

Costing Intelligence Suite

Module 1: Pursuit Costing and Bid Investment

Worked Exemplar

Scenario Overview

Meridian IFM Services — Heron Facilities Solutions
 Integrated Facilities Management | 3-year contract | £3.8m per annum

Contractor	Heron Facilities Solutions — a mid-sized managed services business
Client	Meridian Property Group — a commercial property company managing a portfolio across three sites
Contract	Integrated facilities management services: building maintenance, cleaning, security, and site management
Value	£3.8m per annum / £10.8m–£11.4m over 3 years
TUPE	18 staff transferring from the incumbent provider: 14 x Tier 1 (operational), 3 x Tier 2 (specialist), 1 x Tier 3 (supervisor)
Strategic objective	Market share build — this contract extends Heron's footprint into a new region and establishes a reference site with a client managing 14 further sites not yet in scope
Competition	Two other providers shortlisted. Competitive bid.

This exemplar follows the Meridian IFM contract through all three modules of the Costing Intelligence Suite. Module 1 records the bid investment decision. Module 2 builds the mobilisation cost baseline. Module 3 tracks delivery performance against that baseline at the six-month point.

Section 01: About the Opportunity

Field	Entered value
Opportunity name	Meridian IFM Services
Customer / Client	Meridian Property Group
Sector	Facilities management / Commercial property
Contract type	Managed service with TUPE transfer
Estimated contract value	Low: £10.8m High: £11.4m (3-year term)
Submission deadline	6 weeks from opportunity identification
Submission complexity	Moderately complex
Probability of win	Low: 30% High: 50%
Strategic importance	High
Existing reusable content	Partial — method statements from a comparable contract; CVs for four key roles
Known capability gaps	No dedicated regional operations base; mobilisation would require temporary site management from the nearest existing depot (42 miles)

Section 02: Rate and Role Setup

The rate card is set up once in Module 1 and carries forward into Modules 2 and 3 via the JSON handover file. All six tiers are active for this bid.

Tier	Label	Default descriptor	Annual salary	Hourly rate
1	Operational Support	Site operatives, cleaning, security, and maintenance staff	£24,000	£28.56
2	Specialist / SME	Technical specialists, compliance, and professional roles	£36,000	£42.84
3	First Line Manager	Site supervisors and first-line managers	£44,000	£52.36
4	Middle Manager	Account managers and programme managers	£58,000	£69.02
5	Senior Manager	Head of Business Development; sector leads	£74,000	£88.06
6	Executive / Director	Board-level and director-tier roles	£95,000	£113.05

*Overhead treatment: included in rates. Rate effective date: date of opportunity identification.
Approved by Finance Director.*

Section 03: Sunk Cost Estimation

Total sunk cost estimate: £31,200 (£19,150 internal labour + £12,050 external).

Activity	Phase	Tiers and effort	Cost
Opportunity review and bid/no-bid	Pre-qualification	T4: 2 people x 4hrs; T5: 1 person x 2hrs	£314
Solution design workshops	ITT preparation	T3: 1 x 8hrs; T4: 2 x 12hrs; T5: 1 x 6hrs	£2,200
TUPE due diligence	ITT preparation	T4: 1 x 16hrs + external legal support	£5,800
Technical writing	ITT preparation	T2: 2 x 40hrs; T3: 1 x 20hrs	£4,629
Pricing and commercial review	ITT preparation	T4: 1 x 20hrs; T5: 1 x 8hrs	£2,085
Senior review and sign-off	Review and challenge	T5: 1 x 6hrs; T6: 1 x 4hrs	£980
Bid management coordination	All phases	T3: 1 x 60hrs	£3,142
External legal and specialist support	ITT preparation	External	£12,050
TOTAL			£31,200

Section 04: Opportunity Cost

Total opportunity cost: £18,400. Three diversions recorded.

Diversion	Assumption (mandatory)	Cost
Head of Business Development — 3 weeks at 50% capacity	Pipeline development paused. Valued at estimated £45k opportunity; 50% attribution to this bid gives £22.5k risk. Labour displacement cost at T5 rate: £5,284.	£5,284 (labour) + £22,500 (pipeline risk — not included in total)
Operations Manager — 2 weeks at 30% capacity	Contract review cycle delegated to First Line Manager. Cover cost: T3 rate x 30hrs.	£1,571
Pricing team — 4 weeks at 25% capacity	Two internal projects deferred; no direct cost but delivery delayed by estimated 3 weeks.	£0 direct cost; deferred value not quantified

The pipeline displacement risk (£22.5k) is noted but excluded from the total by the estimator. The AI analysis flags this as an understatement of true bid investment.

Section 05: Strategic Lens

Primary objective Market share build — extending regional footprint into a new geography.

Secondary objective Growth opportunity — Meridian manages 14 further sites not currently in scope; this contract is the entry point.

Success threshold Win rate of contracts in this region reaches 25% within 18 months of award. This contract provides the reference site needed to compete. A second contract in the region within 18 months would confirm the strategic thesis.

Comparison scenario added: Return on investment — assessed and set aside. At 8–10% target margin the financial return is positive but modest; it does not justify the bid investment on its own terms. The strategic lens is the correct primary framing.

Section 06: Challenge and Confidence

Challenge Flags

Flag	Status	Note
TUPE and supply chain dependencies	ON	Pension obligations for transferring staff not yet confirmed. Harmonisation cost estimate is indicative only pending due diligence completion.
Legal and contractual concerns	ON	Contract terms include a performance bond requirement not present in existing frameworks. Legal review required before submission.
GDPR and personal data	OFF	Not applicable to this contract type
Insurance requirements	OFF	Existing policy confirmed as adequate by Risk Manager
IPR and licensing	OFF	No IP developed; CAFM system is SaaS — standard licence terms apply
Security and access	OFF	Standard DBS checks required; no enhanced security obligations
Other significant risk	OFF	No additional items flagged at this stage

Confidence Assessment

Area	Rating	Comment
Effort and hours estimate	Medium	Bid management hours may be understated; coordination time for three sites was estimated quickly
Rate card accuracy	High	Rates confirmed by Finance Director; overhead treatment agreed
Probability of win	Low	Competitive shortlist; Heron has no prior relationship with Meridian
Strategic rationale	High	Regional expansion thesis is well evidenced; BD team are aligned

Opportunity cost recording	Medium	Pipeline displacement risk acknowledged but not fully costed
Challenge flag completeness	Medium	TUPE and legal flags are open; review may surface additional items

Overall confidence note: estimate is credible but TUPE pension exposure is the material unknown. Legal review on the performance bond is outstanding.

Analysis Output

The analysis reviews all six sections and returns the following:

BID INVESTMENT POSTURE: PROCEED WITH CONDITIONS

Summary

The cost position is proportionate for a moderately complex bid at this contract value. The strategic lens alignment is strong; the regional rationale is coherent and the success threshold is specific. Probability of win at 30–50% is consistent with a competitive shortlist; bid investment is not excessive relative to potential return.

Two conditions must be met before the estimate is used as the basis for final pricing:

- TUPE pension obligations must be confirmed before final pricing is submitted. The unquantified exposure is estimated at £40–80k and sits entirely outside the current cost model. If defined benefit obligations are confirmed, the delivery margin assumption of 8–10% is materially at risk.
- Legal review of the performance bond requirement must be completed and any cost implication priced into the submission before it is submitted.

Challenge points raised

Opportunity cost The pipeline displacement risk of £22,500 is acknowledged in the assumptions but excluded from the total investment figure. This understates the true cost of the bid. The correct approach is to include it in the investment total and carry a note on the basis of exclusion — not to omit it.

Probability of win Low confidence is correctly applied here. The 30–50% range is credible given the competitive shortlist and the absence of a prior relationship with Meridian. The bid investment is proportionate at this win probability, but any further resource commitment should be reviewed against this figure.

Capability gap The absence of a regional base is a delivery risk that has not been costed. Temporary site management from a depot 42 miles away has implications for mobilisation time and travel cost. This should appear in Module 2 as an explicit mobilisation assumption.

Module 2 Handover

On approval, the handover file exports: the approved rate card, the strategic lens and success threshold, both open challenge flags (TUPE and legal), and the originating assumptions. These carry forward into Module 2 without re-entry.

The handover file should be generated only once the bid investment analysis has been reviewed and the two conditions above are confirmed as being actioned. Generating it before the conditions are met exports an incomplete risk picture into Module 2.