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Update

Debriefing the Winner and Loser After a Bidding Process: Generating Goodwill and Future Success

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This *Executive Update* looks at debriefing the bidders after a competitive bidding process has closed. This is often treated as an optional process — and is usually one to be avoided. However, if done well, with the right intent, it is a valuable exercise for all bidders (unsuccessful and successful) and can also create support for your future bidding opportunities.

We begin by discussing debriefs for unsuccessful bidders (in a first-generation tender as well as a retender) and then examine debriefs for the successful bidder.

DEBRIEFS FOR THE LOSERS

The most common debrief comprises a short meeting with the unsuccessful bidder in which you explain why they were not successful in this instance. If handled well by both parties, such debriefs are quite valuable to the bidder, since they can learn how to bid more successfully in the future to your organization. It also offers you the opportunity to leave the provider with some measure of goodwill. This is important because you may want or need them to bid again sometime in the future. It can also form the basis for a discussion that explores how you could continue with some form of relationship if that is desirable to both you and the provider.

Many organizations do not offer briefings because of the possibility of disputes arising from the discussion that takes place. The risk is that you may accidentally give the unsuccessful bidder some information that might support a potential claim that the evaluation process was not conducted in the manner described in your tender documents (e.g., your RFP or invitation to bid). This may give the unsuccessful bidder grounds to dispute the results of your evaluation and, in some cases, delay the awarding of the contract until the dispute is resolved. Those plaintiffs that have been successful with their dispute have been awarded the cost of tendering by the courts, which can be in the millions of dollars.

So the danger is there, but if you handle the debrief well (and assuming the bidding process was also handled well), then this risk can be easily mitigated and your market relationships — and thus your opportunities to receive future competitive bids — can be kept in action.

Offering the Debrief

All bidders spend what are often considerable amounts in both money and opportunity costs, so losing a bid can generate a certain amount of negativity toward your organization. If you do not take the time to let the losing bidder(s) know how to “bid better” for you next time, they may assume that you already have your “favorites,” that you are too difficult to deal with, or that you just do not understand their value proposition — in every instance decreasing the probability that they will invest again in a losing proposition.

Many organizations do not explicitly offer a debrief due to the effort and risk involved but will usually conduct one if requested by a provider. If you want to keep potential bidders interested in your future requirements, consider being more proactive and offer one. If a bidder does not take up the offer, call them and make the offer again. This shows that you are interested in their organization for the future, even though a competitor won in the current instance.

Running the Debrief

If you do conduct a debrief, you should have at least two representatives from your organization present at the meeting to corroborate the details of the discussion that took place. More importantly, if a debrief becomes dysfunctional and one person gets caught up in an argument, starts to justify the winner, or defends the evaluation, the other person can either return the debriefing to a professional level or end it at that point.

Apart from the risk of dispute over the evaluation results, a debrief can be emotional and upsetting for both parties, regardless of whether it is handled well or not. The key to making it as painless as possible is to not permit the unsuccessful bidders to debate your results, not to allow the provider to give any explanations of their bid, and not to allow any debate of how your evaluation team interpreted any bid (whether successful or not). Merely provide a scripted, rehearsed, and high-level explanation of the perceived strengths and weaknesses of the specific provider's bid. Do not refer to any other bid. However, always phrase and deliver the information in a way that encourages them to bid again, should the opportunity arise.

The best way to do this is to write a letter to the unsuccessful bidder and have that reviewed by the evaluation team and perhaps a probity/legal advisor. You then use this letter as your script, and by all means, send it to them to confirm your discussion.

It is not uncommon to record the debrief as well, especially if you have concerns that the conversation may be interpreted differently than intended or called into question. But this is only where you believe a dispute could occur.

Debriefing Unsuccessful Bidders in a Retender

Unfortunately for bidders in retender situations, statistically, the incumbent providers tend to win the bulk of the work put to retender most of the time. This is because of the inherent costs of switching providers, which includes the cost of disengaging the incumbent, transitioning in the winner, and the handovers of work, assets, and documentation between the two providers.

It can be very difficult to justify to others why an incumbent won, as most unsuccessful bidders will construe the retender exercise as really just a form of negotiation with the incumbent to get a better deal — at the unsuccessful bidders' expense. Your intent to switch if a better deal came along may have been genuine, but in most cases, the client organization would have done little to minimize the switching costs that need to be borne by all three parties and thus stacked the probability of win to the incumbent provider.

In these cases, the degree of negativity can be quite strong, and this can seriously affect your ability to get good bids should you ever want to retender the contract again. Accordingly, this debrief will be a very delicate exercise indeed.

If you have any known future opportunities for them, it would be imperative to frame the discussion toward a “we want you to bid and here's how to do it better for us” type of dialogue. This moves the discussion away from their failed bid (which may have been a particularly ugly exercise) and into one of future opportunities.

If there is no known scope for them in the future, the only way to leave them with a measure of goodwill is to show appreciation for their efforts, discuss the positives in their bid (while being cognizant that it was not enough to win in this instance), and wish them every success in the future. Even this small gesture will do more than doing nothing at all.

DEBRIEFS FOR THE WINNER

The winner will gain a lot from a debrief. First, you can point out why they won. In most cases, this will be different from why they thought they won. It always surprises me as to the extent of difference between the actual reasons they won and the guesses the winner makes.

Removing the guesswork will help you make sure your expectations will be met by making them explicit to the provider. For example, say that you were very pleased with a particular solution that offers a good fit to your particular requirements. In highlighting this and letting

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them know it was key to their selection, you will be encouraging them to do this well and showing them how to make this deal a success.

Second, you can also point out where they did not score as well as you would have liked and discuss any concerns and solutions that you should both work out now. Once a bid has been won, the winner rarely believes there were any weaknesses in the bid (or they would not have won). So letting them know you do have concerns, despite awarding the contract to them, will help both of you mitigate these concerns now, before actual issues result.

For example, say that you have several issues about some of the resources they offered. One solution might be a training development plan for those resources; another might be that they be put on probation for a specified period with a replacement to be offered if performance was not satisfactory. In letting them know these concerns and then working on preventing a possible issue, you have helped again to engineer success.

ABOUT THE AUTHOR

Sara Cullen is a Senior Consultant with Cutter Consortium's Sourcing & Vendor Relationships and Enterprise Risk Management & Governance practices. She is currently the Managing Director of The Cullen Group, a specialist organization offering consulting, training, and methodologies regarding commercial agreements. Dr. Cullen was a former national partner at Deloitte in Australia, where she ran the

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Dr. Cullen is a widely published author. Her publications include *Intelligent IT Outsourcing*; *Outsourcing: Exploding the Myths*; *Contract Management Better Practice Guide*; *Best Practices in ITO*; *Lessons Learnt in Outsourcing*; *Service Provider Management*; *Outsourcing Guidelines*; and *Outsourcing: What Auditors Need to Know*, in addition to research with various universities since 1994, including the London School of Economics, Melbourne, Oxford, and Warwick. She has been featured in such publications as the *Australian Financial Review*, *Business Review Weekly*, *Computerworld*, *Directions in Government*, *European Journal of Information Systems*, *Information Economics Journal*, *Journal of Strategic Information Systems*, *Information Technology Report*, *Insurance Directions*, *Oxford Handbook*, *MIS*, and *MISQ Executive*. Her expertise is globally recognized, and she performs peer reviews regarding outsourcing research for the *Harvard Business Review*, *California Management Review*, and the *European Conference on Information Systems*.

Dr. Cullen has lectured at many universities, including Melbourne, Monash, Swinburne, Queensland University of Technology, and the Royal Melbourne University of Technology. Dr. Cullen earned a BS in accounting from St. Cloud State University (US); she was awarded a Masters of Management (Technology) from Melbourne Business School; and earned her PhD from the University of Melbourne. She is also a Chartered Accountant in the US. She can be reached at scullen@cutter.com.