



Port Hueneme

ASSISTANCE FOR SMALL BUSINESS

HELP FOR VOSBs and SDVOSBs

The “Contract Capture Process”

(or HOW TO WIN A LARGE NAVY CONTRACT)

The information provided in this document is provided as information only and does not reflect the official position of the Department of the Navy. The reader should refer to the specific regulations governing acquisitions for detailed information.

Introduction

Many veterans are coming home and returning to civilian life, and they are finding that jobs are very limited. As a result, many of them decide to start a business as an alternative to employment and, naturally, many veterans then decide to pursue Government contracting opportunities. Although the information in this paper is applicable to all Federal Government agencies' contracting opportunities, it is mainly directed at contracting with the U. S. Navy and, more specifically, contracting with the Port Hueneme Division of the Naval Surface Warfare Center.

This paper is aimed at specifically helping Veteran Owned Small Businesses (VOSBs) and Service Disabled Veteran Owned Small Businesses (SDVOSBs) understand how to capture large-dollar-value service contracts. This paper only deals with competing for large contracts, not the small supply-item-type of contracts (and purchase orders) which are handled in an entirely different way.

Needless to say, VOSBs and SDVOSBs that are new to Federal Government and Navy contracting face a challenging learning curve. Hopefully, this paper will give them a helping

hand when it comes to understanding the challenges of competing for a large contract and someday being successful at winning one.

Everything that goes into winning a contract is called “The Contract Capture Process.”

To simplify understanding this process, it can be roughly divided into parts:

- 1) preparing to win the contract
- 2) conducting research
- 3) planning
- 4) strategizing
- 5) and execution

Each of these parts is going to have its own subparts.

Federal Government Contracting Big Picture

The best way to simplify the Federal Government contracting picture is to look at it as four different and separate areas of contracting, based on the size ranges of the estimated dollar value of the procurements:

- 1) **Purchase Card** (under \$3,000)
- 2) **Simplified Acquisition Procedures** “buys” (from \$3,000 to \$150,000)
- 3) **Medium-size Contracts** (over \$150,000 and into the low millions of dollars)
- 4) **Large Contracts** (estimated value in the high multimillions of dollars).

Another way to define a “large contract” is any contract that requires a Technical and Cost Proposal, and Past Performance documentation – that is, any contract that requires a 3-part proposal.

Purchase Card “buys” and Simplified Acquisition Procedures (SAPs) “buys” are each handled by a Federal Government/Navy contracting office in entirely different ways from how medium size and large contracts are processed and awarded.

The Federal Acquisition Regulation (FAR) gives a competitive edge to all small businesses if/when two or more firms can qualify as capable of performing the requirements of a solicitation. This is nicknamed the “two or more rule.” The FAR gives an additional boost to SDVOSBs (but not to VOSBs) when competing for small business competitive set asides.

By making the SDVOSB category one of the four small business “preference/parity” categories, if a contracting officer can find via market research, and then determine via a technical capabilities assessment, that two or more SDVOSBs are capable of performing the requirements found in the solicitation and Statement of Work/Performance Work Statement (SOW/PWS), the FAR allows a solicitation to be set aside for only SDVOSB competition. That helps to narrow down the competition by excluding large businesses and all other categories of small businesses from the competition. And that in turn gives fledgling SDVOSB firms a better chance to compete and win. VOSBs cannot reap this benefit; they must compete for a small business set aside with all of the other small business categories, because, as mentioned, VOSBs are not one of the small business “preference/parity” categories.

Even when a solicitation has been set aside for and restricted to SDVOSB competition, or for small business competition in general, there is much that needs to be done by an SDVOSB or VOSB in order to actually win a Federal Government/Navy contract. This paper tries to give new VOSBs and SDVOSBs an additional boost over what FAR, Congress, and the Small Business Administration (SBA) have already provided, in the form of a contract capture process overview and, hopefully, some useful tips.

CONTRACT CAPTURE PROCESS

PREPARING TO WIN A NAVY CONTRACT

The preparation for winning small business contracts at NSWC Port Hueneme Division is similar to the preparation required to win Federal Government contracts at any U.S. Government agency.

Careful and thorough preparation includes the following steps:

- Continuously build strong technical capabilities
- Continuously build a strong record of Past Performance
- Start with small contracts
- Start early
- Do your research
- Respond to the Sources Sought Notice
- Learn how to write a successful Capabilities Statement
- Form a strong team
- Write an excellent technical and cost proposal

- Write a cost proposal that's very competitive but still realistic

Continuously build strong technical capabilities

Many firms focus heavily on marketing their company to the Navy, but continuously building strong technical capabilities is more important. Winning a contract boils down to having the most outstanding, demonstrated technical capabilities to perform the tasking requirements stated in the solicitation and SOW/PWS, and then having a fair, reasonable and competitive price. That means having the relevant experience and being able to demonstrate (prove) in your technical proposal that you have it. Anything stated that is not supported is considered a "claim" by the Government technical proposal evaluators. Often it takes only one phrase in support of a "claim" to convert that claim into a demonstrated capability.

A major key to competing successfully is having the personnel with the experience, knowledge, skills and abilities that your potential future Navy customer is looking for. So continuous recruiting of highly experienced personnel is key to keeping up with the Navy's continuously expanding need for greater, cutting-edge technical capabilities. Developing an informed strategic direction and a common focus within your company's management and labor force is extremely important to success in this ever-changing contracting environment.

In our nation's ever more competitive and challenging business environment, for your small business to be ready to meet the Navy's tasking support requirements with technical and technological expertise, staying informed about where the Navy is going in the near future is also of paramount importance.

Therefore, part of long range planning to win a contract involves developing a good match of your company's technical capabilities well in advance of what will be eventually required to perform the tasking in the contract your company will attempt to capture. In short, get ready to compete by tailoring well in advance of the solicitation your firm's technical capabilities to match the requirements of the future contract's SOW/PWS.

This "ramping up" process most often involves three components:

- 1) finding and hiring people who are experienced with the actual tasking in the SOW/PWS. (The next best thing is to staff up with people who are experienced with very similar or at least similar tasking; i.e. relevant tasking).
- 2) and/or getting signed Letters of Intent from those who are experienced with the actual tasking, stating they will come to work for your firm if you win the contract, and
- 3) finding subcontractor firms that possess experience with the specific elements of the tasking that your firm lacks or is weak in, and then establishing written teaming agreements with these firms. (Try to get a subcontractor with personnel that possess the qualities described in 1 and 2 above.)

The key to being a formidable competitor is to rigorously demonstrate throughout your firm's technical proposal that you can perform the work and can perform it well. Remember, if it is not in writing and not in the proposal, you get no "credit" towards being found capable.

Once you win a contract you are now the incumbent. VOSB or SDVOSB incumbents should never rest on their laurels when competing for a follow-on contract to their current contract. Like every other offeror in the competition, the incumbent should attack the writing of the proposal as though the Government/Navy never heard of them before!

The technical proposal evaluators will use only the information found in the proposal to determine the technical capability of each company in the competition. They will usually employ a matrix to ensure that each competitor is evaluated against the same criteria. If the relevant capability is missing from the proposal, it will be very apparent.

Remember: "not in writing, not in technical proposal, no credit."

It would be sad if a technical proposal was poor because the specifically required technical capabilities were missing simply because they were left unstated by the proposal writing team, incumbent or otherwise. But it happens all the time!

Although the specifically required technical capabilities are paramount to your success, you should still try to work into your technical proposal, as briefly as possible, your firm's "discriminators." These are at a minimum:

- 1) What sets your firm apart from the crowd?
- 2) What is your firm's specialty that makes your capabilities extra special and very desirable?
- 3) What can your team do for the Government/Navy customer that no one else can do?

As an aside, the NAVSEA NSWC Port Hueneme Division home web site address is: <http://www.navsea.navy.mil/nswc/porthueneme/default.aspx> This page is very useful because it also shows all of the other Naval Surface Warfare Center divisions, and your company can gather public information about their procurements. Your emphasis however should be on gathering useful information about the specific procurement that you want to try to capture, not on getting "meet and greet" type meetings with Government personnel. Many companies rely heavily on "marketing" to help them win a contract, but it is not who you know that is going to get your company a Government contract, it is what you know.

Continuously build a strong record of Past Performance

A proposal usually has three parts: Technical Proposal, Cost Proposal, and Past Performance. In order to win a contract as the prime contractor, both your future Government customers and your potential subcontractor teaming partners must believe that you are fully capable of performing the work. As a prime contractor, your company must

establish credibility. For a small business, normally this is accomplished by first joining up with a large business and their established team as a subcontractor, then performing well for the Government/Navy customers, while working well with their large business prime. That way, the small business gains a record of positive Past Performance which provides the basis for credibility. For some small businesses, subcontracting to a prime contractor is a great way to get a “foot in the door” of Government contracting. In this arrangement, you can provide goods or services that support a large contract that you couldn’t handle on your own. Your company may be very attractive to a large or small business prime contractor because of your niche expertise and for both technical and diversity reasons. So subcontracting should definitely be explored, because it’s a great way to gain valuable experience and start a record of positive Past Performance, not to mention generating some revenue! Subcontracting to a Navy prime contractor, both to large and small business primes, can pay off in another way besides building past performance -- by getting you inside the local business environment so you can network and market to other active, prime contractors, and try for additional subcontracting opportunities.

NSWC Port Hueneme Division’s Contracting Office posts all solicitations for large service contracts for combat system engineering and logistics services on the SeaPort-e web site. This site also contains information on all of the NSWC PHD “MAC” contract holders in SeaPort-e, and all other Navy commands’ MAC contract holders. (MAC stands for “multiple award contract.”) These MAC-holding prime contractors, which are both large and small businesses, are a major source of “cold contacts” for exploring subcontracting opportunities. The SeaPort-e web site address for the list of MAC holder prime contractors is:

<https://auction.seaport.navy.mil/Bid/PPContractListing.aspx>

To start contacting only NSWC Port Hueneme Division’s current and past large and small business prime contractors, the following two sources will provide you with lists of only NSWC Port Hueneme Division’s service contracts.

1. Go to the NAVSEA NSWC Port Hueneme Division home web site:

<http://www.navsea.navy.mil/nswc/porthueneme/default.aspx>

Then click on the “Small Business Office” button.

On the “Small Business Office” webpage, click on the link entitled:

[SeaPort-e SB Achievements 2008 to January 2013](#)

2. The other source is also posted on the NSWC Port Hueneme Division’s “Small Business Office” webpage . While visiting this page, also click the link to:

[NSWC Port Hueneme Division 5-Year Acquisition Forecast](#)

It is mandatory under the FAR that all large-business-incumbent contracts over \$650,000 in value have percentage goals for small business utilization by the large business prime. The large businesses are always looking for well-qualified small businesses with core capabilities that apply to the particular contract being pursued or performed. A small business that approaches a large business with a solid understanding of the contract's SOW/PWS, a good knowledge of the customers and their requirements, and a compelling explanation as to how the small business can help the large business better accomplish the contract requirements, will normally find the large business receptive. Large businesses know that supporting and helping their suppliers (subcontractors) is not something that's optional. They understand that they are dependent on their subcontractors for success. Large businesses generally view their subcontractors as an integral part of their team because, if, for example, it's parts that are being subcontracted, and the parts fail or the supplier doesn't deliver on time that reflects badly on the large business prime. Same goes for services being subcontracted. If your company occupies a niche technology, you are in a good position to subcontract, as various/certain niche technologies are in greater and greater demand. This information is intended to encourage you about subcontracting, because, frankly, it can be a disheartening struggle to get that first subcontract, and you are going to need a lot of perseverance. What's more, and also intended to be encouraging, the large business prime's Government-mandated Subcontracting Plan requires a certain percentage of the work to be subcontracted specifically to VOSB and SDVOSB companies, so the large business will be motivated to consider your VOSB or SDVOSB firm as a possible subcontractor.

There are many ways to start campaigning for subcontracting opportunities. To give just a few examples, a possible source of leads regarding subcontracting opportunities could be the companies listed in the corporate members directory of national and international business associations found on the internet. They should all have Small Business Liaison Officers (SBLOs). Other major national and international technical and scientific associations of like-minded businesses can also be "mined" for SBLO contact information. Other forms of internet research will lead to many other sources of SBLOs you can call on.

Another type of source is the internet-posted acquisition forecasts of Department of Defense (DOD) and Department of Navy (DON) and other Government agencies. They contain all of the names of the large and small business prime contractors holding large contracts at a Government agency/Navy command. Also, the SBA's <http://www.SAM.gov> web site has a list of all the registered contractors (large and small) in the U.S., so you can easily conduct searches and get information on potential companies with which to team, contact these companies, and explore subcontracting opportunities with their SBLO.

SUB-Net is an SBA web site and resource primarily for prime contractors to post subcontracting opportunities. These opportunities may or may not be reserved for small businesses. They may include solicitations or other notices, such as a search for "teaming" partners and/or subcontractors for future contracts. The SUB-Net site enables small businesses to use their limited resources to identify and bid on concrete, tangible opportunities. While the web site is designed primarily as a place for large businesses to post

solicitations and notices, federal agencies, state and local governments, nonprofit organizations, colleges and universities, and small businesses can also use it for the same purpose. You can go directly to SUB-Net at <http://web.sba.gov/subnet/>. SUB-Net has been used by state and local governments, non-profit organizations, colleges and universities, and even foreign governments to post solicitations and identify small businesses to possibly subcontract to. Subcontracting to a prime government contractor is a good way to participate in the contracting process to gain valuable experience in Government contracting. The SUB-Net web site, SBA's database, can help you find and identify subcontracting opportunities that are in your area of expertise. It's easy to search the database by simply entering the NAICS code of the industry you are interested in.

SBA also obtains the names and addresses of large prime contractors for listing in its "Subcontracting Opportunities Directory." The web site address is:

<http://www.sba.gov/category/navigation-structure/contracting/contracting-opportunities/subcontracting/subcontracting-opportunities-directory>

This list is derived from Subcontracting Plans that are submitted to the Government when a large business receives a Federal contract over \$650,000 (over \$1.5 million in construction). Large businesses with prime contracts exceeding \$650,000 in non-construction products and/or services are required by FAR regulations to provide a plan with subcontracting opportunities for all categories of small business. In some cases, the point-of-contact listed in a Subcontracting Plan changes after the SBA has added a company to the directory. SBA is not automatically notified of such changes and, therefore, at any point in time, some of the information in this directory may be incorrect. However, SBA updates the directory on a regular basis and makes necessary changes when an incorrect listing is brought to its attention.

There are many other resources that your firm can explore for subcontracting opportunities that can yield a record of successful Past Performance that will help you in the long run to compete more effectively. Attending business conferences and expos is another obvious resource where you can make face-to-face contact with both large and small prime contractors. There's no denying that getting a subcontract takes a lot of leg work, but when you succeed it is well worth the effort, both financially and past performance-wise.

Start with small contracts

Start small and work your way up to larger dollar value contracts because you do not want to risk failing to perform adequately and ruin your record of Past Performance. Don't bite off more than you can successfully chew.

Preparing to capture a contract can be expensive. Your firm should analyze the spectrum of contracting opportunities out there at any one time, before you decide to pursue a particular opportunity. Many questions need to be answered to avoid attempting an unrealistic capture.

Are the required products and/or services one of your main competencies? How much will it cost to pursue the contract versus how realistic is it that you could win it? Who are going to be your competitors, what are their strengths versus your strengths? How difficult will it be to put together a formidable team to perform the contract after you win it? Will you be able to do a good job for the Government/Navy?

Risk assessment – a combination of your firm’s 1) technical capability to perform; 2) fair and reasonable contract cost and cost management abilities; and 3) ability to meet the delivery schedule -- the “big three” that your proposal evaluator will be assessing – is what it all boils down to.

Start small and go from there to bigger and bigger contract opportunities over time, as your company builds up its technical capabilities. Once your company has a few years of high-quality performance as a subcontractor, you will have a better chance of winning contracts as a prime contractor. It is recommended that your firm start by competing for smaller prime contracts that are typically under \$2 million per year in size. Therefore, for a typical 3-year period of performance, the size of the contract is about \$6 million total. Once you have successfully won and performed well as the prime of a smaller contract, your credibility to bid, win and perform well on a larger contract will be better established.

Part of performing well as a subcontractor and a prime contractor is to be a “good member of the business community”. Briefly, that means that you must work as hard to help other contractors win contracts and perform them well, as you would work to win and perform contracts for your own company. Help others and they will help you. (There’s more on this philosophy of “partnering” in the section below subtitled “Respond to Sources Sought Notice.”)

Start early

A significant amount of time is required in order to fully understand the requirements of the customers served by the contract, and to determine how your company can best perform those requirements. To acquire much needed information about the contract requirements, firms employ “market research.” The standard rule of thumb is that the preparation process for a Government procurement (The Contract Capture Process) takes 12 to 18 months. For larger procurements, the Capture Process time needed is even longer, perhaps 24 to 48 months. This is a daunting investment of time and effort for a small business, but there is a lot to learn to get ready for writing a technical proposal. The better you learn, the higher the probability that you will win the contract. Market research in this case is important if it is the right type of market research. It needs to materially help you increase your chances of being the contract winner.

The Department of Navy, due to its size and scope, does not have a single, comprehensive source for future procurements. Procurements are made locally and within the various services and agencies. Therefore, business intelligence relative to future procurement planning (forecasting information), must be gathered at the local Government agency/Navy

command level. Many Navy contracting offices publish a periodically updated 2- to 5-year acquisition forecast and post it to their public access web sites.

NSWC Port Hueneme Division Contracting Office helps small businesses find out what large contracts to expect in the near future by posting 5-year acquisition forecasts on the command's Small Business Office web site. The 5-year acquisition forecast lists the contracts that expire each year, five years into the future. Eventually, these plans will only forecast 3 years into the future because recent policy changes have opted for 3-year-long contracts ((base year plus 2 option years) instead of the historical 5-year contract length (base year plus 4 option years).

The plans provide the following useful information: contract number, the title of the contract, when the current contract was awarded, when the current contract expires, the incumbent contractor's name, the size of the incumbent, the level of competition used, and the type of contract used.

The link to Port Hueneme Division's "5-Year Acquisition Forecast" is located on the NSWC PHD Small Business Office web page. The web site address is – <http://www.navsea.navy.mil/nswc/porthueneme/business/SBO.aspx>

The Deputy for Small Business (or small business specialist) at each agency is the Government's "small business advocate." With regard to NSWC Port Hueneme Division, you should meet with the Deputy for Small Business at the NSWC Port Hueneme Division's Small Business Office on a periodic basis, but not just to say "Hello, remember me?" You should prepare genuine and pertinent business to do before requesting a meeting. When you meet with the Deputy for Small Business (DSB) for the first time, you should already be knowledgeable regarding the agency's acquisition forecast plan and have a clear idea which procurements your company's technical capabilities match up to. You should have prepared a list of future contracts your firm would most likely be interested in competing for, and provide it in advance of the meeting date. The DSB may need to do some research on these contracts before he/she sits down with you. You should also have a list of questions prepared, and submitting these questions in advance of the planned meeting is highly recommended. This way the Deputy for Small Business has time to prepare for the meeting and to try to make it more informational and useful for you.

Do your research

In order to perform the work required by the contract well, you need to understand the needs of the customers who use the contract, and in order to write a highly effective technical proposal, the same thing applies. There are many questions that will need to be researched and answered.

What is the technical content of the work the Government/Navy customers perform?

What are the most critical or difficult areas of the requirements tasking?

How do the contractors help perform this work?

What special qualifications, training, and certifications are **required** by the SOW/PWS and solicitation for contractor personnel?

What special personnel qualifications are **desired** by your future customers should you win an award?

Are there special facility or equipment requirements?

Will you need to ramp up your firm's capacity to perform the contract?

As best you can, you need to understand the customers themselves.

What is most important to them?

What are their priorities, upcoming milestones, and important events?

How can you help them with accomplishing their mission?

At a more macro level, you also need to understand the Navy customers' command.

What is the history of the command?

What is the command's mission, roles and responsibilities? (The link to NSWC Port Hueneme Division's "Mission Statement" is located on the NSWC PHD Small Business Office web page. There are also several mission elements breakout brochures posted that feature expanded information on NSWC Port Hueneme Division's major mission elements.)

How does the organization fit within the overall Navy command structure and how does it serve the fleet?

You will need to spend time learning about other companies in the industry too. They are potential partners and, of course, potential competitors.

What are their capabilities and core competencies?

How do their capabilities match with yours?

Do they overlap or are they complementary?

Do you like them?

Can you trust them to share work with you when they are the prime contractor, and can you trust them to perform their share of the work well when they are a subcontractor on your team?

How can your firm help them to succeed?

How can they help your firm to succeed?

The Navy is highly interested in and encourages industry-to-Navy, and industry-to-industry partnering. Small businesses especially are in a good position to capitalize on this openness and teaming spirit. (More on this under the next section subtitled “Respond to Sources Sought Notices” and in “Learn how to write a successful Capabilities Statement”.)

Finally, you can also file FOIA requests. That’s the *Freedom of Information Act (FOIA)* process that allows you to get copies of the current and past contracts and their solicitations, including the SOWs/PWSs. For the NSWC PHD command, requests for records under the FOIA can be submitted in writing to Naval Surface Warfare Center - PHD, Office of Counsel, Code 011, 4363 Missile Way, Port Hueneme, CA 93043-4307, telephone (805) 228-8247. You can review the requirements for submitting a FOIA request at <http://foia.navy.mil/>

Plan ahead; don’t make filing FOIAs an afterthought!

Respond to Sources Sought Notices

In the case of large-dollar-value solicitations, Sources Sought Notices (sometimes appearing as Advance Notices) are used by the NSWC Port Hueneme Division Contracting Office to conduct market research regarding the capabilities of various types of small businesses to perform the work required by a particular solicitation. Depending on the number of responses to the Sources Sought Notice, and how many companies of each small business category respond and are assessed by the Government technical evaluators as capable of performing the requirements of the solicitation, the contracting officer may determine that there will be sufficient competition to allow setting aside (restricting) the competition exclusively to one small business category. JOB NUMBER 1 of the SDVOSB community is to try to get that small business set aside category to be SDVOSB. Remember the “two or more capable” rule?

Learn how to write a successful Capabilities Statement

By learning how to write a successful Capabilities Statement in response to a Sources Sought Notice, and by always responding to Sources Sought Notices for solicitations which you believe your company is capable of performing, your company can help the Federal Government/Navy Small Business Office and the contracting officer increase the number of procurements that are set aside for small business competition in general, and for competition restricted to the SDVOSB category in particular. Technical review and assessment of Capabilities Statements results in a determination by the Government technical evaluators of a firm being either “Capable” or “Not Capable.” JOB NUMBER 2 of each VOSB and SDVOSB is therefore to “ace” the Capabilities Statement -- to do all you can in your statement to increase the chance that your firm will be determined “Capable.” The

VOSB's goal should be to get the procurement set aside for the Small Business category, while the SDVOSB's goal is to get it set aside for the SDVOSB category.

Recommended reading is the paper titled "Strategies for Response to Sources Sought Notice" that's posted on the NSWC PHD Small Business Office web page at:

<http://www.navsea.navy.mil/nswc/porthueneme/business/SBO.aspx>

For the greater good of the entire Small Business Community, writing an effective Capability Statement is crucial because if the Government technical reviewer can determine that two or more of the responders to a Sources Sought Notice are technically capable companies, then the solicitation can be set aside for competition by small businesses only . This allows the small businesses to compete with companies of similar size and capability, and eliminates having to compete with large defense contractors, greatly leveling the playing field for small businesses. In the specific case of the SDVOSB category, it may seem counter-intuitive, but you should first work together with your SDVOSB competitors to get the solicitation set aside and restricted for SDVOSB competition only, ***then*** start competing with them!

So I recommend that you tell your SDVOSB competitors about a Sources Sought Notice and encourage them to respond with a high-quality Capability Statement. Give them the link to the paper on "Strategies for Response to Sources Sought Notice" that's posted on the NSWC PHD Small Business Office web page. SDVOSBs need to ***help each other*** get solicitations set aside for SDVOSB competition! The Deputy for Small Business cannot get contracts set aside for SDVOSB competition, but, working together, the **SDVOSB community can!**

Respond to Sources Sought Notices by writing a tailored Capabilities Statement with nearly the same effort you would give to responding to a solicitation by writing a tailored Technical Proposal. Think of the Capabilities Statement as a "skeletal" Technical Proposal. They are the same, except a Technical Proposal has a Cost Proposal and a Capabilities Statement does not. And a Capabilities Statement must be much shorter while still covering each technical requirement stated in the SOW/PWS. It is therefore going to be a "super condensed" technical proposal. And to be successful, it must provide at least one citation of relevant past performance for each technical requirement -- one that ***demonstrates*** capability (as opposed to claiming capability) to be able to specifically perform and meet the particular requirement in question. In this regard, a technical proposal has the Past Performance provided in a separate section of the normal 3-part proposal while, in comparison, the citations of past performance supporting each stated capability of your firm must be merged and distributed throughout a Capabilities Statement. Therefore, in a Capabilities Statement the Past Performance information you will be providing is necessarily very brief -- condensed usually to just one line or two per tasking requirement appearing in the SOW/PWS. But in a Capabilities Statement the good news is, that's normally all it takes to ***demonstrate*** a capability. To the evaluator, that's understandable under the circumstances, because the evaluator knows you only have 2 to 4 pages allowed to cover the multitude of tasking requirements.

Remember, it is not that difficult to get the solicitation set aside. You only need to have two (2) SDVOSB companies to be determined “Capable” by the Government technical assessment team in order to achieve a “Competitive SDVOSB Set Aside.” **ONLY 2.**

The same goes for any combination of two small businesses of any of the other types of Small Business categories: SDB, VOSB, SDVOSB, WOSB, HUBZoneSB, and/or the “regular” SB category. If two or more of these types of firms are found “Capable” of performing the requirements as a result of a Sources Sought Notice, the procurement can be set aside for Small Business (SB) competition only, as a “Competitive SB Set Aside.” Again, **ONLY 2 are needed.**

And remember, in the case of an SDVOSB set aside, this will greatly increase your competitive advantage and chances of winning by eliminating all large businesses and all other small business categories of competitors from the competition. In the case of a general competitive Small Business (SB) category set aside, by eliminating all of the large businesses.

If you are an SDVOSB, it is especially worth it to give the writing of your Capabilities Statement everything you’ve got and to encourage other SDVOSBs to do the same!

If I didn’t mention it, be advised that submitting your company’s “generic” capabilities statement or line card or company viewgraph presentation will not meet the requirement to address the specific requirements of the solicitation/SOW/PWS, and will result in your company being determined NOT CAPABLE.

Form a strong team

As a small business, it is quite possible that your company may not be well qualified in every area of work required by the solicitation’s SOW/PWS. In that event, it is common practice to team with other companies to improve your overall capabilities to perform the work. It is also good practice to team in order to be a “good member of the business community.” If you want other companies to consider adding your company to their teams when appropriate, you must prove that you are willing to add them to your teams when appropriate. Remember that Government personnel mainly desire to get their work done, done well, done on schedule, and of course at a fair and reasonable cost. If you have team members who do not clearly improve your team’s ability to perform the work, the Government may be concerned about the quality of the composition of your team and the cost of proposed “superfluous” team members. This will be assessed as a risk, and that is not going to help your team win.

With a well-selected prime team made up of your company’s personnel, and with strong capabilities in each of the areas of the SOW/PWS that your firm will be performing, and with

well-selected subcontractors added to your prime team who clearly contribute strength in the tasking areas where your company is not strong, you will have greatly improved your company's chance of winning the contract.

Write an excellent technical and cost proposal

The Technical Proposal is a complicated topic, which will only be discussed briefly here. When writing your proposal, remember that the Government desires to see information and facts that prove your team's ability to successfully perform the required work, and perform it well, presented in a way that is in compliance with the requirements stated in the Request for Proposal (RFP). The Government also wants information and facts that prove your company is capable and experienced with managing a team of employees in terms of managing the actual tasking described in the SOW/PWS, and not so much with managing a company. Recommend you touch only very briefly on company management systems, recognition and awards, etc., because it is assumed that you know how to manage the company itself.

For small businesses, proving the ability to manage a contract well is just as challenging as proving the ability to perform a contract well. Some small businesses avoid teaming to mitigate this management challenge. While this may make sense for particular procurements, it may not make sense from a "good member of the business community" perspective, and it may seriously limit your chances of winning, especially if your competitor is able to team with the incumbent company and proposes them as their planned subcontractor. You are free to use any format you choose for writing your Technical Proposal, but be aware that it is best to always follow the order of topics as presented in the solicitation. The easier it is for Navy technical evaluation team members to follow your technical proposal, the better it is for your company. Journeyman-level Government personnel who have been in Government for many years are used to seeing these documents presented by experienced companies in a certain rather uniformly accepted way, so it is advantageous for your proposal to line up with what they are accustomed to seeing. It not only makes their job of evaluation easier, by helping them find everything and match it up to the solicitations requirements, it makes your firm look experienced in contracting with the Navy if you show them a professional technical proposal that's built in the manner they are used to receiving from experienced contractors.

As stated, only presenting the same general information found in a company's standard "generic" capability brief, and/or PowerPoint presentation, and/or Line Card will not constitute a strong technical proposal. That's critical because what you need for the best chance to win is not just to be found capable, but **highly** capable of performing the tasking. The technical proposal must be tailor-written to address the specific tasking as well as the amount of the tasking in the SOW/PWS. The Government wants to gain specific insight into both your technical expertise and experience, and how you plan to perform the contract, so that a risk assessment can be done. The dollar value and complexity of your cited past performance contracts needs to approximate that of the current solicitation/contract in order to be

considered relevant. That determination cannot be made by a Government evaluator if you fail to state the dollar value and describe the complexity of each of your examples – a common problem with Technical Proposals prepared by inexperienced proposal writers.

In a technical proposal, when it comes to management capabilities, the amount of general information about a company's history, awards, and industry recognition for business management excellence needs to be kept to a minimum because, in all honesty, it doesn't count all that much, and it is definitely not enough to cause your company to be found technically capable of performing the tasking. It's worth repeating: the Government technical evaluation team members already assume that your company can manage a company. What they want to see is proof your company has experience with and can successfully manage this specific type of tasking – project and task management is where you want to spend a good part of your “managing” capability words. And it is worth saying this again too -- always **demonstrate** and not simply “claim” (i.e., to state but leave unsubstantiated) your firm's project and task management experience dealing with the same or very similar type of tasking, to clearly show the experience is relevant.

To summarize this portion, instead of presenting your “boiler plate” from a company brochure, the key to success is to respond to each of the primary performance/tasking requirements of the SOW/PWS and not only state but demonstrate (prove) that you have 1) task management experience doing this same or very similar type of work, 2) that your company has the capacity to handle the size and complexity of the work, and 3) that your technical personnel possess the required ability, experience, skills, knowledge, and capability to perform the specific work -- all of these! For any of these qualifications (1, 2 and 3) that you are weak in or don't possess, you should absolutely take the space to explain how you are capable of and have experience getting them. Face your deficiencies head on, own up to them, and show how you will remedy those few areas by the time of contract award. Then demonstrate that fact with examples of past contracts for which you successfully “ramped up” and acquired missing capability.

So now you are clear on having to prove everything you state. This is where the Past Performance Section of your proposal comes in. But even more importantly, this is where you have a good opportunity to **improve your win rate**. A solid record of successful past performance is very important to winning proposals. Therefore, you need to ensure there is a good connection between project management, the project team (the actual performers of the work), and the proposal writing team. An analyst once stated, “The people who come up with the win strategies and proposal techniques are usually not the ones who actually work on the projects.” The best way to continuously improve your record of past performance ratings and ensure they are always high is to make sure your company at the very least delivers as it had promised in the technical proposal. The project team members need to always be making the connection in their minds on how their present deeds (performance on a contract) are going to affect the company's ability to win the next contract. Since your project team members are the ones who are performing the contract, they need to understand that they are creating their company's record of Past Performance. They need to

do their part to positively impact your win rates. So it stands to reason that raising their awareness of the proposal process, being involved with proposals, understanding your firm's win strategies, and for them to help come up with innovative win strategies that they can then actively support and contribute to, will improve your record of past performance over time. It needs to be engrained in your project team managers and members that today's performance is tomorrow's Past Performance.

The really successful companies are the ones that have solved the basic disconnect problem between what a proposal promises and says the company will do, and what actually happens after they win. Usually, the people who are performing the contract work haven't ever seen let alone read the proposal that won the contract. The successful companies use the technical proposal that won them the contract as the basis for designing the plan for managing and executing the work. This leads to consistently high performance, and performance that exceeds the customers' expectations, and that leads to winning more contracts!

One last suggestion to consider. The technical proposal should model after the Capabilities Statement that was developed in response to a Sources Sought Notice. It was stated early in this paper that to be successful, a Capabilities Statement must cite at least one past performance statement for each technical requirement that **demonstrates** capability, as opposed to claiming capability and not backing it up. In this regard, a technical proposal has the Past Performance provided in a separate section of the normal 3-part proposal while, in comparison, the citations of past performance supporting each stated capability of your firm must be integrated into (merged and distributed throughout) a Capabilities Statement. Most technical proposals that fail have simply included a record of Past Performance in a completely separate section of the proposal, which of course is a must, but then fail to also integrate the past performance into the technical proposal just like it was done with their successful Capabilities Statement. Connecting (directly associating) your past performance record to the tasking, point by point, shows the relevancy of your past performance – a very important thing to do. In the technical proposal you have more space to demonstrate capability beyond the one sentence minimum employed in the writing of a Capabilities Statement, so, whenever possible, cite more than one example of proof of relevant experience and expertise. But at a minimum, always give at least one example for each capability being substantiated.

A final word about technical proposals: like all customers, the Navy wants good value for its money. This is particularly true during times of tighter defense budgets. As early as May of 2010, Defense Secretary Gates asked the Defense Business Board for “options to materially reduce the Department of Defense's (DOD) overhead and increase the efficiency of the Department's business operations.” In August of 2010, Secretary Gates directed a reduction of funding for support contractors by 10 percent per year for each of the next three years. Other austerity actions and directions followed. In support of these directives, Under Secretary for Defense (Acquisition, Technology, and Logistics) Carter has published several

memoranda intended to obtain greater efficiency in DOD. These memoranda encourage (among other things) steps to promote greater competition, incentivize productivity, and control cost growth. Small business contractors should heed these directives and guidelines. Those businesses that can best contribute to the DOD's/DON's efficiency and cost reduction goals will be more successful. One way to summarize all this is to suggest that small businesses need to "be a bargain" to the Federal Government/Navy. That means small businesses need to perform the work well, with greater efficiency than ever, and at a very fair and reasonable cost. Keep in mind that one critically important goal of the Navy is speed and agility to make improvements, changes, modernizations – to increase overall effectiveness without sacrificing quality and safety, and to reduce costs. It is via your technical and cost proposals that you have the opportunity to show to your Government technical customers that your company embraces this goal, knows how to achieve it, has experience and expertise in achieving it, and can do it cost effectively.

Subtopic: Transition Plan

The most challenging period in contract performance is immediately following award. This is a busy period, with customer interaction, contract administration, reporting, staffing, security, and facilities actions all required in a short period of time. A small business can best reassure the Government that they are prepared to handle this busy period by including a detailed, well-planned transition schedule as part of their proposal. I recommend that you allow some space in your technical proposal for a Transition Plan even if none was requested in the RFP. Some information and facts about previously successful contract transitions managed by your firm will further reassure the Government. Risk reduction is what it is all about. It doesn't necessarily have to be long and involved, just show the technical customers that 1) you have thought about the transition from the incumbent to your firm, 2) you know how to do it, 3) you have past experience with successfully transitioning a contract with no delays or serious hitches, and 4) that you actually have a Transition Plan for this contract (outlining it should be sufficient). If you want to increase your chances to win, keep this thought in the forefront while writing your proposal: Your proposal needs to make them feel secure. It's worth saying it again: Risk reduction is what it's all about.

Remember this – the success or failure of your contract capture effort depends 100% on the quality of your 3-part proposal and its effectiveness to prove your firm is capable of performing the tasking, has experience performing the same or similar tasking, and has a very fair, reasonable and competitive price. Who you knew or know in government, and your unstated laurels from other contracts you held with NSWC Port Hueneme Division or some other Navy command or Government agency, are not going to help your firm one bit to win a contract with NSWC Port Hueneme Division. If it is not contained in the proposal, it doesn't exist for purposes of conducting a technical evaluation of that proposal. Seems obvious but you would be surprised at how many firms assume the Navy knows they can do something, so they don't mention it, and that missing expertise translates into a "deficiency."

Write a cost proposal that's very competitive but still realistic

There is a sort of "Navy style" of cost proposal out there, and it is recommended that you find out how to format your cost proposal spreadsheets in this so-called "Navy style." You don't have to use the "Navy style," but it is to your advantage if you do. It is also recommended to have your subcontractors do the same, so that all the cost proposals submitted to the contracting specialist are consistent in their formats. This too will be to your advantage; however, if you do not elect to do this and you choose to use your own format, whatever format you provide will be accepted and acceptable.

Most important of all is to make sure that in one way or another, your technical and cost proposals cover every requirement and every cost item listed in the SOW/PWS. If you miss something, or skip over something because you do not have existing capability, don't for a minute think that the technical proposal evaluators will not notice this. As mentioned, they usually will check things off against a matrix that catalogs all the essential requirements and capabilities required by the SOW/PWS. You will greatly increase your chances of being considered "not responsive" and/or "not capable" if you fluff over something or skip it, hoping no one will notice! Instead, just as you did in response to the Sources Sought Notice, if you do not have a capability, address it head on and explain briefly how you will get the capability and what experience your firm has had getting the same or very similar capability in the past. List similar contracts you have performed in the past if you can, with contracts for the most relevant work being best to use, but don't discount other forms of evidence of experience. They may prove to be almost or just as good as actual contracts, and get you "credit" even though you lack the actual capability in question at time of writing your Technical Proposal. Showing an evaluator that you know how to "ramp up" a missing capability, and that you have had experience ramping up the same or similar capability in the recent past, or with ramping up any type of missing capability, can count with the same weight as presently possessing that capability. Amazing but true.

On this last point, you must of course decide for yourself, but it is recommended that you do not propose or cost any services or "other direct costs (ODCs)" that you think the Government/Navy is going to need, but that the solicitation and SOW/PWS did not ask for. While trying to do a good thing, you will have driven up your price and not be competitive, and cause your company to lose the competition. This has happened, and when it does, it is a sad thing to witness.

If you are unsuccessful in your bid for a Government contract, Federal Acquisition Regulations (FAR) 15.505 (Pre-award debriefing of offerors) or FAR 15.506 (Post-award debriefing of offerors) provides contractors with a process for obtaining information that will allow you to understand better why you were unsuccessful.

Summary

This all sounds like a lot of work and it is. Conducting a good “Contract Capture Process” and writing an excellent technical proposal and cost proposal is a significant investment of time and resources for a small business, especially a new and struggling VOSB or SDVOSB. The NSWC Port Hueneme Division command and its Small Business Office appreciate that fact, and hope that this paper will help more VOSB and SDVOSB companies compete for our contracts, and compete more successfully. The Command is extremely interested in supporting Small Business wherever and whenever it can, and that’s especially true for VOSB and SDVOSB companies. Please remember, however, that in all of the matters discussed herein, you should always, first and foremost, rely on your own business experience and acumen when making decisions relative to your execution of the Contract Capture Process.

The information provided in this document is provided as information only and does not reflect the official position of the Department of the Navy. The reader should refer to the specific regulations governing acquisitions for detailed information.

Tom Winans, Deputy for Small Business, Naval Surface Warfare Center, Port Hueneme Division Small Business Office (805) 228-0372

(Note of Appreciation: This information has been collected from many sources but this project received a major boost from a successful small business that was willing to help with this project in the spirit of “be a good member of the business community.” The author wishes to acknowledge and thank this exceptionally gracious small business, unnamed because it requested anonymity.)

Approved for Public Release; Distribution is unlimited.

(Release Date: 09/17/2013)