



INTEGRATED SUCCESS

PURSUE • WIN • PERFORM

Why Incumbents Lose

Incumbents Usually Lose

- Conventional wisdom says ~50% loss rate
- Lockheed Martin management says ~80% loss rate
- Steve Myers says ~90% loss rate
- Anecdotal evidence suggests incumbency is the major handicap to winning

Incumbents lose because they cannot focus on winning

Why Challengers Beat Incumbents

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

Examples of Incumbent-itis

<i>Project</i>	<i>Losing Incumbent(s)</i>	<i>Winner</i>
DoD Communications (DSCS II)	TRW	GE
Navigation (GPS) Phase 2	Rockwell	GE
Navigation (GPS) Phase 3	Lockheed Martin	Rockwell
Space Surveillance (SBIRS)	Hughes & TRW	Lockheed Martin
NASA Communications (TDRS-HIJ)	TRW	Hughes
Navy Ship Defense (ESSM)	Raytheon	Hughes
Tomahawk Cruise Missile (TBIP)	MDC	Hughes
Shuttle Follow-on (X-33)	Rockwell & MDC	Lockheed Martin
Space Launch (MLV I)	General Dynamics	MDC
Shuttle Processing	Rockwell & Martin	Lockheed
Environmental Remediation (SAC TERC)	IT	ICF Kaiser
Space Weapons (KE ASAT)	Lockheed & MDC	Rockwell
Military Air Surveillance (R/SAOC)	Hughes	Litton
Future Information Architecture (FIA)	Lockheed Martin	Boeing

Incumbents Misunderstand the Procurement's Driving Forces

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

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

The Challenger is Organized to Win

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

“Small, agile and eager” beats

“Big, constrained and worried” almost every time

Incumbents Traditional Proposal Failure Modes

- **TIMIDITY** – No bold ideas to capture imagination
- **MISDIRECTION** – Strategy driven by corporate criteria
- **NARROWNESS** – Limited application of team skills
- **COSTLY** – Cost did not drive trades
- **INCONSISTENCY** – Poor volume linkage
- **GHOSTS** – Unresolved past performance setbacks

Conclusion

- Incumbents usually play defense
- Challengers always play offense

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