AEC

White Paper

Developing Meaningful Win Probability Values In AEC Firms

Collaborating for success

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Introduction

In the competitive world of architecture, engineering, and construction (AEC), accurately assessing the likelihood of winning projects will help lead to business success. Marketers and business developers play a pivotal role in this process by collaborating with technical colleagues and decision-makers. By developing meaningful win probability values, your AEC firm can make informed decisions, allocate resources effectively, and maximize their chances of securing profitable projects.

This white paper explores steps and strategies for fostering collaboration, discussing options for assigning win probability values, and highlighting the importance of incorporating project likelihood and funding probability into the assessment.

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Understanding Win Probability

Before diving into the collaborative process, we must first define win probability and its related terms. Win probability, also known as the "Get %" or "Probability of Win (%)," refers to the likelihood of winning a specific project opportunity. It represents the chance that a firm will successfully secure a project contract.

Project probability, on the other hand, often called the "Go %" or "Probability of Project (%)," assesses the ikelihood of a project moving forward, considering factors such as client commitment, funding availability, and decision-making timelines. Both win probability and project probability are essential elements in evaluating potential opportunities and guiding strategic decision-making within AEC firms.

Steps For Collaborating With Technical Colleagues And Decision Makers

Foster open communication and relationships

Building strong relationships and open lines of communication with technical colleagues and decision-makers is another critical component. Marketers should actively engage in discussions, seek input, and demonstrate their commitment to understanding technical aspects. This collaboration enhances mutual trust and establishes a foundation for effective decision-making.

Develop comprehensive client profiles

Work with technical colleagues to create detailed client profiles that encompass their objectives, preferences, technical requirements, and challenges. Technical experts bring valuable insights into the project's feasibility, risks, and potential solutions. Integrating these perspectives with market research helps marketers gain a holistic understanding of client needs and tailor their strategies accordingly.

Conduct market and competitor analysis

Perform thorough market and competitor analysis to gain insights into industry trends, market dynamics, and competitors' strategies. This analysis provides a foundation for aligning marketing strategies with the firm's capabilities and differentiating from competitors. Marketers and technical colleagues should regularly share and discuss this information to refine win probability assessments.

Define evaluation criteria

Using the insights of technical colleagues, establish evaluation criteria that align with the firm's strategic goals. These criteria may include project scope, technical complexity, client fit, budget, timeline, and risk assessment. Engage technical colleagues to define and weigh these criteria based on their expertise. Decision-makers should also provide input to ensure alignment with the overall business objectives.

Options for assigning win probability

Subjective approach

One option for assigning win probability values is to rely on subjective assessments based on the collective experience and intuition of the team involved. While this approach offers flexibility, it may lack the objectivity and consistency necessary for accurate assessments. However, using this method can be valuable in the initial stages of developing win probability values and can serve as a starting point for tracking and quantifying colleagues' estimates of success. It creates a useful metric that can be referenced as you work towards developing more structured and objective criteria.

Range of selected values with definitions

- Another approach involves providing a range of selected win probability values with clear definitions for each value. For example:
- High probability (75-100%): Strong positioning, competitive advantage, and high likelihood of winning.
- Medium probability (25-75%): Moderate positioning, competitive landscape balanced, and a realistic chance of success.
- Low probability (0-25%): Weak positioning, intense competition, and low chances of winning.

Pursuit stage-based win probability

Assigning win probability based on the stage in the pursuit cycle is another approach. Probability values can be adjusted as the pursuit progresses, considering factors such as client engagement, pre-proposal a ctivities, and decision-maker feedback. This approach allows for a more dynamic assessment as the project evolves and more information becomes available.

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Calculated results from a go/no-go form

Utilizing a structured go/no-go form can provide a systematic approach to calculating win probability. The form can include key factors such as project fit, client commitment, team capability, and risk analysis. Each factor is assigned a weighted score, and the cumulative score determines the win probability. This method introduces objectivity and consistency into the assessment process.

Incorporating project likelihood and funding probability

As your firm progresses in developing a more sophisticated win probability analysis, it becomes increasingly valuable to take into account both project likelihood and funding probability. Project likelihood entails assessing the chances of a project advancing through each stage of the procurement process and moving forward.

This evaluation encompasses factors such as client commitment, project feasibility, and alignment with the firm's capabilities. Additionally, funding probability focuses on evaluating the availability and viability of funding sources for the project. By analyzing project and funding probabilities, your AEC firm can make informed decisions about allocating resources and pursuing projects with higher chances of securing the necessary financial backing.

Ensuring clarity and consistency of evaluation criteria

You will also want to define win probability evaluation criteria accurately. This step helps align assessments, enhances communication, and ensures consistency in decision-making. Even seemingly self-evident terms such as "new client" and "repeat client" require clear definitions to avoid misunderstandings and maintain a standardized approach.

Defining "new client"

This term can vary in interpretation depending on the context. AEC firms often consider a new client as a company or agency with whom the firm has not previously worked. However, the specific criteria for determining the time frame of the "previous work" need to be defined to avoid ambiguity. For instance, a company with whom the firm hasn't worked in the past two years or perhaps five years could potentially qualify as a new client.

Moreover, it is important to clarify whether the "new client" definition pertains to the first project performed for the company overall or if it applies to a specific location or agency within the client's organization. This distinction is essential, as different branches or agencies within a larger organization may have distinct decision-making processes, budgets, and project requirements.

Defining “repeat client”

Similar to the “new client” definition, “repeat client” must be clearly defined to avoid confusion. AEC firms generally consider a repeat client as a company or agency with whom they have previously completed a project. However, it is necessary to determine the time frame that constitutes a “previous project” and what qualifies as a significant break in the client relationship.

Additionally, it is important to consider whether a repeat client designation applies to the entire company or a specific location or agency within the organization. Clarifying this distinction is crucial, as different branches or agencies might have independent decision-making processes and project requirements. By defining the scope of a repeat client, you can evaluate the level of client loyalty and account for variations within a larger organization.

These are just a few examples of terms that may require clarity for your firm’s evaluation criteria. As a marketer, it’s common not to possess a deep technical background, and it’s easy to assume that your technically-minded colleagues share a common understanding of these terms. However, this assumption is often incorrect. In fact, a non-technical colleague’s perspective can offer valuable objective insights that help establish a shared understanding among all parties involved.

Seeking clarity and fostering open communication helps ensure that everyone is on the same page and working towards a common goal.

Regularly re-assess win probability values

Schedule reviews on a regular (quarterly or annually) basis with colleagues to reassess win probability values within the context of hit and capture rates, industry trends, and other relevant factors. By scheduling these reviews, you can continually refine their methods and evaluation criteria for win probability.

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This iterative process allows for incorporating new insights, adjusting strategies, and adapting to changing market conditions. It promotes collaboration, encourages knowledge sharing, and ensures that win probability values remain accurate and relevant. Actively engaging in regular reviews can improve decision-making, increase competitive advantage, and enhance overall win rates.

The Keys To Assessing Win Probability Values

Of all the elements we have discussed for creating meaningful win probability values, the essential components are as follows:

- **Start simply**. When initially tracking win probability values or aiming to reach a consensus, it is advisable to keep the values subjective or provide a straightforward definition.
- **Maintain consistent tracking.** Consistently assign win probability values for every pursuit. Even if only the marketing team provides the values, having data for each pursuit contributes to meaningful analysis.
- **Use agreed-upon criteria**. Ensure that the evaluation criteria used are well-defined and shared among all colleagues involved in the assessment process.

By embracing these principles, your AEC firm can establish a solid foundation for assessing win probability values, fostering collaboration, making informed decisions, and ultimately maximizing their chances of success and achieving sustainable growth.