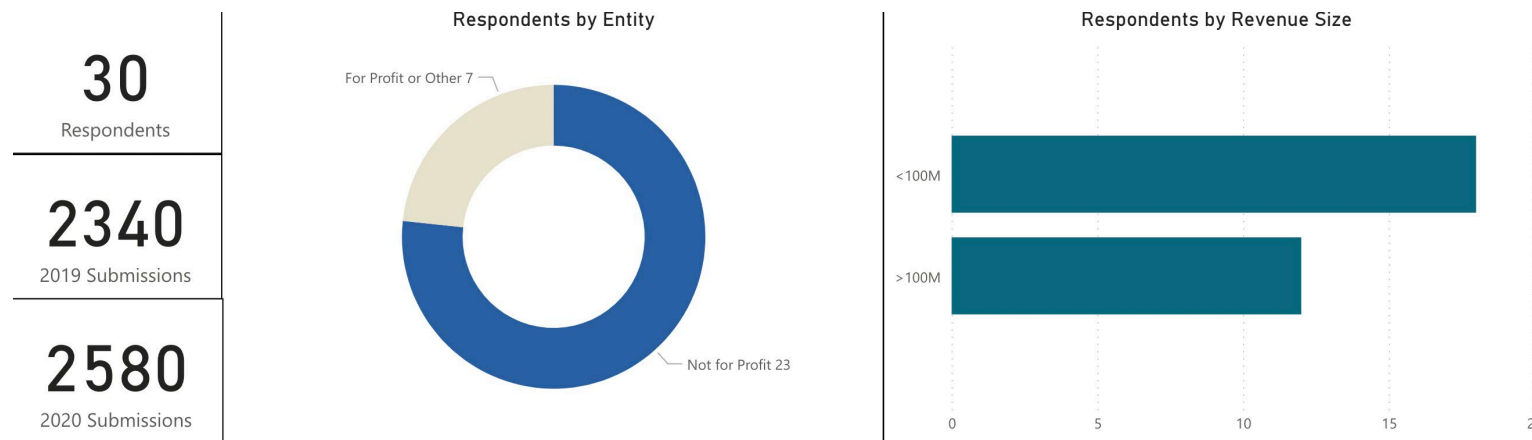


## Business Development Survey 2021 Summary

This survey is Humentum's second business development benchmarking survey. We collected data for the first survey from February-May 2020 for the previous three years (2017-2019) and presented our findings in November 2020. During the second survey, data was collected from October-November 2021 for performance during 2019 and 2020, with results presented in March 2022. For clarity, we will refer to the first survey as the 2020 survey and the second as the 2021 survey.

This research is commissioned by Humentum, with support from the Development Intelligence Group and its partners. The survey focused on collecting and analyzing data about business development submissions, outcomes and priorities, and performance against operating procedures across different types of donors (sources of funding) and periods. Our analysis will provide executives and business development professionals with insights about critical outcome benchmarks such as relevant win rates and top business development challenges.



- 50 organizations registered, 28-30 completed core data component survey (n=30) or approximately 10% of Humentum members
- Respondents include a balance of:
  - for-profit and nonprofit entities, but predominately nonprofit entities
  - US and US-based affiliates of non-US entities
  - Approximately the same proportion of nonprofit and for-profit respondents as the 2020 survey

## Respondent Characteristics:

In the 2020 survey, we had 54 organizations registered, 38 completed the survey (n=38), or 14% of Humentum members. For the 2021 survey, we had 50 organizations registered, but only 28 organizations completed the win rate data section, and two additional organizations completed other portions of the 2021 survey. These respondents account for about 10% of the membership in 2021.

## Overall Win Rate

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Overall, total win rates for the 2021 survey were consistent with findings from the previous survey. In 2020, organizations had an average opportunity (volume) win rate of 52%, consistent over the two survey periods. Interestingly, despite COVID-19, there were no changes in win rates. We sought to compare results for 2019 by asking for that year's data in both surveys. We see consistent results for 2019 across both.

We calculate the total win rate by taking the sum of all awards from all donors (the United States Agency for International Development (USAID), other US Government (USG) funders, and non-US bilateral and multilateral donors (BMOs), and foundations and dividing by all submissions. As readers will see, this overall win rate masks significant variations in win rates by donor type.

In addition, to win rates, we will present our findings on current business development challenges and priorities, and business development structures. We also provide data on members' experiences with the co-creation process.

## Competitive bidding is central to our funding models

- Among respondents, 62% of last year's revenue comes from USG (USAID and Other Federal funders), consistent with previous survey findings
- A more significant percentage of revenue comes from charitable sources for most recent survey respondents than those from the previous survey
- Standard funding models revolve around competitive bidding
- The survey results showed an increased contribution from "other" sources (up from 5% to 17%)

We asked respondents to indicate what percentage of their revenue came from different donor types.

## Funding models varied little by revenue size

- Sources of revenue from USAID were proportionally similar across size categories
- Large/Extra-large respondents captured a more significant percentage of revenue from other USG funders
- Medium-Small Organizations secured proportionally more revenue from non-USG Bilateral and Multilateral Organizations
- Other revenue increased significantly for Medium-Small Organizations from 2019 to 2020; an increase in additional funding could be related to COVID-19.

Interestingly, organizations tend to receive the same proportion of revenue from USAID, non-US bilateral and multilateral donors, and charitable sources regardless of total revenue size. However, there were differences among organizations with different revenue profiles in the proportion of revenue from other federal funders and the "other" category. These findings reaffirm the 2020 results that smaller organizations do not necessarily have a different funding model than larger organizations.

	USAID	Other Fed	Non-USG BMOs	Charitable	Other
<100M	41%	26%	16%	23%	6%
>100M	41%	13%	19%	22%	32%

Source: 2021 Survey findings

The survey did not ask respondents to identify other sources of income besides these donor categories, but this could include federal support due to COVID-19.

## Win Rate Analysis

Our formula for win rate calculation:

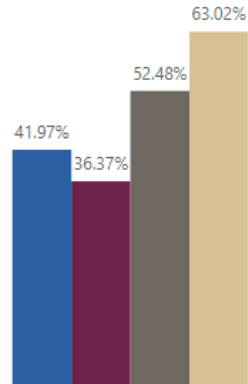
$$\frac{\text{Awards}}{\text{Awards} + \text{Losses}}$$

The results described above are based on an average win rate across all respondents, calculated by the survey authors. We used the same formula to calculate win rates by volume (number of submissions) and value (dollar value of submissions). Your organization's win rate may be calculated differently, so you may need to adjust to compare these findings.

By using *Awards+Losses* for the denominator, it could be that an opportunity was not submitted in the same reporting year in which it was awarded. It was observed in the previous survey (2020) that the categories Pending Decision, Withdrawn, and Award Cancelled had little effect on win rates, so they were eliminated in this survey to streamline data entry. In general, win rates varied by funding source and year. Win rates for USG donors (USAID and other USG) appear lower than for the different donor types, including non-USG official development assistance (ODA) donors that use competitive procurement processes.

### Average WinRates for 2020 Submissions

● USAID ● Other Fed ● Non-USG, Bilateral, & Multilateral ● Charitable, Corp, & Private



### Does Structure Explain Business Development Success?

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The short answer: probably not.

### Are Win Rates Related to Organizational Model?

	# of Respondents	Total 2019 (Vol.)	Total 2020 (Vol.)	Total SAID 2019 (Vol.)	Total USAID 2020 (Vol.)
Avg Win Rate Functional	5	57%	54%	66%	51%
Avg Win Rate Geographical	12	55%	56%	48%	46%
Avg Win Rate Matrix	10	53%	57%	66%	54%

- Slightly more respondents have a geographical structure
- Win rates are pretty close together for total submissions
- Matrix or functional model did better in USAID bidding
- INTERESTING BUT UNLIKELY A PREDICTOR

We compared the win rates for overall submissions by volume and USAID submissions by volume for each type of organizational structure. For overall submissions, win rates didn't vary much – between 53 and 57%. In securing USAID funding, respondents with functional and matrix organizational structures did better.

We cannot compare how respondents to the last survey were organized compared to this survey as we did not ask for organizations to identify their structures previously. For example, when we ran a correlation of results in the last survey, the only correlation we found was that organizations with high win rates for one year continued to have high win rates. That is, the best predictor of winning was winning in the past.

### Are Win Rates Related to Business Development Structure?

	# of Respondents	Total 2019 (Vol.)	Total 2020 (Vol.)	Total USAID 2019 (Vol.)	Total USAID 2020 (Vol.)
Avg Win Rate Country	2	73%	69%	60%	64%
Avg Win Rate Central BD Unit	11	51%	54%	56%	47%
Avg Win Rate Shared	12	58%	58%	60%	50%
Avg Win Rate Other	3	50%	50%	60%	68%

- Two respondents with autonomous country-based BD structure did better than other respondents
- Nearly half of respondents have a central BD unit that leads
- Almost half of all respondents have a shared BD structure – for all submissions, and USAID those have done a little better in win rate

We compared the win rates for overall submissions by volume and USAID submissions by volume for each type of BD structure. The two respondents with autonomous BD structures did exceptionally well for win rate by volume. We cannot know exactly why. Based upon experience, we might guess that country insight, pre-positioning with the donor in-country, and selecting to pursue opportunities only in countries in which the respondent has presence might be factors that influence that result.

In securing USAID funding, respondents with shared BD responsibilities and other structures did better.

## Business Development Structure Conclusions

When asked what determines if the BD unit leads the pursuit of an opportunity, respondents cited three top factors: donor requirements, size, and capacity of the country or technical units.

We also asked respondents to use a slider to describe where the following BD activities fall along a spectrum, from fully centralized to fully decentralized: *Capture; Program Design; Partner Selection; Partner Negotiation; Concept Note Writing; Proposal Writing; Staffing/Recruitment.*

Nearly all respondents agreed: *Capture, Partner Selection, and Proposal Writing* activities are centralized (fully or somewhat led by a central BD unit), with concept note writing ranked nearly as high.

Most respondents ranked *Program Design* and *Partner Selection* as decentralized (fully or somewhat led by an autonomous geographical or functional unit).

*Staffing and recruitment* was the one activity ranked by most respondents as neither centralized nor decentralized, indicating a high level of variability based upon the opportunity.

## Thank you

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Humentum thanks the participants in the first and second surveys, those organizations that served as beta testers and reviewers during the survey creation, and our partners from Development Intelligence Group for their time and work.

*This is a summary of the 2021 Business Development survey findings. Participants that provided complete data have received a full report.*