



# THREE BASIC BLUNDERS IN BID PRICING

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 **TRUPREDICT™**

## **TruPredict™ was created for strategic bidding by experts.**

Their work has involved bids of all sorts, from bidding to winning large contracts, to buying mobile phone spectrum licenses. Even after hundreds of important competitions, no one can claim “we’ve seen it all.” But there are three basic errors which happen most. Avoiding these blunders is a good start at successful bids in tough competitions.



## ① **Confusing Costing and Pricing.**

Perhaps the most common error is confusing costing and pricing. Said another way, this mistake assumes you can estimate your costs, add some profit, and that will set a good price.

There are so many ways this is wrong, it's hard to count them all.

- Your costs are probably not the same as your competition.
- Your goals for profit are probably not the same, either.
- Your desire/need to win is probably different as well.

In many organizations, price is one of the first things established, and then a cost budget is defined to deliver what the customer wants, but at a target price.



## ② Ignoring uncertainty.

A close runner-up for most common mistake is to ignore uncertainty. This is an understandable trap. In the effort to do an excellent job, many teams hope to create highly precise estimates for every number in their pricing package. But the truth is you face many kinds of uncertainty.

- Your competition may not behave as you expect (or hope).
- Your resources may have different costs, or available than assumed.
- Your customer may interpret your bid in ways you can't imagine.

Dealing with uncertainty is messy! It involves probability and statistics. It requires a kind of thinking which human brains rarely enjoy.



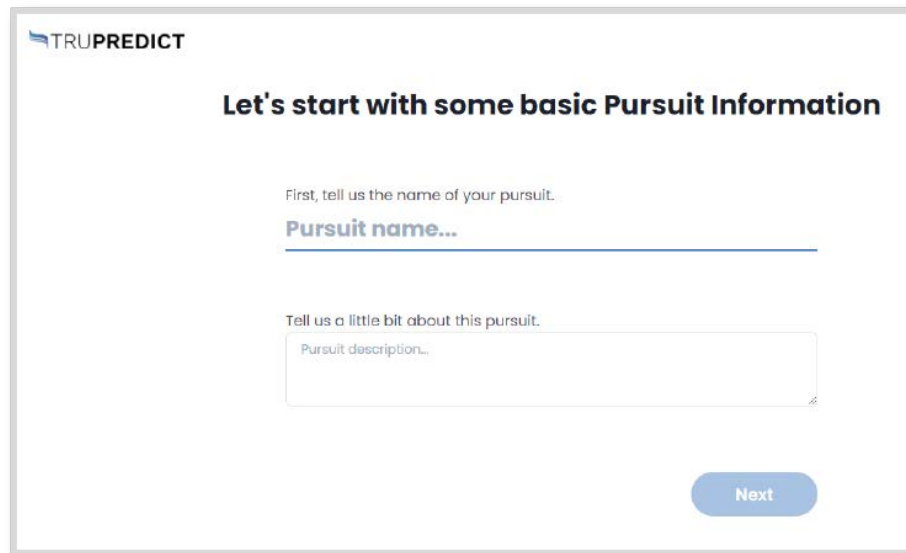
### ③ **Misunderstanding Competitor Behavior.**

Confusion about competitor behavior is a special form of uncertainty. In many bids, it is the most important uncertainty to consider. But too often, bidders make critical mistakes as they think about likely competitor actions. Competitor behavior of the past is not a good predictor of future behavior motivation behind the behavior may not be what you believe. “Irrational” competitor behavior may just be evidence your competitive assessments are flawed. Competitors act in ways we often don’t expect. To understand this special form of uncertainty requires a very disciplined process and a clearly defined competitive strategy.



## Avoiding These Blunders.

A technology-enabled process is a proven way to avoid these blunders. This is the methodology deployed by most successful firms. There is no better technology for bid pricing than TruPredict™. It embodies the best practices in bid process discipline, behavioral economics, and benchmarked best practices in analytic excellence.



The screenshot shows a web form titled "Let's start with some basic Pursuit Information". The form is part of the TRUPREDICT interface. It contains two input fields: a text field for "Pursuit name..." and a larger text area for "Pursuit description...". A blue "Next" button is located at the bottom right of the form.

## About TruPredict™ Essentials Price to Win Software

Much more than just pricing software for government bids, TruPredict Essentials empowers you to test every assumption, model every possible outcome and see the impact of your strategic decisions.

Even if you have no experience, TruPredict Essentials gives you the answers you need to win more government contracts using an intuitive, guided Q&A format. And you can try it for free with zero obligation and with no credit card. It only takes about 30 second to sign up.

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