



Why some companies embrace LPTA contracts

Lower barrier to entry means marginally credible firms have a shot at winning procurements

By Bob Lohfeld

Some companies are actively seeking lowest price, technically acceptable (LPTA) professional services bids—but they're not the companies you'd think. You'd expect companies with deep experience in their fields that have honed their operating costs to the minimum and are operating at maximum efficiency to seek out LPTA bids where they could compete on price—but it is just the opposite.

Inexperienced, marginally credible firms are finding LPTA procurements provide a unique opportunity to penetrate government market segments that they would otherwise have been unable to enter. Here's how it works.

LPTA lower the barrier to entry

Under LPTA bids, the government awards contracts to offerors with minimally acceptable technical proposals rather than to offers with the best technical proposals as is normally done in best value trade-off procurements.

In other words, the LPTA evaluation criteria provide no additional value to the market leader company over the market laggard company. To pass the test of technical acceptability, a company merely has to squeak over the hurdle of minimal acceptability, and it doesn't matter whether the company squeaks over the hurdle by an inch or clears it by a mile. The evaluation score is the same. All technically acceptable proposals receive the same passing score.

This creates a disadvantage for the best companies in the market that normally compete on their technical superiority. LPTA bids neutralize the competitive advantage of technical superiority because there is no additional value in having a superior technical proposal.

LPTA procurements encourage companies that can only write a marginally credible proposal to bid since they only need to meet the minimum acceptability level and nothing more. The net effect is that these procurements let minimally qualified companies compete on the same technical footing as the best companies in the field.

This lowers the barrier to market entry and allows minimally qualified companies to enter markets that they could have never competed in before.

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LPTA waives the requirement for past performance

Additionally, under LPTA bids, the government will waive the requirement that the offeror demonstrate relevant, successful past performance.

Most LPTA solicitations require the offeror to provide contract references demonstrating successful performance of contracts with similar size, scope, and complexity. In the event the offeror has no record of past performance, or for offerors for whom the record of past performance is not available or is so sparse that no meaningful past performance rating can be assigned, the government will not evaluate the offeror favorably or unfavorably on past performance.

Instead, the offeror will be determined to have *unknown* past performance. In the context of acceptability/unacceptability in an LPTA bid, *unknown* is considered acceptable, and a passing score will be awarded for the past performance evaluation factor.

This further lowers the barrier to entry, letting companies with no past performance compete with the same past performance score as market leaders maintaining unblemished past performance records.

Using LPTA to enter new markets

The net effect is that LPTA procurements lower the barrier to market entry, thereby allowing companies with minimally acceptable technical proposals and limited or no past performance to buy into markets they could never have enter previously.

As a market-entry strategy, LPTA works well for outsiders to gain a foothold they would otherwise have no chance of gaining.

This article was originally published April 8, 2013 in WashingtonTechnology.com.