

BECOME AN ACCOMPLISHED GOVERNMENT CONTRACTOR

This guide explains how to be successful on an ongoing basis in government contracting. Through expert advice and real-world examples, this guide will help prepare small businesses to continually innovate and establish a differentiated position within the government sector. Specific sections include:

- Five Innovations for Becoming an Accomplished Government Contractor
- How to Differentiate Your Company From the Competition
- From Startup to Success: IT Firm Outlines Winning Approach
- Four Common Missteps to Avoid
- Associations and Other Resources
- Checklist: Key Milestones in Researching, Bidding and Winning a Government Contract
- Glossary of Key Terms

FIVE INNOVATIONS FOR BECOMING AN ACCOMPLISHED GOVERNMENT CONTRACTOR

After your company succeeds in winning its first or second government contract, it is important to take steps to keep the momentum going. Besides maintaining good relationships with your customers and meeting every deadline, setting goals for how you will continue to compete effectively can help you stay on the path to success. Here are five actions to take.



Jennifer Behar
Jennifer's Homemade, Coral Gables, FL
Member Since: 2005

1. Gain a command of the basics

The intricacies of government contracting can be overwhelming. It's easy to get mired in the details, but if you want to be a breakout government contractor, you need to master and move beyond the basics. Seek out expertise from consultants, peers, mentors and others to learn how government contracting works, and then tap into resources in order to offload some of the more cumbersome tasks so you can focus on the important elements of growing your business.

2. Stay informed of agency requirements

Make sure you track any changes

to rules and regulations at the agencies you're serving. Periodically check their web sites and read industry publications for the latest news. Are there changes in agency leadership, or is the organization restructuring? "Always maintain an open line of communication with key contracting officials," advises Karen Maples, founder of Myutiq, LLC, a consulting firm in Arlington County, Virginia. "Know what method they prefer for keeping in touch — whether it's a telephone call, email, fax or on-site visit."

3. Establish a powerful business capture methodology

Find talent that can fulfill both the sales and the "capture management" roles of your contracts. This talent is not likely to be one individual. Your best salesperson is charming and adept at connecting with people and winning over the gatekeeper. Once the opportunity is identified, a different person should execute the bid strategy to ensure you meet every requirement. This person must be well-versed in the rules and regulations of the bidding process, familiar with the target agency and know what it takes to win.

4. Map your strategy with a go-to-market mentality

Before reaching out to new contacts, begin preparing your organization for growth. Many businesses are able to deliver on their first few contracts with a lean staff. As you win more contracts, you will need an infrastructure in place to deliver as promised.

Once you're organized for growth, identify specific target agencies and decision makers you need to build relationships with. To really add value, resist the temptation to give them a product pitch, Maples says. Instead, go into listening mode:

- Identify the challenges the agency is facing and the emerging trends that may affect the organization.

HOW TO DIFFERENTIATE YOUR COMPANY FROM THE COMPETITION

Government agencies seek vendors who can clearly define why they are a better choice than the competition. The ability to clearly articulate your value proposition and hone it when necessary is an important element to success in government contracting, as it is for all your sales and marketing efforts.

Here are four strategies that companies have successfully implemented in order to stand out from the rest.

1. Turn a unique methodology into a competitive advantage

When a staff augmentation firm wanted to set itself apart in a commoditized market, it developed a proprietary methodology for assessing talent and offered a guaranteed success rate for each contractor it placed within a government agency. The company created a strong market position around its talent assessment process and explained how this process enabled its contractors to be better prepared. This approach has gained the firm much recognition and a wealth of new government business.

2. Rebrand to promote a specialty

A system integration company found itself amid a sea of competitors. The firm conducted in-depth strategy sessions on achieving growth, and company managers determined that their expertise was in breaking down silos between departments. They renamed the firm to reflect this strength and embarked on an ambitious marketing campaign to build brand awareness, experiencing huge

- Determine whether your offerings resonate with the audience, and, if not, why.
- Ask decision makers to share what they are looking for and how you can be of value.

With this information, you can build a detailed profile of your target and hone your value proposition accordingly. Then, it's important to define your expected sales capture/win rate and measure it weekly to gauge your performance.

5. **Be willing to innovate**

Change is constant in the government sector, and the most successful companies continually scan externally so they are prepared to exploit change. When the government's energies are being focused in new directions, its procurement planning horizon can shift radically. By establishing a framework for innovation action planning, you can identify cues and take advantage of changing dynamics.

— FROM STARTUP TO SUCCESS: IT FIRM OUTLINES WINNING APPROACH

As IT administrators, Christopher Cordray, David Link and Richard Chart knew firsthand the frustrations of IT management. That's why they spurned conventional wisdom to start ScienceLogic and create a single software solution that manages the health of the entire IT infrastructure.

What began as a startup in Link's basement in 2003 has flourished into an Inc. 500 company — in large part because of sales to government agencies. The three cofounders attribute their success to five key actions.

1. **Understand customers' pain points**

Often, the most successful companies are ones that have lived through the pain that their customers are experiencing. "You have to put yourself in the shoes of the person

HOW TO DIFFERENTIATE YOUR COMPANY FROM THE COMPETITION (continued)

increases in revenue by differentiating themselves from the competition.

3. **Look beyond existing core competencies**

The bulk of a technology provider's business was in munitions development, but it could see that the government was shifting some focus away from defense funding. Realizing the increased demand for energy efficiency, the company repurposed its existing technology to create renewable energy products. Through innovation and advanced planning, the firm is now well positioned to take advantage of a burgeoning area of growth within the federal government.

4. **Seek ways to solve customers' emerging challenges**

A technology services firm discovered a way to solve a critical IT management problem. It hired engineers to execute the concept and documented how this new approach improved technology configurations and increased return on investment. With this shift in focus, the firm leaped ahead of its competitors. Today, its annual revenue exceeds \$40 million.

you're selling to so you can articulate your message in a meaningful way," says Link, the company's president and CEO. Having been IT administrators paged in the middle of the night with false alarms about system failures, the cofounders knew existing IT management solutions weren't cutting it.

"This experience struggling to do things that should have been intuitive framed our picture of what was wrong with existing management products. We were determined to create a better mousetrap," says Cordray, chief technology officer. "That's our outlook as we continue to innovate. We're always asking what challenges our customers are facing and what's the best way we can alleviate these obstacles."

2. Take a team approach

Early on, ScienceLogic began selling its IT management software to resellers who were on the approved government-wide acquisition schedule. Once the resellers discovered that several of their customers were hindered by inefficient IT management tools, they vetted ScienceLogic and put the software on their schedules. This quickly helped Cordray, Link and Chart sell their software to high-profile entities, such as the Executive Office of the President, the U.S. Department of Transportation and the Navy, who remain customers to this day.

Getting agencies to purchase from a virtual unknown entity was no easy task, but it paid off in droves. "You have to have a certain amount of personal chutzpah," Link says. "You have to be extraordinarily positive that you'll do a better job and show that you can deliver a very quick return on value."

3. Stay in constant innovation mode

It's easy for companies to get stuck in neutral, but you can't sustain growth in the government contracting space if you do. "Government contracts are extremely competitive. You have to have a mindset of always looking for that next problem to solve,"



*Mo Frechette and Ari Weinzweig
Zingerman's Mail Order, Ann Arbor, MI
Member Since: 2005*

Link says. "Whenever we uncover a challenge our target market is facing, whether it's during a sales demo or a product installation, we create a feature request ticket detailing the requirement — even if it's something that could take a huge time investment to solve — and then we prioritize these actions. We've developed a culture by which rapid innovation is demanded of all of us."

4. Innovate to unravel difficult challenges

Cordray, Link and Chart credit their top-notch staff for many of their company's innovations. "If you don't hire people who are clever and who adhere to a philosophy of continuous improvement, you'll end up with the status quo," Link says. "People who thrive here are naturally curious and are always looking to do something better. They take a great deal of pride in solving a problem. This attitude of not taking the easy path is central to our company."

5. Be patient

The ScienceLogic team has learned to persevere through seemingly unending government procurement processes. "The government's buying process differs wildly from engagement to engagement," Cordray says. "This arduous process can be such a turnoff to small

businesses. You need the patience — and the cash flow — to stick with it.”

— **FOUR COMMON MISSTEPS TO AVOID**

Missteps are normal when you're just learning a new terrain. Here are four common pitfalls to avoid when doing contract work for the government.

1. Assuming that gathering competitive data is too time-intensive

Businesses often don't think they have the resources for competitive analysis. Yet this is surprisingly easy — and important — to do:

- Visit your competitors' web sites to see their value propositions and products or services. If you're using the same industry buzzwords, it's a signal that you may need to re-evaluate your positioning.
- Attend industry trade shows to identify players and see how they market themselves to various agencies. Learn as much as you can about vendors in your industry who are winning contracts with your target agencies.
- Keep an ear to the ground for emerging players and track how your existing competitors are evolving.

2. Not recognizing your own limitations

Some business owners have an impressive command of a product or service area, but they lack capabilities in managing other aspects of the business. Take an honest assessment of your strengths and look for resources to fill important gaps.

3. Losing focus on retaining business

The process of winning a government contract is so time-consuming that it is easy to focus all of your energies on winning that initial business, only to lose sight of how to deliver once you've won. Strong project execution is absolutely

critical to keeping government customers happy so that you can reach the next level of growth.

4. Concentrating on where the business is today

We often get so busy just keeping the lights on that it's hard to stop and consider how to keep a business evolving. Having an evolutionary outlook is necessary to prepare your organization for the next level of growth. For example, most small businesses win their initial contracts through a teaming arrangement with a larger company. Yet, as they grow their contract base, they often find it beneficial to develop new capabilities so they can service agencies with their own internal resources. ■



*Sunny Rajab
Business Communications Solutions, Irvine, CA
Member Since: 2002*

ASSOCIATIONS AND OTHER RESOURCES

Use the following list of associations and coalitions to stay current on industry issues, review contract documents and management tips and connect with other industry professionals. An Internet search will reveal other organizations in specialized industries.

Associated General Contractors of America

<http://www.agc.org/index.wv>

AGC bills itself as the leading association for the construction industry. The site allows you to research potential partnering contractors and see who your competition may be.

American Small Business Coalition

<http://www.theasbc.org>

The ASBC is a membership organization focused on supporting the development of relationships, best practices and market intelligence for small companies doing business in the government sector.

Federal Procurement Data System

<https://www.fpds.gov>

This government site provides information about recent federal contracts.

Mechanical Contractors Association of America

<http://www.mcaa.org/>

MCAA is an association of 2,300 mechanical, plumbing and service contractors.

National Association of Government Contractors

<http://www.governmentcontractors.org/>

NAGC is an organization of business owners engaged or interested in contracts with government agencies, universities and private corporations. It is dedicated to expanding contracting opportunities for small businesses and those new to the procurement process.

National Contract Management Association

<http://www.ncmahq.org/>

NCMA is an organization that provides the tools, resources and leadership opportunities to help members in their careers.

National Electrical Contractors Association

<http://www.necanet.org/>

NECA bills itself as “the voice of the electrical construction industry” and works to promote higher standards, quality workmanship and training for a skilled workforce.

National Association of Minority Contractors

<http://www.namcnational.org/>

NAMC provides education and training to minority contractors in the construction industry.

National Association of Small Business Contractors

<http://www.nasbc.org/>

NASBC serves to support and advance the interests of small business contractors.

Retail Contractors Association

<http://www.retailcontractors.org/>

RCA is a national organization of retail contractors united to provide a solid foundation of ethics, quality and professionalism within the retail construction industry.

U.S. Women's Chamber of Commerce

<http://www.uswcc.org/>

The U.S. Women's Chamber of Commerce is the leading advocate for women on economic and leadership issues. It publishes the Guide to Women Contractors at <http://www.sblink.us/html/uswcc-guide.aspx>

CHECKLIST

KEY MILESTONES IN RESEARCHING, BIDDING AND WINNING A GOVERNMENT CONTRACT

Familiarizing yourself with procurement timelines is an important step to becoming an accomplished government contractor. Use this checklist to mark important milestones in the process of bidding on a government contract. After each point, take notes on areas that you need to develop in order to be better prepared next time.

Prework

Lay the groundwork before you submit your proposal. Conduct research so you fully understand how the agency you're targeting works and who the key players are. You should have a keen understanding of the agency's needs and have introduced yourself to the right procurement officer and agency influencers. Once your proposal lands on the procurement officer's desk, they should know who you are and what value you can bring.

Search for contract opportunities

Visit <http://www.fbo.gov>, <http://www.recovery.gov> and other sites to search for relevant contract opportunities. Set up alerts so you will automatically be notified of new contracts that may fit your company. When speaking to procurement officers, ask if new contracts are coming up that your business could fulfill. Make note of contract opportunities that you wish to pursue.

Write your proposal

Responding to a government request for proposal (RFP) can be complex and arduous. Read through the RFP carefully and note any questions you may have for the procurement officer. Before beginning your response, note the key strengths that make your company the best choice for the contract. Note: If you're fairly new to the process, you may want to consider asking a consultant for advice on how to craft the best response. Also note upcoming proposal writing workshops in your area.

CHECKLIST

KEY MILESTONES IN RESEARCHING, BIDDING AND WINNING A GOVERNMENT CONTRACT

RFP deadline

Each RFP states the submission deadline and usually includes the agency's expected response time. Response timelines can vary widely depending on how pressing the agency's need is.

Submit your proposal

Once you have completed the RFP, submit it according to the desired method (email, web or postal mail) and make a note of the date you submitted the materials.

Evaluation process

Once the agency receives all of the bids, the evaluation process begins. The agency will evaluate the proposals based on each company's ability to perform all of the requirements, past performance record, ability to deliver, pricing and any quality assurance processes it has in place.

Pre-award survey

In some cases, the agency may conduct further evaluations to ensure that a proposed bidder has the ability to meet the requirements. The additional evaluation might be as simple as a cursory verification of the facts provided in the RFP or as extensive as a tour of the company's facilities and face-to-face discussions with technicians.

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KEY MILESTONES IN RESEARCHING, BIDDING AND WINNING A GOVERNMENT CONTRACT

Negotiation

The agency may contact you to negotiate the price and terms of the agreement. You need to have a strong negotiator lined up to work on your behalf and be sure to have an attorney review all documents before signing.

Award notification

The agency will issue a public announcement of its intent to award the contract to a given bidder. The contract price will also become public information. If you win, you'll likely need to complete several administrative tasks before the contract is officially awarded. Guidelines vary for each agency; the procurement officer will notify you of the required steps. You'll also want to re-read the contract and contact the procurement officer or government inspector working on the contract if you have any questions or concerns.

Getting paid

Carefully read contract language regarding payments. You may want to ask the procurement officer about applicable programs for accelerating payment to small businesses.

CHECKLIST

KEY MILESTONES IN RESEARCHING, BIDDING AND WINNING A GOVERNMENT CONTRACT

STEPS TO TAKE IF YOU AREN'T SELECTED

If your proposal isn't selected, don't despair. Follow these steps to better understand why you didn't win so you can increase your chances of future success.

Request a debriefing

Many procurement officers will provide debriefings upon request to vendors who didn't get the winning bid. This is a good opportunity to gain constructive feedback and to potentially identify new contracts that may be a better fit. There's usually a short window of time in which you can request a debriefing (timelines vary by agency), so be sure to contact the procurement officer promptly if you would like one.

Appeal

Vendors generally have the right — within a specified window of time — to protest the contract award and request a conference regarding the rejection. If it's found that your bid was rejected for errors or omissions in the RFP, your protest will be dismissed. If there are grounds for review, the agency will perform more fact-finding before issuing a final decision.

Other Appeals

You can also appeal to the Small Business Administration. Its Certificate of Competency program allows small businesses to appeal a procurement officer's determination that the firm is unable to perform the requirements of a contract for which it is the low bidder. When you apply for a Certificate of Competency, the SBA conducts a detailed review of your capabilities. If it determines that you are able to perform the contract, it will issue the certificate to the contracting officer, requiring that the contract be awarded to you.

Note: Since building positive relationships with procurement officers is critical to succeeding in government contracting, use the appeals process judiciously.

GLOSSARY OF KEY TERMS

Government terminology can be confusing for the uninitiated. Use this glossary so you may be better able to speak the language.

Basic Ordering Agreement (BOA): Written agreement between a buyer and a seller outlining the terms, specifications and prices of the goods or services to be supplied. A basic ordering agreement is not a contract.

Bid Protest: Challenge by a bidder against the awarding of a government contract.

Blanket Purchase Agreement (BPA): Simplified way to fill anticipated repetitive needs for services and products.

Capability Statement: Document that summarizes a company's background, certifications, experience, capabilities, expertise, past performance and pertinent codes, such as D-U-N-S, CAGE, etc.

Central Contractor Registration (CCR): Primary vendor database for the federal government. All individuals or companies wanting to be awarded government contracts must be registered in the CCR.

Certified 8(a) Firm: Business eligible to receive government contracts under the Small Business Administration's 8(a) Business Development Program because it is owned and operated by socially or economically disadvantaged individuals.

Change: Any action that requires a revision to the original requirements in a contract.

Change Order: Written order directing the contractor to amend a contract.

Commercial And Government Entity (CAGE) Code: Five-character ID number that identifies government contractors.

Commercial Marketing Representative (CMR): Individual who works with prime contractors to locate subcontractors.

Contract: Mutually binding legal agreement that obligates the seller to furnish supplies or services and the buyer to pay for them.

Contracting Officer (CO): Individual who has the authority to enter into, administer and/or terminate contracts and makes related decisions regarding the contract.

Default: Failure by a party to fulfill a contract or to comply with the requirements set in the contract.

D-U-N-S (Data Universal Numbering System) Number: Nine-digit number issued by Dun & Bradstreet that the federal government uses to identify a contractor and list its address, telephone number, employee size and other information.

FedBizOpps: Online entry point for government procurement opportunities over \$25,000. Buyers are allowed to publicize their opportunities directly at the web site (<http://www.fedbizopps.gov>).

Federal Acquisition Regulation Council: Governing body that makes FAR interpretations and rulings.

Federal Acquisition Regulations (FAR): Set of rules that government agencies must follow when purchasing goods and services.

Full and Open Competition: Refers to the rule that all appropriate suppliers may compete for a contract.

General Services Administration (GSA): Independent agency that establishes procurement policy and secures the buildings, products, services, technology and other workplace essentials for government agencies.

Invitation For Bid (IFB): Method used to accept a sealed bid and includes a description of the product or service to be acquired, bidding instructions, packaging, delivery, payment, contract clauses and deadline.

Mentor: Individual or business who creates a program to advance strategic relationships with a less experienced business.

Negotiation: Bargaining process that precedes an agreement between two or more parties. A successful negotiation usually results in a contract.

North American Industry Classification System (NAICS): Set of categories developed by the United States, Canada and Mexico to classify businesses in the three countries. This classification replaces the old SIC code.

Prime contractor: Individual or business contracted to perform a specified piece of work.

Procurement Technology Assistance Centers (PTACs): Located across the United States, these centers help small businesses complete the steps to work with the federal government.

Protégé: Individual or developing business who cooperates with another more experienced individual or company to improve its capabilities.

Request for Proposal (RFP): Government document outlining the criteria and requirements to evaluate offers.

Sealed Bidding: Procurement method involving solicitation of bids and awarding of a contract to the individual or company whose bid benefits the government most, considering price and price-related factors.

SCORE, Counselors to America's Small Business: Nonprofit association that provides entrepreneurs with free, confidential face-to-face and email business counseling.

Small Business Administration (SBA): Independent agency chartered to protect the interests of small businesses and maintain free competitive enterprise.

Standard Industrial Classification (SIC) Code: See NAICS.

Subcontractor: Individual, business or corporation hired by a prime contractor to perform a specified piece of work required as part of an overall contract.

Taxpayer Identification Number (TIN): Number assigned to a business by the IRS that is needed to complete CCR registration.

Women-Owned Small Business (WOSB): Small business that is at least 51 percent owned and controlled by a woman.

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