simple cue to make decisions. The basic principle is that given two objects, one recognizable, the other not, we infer that the recognized object has higher value.

Here's an example: Suppose your laptop computer suddenly died. You go to your IT manager and tell her that you need a new one. She says, "Well, you're in luck, because I happen to have two brand new laptops with all the software installed. You can have either this IBM ThinkPad or this Kretzenheimer Millennial. Which one do you want?"

Chances are you'll take the IBM. Why? Because you've never heard of the other one.

To test this principle, I have often distributed a "lunch menu" at the outset of seminars. The so-called menu gives attendees two choices: a turkey club sandwich or baked gravlox with cremora sauce. As you might expect, over 90 percent of participants will choose the turkey club sandwich. A few adventurous souls choose the gravlox, and a few will complain that there's no vegetarian option. But people for the most part are not willing to eat something for lunch that they've never heard of.

> *You should make the effort to communicate with your prospects and leads on a regular basis to maintain recognition.*

So what does this mean for our proposal efforts?

First, it suggests how important pre-proposal activities are. If the evaluator has never heard of us and our proposal lands on his or her desk, chances are we won't get much more than a cursory glance. (Conversely, if you work for a Fortune 500 company, you may get passed along to the next stage of evaluation based on recognition alone.)

The recognition heuristic indicates the importance of repeated exposure, in the form of advertising and brand-ing activities at the corporate level, and repeated contacts, in the form of phone calls, e-mails, and other forms of what the marketing guru Jim Cecil calls "nurturing" the account. Our pre-proposal activities lay the foundation for choice by establishing recognition.

What else does the recognition heuristic tell us? Well, it certainly suggests that if we represent a small or new company and our prospects have never heard of us, we may have a difficult time winning deals. Conversely, if we receive an RFP from a potential client we have never heard of and with whom we have absolutely no relationship, we probably ought to "no bid" it. Our chances of winning are minimal.

> *Decision makers seldom go beyond two or three factors before reaching a decision.*

Finally, it means that if you are a sales professional, you can't depend solely on the corporation to handle recognition building activities. You should make the effort to communicate with your prospects and leads on a regular basis to maintain recognition. Send the prospect a clipping, drop the prospect an e-mail with an interesting Web link, leave a voice mail, and make other efforts to communicate something of interest or value every six weeks or so. That way, when the customer is ready to buy, you won't be relegated to the discard pile because the decision maker doesn't recognize you.

Single-Factor Decision Making

But how do customers decide if they recognize both us and our competitors? Or if they have never heard of any of us?

Typically, at that point they move to a slightly more complex heuristic and choose among the options based on a single criterion or factor. This single factor is assumed by the decision maker to be a useful indicator to sort among the options. (Sometimes there are as many as two or three criteria, but seldom more than that.)

For example, suppose a company issues an RFP and receives twenty proposals in response. Someone at that company has to sort through those submissions to quickly eliminate most of them. At this stage of the evaluation, there is not much in the way of careful analysis, no real weighing of the evidence. An initial set of "no names" will be discarded. That's the recognition heuristic in action. Then the evaluator will begin to apply a decision factor or two. For example, some of the proposals will be eliminated because they did not follow the RFP instructions. Some will be cut because they didn't answer all of the questions or indicated by their answer that they were noncompliant with a key requirement. The decision process will move very quickly until the evaluator has the pile down to something more manageable.

Even if your customer has not issued an RFP, he or she will probably evaluate competitive offers on the basis of a key criterion. It might be price. It might be timeline. It might be references or relevant experience or the "business fit" of your solution.

What if you and your competitor are roughly equal on the first criterion? Then the customer moves on to a second and compares. If you are roughly equal there, the customer will choose a third. But decision makers seldom go beyond two or three factors before reaching a decision.

There are three varieties of single-factor decision making that your customer may use. At the simplest level, he or she may use what the experts call "minimalist" criteria, but which we might call arbitrary. The programmers who work at my company provided a rather amusing example of this kind of decision making when it comes to choosing a lunch destination. They used to waste a sizable portion of their lunch period arguing and debating about where to go. Finally, they resolved it as only programmers would—they wrote a piece of software that makes the decision for them. At first, it was a random lunch generator, but then they got a bit more sophisticated. Now they enter a single factor, such as proximity or price, and click the mouse. The system generates a lunch destination based on that factor. And off they go, content with the choice.

A slightly more sophisticated version of single-factor decision making involves asking ourselves what criterion we used the last time we made the same or a similar decision and whether that produced a good outcome. This is called "using the last," and some examples might be:

"The last time I entered the office pool, I chose teams by flipping a coin and I won $20. I'll do the same thing again."

"When we bought our annuals for planting last spring, we chose specimens with dark green leaves and they did really well in the garden."

"Whenever we've hired a vendor who has done the same kind of project before, things have turned out pretty well."

Finally, decision makers sometimes go a step further and develop a limited set of criteria by thinking back over several situations in which similar decisions were made. Which criteria produced the best results? Which didn't work? This heuristic, called "taking the best," assumes that some criteria will produce better results than others.

What does this mean for our sales efforts?

First, it suggests that during our sales contacts with a prospect, we should probe to find out what factors they will use to make a decision. We can uncover their decision criteria rather simply. We just have to ask:

"When you compare different vendors, what is the most important factor for you in choosing one?"

"The last time you made this kind of decision, what factors did you use to guide your decision? What did you look for? Did that work for you?"

It's vital that we organize our sales presentations and proposals to focus right away on the criteria that the customer thinks are most important.

Second, this technique opens up opportunities for us to help the decision maker during the sales process. A naive or inexperienced customer may take a simplistic approach, looking only at price. By using the sales process to educate the buyer, we can introduce other factors beyond price that may be more helpful to the buyer in making a good decision and that may give us more of a competitive position.

Third, we need to differentiate between opportunities where we are reacting to the customer's request for a proposal and opportunities where we are offering a solution proactively. When we submit a proposal in response to an RFP, we must recognize that our first job is to avoid elimination based on some arbitrary or trivial issue. That means following directions carefully, answering all of the questions and requirements, and making our compliance to the bid as obvious as possible. An effective tool in this area is the compliance matrix, a table in which you list each of the customer's requirements, give your level of compliance with that requirement, and possibly offer a brief comment or explanation. (An evaluator who works for the U.S. Postal Service told me that he looks at all the proposals and sets the ones that do not include a compliance matrix on the floor. That leaves him with a manageable few.) It's also a good idea to highlight your proposal so the customer can quickly find the high-value content that directly addresses the factors he or she thinks are important.

For proactive opportunities, customers tend to search on their own key criteria until they find a differentiator. Then they stop and make a decision. This implies that it's vital that we organize our sales presentations and proposals to focus right away on the criteria that the customer thinks are most important. Often, these factors will address issues such as:
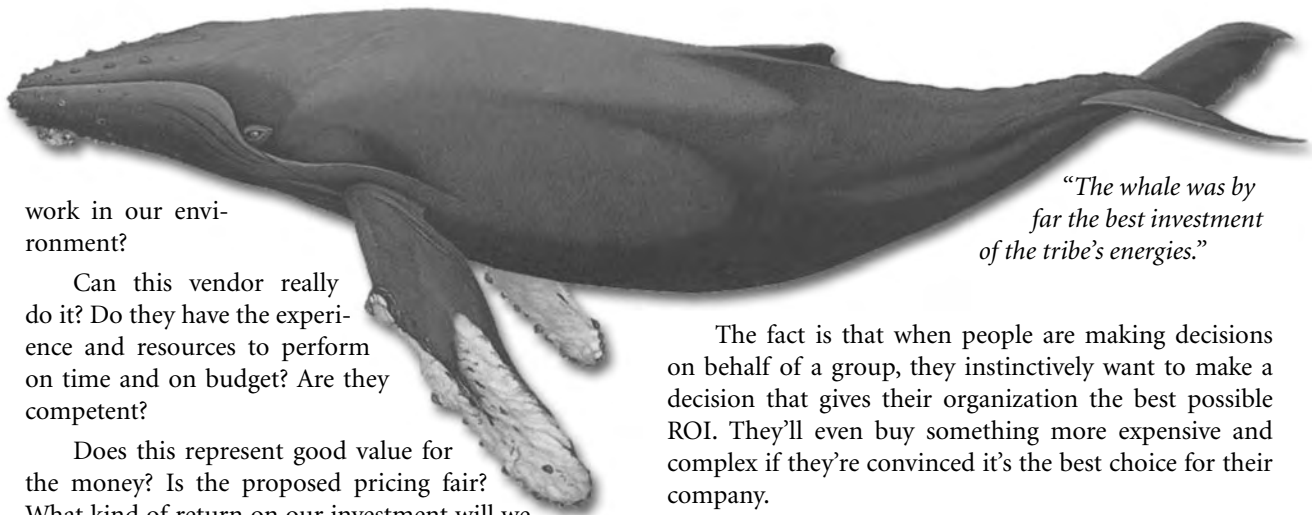
Are we getting what we need? Does this solve a significant business problem? Will the proposed solution

work in our environment?

Can this vendor really do it? Do they have the experience and resources to perform on time and on budget? Are they competent?

Does this represent good value for the money? Is the proposed pricing fair? What kind of return on our investment will we receive?

"The whale was by far the best investment of the tribe's energies."

Estimating the Rate of Return

For thousands of years, the Inuit people of Alaska and Canada have hunted whales as their primary source of food. They go out into the ocean in small boats, and pound on drums and the sides of their boats to drive the whales toward shore (whales have very sensitive hearing, you know). Then, when the whales are in shallow water, they attack and kill them. Now they use harpoon guns and more advanced weapons, but they used to do it with little more than spears.

Now why on earth would they do that? There are much simpler and less dangerous game they could hunt—geese, rabbits, seals, walruses even. They could fish. Why go after the largest, most powerful mammal on earth?

For that matter, why did primitive humans hunt mastodons? We've all seen the "artist's recreations" of a tribe of scantily clad Neanderthals surrounding a wooly mammoth the size of a beachfront condo, attacking it with little more than sharpened sticks.

Okay. So why did they do that? Why not pick on something your own size?

The experts who contributed to *Simple Heuristics* have come up with an answer. Their research suggests that one of the built-in decision heuristics people use is an innate capacity to calculate the "rate of return" for their efforts, particularly as they pertain to the group as a whole. In other words, hunting a whale or a wooly mammoth has a bigger ROI for the tribe than hunting a rabbit does.

These researchers even went so far as to calculate the calories required to kill a whale compared to the calories the community will get from that animal, then calculated the calories expended versus the calories obtained for other prey. The result: The whale was by far the best investment of the tribe's energies.

The fact is that when people are making decisions on behalf of a group, they instinctively want to make a decision that gives their organization the best possible ROI. They'll even buy something more expensive and complex if they're convinced it's the best choice for their company.

How can we help them use the estimation heuristic to our advantage?

First, every proposal should include calculations and graphic displays of ROI, total cost of ownership, payback period, productivity improvements, speed of delivery, or other measures of gain.

Second, provide your decision maker with case studies that show how other customers got big rewards from selecting your products or services. Quantify the impact your solutions had for those customers whenever possible.

Hunting a whale or a wooly mammoth has a bigger ROI for the tribe than hunting a rabbit does.

Third, find out what kind of outcome the key decision maker thinks is most important for his or her company. Is it increased revenue? Regulatory compliance? Greater customer loyalty? Extended useful life for critical equipment? Elimination of downtime? Whatever the customer thinks is important defines the value proposition.

Finally, emphasize your differentiators and explain how they add value for the customer. Customers want to know what makes us different from our competitors. They also want to know why those differences will matter to them and their companies.

If we provide the right information in the right way, one that corresponds to the processes our customers use to make decisions, our chances of winning business will soar. And, after all, winning business is what writing proposals is all about.

Note: Please see our profile on author Dr. Tom Sant in this edition, titled "Professor of Persuasion—Dr. Tom Sant." Sant can be reached at 805-782-9290. For information about the Sant Corporation, visit www.santcorp.com.

Winning Business with International Lotteries

SGI Discovers It's Not All Fun & Games

By Reba L. Shoulders

When a US company with a unique mixture of high technology, printing and distribution interfaces with the unique business and government cultures of other countries to pursue public sector business, memorable proposal experiences are inevitable. Reed Bearden, director of sales planning and support for Scientific Games, International (SGI), can share more than a few memories from his international proposal efforts.

Headquartered in a northern suburb of Atlanta, SGI is the lottery products division of Scientific Games Corporation, a publicly traded company. It provides online systems, data centers, point-of-sale terminals, instant (scratch-off) ticket printing, and instant ticket software systems to domestic and international lotteries. It employs approximately 1,500 people.

Instant ticket contracts, depending upon services included, can be worth $4 to $200 million, and online contracts can be in the $90 million and above range, according to *La Fleur's 2003 World Lottery Almanac*.

SGI maintains local offices in a number of countries, but often teams with local businesses to achieve the necessary in-country business presence. Bearden often travels to the other country for the final stages of document preparation. At other times he stays in the other country from beginning to end of the proposal development.

Each country has its own procurement laws, regulations, and practices. In Bearden's view, crown corpora-

tions in Canada conduct business almost as if they are private entities. He says a company may not know it has won or lost business from a crown corporation until it reads about it in a newspaper. Whereas in the US, freedom of information laws provide greater access to information about the bid evaluations and access to competitors' proposal documents after decisions have been made.

Often there are technology transfer requirements and requirements that the bidding company be registered to do business in the country. Preferably, the bidding company is already conducting business in the country, but if not, it may need to create a company with officers, directors, etc., so that it becomes a legal bidding entity in the country. Another option is to join a consortium that has an in-country business presence. Naturally, there are expenses and risks involved in these decisions.

"You also have to think about the stability of a country and its outlook," said Bearden. "A few years ago we learned that lottery ticket retailers in Russia would some-

Bearden on Winning International Business

Reed Bearden has managed proposals seeking business in Europe, South Africa, Latin America and Asia, as well as in the US. The win rate for his proposal department is around 90 percent for instant ticket contracts and approximately 50 percent for online contracts. He worked 12 years for Scientific Atlanta as a proposal writer and manager before becoming sales director five years ago.

"Wherever there's a lottery, we attempt to do business," said Bearden. "But we have to conform to the way of doing business in other countries. Plus, they've had lotteries in some of these countries for hundreds of years, so we're not showing them anything new. We must tailor our product to the needs and wants of their marketplace."

Bearden advises anyone pursuing business in an international setting to have strong local partners. "It's very important to have someone on the ground who knows your business and has access to the right people there; you need this to make sure you don't inadvertently get disqualified."

times sell tickets and then walk away with the money. We couldn't risk being associated with someone who steals from players, so we decided to stop providing instant lottery tickets to that country at that time."

'The Italian Job'— a Winner

SGI's success in winning the instant ticket lottery contract in Italy is a good example of conforming to the unique business requirements and culture of another country.

SGI formed a proposal group in Italy with an Italian business partner, Lottomatica, and became part of a consortium that included Lottomatica and other Italian companies. Lottomatica was already operating Italy's online lottery games and had good relationships with government officials. Bearden organized "peer-to-peer" relationships between the Lottomatica proposal group and his Atlanta-based employees.

SGI needed the appropriate technical resources in place ahead of time because Lottomatica was learning SGI's instant ticket technology while writing the proposal. Fortunately Lottomatica approached SGI several months before the Request for Proposals (RFP) was issued.

"Lottomatica paid the fee for obtaining the RFP and managed the proposal development, text processing, and interpretation of various sections of the RFP document. They were able to help us skillfully navigate all the land mines that, had we gone in on our own, we would have tripped over," said Bearden. "We were very fortunate to have them as a partner."

The strength of unions in the Italian warehousing and distribution industries could have become a land mine without the help of a good local partner. Lottomatica helped Scientific Games incorporate the unions into the proposal plan by providing detailed information about them and helping SGI successfully negotiate procedures and fees with the warehousing and distribution member of the consortium.

Lottomatica also helped navigate local laws and certification requirements. For example, the RFP required a certification for SGI's printing processes in the US. Lottomatica compiled the correct questions to answer for obtaining the certification.

Another item not often required in US RFPs was a certified copy of SGI's articles of incorporation. The articles had to be translated into Italian and then both English and Italian versions had to be consularized or stamped by the Italian consulate. A fee was charged for each stamped page. "If you have a lot of material, it gets to be very expensive and also very time consuming to translate and get stamped," said Bearden.

Being able to identify special requirements up front and build them into the proposal schedule is crucial.

"A number of the certification requirements are not customary here," said Bearden, "so you have to create

Making local partners made all the difference for SGI's successful bid in Italy.

things, go to the Treasury Department, the local Chamber of Commerce, or the Secretary of State's office in this state to get the information. Having an officer of the company sign each page of the response is a common request. Sometimes these subprojects can take almost as long as the rest of the proposal process," Bearden said.

The instant ticket product alone presented another challenge for the sales effort in Italy. The previous supplier compromised its credibility by failing to print or distribute tickets randomly. This allowed all winning instant lottery tickets to land in one village in Northern Italy. The scratch-off ticket lottery in Italy almost died.

The company reports an $18.7 billion share of the $27.8 billion in worldwide retail instant lottery sales.

The Italian government decided to re-introduce the instant ticket lottery to recover the lost revenue. Lottomatica realized a partnership with the world's largest scratch-off ticket producer would add credibility to the venture. The company claims to be the oldest provider of secure instant lottery tickets in the US, celebrating its 30th anniversary in business this year. SGI states that it produces instant lottery tickets for nearly 60 countries and provides two thirds of the instant lottery tickets and associated services sold in the United States. The company reports an $18.7 billion share of the $27.8 billion in worldwide retail instant lottery sales.

"Part of our challenge was how to regain the trust of the Italian players and avoid the pitfalls of the previous vendor," said Bearden. "It required close coordination with someone familiar with Italian culture, habits of the players and their perceptions of gambling and the scratch-off games."

SGI added to the credibility of its product by including the software systems for validating tickets, automating retailer accounting and distribution, and by adding retailer terminals for scanning tickets. The software systems included with SGI's instant tickets provided a level of validation security that did not exist with the previous vendor.

SGI commissioned a research company in Italy to conduct surveys and assemble focus groups to gage acceptance if scratch-off games were re-introduced. This research was used in SGI's plan for marketing the games to players.

"We employed as much local help as possible to get the right flavor and the right answers into the proposal." During the research, SGI found typical examples of cultural differences that affect international communications. Cultural reactions were considered in the choice of colors for the scratch-off tickets as well as in the content of the proposal.

SGI wanted the games they introduced to attract the largest number of players possible. Even regional differences in culture were considered. Northern and Southern Italy are different. Focus groups helped develop appropriate games for each region.

Bearden believes it is usually best to have translations done in the customer's country. The Italian proposal was translated according to Italian tastes and preferences. "We would not have been able to do it as well over here," said Bearden. "A special computer keyboard was used because the Italian alphabet is shorter than the US alphabet."

Bearden and the US part of the team were responsible for responding to the printing requirements and providing information about the instant ticket software systems that would be provided from Atlanta. He took data with him to Italy and worked with an interpreter there.

"We even brought in a local printer to help with the technical terms that the Italians simply don't use. The experience increased my awareness of colloquialisms and acronyms that creep into our writing. They caused a lot of puzzlement to the Italians; they simply don't understand them. Even an engineer looked at some of the explained acronyms and said, "It's no good. I am an engineer, but I can't understand what this says."

The unions sent their responses to the RFP in Italian, requiring translation into English to understand and coordinate the warehousing and distribution content in the bid. Even with the help of a good translator, Bearden found the Italian proposal coordinator's broken English difficult to understand. At that point, Bearden enlisted the help of a European SGI employee who speaks fluent Italian to edit the Italian translation for improved clarity.

Bearden and another manager in his center rotated their two-week stints in Rome during the proposal project. Bearden spent that Christmas in Italy. SGI's executive in charge of operations also traveled to Italy to oversee negotiations with warehousing and distribution unions. SGI anticipates implementing the contract this year.

Eighteen Volumes, 180 Binders & CD-ROMs of Effort Lose in South Africa

The positive or negative impact of a local partner is also demonstrated by SGI's loss of a contract in South Africa five years ago. "There's a lot of trust involved in the international partnerships. You sink or swim together," said Bearden.

SGI already operated a private instant ticket business in South Africa. When the government decided to nationalize the lottery and gain revenue from it, SGI teamed with a South African businessman who was reported to have strong political ties to Nelson Mandela. SGI also joined a consortium consisting of telecommunications, advertising and other business partners. Decisions had to be made by all consortium members concerning how much of the risk and cost they were willing to assume.

To meet the requirements of the South African government, SGI established a South African company called Moraba. Moraba was created with a business plan to branch into other lines of business.

SGI proposed a turnkey operation of the online and instant ticket lotteries. Bearden hired a consultant to operate a mirror proposal development group in Johannesburg, South Africa, and set up procedures for reporting draft progress back to Atlanta. The Johannesburg group consisted of subject matter experts but few experienced proposal professionals.

Much of the proposal content was assembled in Atlanta; the sections requiring local flavor were assembled in Johannesburg. The final notebooks were produced in Atlanta and shipped in specially built cases on pallets to South Africa. A United Kingdom operating system and A4 paper format were used. Requirements for the number of copies and CDs changed frequently during the project, adding to the overtime hours for Bearden and his staff. They worked 24 hours straight during the last day of the deadline period.

Bearden traveled to Johannesburg for the last week and a half of the six-month proposal effort. The pastoral view of zebras and giraffes strolling through the business park in South Africa was in stark contrast to the security measures used at all times. The facility was scanned daily for hidden listening devices, an armed guard stood outside the building 24 hours a day, and the proposal was delivered to a bank in two armored trucks containing guards with machine guns. Early in the proposal project, a FedEx truck was hijacked and disclosure forms of financial information about SGI officers and prospective lottery staff members were stolen and never recovered.

The South Africans placed great emphasis on empowering the native population and social responsibility. Each of those topics filled a separate volume. SGI was required to describe how it would prevent small children from playing the lottery, to create a plan for technology transfer, and to propose how it would transition to employing an all-South African staff for Moraba.

The RFP requirements for resumes and curriculum vitae were detailed to the extent of asking how much salary would be paid to each lottery staff member. They also requested detailed information about subcontractors and "connected parties" (members of the consortium).

Again, SGI commissioned extensive research on South African culture, business practices, and preferences for games. The results of the surveys, focus groups and studies formed the basis of the marketing plan and the portfolio of games proposed. The marketing, advertising and media plan comprised two volumes of the proposal.

Procedures for handling player complaints, plans for recruiting South African retailers, and plans for distributing tickets to warehouses and retailers each filled a volume. And, each pricing component also required its own binder.

The bid was lost to one of SGI's frequent competitors who reportedly had political ties to Nelson Mandela's wife, Winnie. However, SGI later learned that its instant ticket distribution plan was adopted.

The long line of notebooks represents long weeks and long nights of work on the South African bid for Reed Bearden (left) and Patty Garbarini, desktop publisher, at Scientific Games International.

Vignettes of Proposal Experiences in Other Countries

"There's no cookie cutter approach when dealing with international bids," Bearden said.

The UK and Europe

"The United Kingdom is probably the most thorough and businesslike. They know what they want and write exhaustively detailed RFPs.

A Summary of Bearden's Tips

Reed Bearden has a number of practical suggestions for companies considering doing international proposals.

- Choose a strong local business partner, if you do not have a strong business presence in the country.
- Decide in the beginning what parts of the prospective business will belong to specific members of a consortium rather than working it out during the proposal process. Consortium members should make early decisions on infrastructure support, technical responsibilities, cost responsibilities, and the allocation of profits.
- Determine where the bid document will be produced–in the US or in the other country. Bearden has sent experts to other countries and he has also brought international proposal professionals to his US proposal center to access resources and expertise.
- Accommodate language and paper size differences through the use of appropriate computer keyboards, operating systems, and page layouts.
- Set up an FTP server so that files can be moved back and forth securely in addition to transporting copy on CDs and other storage hardware.
- Set up peer-to-peer contacts. For example, ensure that the local desktop publisher can communicate with the equivalent professional in the other country, do the same with subject matter experts, and so on.
- Incorporate time into your schedule for collection of special certificates, signature requirements, and translation services.
- Research the business culture of the country. Be sensitive to cultural differences in the customers and business practices. For example, SGI learned that South African organization charts refer to department heads as "group managers."
- Research cultural reactions to symbols and colors.
- Avoid colloquialisms, slang, complicated sentences, and overuse of acronyms.
- Use local resources, especially local translators.
- Use more than one person who is familiar with the language of the country to check the translation.

If you follow these principles, Bearden is confident that you can develop competitive international proposals.

"In Europe, the availability of an RFP document is often advertised in newspapers, and the bidders are expected to pay for the document. An RFP document might cost as much as $10,000 US. Requiring payment weeds out pretenders and generates money for the government. And European lotteries are more likely, as in the US, to give vendors opportunities to address deficiencies or explain differences," said Bearden.

Latin America

South American and Mexican instant ticket proposals are among the few international bids that SGI produces completely in the US, partially because Spanish translators are easier to find and because the company has Spanish-speaking employees in its customer service department who can identify key pieces of information in an RFP. The success rate in South America is around 80-90 percent, and Bearden attributes some of this success to the purchase of SGI's largest competitor in South America.

Bearden said, "Many of the Latin American bids are not as complex in technical requirements but they are very heavy in requests for certifications, letters of reference and tax information, tax clearance statements, proof of social security payments, and similar documents. And if you don't have it all, you're disqualified. They generally ask for it in three envelopes or packages: the corporate envelope that includes the certifications and financial statements, the technical proposal envelope, and the price proposal envelope."

"The envelopes are opened in front of all the bidding companies. When the first envelope is opened everyone, including the competitors, leafs through the contents. You have to be present and have a lawyer with you to plead mercy and try to set up some way to correct deficiencies. The technical envelope is not always opened in front of everyone. But the pricing is sometimes opened in front of everyone, so you know who submitted the lowest bid."

"It's a very formal, official procedure while the envelopes are being opened, but once they're all opened, all hell breaks loose. Bickering and fighting start, lawyers argue, and people demand immediate decisions."

The United States

Bearden has dealt with only two states in the US that are open with vendor information so early in the evaluation process. Usually, bid evaluations in the US are not as public at first, and vendors are given follow-up questions to correct deficiencies.

Bearden's experience has application well beyond the lottery industry. The lessons and tips he relates (see left) apply to anyone pursuing competitive international work.

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Developing a Performance-based Work Statement:

MORPH YOURSELF INTO A PERFORMANCE-BASED EXPERT *NOW* BEFORE IT'S TOO LATE!

By Jayme A. Sokolow, Ph.D.

In one of the most famous stories of the twentieth century, Franz Kafka's "The Metamorphosis" (1915), a young man named Gregor Samsa wakes up after a night of uneasy dreams to find himself transformed into a "gigantic insect." After realizing that he will not be able to catch the morning train, Gregor slowly gets out of bed, opens the door, and reveals himself to his horrified mother and father. Although Gregor "had not the slightest intention of frightening anyone," his appearance and behavior quickly become repulsive to his family.

Only his sister shows some sympathy toward Gregor, but eventually even she cannot believe that her brother and the insect are the same creature. One morning, the Samsa's cleaning woman discovers a lifeless insect in Gregor's room. "Just look at this, it's dead," she yells loudly. "It's lying here dead and done for." At the end of the story, the Samsa family celebrates the death of the loathsome insect by taking a tram ride into the countryside while happily talking about moving to a smaller and less expensive house now that Gregor is gone.

Kafka's "The Metamorphosis" has been endlessly analyzed by literary critics, but no one has yet noticed that the story also may apply to proposal professionals who are responding to service-based Request for Proposals (RFPs) from federal agencies. Today, the federal government is gradually making the transition from non-performance-based Statements of Work to performance-based service contracts. Now, more than ever before, proposal professionals need to learn how to develop performance-based work statements in response to new RFP requirements and federal regulations.

If proposal professionals cannot successfully create persuasive performance-based work statements, they may wake up one morning and find themselves in the same unenviable position as Gregor—unappreciated and estranged from their environments. To avoid being considered an unwelcome presence in the workplace, many proposal professionals will have to undergo a metamorphosis of their own by becoming expert at responding to service RFPs in new and challenging ways.

Performance-based Service Contracting

The core of successful federal contracts is the Statement of Work (SOW), which is a detailed document that conveys the government's needs to contractors to ensure accurate bids and successful performance. In performance-based contracting, the SOW disappears and is replaced with a Statement of Objectives (SOO) and other documents. Depending on the RFP, these other documents may include such items as a Performance Requirements Document that lists performance functions and acceptable levels of performance; Domain Checklists that list technical specifications; or detailed descriptions of LAN operations, users, and previous levels of performance.

In performance-based service contracting, the government's estimated contract budget retains its traditional importance. Without a budget estimate, it is almost impossible to calculate the level of effort needed to fulfill projected performance objectives.

With these documents, the RFP changes from a detailed description of how the contract should be performed to a description of what should be performed. The focus shifts from the *how* to the *what*.

The SOO is becoming popular in performance-based service contracting because it requires bidders to develop a Performance-based Work Statement (PBWS) before contract award. The US Department of Defense has provided a concise definition of a SOO. It is a "Government prepared document incorporated into the RFP that states the overall objectives. It can be used in those solicitations where the intent is to provide the maximum flexibility to each offeror to propose an innovative development approach."

According to Federal Acquisition Regulation 37.601, a performance-based contract has the following characteristics:

- Requirements are described in terms of results rather than methods used to perform the work.
- Work is performed using measurable performance standards, such as timeliness or quantity, and quality assurance surveillance plans.
- Procedures are defined for a reduction of fees or for reductions to the price of a Fixed-Price contract when services do not meet contract requirements.
- Performance incentives are used, when appropriate.

In a traditional SOW, federal agencies provide detailed specifications on how to do the work. Contractors often receive little or no incentives to develop innovative approaches, increase efficiency, decrease costs, or improve the level of customer satisfaction.

In contrast, performance-based contracts encourage contractors to design work approaches that link measurable outcomes with contract incentives. Successful acquisitions in performance-based contracts center around three questions: What do I need? When do I need it? How do I know that it's good? The contractor, not the federal agency, has the responsibility for deciding how to respond to the requirements.

# How Did Performance-based Contracting Develop?

Since 1991, Congress and the Executive Branch have been revising the laws and policies that govern federal acquisitions in the direction of performance-based service contracting. In 1991, the Office of Management and Budget implemented the Office of Federal Procurement Policy Letter 91-2, Service Contracting, stating that "it is the policy of the Federal Government that (1) agencies use performance-based contracting methods to the maximum extent possible when acquiring services; and (2) agencies carefully select acquisition and contract administration strategies, methods, and techniques that best accommodate the requirements."

At first, performance-based contracting focused on Past Performance. In 1994, many federal agencies and thousands of federal contractors signed a pledge to rely on past performance when selecting contractors. Over the past few years, however, performance-based service contracting has moved beyond past performance to embrace other elements.

On March 30, 2000, the Office of Federal Procurement Policy Letter 91-2 was rescinded. Shortly thereafter, the Office of Management and Budget Memorandum M-01-15 and the Procurement Executive Council's Strategic Plan reinforced the preference for performance-based service acquisition, but with a new twist. According to the Strategic Plan, "over the next five years, a majority of service contracts offered throughout the Federal Government will be performance-based. In other words, the government must set the standards, set the results and give the contractor the freedom to achieve it in the best way." While performance-based contracting is not limited to services, federal acquisition reform has focused on performance-based service contracts.

Franz Kafka. 1883-1924.
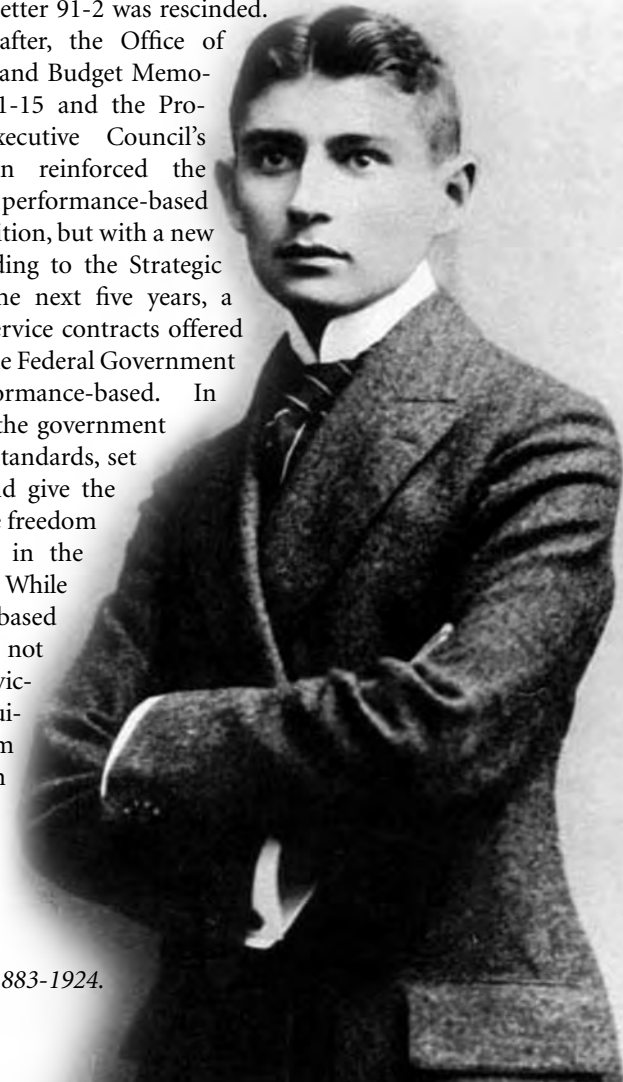
This represents a significant change in contracting. No longer is past performance considered the centerpiece and most accurate predictor of future performance. Since 2000, the federal government has been moving towards service RFPs that lack the traditional Section C (SOW) but include other work-related documents describing job tasks, performance objectives, and performance results.

The goal for Fiscal Year 2002 was to award at least 20 percent of service contracting dollars using performance-based criteria. In the same year, Congress passed a law requiring that by 2005, at least 50 percent of service contracting dollars use performance-based service contracting criteria.

By 2009, 70 percent of all performance-based service contracts are supposed to be Firm Fixed Price contracts, which are designed to encourage contractors to adhere to the performance-based work statements they have developed. Now, laws and regulations—such as Federal Acquisition Regulation 37.601 on performance-based contracting—have established a strong preference for performance-based service acquisition that is unlikely to change regardless of which political party controls the Executive Branch or Congress. Behind the drive for increased performance-based contracting is the fundamental idea that federal service contracts should mirror best commercial practices, which tend to be outcome-oriented.

Although there has been some resistance from federal acquisitions personnel as the service contract focus changes from compliance to program performance and improvement, today many federal agencies have published lengthy, detailed guides for developing performance-based RFPs to help guide the bid and contracting process. Before proposal professionals develop their own performance-based work statements, they would be wise to read these guides to understand agency philosophy, procedures, and goals. For example, if you were developing a performance-based bid to the Air Force, you should read Air Force Instruction 63-124 (April 1, 1999), "Performance-Based Service Contracts." These guides are widely available on federal Web sites.

From the federal government's point of view, performance-based contracting offers the potential to increase competition and improve the quality of services by:

- Defining outcomes
- Making outcomes quantifiable
- Linking outcomes to contract incentives
- Basing contract renewals and extensions on demonstrated performance (achieving measurable outcomes).

The Basic Elements of a PBWS

There are ample Web and print resources for federal personnel to prepare performance-based service RFPs. Nationally known training companies, such as Management Concepts, Inc. and H. Silver and Associates, Inc, also offer workshops for government employees on how to develop performance-based RFPs. These workshops usually emphasize such topics as federal policies and procedures governing a PBWS; developing a SOO; writing the PBWS and a quality assurance surveillance plan; and the evaluation, award, and administration of performance-based contracts.

There is, however, very little information available to bidders in the private sector about how they can turn the SOO and related documents into a PBWS. Consequently, the remainder of this article will examine the development of complete, compliant, and persuasive PBWSs in response to federal RFPs for services.

Unfortunately, there are as yet no standard PBWSs, although individual federal agencies have developed recommended formats or required PBWS elements. Perhaps in the years to come, commonly used formats and templates will emerge, but now the components of a PBWS are likely to vary from RFP to RFP, or from company to company. Typically, performance-based service RFPs will simply require bidders to include a PBWS. The format and level of detail often is left to the discretion of the bidder, although sometimes there may be page limitations.

Despite their lack of uniformity, a PBWS is likely to include most of the following elements in this order:

1. **General Information and Scope of Work**. This section, which may be several pages long, describes the RFP and the Scope of Work to demonstrate to the evaluators that the bidder understands (1) the mission of the agency; (2) the tasks to be undertaken by the contractor; and (3) the Scope of Work.
2. **Purpose of the Contract**. This section, which may be several pages long, describes the work to be performed in the contract. It provides the bidder with an opportunity to summarize the features and benefits of the company's approach and to emphasize the underlying principles behind the PBWS.
3. **Acronyms and Definitions**. Every PBWS should include this section for ease of reading. It contains a list of alphabetical definitions of key words used

By 2009, 70 percent of all performance-based service contracts are supposed to be Firm Fixed Price contracts.

in the PBWS and the spelling out of all acronyms used in the PBWS, no matter how obvious they may appear to the bidder. For example, the acronym "24x7" should be defined as twenty-four hours a day, seven days a week.

4. **Performance Work Statement (PWS)**. This is the heart of any PBWS. All the previous sections have served as an introduction to this section, which may be several pages long or 40 pages long, depending on the size and complexity of the tasks described in the SOO and related documents. It is usually done in a tabular format.

5. **Government-furnished Resources**. This brief section of only a few paragraphs describes what facilities, materials, and records will be provided by the government to perform the contract.

6. **Skill or Relevant Experience Requirements**. This brief section of only a few paragraphs describes the general skills and experience of key personnel who will execute the PBWS. If there are special requirements, such as security clearances or stringent regulations about conflicts of interest, they can be cited in this section.

7. **Contract Deliverables**. This brief section should be in tabular format. It identifies the contract deliverables by the PWS number found in Section 4, Performance Work Statement, deliverable title, frequency of delivery (monthly or quarterly, for example), due dates (first report within 60 days of contract award, for example), and the Contract Data Requirements List (CDRL) number.

If there are stringent page limitations, you can jettison most of these sections and concentrate on the PWS in Section 4. The glossary, for example, could be incorporated into a general glossary for the entire technical volume. Similarly, Sections 1, 2, 5, 6, and 7 could be integrated into other proposal volumes because they contain commonly described information found in most bids.

Developing a PWS

Let us assume that you are preparing a bid in response to a performance-based RFP. How do you use the information contained in the RFP to develop a persuasive PWS?

First, I recommend that you design this section in tabular format so that you can display information clearly and persuasively to evaluators and government contracting personnel. One of the major challenges in creating a PWS is organizing a large amount of data so that someone else can understand it.

You should follow the fundamental principles of good informational design when putting your PWS together. Compared to the narrative sections of your proposal, the PWS probably will have a smaller font (10 points), more factual information per page, and little overt argumentation. Consequently, there are compelling reasons to design it for ease of reading as well as for comprehensibility.

Put yourself in the place of your evaluators. How would you like to read a PWS to be persuaded that the bidder understands the RFP and can provide outstanding performance-based services? I would answer this question by putting my PWS into the landscape format shown in Figure 1.

Put yourself in the place of your evaluators. How would you like to read a PWS to be persuaded that the bidder understands the RFP and can provide outstanding performance-based services?

The title and eight columns represent the following kinds of information:

- **PWS Title:** A major category of the PWS.
- **PWS Map ID:** The numerical system that organizes the PWS under major subcategories.
- **Work to be Performed:** A description of what the contractor proposes to do.
- **Performance Standard:** A targeted level of accomplishment associated with a desired set of outcomes and expectations.
- **Metric:** How the performance standard will be measured.
- **Acceptable Quality Level:** The expected performance level for the contract.
- **Monitoring System:** The mechanisms used to evaluate the work to be performed.
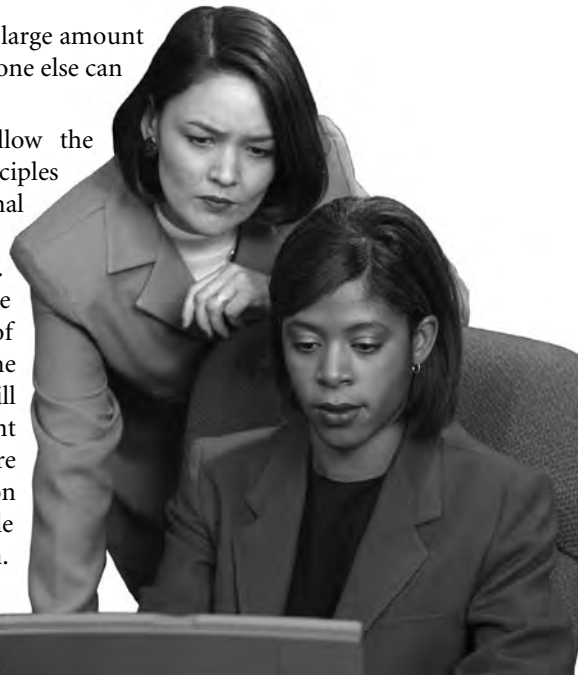
PWS Title							
PWS Map ID	Work to be Performed	Performance Standard	Metric	Acceptable Quality Level	Monitoring System	Incentive	References

Figure 1.
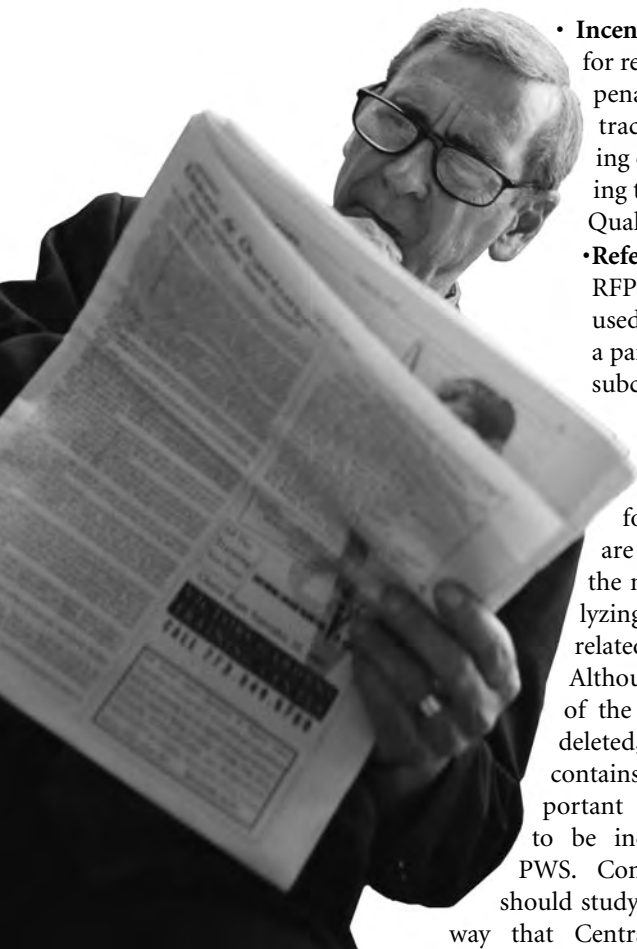
• **Incentive:** The plan for rewarding or penalizing the contractor for reaching or not reaching the Acceptable Quality Level.

•**References:** The RFP documents used to develop a particular PWS subcategory.

Now that you have created a table for the PWS, you are ready to begin the next step: analyzing the RFP and related documents. Although Section C of the RFP has been deleted, the RFP still contains critically important information to be included in the PWS. Consequently, you should study it in the same way that Central Intelligence Agency sleuths used to read *Pravda*, the leading Soviet newspaper, at the height of the Cold War—very, very carefully, word-for-word, paragraph-for-paragraph.

You should study your PWS as fastidiously as CIA agents studied Soviet newspapers.

After studying the entire RFP, concentrate your efforts on Section L (Instructions, Conditions, and Notices to Bidders) and Section M (Evaluation Factors for Award). These sections will provide you with the basic framework for developing the following sections of your PWS: the PWS title and the Map ID. For example, if the RFP is seeking information technology (IT) services for the US Navy, Sections L and M may include the following elements: (1) program management; (2) technical capability; (3) systems engineering; and (4) hiring, training, retention, and security clearances. Thus, you should create four PWS tables to mirror the required sections of the RFP.

The next step involves breaking down the PWS tables into major PWS categories. Let us assume that we are designing table three, systems engineering. Based on Sections L and M, the SOO, and other documents, you may conclude that there are five major PWS categories under systems engineering, as illustrated in Figure 2.

"Work to be Performed" statements must be in the form of sentences that begin with the name of the contractor or contracting team and use the word "shall." They are descriptive, explaining what work will be performed. They do not include a rationale or other non-descriptive statements. For example, stating that "XXX shall Develop and Implement a Risk Mitigation Plan to Anticipate Engineering Problems and Resolve Them Expeditiously" goes far beyond a descriptive "Work to be Performed" statement.

Now that you have created your major PWS subcategories, you must make them more robust by developing "Performance Standards" for each one. Some PWS subcategories may require only one or two performance standards while others may have many more. There are two basic sources for your "Performance Standards:" the SOO and related documents, and your analysis of what will be required to complete the task described in the "Work to be Performed."

3. System Engineering

PWS Map ID	Work to be Performed	Performance Standard	Metric	Acceptable Quality Level	Monitoring System	Incentive	References
3.1	XXX shall Develop & Implement a Systems Engineering Planning Process.						
3.1.1	Systems Engineering Plan Goals						
3.1.2	ISO 9000 Compliance						
3.1.3	Report Requirements						
3.1.4	Test Requirements						

Figure 2.

For example, in an IT performance-based RFP, you may find the following performance-based kinds of re-quirements:

- The help desk must be available 24 hours a day, seven days a week, 365 days a year.
- When IT hardware and software components are no longer needed, they must be properly disposed of within three months.
- Oracle workstations must be replaced at five-year intervals.

Based on the RFP, you may decide that PWS Map ID 3.1 should include the following "Work to be Performed" statements shown in Figure 3.

"Performance Standard" statements are declarative sentences that provide a performance level that can be understood and measured. If it cannot be measured, it does not belong in a PWS.

Once you have completed your "Performance Stan-dard" statements, you are ready to explain how they will be measured. When "Performance Standards" describe the development and implementation of a plan or the submission of a report, the metric is very straightforward: date of delivery and implementation. When "Perfor-mance Standards" describe tasks or activities, you must devise a quantitative metric to determine whether or not you are adhering to the performance standard, as illustrated in Figure 4.

Once you have deter-mined your "Metrics," you are ready to define the "Acceptable Quality Lev-el" that will govern your performance of a particular subcategory. Often, the Performance Requirements Document or the SOO defines what constitutes accept-able quality levels. For example, the Performance Re-quirements Document may state that "Help Desk inqui-ries must be answered within ten minutes" or that "Key personnel must have security clearances." In many cases,

Careful planning of your PWS in the initial stages will make your proposal more effective.

3. System Engineering

PWS Map ID	Work to be Performed	Performance Standard	Metric	Acceptable Quality Level	Monitoring System	Incentive	References
3.1	XXX shall Develop & Implement a Systems Engineering Planning Process.	Develop & imple-ment a complete system of process descriptions within 60 days after contract start-up.					
3.1.1	Systems Engineering Plan Goals	Develop & imple-ment engineering solutions that meet performance para-meters 90% of the time with the remaining 10% not exceeding cost by more than 5%.					
3.1.2	ISO 9000 Compliance	Develop & imple-ment processes that comply with ISO 9000 series or equivalent.					
3.1.3	Report Requirements	Submit product description first report within 60 days of contract start-up & quarterly thereafter.					
3.1.4	Test Requirements	Submit first test report within 60 days of contract start-up & quarterly thereafter.					

Figure 3.

			3. System Engineering				
PWS Map ID	Work to be Performed	Performance Standard	Metric	Acceptable Quality Level	Monitoring System	Incentive	References
3.1	XXX shall Develop & Implement a Systems Engineering Planning Process.	Develop & implement a complete system of process descriptions within 60 days after contract start-up.	Date of delivery & implementation of a complete system of process descriptions.				
3.1.1	Systems Engineering Plan Goals	Develop & implement engineering solutions that meet performance parameters 90% of the time with the remaining 10% not exceeding cost by more than 5%.	Number of engineering solutions meeting performance parameters with the remaining 10% not exceeding cost by more than 5% vs. total number of engineering solutions.				
3.1.2	ISO 9000 Compliance	Develop & implement processes that comply with ISO 9000 series or equivalent.	ISO 9000 series or equivalent.				
3.1.3	Report Requirements	Submit product description first report within 60 days of contract start-up & quarterly thereafter.	Date of delivery of first product description report & subsequent reports.				
3.1.4	Test Requirements	Submit first test report within 60 days of contract start-up & quarterly thereafter.	Date of delivery of first test report & subsequent reports.				

Figure 4.

the RFP will not provide you with acceptable quality levels. In these cases, you will have to use best commercial practices (the government's expectation in performance-based service contracts) to determine what constitutes an acceptable quality level. Often, the metric simply restates the quantitative standard described in the "Performance Standard."

After all, you never want to state that you cannot or will not adhere to a performance standard! "Acceptable Quality Levels" that do not meet performance standards should appear blatantly counterintuitive to government evaluators and applicants alike.

All your "Acceptable Quality Levels" must be measurable, as the PWS table in Figure 5 indicates.

Now that you have developed these elements, you must list the surveillance or monitoring instruments used to measure performance. Some of these may be initiated by the government, such as Quality Assurance Evaluation Reports, while others will be developed and implemented by you. Standard monitoring or surveillance instruments include reports, surveys, audits, and design specifications. Sometimes the RFP will list government-initiated surveillance instruments, but rarely will RFPs tell the applicant how to monitor compliance. Within the same PWS Map ID, monitoring instruments probably will not vary, as shown in Figure 6.

Every PWS must include an Award Fee Plan or other financial mechanism that provides financial incentives for adherence to performance standards. In addition to rewarding or penalizing contractors on an annual basis, the government can use an Award Fee Plan to base contract renewals and extension decisions.

In a performance-based service contract, the government may provide offerors with an Award Fee Plan or the RFP may require offerors to devise their own for government approval. If you are asked to develop your own plan, include the following elements:

Keep your professional briefcase full of up-to-date quality performance standards and the tools to record and monitor those standards.

| **3. System Engineering** |

PWS Map ID	Work to be Performed	Performance Standard	Metric	Acceptable Quality Level	Monitoring System	Incentive	References
3.1	XXX shall Develop & Implement a Systems Engineering Planning Process.	Develop & implement a complete system of process descriptions within 60 days after contract start-up.	Date of delivery & implementation of a complete system of process descriptions.	On time delivery & implementation of a complete system of process descriptions. No deviations.			
3.1.1	Systems Engineering Plan Goals	Develop & implement engineering solutions that meet performance parameters 90% of the time with the remaining 10% not exceeding cost by more than 5%.	Number of engineering solutions meeting performance parameters with the remaining 10% not exceeding cost by more than 5% vs. total number of engineering solutions.	Engineering solutions meet performance parameters 90% of the time with the remaining 10% not exceeding cost by more than 5%. No deviations.			
3.1.2	ISO 9000 Compliance	Develop & implement processes that comply with ISO 9000 series or equivalent.	ISO 9000 series or equivalent.	ISO 9000 series or equivalent. No deviations.			
3.1.3	Report Requirements	Submit product description first report within 60 days of contract start-up & quarterly thereafter.	Date of delivery of first product description report & subsequent reports.	On time delivery of first product description report & subsequent reports. No deviations.			
3.1.4	Test Requirements	Submit first test report within 60 days of contract start-up & quarterly thereafter.	Date of delivery of first test report & subsequent reports.	On time delivery of first test report & subsequent reports. No deviations.			

Figure 5.

- The amount of the award fee, which may be expressed as a percentage of that year's contract value or a designated dollar amount.
- A mechanism for determining the award fee calculation. This should include contractor's progress reports, a government award fee review board, and processes and procedures for arriving at a decision within a defined evaluation period.

An example of a simplified Award Fee mechanism that might be used in an IT performance-based service contract is shown below. It is based on a percentage of the annual contract being designated the Award Fee.

IT Contract Evaluation Guidelines

The Award Fee will be based on a 100-point scale that includes the following criteria, all of whose elements are of equal weight.

1. Performance (30 points)
A. Did the contractor meet performance thresholds specified in the IT requirements documents?
B. Did the contractor improve performance or implement significant process improvements?

2. Cost (15 points)
A. Is the contractor's performance at or below budgeted cost?

B. Did the contractor manage and control cost actuals versus estimates?
C. Has the contractor introduced innovative approaches to reduce costs or provide other benefits?

3. Schedule (15 points)
A. Did the contractor track implementation plans against its approved event schedule?
B. Are tasks completed and delivered on or ahead of schedule?
C. Are Contract Data Requirements Lists (CDRLS) completed and delivered on time?

4. Management (20 points)
A. Did the contractor staff and maintain a fully qualified workforce?
B. Did the contractor effectively manage subcontractor relationships?
C. Did the contractor ensure that all personnel adhered to applicable DoD staff and security policies?

5. Small Business Utilization (10 points)
A. Has the contractor adhered to the Small Business Plan?

6. Phase-In (10 points)
A. Did the contractor adhere to its Phase-In plan?
B. Did the contractor establish a fully qualified workforce?

3. System Engineering

PWS Map ID	Work to be Performed	Performance Standard	Metric	Acceptable Quality Level	Monitoring System	Incentive	References
3.1	XXX shall Develop & Implement a Systems Engineering Planning Process.	Develop & implement a complete system of process descriptions within 60 days after contract start-up.	Date of delivery & implementation of a complete system of process descriptions.	On time delivery & implementation of a complete system of process descriptions. No deviations.	Quarterly process description report; technical reports; Quality Assurance Evaluation reports; user & Program Manager surveys.		
3.1.1	Systems Engineering Plan Goals	Develop & implement engineering solutions that meet performance parameters 90% of the time with the remaining 10% not exceeding cost by more than 5%.	Number of engineering solutions meeting performance parameters with the remaining 10% not exceeding cost by more than 5% vs. total number of engineering solutions.	Engineering solutions meet performance parameters 90% of the time with the remaining 10% not exceeding cost by more than 5%. No deviations.	Quarterly process description report; technical reports; Quality Assurance Evaluation reports; user & Program Manager surveys.		
3.1.2	ISO 9000 Compliance	Develop & implement processes that comply with ISO 9000 series or equivalent.	ISO 9000 series or equivalent.	ISO 9000 series or equivalent. No deviations.	Quarterly engineering reports; Quality Assurance Evaluation reports.		
3.1.3	Report Requirements	Submit product description first report within 60 days of contract start-up & quarterly thereafter.	Date of delivery of first product description report & subsequent reports.	On time delivery of first product description report & subsequent reports. No deviations.	Quarterly product description report; technical reports; Quality Assurance Evaluation reports; user & Program Manager surveys.		
3.1.4	Test Requirements	Submit first test report within 60 days of contract start-up & quarterly thereafter.	Date of delivery of first test report & subsequent reports.	On time delivery of first test report & subsequent reports. No deviations.	Quarterly product description report; technical reports; Quality Assurance Evaluation reports; user & Program Manager surveys.		

Figure 6.

Points awarded to the contractor in accordance with the table above will be converted into a percentage of the Award Fee on a linear basis. Thus 90 points will equal 90 percent of the possible Award Fee. No Award Fee will be awarded if points are in the "Unsatisfactory" or "Marginal" category (see Figure 7).

Finally, your PWS should include a column that cross-references every PWS subcategory to an RFP document. This serves two purposes. First, it will enable government evaluators to determine whether or not you have addressed all the relevant RFP documents and subsections that form the foundation for the PWS. And second, it will provide you with a handy checklist to ensure that you adhere to all RFP requirements. I recommend that you add these references as you develop the PWS subcategories. Creating this column after you have completed the PWS will be a difficult, time-consuming, and frustrating task.

Now your PWS table is complete, as illustrated in Figure 8.

Alternate PWS Formats

Not all PBWS are done in a tabular format. Sometimes, the PWS appears as a narrative divided into Contract Line Item Numbers (CLINS) or program areas. In a narrative, the basic goal of the PWS remains the same: to describe what will be done by the contractor, how it will be measured, what constitutes acceptable performance, and the financial incentives based on performance. In a narrative PWS, try to be concise, use declarative sentences, and avoid vague descriptions and marketing hyperbole ("we have state-of-the-art technology"). You should include a list of deliverables and dates of delivery under each CLIN or program description.

Performance/Award Correlation

Points	Evaluation	Definition
93-100	Exceptional	Performance exceeds all standards.
87-92	Very Good	Performance exceeds at least one standard and meets all others.
76-86	Satisfactory	Performance meets all standards.
65-75	Marginal	Performance meets at least one standard but all standards not met.
0-64	Unsatisfactory	Performance does not meet any standards.

Figure 7. Performance/Award Correlation

3. System Engineering

PWS Map ID	Work to be Performed	Performance Standard	Metric	Acceptable Quality Level	Monitoring System	Incentive	References
3.1	XXX shall Develop & Implement a Systems Engineering Planning Process.	Develop & implement a complete system of process descriptions within 60 days after contract start-up.	Date of delivery & implementation of a complete system of process descriptions.	On time delivery & implementation of a complete system of process descriptions. No deviations.	Quarterly process description report; technical reports; Quality Assurance Evaluation reports; user & Program Manager surveys.	Award Fee Plan.	SOO, Section 4.1
3.1.1	Systems Engineering Plan Goals	Develop & implement engineering solutions that meet performance parameters 90% of the time with the remaining 10% not exceeding cost by more than 5%.	Number of engineering solutions meeting performance parameters with the remaining 10% not exceeding cost by more than 5% vs. total number of engineering solutions.	Engineering solutions meet performance parameters 90% of the time with the remaining 10% not exceeding cost by more than 5%. No deviations.	Quarterly process description report; technical reports; Quality Assurance Evaluation reports; user & Program Manager surveys.	Award Fee Plan.	RFP, Section L, 5.2.1
3.1.2	ISO 9000 Compliance	Develop & implement processes that comply with ISO 9000 series or equivalent.	ISO 9000 series or equivalent.	ISO 9000 series or equivalent. No deviations.	Quarterly engineering reports; Quality Assurance Evaluation reports.	Award Fee Plan.	RFP, Section L, 6.4.6
3.1.3	Report Requirements	Submit product description first report within 60 days of contract start-up & quarterly thereafter.	Date of delivery of first product description report & subsequent reports.	On time delivery of first product description report & subsequent reports. No deviations.	Quarterly product description report; technical reports; Quality Assurance Evaluation reports; user & Program Manager surveys.	Award Fee Plan.	SOO, 2.3
3.1.4	Test Requirements	Submit first test report within 60 days of contract start-up & quarterly thereafter.	Date of delivery of first test report & subsequent reports.	On time delivery of first test report & subsequent reports. No deviations.	Quarterly product description report; technical reports; Quality Assurance Evaluation reports; user & Program Manager surveys.	Award Fee Plan.	SOO, 7.4

Figure 8.

The RFP also may require contractors to submit a Work Breakdown Structure (WBS) with the PBWS. The only major difference between a WBS within a PBWS and a traditional WBS is that WBS activities should be cross-referenced with the Map ID numbers in the PWS. For example, in your WBS under "Migration Plan," you may list "Test Report." If you do, there should be a reference to PWS 3.1 adjacent to this activity.
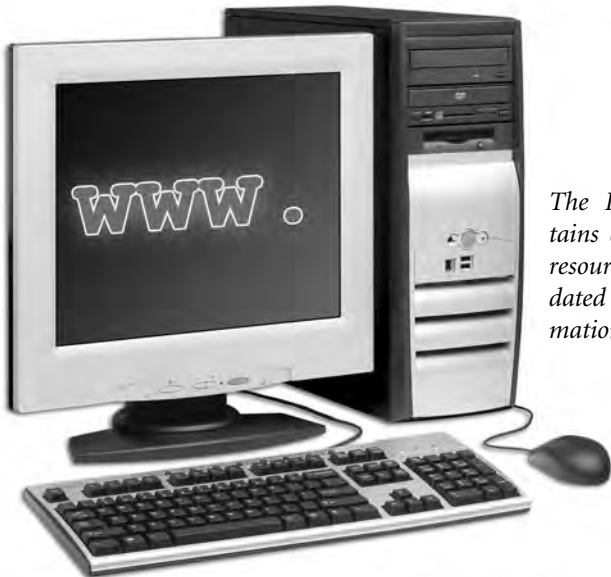
The Internet contains comprhensive resources for updated PWS information.

Additional Resources

There are many resources available about performance-based acquisition for government contracting personnel. There are far fewer resources available to companies that want to develop a PBWS.

For an example of a performance-based service contract that includes a SOO and related documents, see the RFP for the US Strategic Command (F25600-03-R-006) posted November 27, 2002 at Fed Biz Opps (www.fedbizopps.gov). For a good example of federal guidelines for writing and administering performance-based service contracts, see the *Guidebook for Performance-Based Service Acquisition in the Department of Defense* (December 2000) and *Air Force Instruction 63-124* (April 1, 1999), "Performance-Based Service Contracts." For more information about federal performance-based service contracting, visit the following Web sites:

- US Air Force (www.safaq.hq.afmil/contracting/ toolkit/part37/pws.cfm).
- Department of Army (www.amc.army.mil/amc/rda/ rda-ac/pbsc-amc.htm).
- Department of Health and Human Services (www.knownet.hhs.gov/acquisition/performDR).
- Office of Federal Procurement Policy (www.arnet.gov.Library/OFPP/PolicyDocs).

- National Aeronautics and Space Administration (http://solar.msfc.nasa.gov/solar/delivery/public/demo/modules/sow/html/sowwork.htm).

For more information about performance-based service contracting, visit the Web sites of Acquisitions Solutions, Inc. (www.acqsolinc.com), BRTC Institute (institute.brtc.com/pbws.htm), H. Silver and Associates, Inc. (www.hsilver.com), and Management Concepts, Inc. (www.mgmtconcepts.com). Although these Web sites are oriented toward the federal acquisitions workforce, they contain a wealth of useful information that companies can use to develop their own PBWS.

Conclusion

Performance-based service contracting is not a fad, and it will not disappear. Over the past decade, performance-based contracting gradually has become accepted in all federal agencies because Congress and the Executive Branch have concluded that it provides the government with a fair and competitive approach that mirrors best practices in the private sector. Proposal professionals who develop service-oriented applications are likely to see considerably more performance-based RFPs in the years to come. Instead of responding to the traditional SOW, companies will have to explain what they intend to do, how they will measure performance, and performance-based financial incentives. This new approach of responding to RFPs may be unsettling to many companies and proposal professionals simply because it is different.

Companies and proposal professionals that can develop a complete, compliant, and persuasive PBWSs will secure a competitive edge in the rough-and-tumble world of federal contracting. PBWS are not difficult to develop, but they require a new way of conceptualizing technical proposals that includes these key components:

- Specific and clearly defined work goals
- Detailed technical and schedule requirements that are outcome-oriented
- Quantitative methods of performance measurement

- Clearly defined deliverables and reporting requirements
- Financial incentives based on performance.

Most of us have spent our lives as proposal professionals responding to an SOW with a detailed RFP that focuses on the *how*. Now we must learn to respond to the growing emphasis on performance in federal programs and acquisitions with a PBWS. For those companies that can focus their technical proposals on mission needs, intended results, and better value and enhanced performance, the future looks bright.

Proposal Professionals who do not heed the changing environment of performance-based service contracting will certainly be left behind.

Jayme A. Sokolow, Ph.D., is founder and president of The Development Source, Inc., a proposal services company located in Silver Spring, MD, that works with businesses, government agencies, and nonprofit organizations. For several years, he has been developing PBWSs for companies and government agencies. He is also Assistant Managing Editor and Chair of the Editorial Advisory Board of Proposal Management. He can be reached at JSoko12481@aol.com.

Thinking for a Change: 11 Highly Successful People Approach Life and Work

By John C. Maxwell

Publisher: Warner Business Books, NY, NY, A Time Warner Company; Hardcover, Retail Price: $22.95/ US (via the Internet $18); lst edition April 2002, 288 pages, also available in ebook form

Reviewed by
Joanna Hannigan, Proposal Professional

Here's something to think about: "...a person who knows how may always have a job, but the person who knows why will always be his own boss." That is just one of hundreds of fascinating insights the author presents in his latest book. John Maxwell is a motivational teacher and well known leadership coach—and the author of more than 30 books, including the New York Times bestseller *The 21 Irrefutable Laws of Leadership*: *Follow Them and People will Follow You.*

What initially drew me to the book was the chapter devoted to "the joy of creative thinking." What kept me reading was what I learned about focused, strategic, big picture, reflective, popular, shared, and bottom-line thinking. Via focused thinking, we discover what innate gifts we possess. Through strategic thinking, we learn how to break down complex issues. Via big picture thinking, we acquire wisdom. Sorry, but you will have to read the book to learn about the rest of the eleven thinking orientations.

The chapter entitled *Discovering the Joy of Creative Thinking* was priceless. It is refreshing to read that the most valuable asset you can bring to work is your creativity—because ideas (what you think)—do matter. A penny for your thoughts? Creative thinkers are idea billionaires. It was also nice to learn that creative thinkers do not fear failure—perhaps that is why there are so many intrepid proposal professionals out there inspiring proposal teams everywhere. We need to be able to see all viewpoints and tap into a deep reservoir of ideas. The good news is that once you develop your creative thinking ability—it continues to expand—like the warm starter yeast used to make endless loaves of sourdough bread.
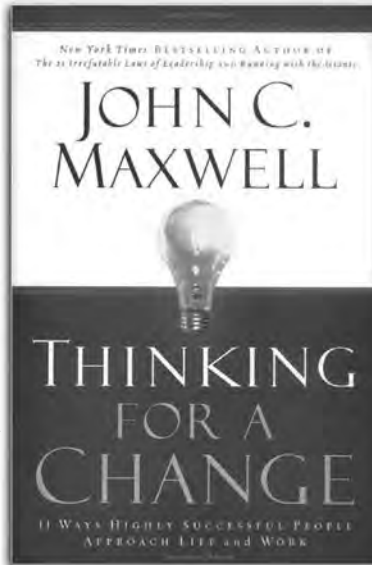
This book was an easy read. It is divided into two parts once you get past the introductory forethoughts and the 'thoughts about thinking.' The book also contains a brief postscript entitled 'afterthoughts,' which contains a final "Are you Thinking?" checklist! Maxwell's book is replete with quotes, examples and exercises to stimulate your gray cells and help you ensure your synapses multi-fire and recharge. He equates limited thinking with limiting your potential, and asks what sort of thinker are you? Do you:

- See the small screen or the big picture?
- View scattered or focused images?
- Adopt fantasy or reality-based scenarios?
- Have impulsive or reflective ideas?
- Focus on surviving, maintaining, or progressing?

Maxwell cautions that if you want to achieve your dreams and engineer new outcomes—new positive results—you must be prepared to change your thinking dynamics. The thinking person's chicken/egg dilemma equivalent is: "what comes first, instinct, feelings, or thinking?" The answer Maxwell has to this question echoes a simple lesson we learned in childhood, a kind of chicken soup for the brain. He says: "Always think first—and think well." In other words, first let your brain do the walking. Can that kind of advice get you into trouble? Haven't we been taught to trust our instincts—to have feelings and be empathetic? Maxwell explains why thinking must come first.

In an age of abundant self-help books sporting the words "dummy" or "idiot" in the title, and "dummy-ed"

down newspaper headlines like "We'll turn this team around 360 degrees," (from an NBA draft choice hopeful), in an age of bureaucratic Government documents and RFPs replete with gobbledygook, we wonder if people ARE thinking. It is invigorating to read *bon mots* that reaffirm that people are indeed percolating and penetrating that sometimes ossified bone in the brain. Business exec Napoleon Hill thoughtfully observed that "more gold has been mined from the thoughts of man than has ever been taken from the earth." French Nobel prize winner and philosopher Henri-Louis Bergson asserted that we should "think like a man of action—act like a man of thought." And let us not forget humorist George Carlin, who said "I think. Therefore I am. I think?"

Maxwell offers no brand new concepts in his book. Nonetheless, he has assembled an impressive collection of sage advice and placed it at your fingertips. He reminds us that thinking must be intentional (perhaps that is why Rodin's famous *The Thinker* sculpture assumes such a dramatic pose). He even presents a formula for achieving optimum thoughts: "The right thought + the right people in the right environment at the right time for the right reason = right result." That sounds to me like a winning proposal blueprint for success. He even tells you how to make it happen.

Is Maxwell a 'deep thinker' or a 'big stinker?' He has been called a "dynamic communicator." Biographically speaking, he was born in central Ohio about half a century ago. He currently lives in Atlanta, Georgia with his wife. He has earned a bachelor, master and doctoral degree, and received at least five other honorary degrees.

In 1995, he founded the INJOY Group, which is composed of three distinct companies and employs over 200 people—all focused on providing the resources and "thinkertoys" that help people reach their potential.

In the past year, perhaps you have noticed a number of magazine and trade publications that featured ads with simple graphics and short, sassy messages such as "I am your idea—I will be gone with the tide;" or "Ideas have short shelf lives. Act on them before the expiration date." Maxwell has inserted a similar message throughout his book: "Think first, think well, think things through—then follow through." Playfully he suggests that you should always have lots of "thinking pots cooking." Maxwell says he treats his desk like a stove. This enables him to take a pot that has been warming on the back burner and turn it into his next meal ticket. He reminds us that "reflective thinking is like the crock-pot of the mind. It encourages your thoughts to simmer until done."

A type of thinking Maxwell talks about that I have long wished to see "go permanently out with the tide," is popular thinking. It is frequently limiting to progress—though going against the tide makes you figuratively smell and feel like week old carp washed upon a hostile shore. I like to remind myself that today's carp is tomorrow's exotic, gourmet fish sauce. Remember the advice Maxwell offers the next time you feel yourself ready to conform to popular thinking. It is all there on pages 199 and 200 of the book. If you like stories and brief vignettes with positive endings, I am confident you will like *Thinking for a Change*.

The Human Organization of Time: Temporal Realities and Experience

By Allen C. Bluedorn

Copyright 2002, Stanford University Press;
432 pages, Hardcover, $35.00;
ISBN: 0-8047-4107-7

Review by Cathy Sheffler

What does a high-tech, solar-powered watch have in common with a low-tech sundial? Perhaps more than you think. In one passage in *The Human Organization of Time*, Dr Allen C. Bluedorn explores this relationship. A sundial, one of the oldest methods of measuring time's passage, uses sun light to measure time, but this works only when the sun is up. The invention of mechanical clocks brought greater precision and 24-hour operation. As 14th century clockmakers developed the hands and dials of modern clocks, they looked to the sundial for guidance and developed "clockwise" motion by imitating the movement of a shadow around a sundial's face

(in the northern hemisphere). As the technology of time evolved, clocks were miniaturized into watches and different power sources developed. Both mechanical (winding) and normal battery power can run out. To develop a "perpetual" power source, inventors looked again to the sundial and redeployed the power of the sun. So the solar-powered watch, with its sundial-imitation face and 24-hour operation, completes a cycle by returning nature's power to the technology of time. This relationship between time and technology is just one of this book's fascinating perspectives on how time has influenced and has

been influenced by societies and individuals. Bluedorn's book contains a review and analysis of his and his peers' research in the field of time management.

Similarly, proposal tools—and the time one expends using them—have brought us clockwise—to a destination not far removed from its origin. Some of our more "mature" proposal developers may remember the late 60's and early 70's when storyboards were hand drawn using the STOP method (Sequential Thematic Organization of Publications). Today we employ automated tools and software to help us develop complex proposals. Though the end products are now called section starters, skeleton outlines, or blue boys, they still very often resemble the humble, hand drawn storyboards used decades ago. The classic French phrase *"Le plus ca change le plus ca meme chose,"* (The more things change, the more things stay the same) transcends time. And everything old is new again!

A memory from my first trip to England came to me as I read the first chapter of this "timely" book. I was sitting in the kitchen of a bed & breakfast inn, chatting with our hosts about their son's observation after a visit to "the States" that the historic sites he visited were newer than his home. Later, we toured York Minster, which has been a site of worship since 300 AD. (The "modern" church was built in 1220.) I realized our host's son was right; most of their new stuff is older than our oldest stuff. This memory personalized my understanding of two key concepts:

- All times are not the same. This observation embraces differences in perspectives, perceptions, and measurements of time. While Planet Earth is neither older nor younger in one place or another, events that occur in one location can effectively change that spot's perceived age.
- Temporal depth (the distance you "see" into the past) has a strong impact on your perception of time, as well as the meanings of terms such as "old" and "new." In America (The New World), 200-year-old items are in museums; in Britain, 200-year-old items are in use.

With this initial understanding, I continued my journey through Dr. Allen C. Bluedorn's *The Human Organization of Time: Temporal Realities and Experience.* The book is organized into nine chapters:

- **All Times are Not the Same** premieres the book's recurring theme and introduces concepts that are explored in later chapters, while laying a foundation by describing time as social construction—something

that we invented (or discovered, depending on viewpoint), which has deeply influenced social, cultural, and technological development. I did wonder: Why did we invent something that we never have enough of—except when we are waiting for an overdue win award notification?

- **Temporal Realities** explores wide variations in perspectives on time measurement, from Newton's absolute time to Einstein's relative time, and defines the two poles of fungible time (one minute has the same character and length as any other minute, so one minute can replace any other minute) and epochal time (time is primarily defined by events and the relationships between opposites, for example the Bronze Age and World War II era, and proposal start up and the ever popular 'race the still warm proposal to the customer' event).
- **Polychronicity** addresses the number of activities and events people engage in at one time. Bluedorn indicates that the degree of polychronicity (many activities at once) or monochronicity (one activity at a time) depends on individual and organizational preferences. Organizations, including cultural, national, and workforce groups, can exert pressure on an individual to be more or less polychronic. Certain occupations, such as managerial or administrative, either attract or compel polychronic behavior. Bluedorn cites research indicating that mild polychronicity leads to reduced job stress and increased job satisfaction. Alas, not many of us have a job that allows mild polychronicity!

> *While Planet Earth is neither older nor younger in one place or another, events that occur in one location can effectively change that spot's perceived age.*

- **Seldom Early, Never Late** discusses the effects of increasingly precise time measurement on societies and the evolution of punctuality. As anyone who has worked on a multi-country, multi-cultural project knows, the concept of "on time" and the value placed on being punctual and meeting deadlines varies widely from one society to another. Bluedorn's chapter title refers to the ideal of ships being on time (neither early nor late), which motivated the British Parliament to offer a reward for the invention of a precise marine chronometer in 1714. Bluedorn also discusses multitasking, which he describes as polychronicity with speed, and presents research indicating that extensive multitasking negatively affects both health and civility.
- **Eternal Horizons** deals with the relationship between past temporal depth (how far back one looks)

and future temporal depth (how far future one looks), discusses cultural, national, and individual preferences, and describes temporal depth's effect on organizational performance. Bluedorn also presents research that indicates that writers who use the future perfect tense ('we shall have established regional help desks') rather than the simple future tense ('we shall establish regional help desks') help readers to better envision future times, and lend more credibility to the writing.

- **Convergence** introduces the concept of entrainment, in which one rhythm influences another, making the other schedule conform in an identical (synchronous), lagging (starting a standard interval after), or leading (starting a standard interval before) pattern. Bluedorn describes the fall of night as a powerful entraining force on early humans; it is a force that continues to affect us today. His theory proposes that early humans learned that wandering around alone at night made them likely to be a predator's dinner. Survivors were those who sought protective company and secure locations for the night period. That is why we go home at night (unless we are working on a proposal with ugly deadlines). Bluedorn's research also reminds us that the organization of text must be entrained to the readers' expectations; research shows that if the organization does not match their expectations, readers describe the text as unclear, confusing, or hard to follow.

Isn't it about time that the people who write the RFPs we must turn into winning proposals reveal the "rhyme and reason?"

- **The Best of Times and the Worst of Times** chapter observes that an era's conditions affect an individual's perception of its duration. Unpleasant times last longer. Bluedorn notes that holding meetings is a primary trait of any organization (he suggests that an organization is an open-ended meeting—one that workers do not typically enjoy). He describes his most famous experiment where 111 teams of five members each met to discuss and reach a decision. Half of the teams met in standard conference rooms and the other half in empty rooms (no table or chairs). Predictably, the sit-down group met an average of 34 percent longer than did the stand-up group. Surprisingly, there was no statistical difference in the quality of the decisions reached by the two groups. There is definitely room for exploration of this concept in the proposal world. Brief, daily, or weekly stand up meetings are effective. Could proposal reviews be conducted in a similar manner—walking the wall and marking up text via a fluid process?

- **Carpe Diem** deals with the intricate relationship between planning ahead (seizing the day) and making your activities fit the occasion (allowing yourself to be seized by the day). Bluedorn suggests that the best strategy is to blend the two, by planning certain activities and allowing the rest of your schedule to be determined by events. He describes an experiment involving a group of engineers who felt unable to 'engineer' because they were interrupted by other engineers' questions. They significantly increased their productivity by scheduling quiet time, during which interruptions were not allowed, and allowing the interruptions outside quiet time. This chapter also describes the planning fallacy, which is defined as "the tendency to hold a confident belief that one's own project will proceed as planned, even while knowing that the vast majority of similar projects have run late." Bluedorn presents anecdotal and research evidence showing that people can accurately estimate completion dates for other people's projects but typically substantially underestimate their own. Perhaps that is why some Government agencies are discussing the re-introduction of the earned value analysis concept!

- **New Times** wraps up the discussion by observing that, as in many things, the approaches to time are best combined to create a diverse, flexible, and balanced blend of elements. While it is important to "seize the day" to positively influence our own lives (in effect, create our own good times), it is also critical that we think ahead to a time when we will not exist so that we create good times for those who follow us.

While I was treasure-hunting for writing, planning, and time-management tips in this book, I found a new favorite observation attributed to Mark Twain: "While the past may not repeat itself, it does rhyme." It made me wonder: isn't it about time that the people who write the RFPs we must turn into winning proposals reveal the "rhyme and reason?"

This book is a bit of a challenge. The author's style is somewhat dry and academic. The intended audience includes management and organizational sciences professionals, sociologists, and psychologists (in other words, not me). And yet, I didn't procrastinate. I made time to read about the *Human Organization of Time*, and gained many new insights as a result. In the dense 264-page body of the book, Dr. Bluedorn cites, summarizes, contrasts, and draws conclusions from his and his peers' research. Between the source citations and the specialized vocabulary, curious and compelling ideas peek out that can cause even a non-academic reader to say "Aha!"

Winning Behavior: What the Smartest, Most Successful Companies Do Differently

By Terry R. Bacon and David G. Pugh
Publisher: AMACOM, a division of American Management Association;
Number of pages: 342; Retail Price: $29.95
ISBN 0-8144-7163-3
Reviewed by Monica Williamson,
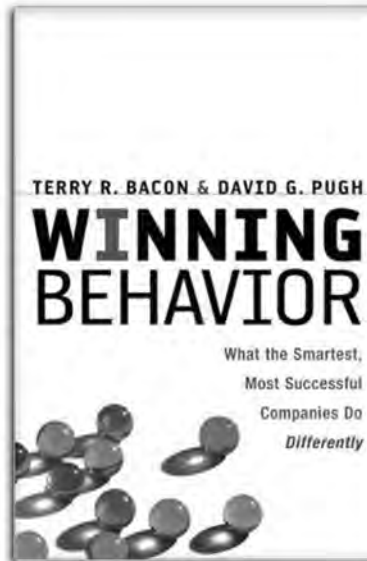**Sr. Proposal Specialist, Halliburton Energy Services Group**

Winning Behavior" by Terry R. Bacon and David G. Pugh, spurred numerous discussions in my office about "how best to classify this book" and "exactly who would benefit the most from reading this book." The general consensus was that this was a great book, with lots of meaty examples on how to differentiate your company by providing the very best customer service. There are many examples of how successful companies are working to build strong and lasting relationships. This is a corporate culture changing book that needs to be applied to an entire organization from the top down. In particular, those in the capture and business development business would benefit by making this a permanent book in their personal library.

The information in the book will help employees become better ambassadors as they come in contact with internal and external customers. What I found most interesting were the numerous examples of companies that are willing to go the extra mile—sometimes right off the radar screen—to ensure customer satisfaction and loyalty. They have used that willingness to "behave differently," thus differentiating themselves in the marketplace.

"The main thing is to have a vision of purpose, not a vision of function."

I read with interest that Ritz-Carlton employees are required to be part of a daily lineup—where announcements, employees' anniversary and birthdays are recognized and, more importantly, where stories of exceptional behavior by employees toward guests are shared and celebrated. These stories serve to reinforce the group's purpose and mission.

As former Ritz COO Horst Schulze said, "The main thing is to have a vision of purpose, not a vision of function." Anticipating customer needs requires some mind reading—though it is impossible to hire a workforce of mind readers. Therefore, a company must have a workforce that understands the difference between their daily function and the purpose of their job.

At the 'Ritz,' one of the daily basics required of every employee, regardless of job function, is to take ownership of complaints that customers bring to their attention. Employees are allowed to spend up to $2,000 per guest to resolve complaints or problems. They may need to spend some or all of that $2,000, but the amount is not what the Ritz-Carlton considers important. What is important is delighting the customer by resolving the difficulty without having to go through a chain of command to do so. Customers with complaints are not passed around; the person receiving the complaint is empowered to promptly resolve the issue. In many cases, it isn't a money allowance that is needed. It is a need to be heard and understood—the customer derives satisfaction simply because someone listened to the problem and was willing to fix it.

Every Ritz-Carlton employee carries the Ritz-Carlton Gold Standards card. It defines the hotel's purpose and mission, cites its promise to guests and employees, and outlines the basics of providing extraordinary service. The Ritz continually reinforces these messages—it has become the foundation of the Ritz-Carlton's operational behavioral differentiation. They use affirmative words such as 'My pleasure.'

They do not use trite words like: 'OK' or 'Sure Thing.' By specifying the preferred language to use, both with guests and with each other, they create an air of formality and the "refined ambience" the hotel seeks and is famous for promoting. They define the expected experience for all guests, an experience that differentiates Ritz-Carlton Hotels from most other lodging and dining destinations.

The Ritz-Carlton experience is the ideal outcome for guests.

The authors discuss four ways to create behavioral differentiators within your company:

1. **Operational Behavioral Differentiators—"Setting a New Standard."** The best representative firms are Wal-Mart, Disney, Nordstrom, Marshall Fields, and Men's Wearhouse. Their differentiating behavior is an integral part of how the company operates.

2. **Interpersonal Behavioral Differentiators—"Being a Caring Professional."** The employees who can differentiate themselves and their companies interpersonally are able to do it because it is genuinely part of who they are as people. You can't fake caring; most customers are able to see through the guise.

3. **Exceptional Behavioral Differentiators—"Breaking the Rules."** Exceptional treatment of customers is usually memorable to them because it exceeds their expectations in such positive ways that they recall, long afterward, the way they were treated.

4. **Symbolic Behavioral Differentiation—"Walking the Talk."** These kinds of behaviors reflect your key product, service, or company message and values. They symbolize what you are offering your customers.
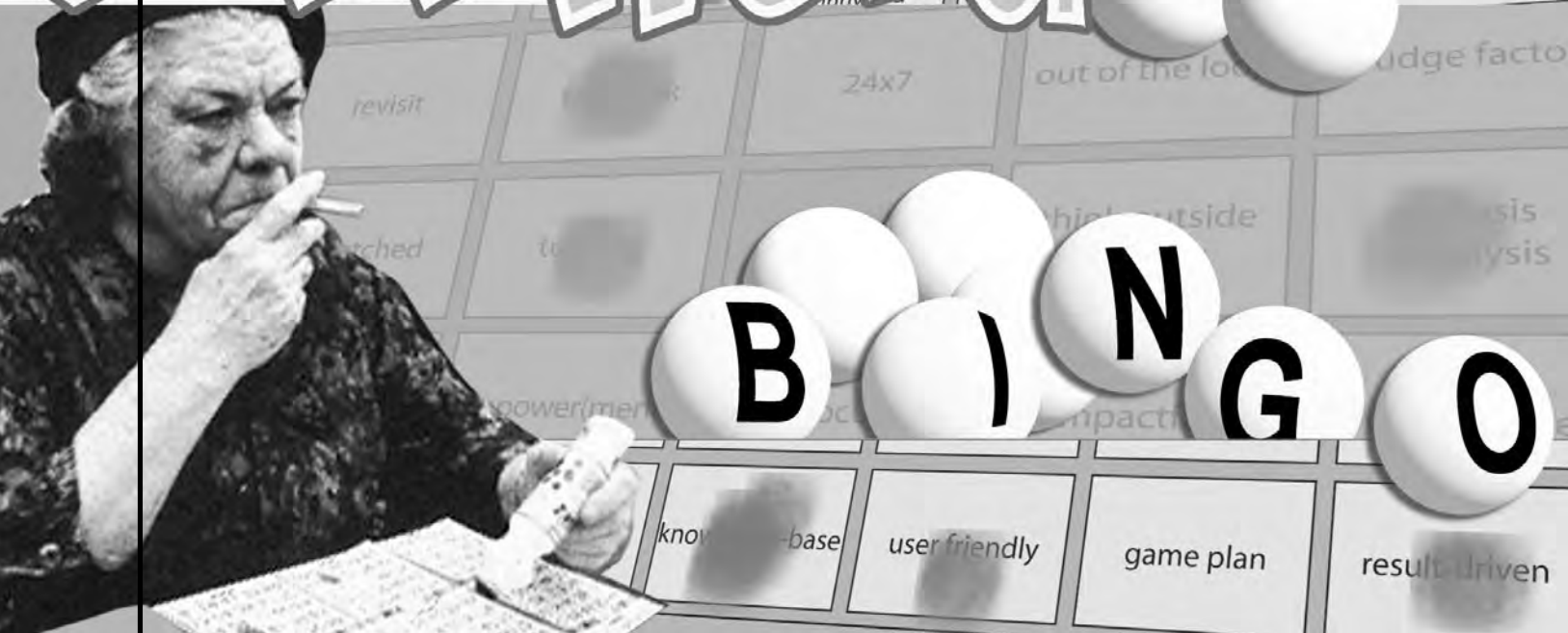
Exceptional behavior differentiation is the result of the whole organization (from the top down) consistently doing things that the customer finds extraordinary and beneficial.

The authors have given many examples of positive and negative behavioral differentiation from a very broad spectrum of companies and industries. The exercises at the end of each chapter add to the reader's experience, and lend an interactive feel to the book. Readers will understand why Southwest Airlines, Men's Wearhouse, Harley-Davidson, The Ritz-Carlton and other companies highlighted in this book have become successful via the evidence provided and proven results achieved and documented.

This is an enjoyable book, easy to navigate and understand. Readers can benefit from the vast real world examples presented. Other proposal pundits and business leaders have pointed out that to be competitive and successful in the 21st century, you will need behavioral differentiators to gain a key advantage. Exceptional behavior differentiation is the result of the whole organization (from the top down) consistently doing things that the customer finds extraordinary and beneficial. This requires a concerted cultural change to a "winning behavior mode." It also requires an interconnectedness, with everyone working to improve their products, services, attitude, branding approach, and negotiation tactics. If your company does not currently follow this model, the authors point out ways to help move your leaders and decision makers in the right direction. They encourage readers to be a bit like Captain Kirk and develop the warp speed advantages and techniques that will define this "final frontier" in competitive strategy. Read *Winning Behavior* and be light years ahead of your competitors!

Buzzword BINGO

synergies

out of the loop

judge factor

revisit

24x7

think outside

result-driven

BINGO

know-base   user friendly   game plan   result-driven

By R. Dennis Green

This variation on a centuries-old game has a powerful and serious subtext. It reminds us, again, that words do matter, and that shallow words don't persuade.

If your proposals have ever characterized something you are selling as 'unrivaled,' 'outstanding,' 'cutting edge,' 'a paradigm shift,' or 'thinking outside the box,' you may be in good company. Or bad. As these cliché terms and phrases pop up with annoying frequency both in meetings and sales documents, they do little more than reinforce habits of linguistic and communicative laziness. Still, they proliferate. As proposal management professionals, we train ourselves to eradicate such puffery. We cultivate a heightened sensitivity to the words rendered meaningless through overuse. There are very important reasons for policing.

First, we know that evaluators find this cliché language off-putting. They might mock the authors that write such boasts with cynical equivalents. 'Outstanding,' for example, is reported to equate to 'out standing in the field.'

Second, we know that unsubstantiated, grandiose claims of goodness are non-persuasive. Meaningful, relevant specifics are needed to justify an offeror's argument or claim.

So it is with more than passing interest that we note a growing cultural phenomena: the popularity of the Bingo-style game in which the "players" track buzzword use on Bingo-like game cards. Each time players hear or read

one of the buzzwords, they mark the corresponding box on their card. If you are the first to complete a row, you stand up and shout. The danger, of course, is that shouting Bingo in a business meeting may be misconstrued as inattention. Anyone observing you, however, will note your zealous interest and attention to all the speaker's words.

We know that unsubstantiated, grandiose claims of goodness are non-persuasive.

Representative game cards are provided on the following page (58).

HISTORY

As Mary Bellis writes in her history of bingo (http://inventors.about.com), it first came to the US from Europe as a game called "beano" in 1929. At that time, a dealer would select numbered discs from a cigar box and players would mark their cards with beans. It follows they yelled "beano" if they won. New York toy salesman Edwin Lowe renamed the game after he overheard someone accidentally yell "bingo" instead. With the assistance of a Columbia University math professor, Carl Leffler, 6,000 different bingo cards were created. (Leffler, it is said, then went insane.)

The "Buzzword Bingo" variation was first coined in a Scott Adams 'Dilbert' cartoon in the 1990s. The premise for this game hit a sympathetic nerve with readers. By 1997, the first in a growing number of Web sites was posting inventive descriptions of the game together with lists of egregious buzzwords and sample playing cards. One of the most authoritative sites to evolve has been that of Karl Geiger (http://isd.usc.edu/~karl/Bingo/about.html). It was through Geiger's Web site that we leaned about BuzzWhack (http://www.buzzwhack.com), an educational, if delightfully irreverent poke at buzzword makers. The context it provides is one worth quoting. BuzzWhack acknowledges that within any given group, "buzzwords can be functional tools that communicate ideas and concepts quickly. But," it cautions, "once those buzzwords move outside that group, they can be baffling and bring all understanding to a halt."

So enjoy the game. Enhance its contents to include your favorite buzzwords. And use it as a learning tool to cull out overuse of clichés.

TESTIMONIALS

The enthusiasm for Buzzword Bingo-style games is suggested by various posted testimonials, such as these.

"I had only been in the meeting for five minutes when I yelled Bingo."

"My attention span at meetings has improved dramatically."

"It's a breeze. Meetings will never be the same for me after my first outright win."

"People are now even listening to mumblers, thanks to this Bingo game."

DISCLAIMER: The Association of Proposal Management Professionals does not endorse the playing of Buzzword Bingo in business venues where one's attention might be better spent. However, meetings attended during one's free time, documents read after hours, and political discourse are all fair game.

The author thanks Rafif Jouejati, Tina Scogin, and Kirste Ross for their contributions to this article.

This elated Proposal Professional shows the dangers of playing Buzzword Bingo during a meeting.

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world-class	unrivaled	core competencies	paradigm	synergies
revisit	fast track	24x7	out of the loop	fudge factor
unmatched	turnkey	FREE	think outside the box	analysis paralysis
leverage	empower(ment)	client focus(ed)	impactful	touch base
incentivize	knowledge-base	user friendly	game plan	result-driven

Cut out and use these cards at your next meeting!

unsurpassed	strategic fit	incentivize	best practice(s)	bottom line
lean & mean	streamline	24x7	empower(ment)	benchmark
value-added	proactive	FREE	think outside the box	fast track
result-driven	out of the loop	knowledge-base	impactful	touch base
core competencies	client focus(ed)	must win	herding cats	leverage