

A "Roadmap To Success" In Government Contracting

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Have you ever dreamed about jumping in your car and leaving on a moment's notice to discover adventure? Don't do that with government contracting.

In some ways, government contracting can be compared with a road trip. In either case, you need to make sure your vehicle (company) can get you there, and that you have all of the knowledge and tools you will need along the way.

Finding the best route is important in government contracting and driving. Choosing dead-ends and encountering detours that could have been avoided will cost you time and fuel (money). You can always get more fuel - but you will never recover the time.

The road is teeming with other drivers who want exactly what you want, and you can expect competition. Other drivers can be friends or foes in government contracting. They may be able to help by teaming with you to pull a heavy load, or they may push you off the road. Remember that "situational awareness" is critical to a safe arrival.

Before we start our engines, remember that any marketing effort requires that you know what is important to your customers. When you sell to the government and its prime contractors, they are interested in two things: Capability and Stability.

Capability means that you can do what you say you can. Capability is assumed based on your past performance and qualifications. Capability becomes manifest as soon as the job starts, so don't get in over your head.

Stability means that you can run a business and can finish the contract. If you flake out on a government contract, and word gets out, you might as well go out and get a real job. Virtually every contract we see values past performance over price, so maintain your good reputation. Make sure you have enough planning, fuel, and other resources to get to the finish line before you submit that proposal. You might just win it!

Now that you have your business underway, you are ready to merge into the fast lanes. To arrive safely, you need to know where to steer your efforts, so let's talk about the people you need to know. In government procurement, there are roles that people play, and here are four examples. These people are very important to you:

The Requirer is at the working level. They recognize the need for a service or product, but have no budget authority. They are good to know, but you need to find the people with money (managers).

Managers should have a budget allocated. If not, then keep in touch, but find prospects that have a budget.

Buyers get calls from managers to find a supplier. Often, there is already a supplier they know and trust (the "Winner's Circle"). Then the buyer will call that supplier. You need to get into the Winners Circle.

Finally, you must get to know the Small Business Liaison Officer (SBLO). Don't confuse the SBLO role with the Buyer. SBLOs find and register suppliers for their organization. Find out from the SBLO if their company buys your stuff, then register as a supplier. To locate the SBLO, contact the small business (or subcontracts) office at each agency, military base, and prime contractor. To find a list of prime contractor SBLOs nationwide, go to www.sba.gov/gc. Click "Contact and Representatives", and then select "Subcontracting Opportunities Directory".

Now that you know who the players are, you are ready to accelerate and drive with the professionals:

1. 1. Don't leave home without market research. If you don't sell what the government buys, or you contact the wrong people, you are wasting everyone's time.
2. 2. Register with the government's Central Contractor Registry (CCR). All government contractors must register with CCR. If you are not yet registered, it is free and easy. Go to www.ccr.gov, and select "Start New Registration". Keep your profile up-to-date and complete, or buyers may never try to contact you.
3. 3. Contact the small business office SBLO at each agency, military base, or prime contractor. If they buy your stuff, register with them as a supplier.
4. 4. Find the buyers. SBLOs will sometimes give you buyer's names. Be nice to the buyers and make an effort to meet them. Never show up without an appointment.
5. 5. Market actively. You need a web site, business cards, brochures, and perhaps a line card. Have them ready at all times. Send cards and letters to your buyers. Keep in touch, but don't tailgate (bug) them.

We are moving along now, but don't go too much farther without making sure your prices will result in profits. In government contracting, unlike many commercial contracts, you must know your cost structure before determining a price. Also, commercial profits can be anything you get away with, but the government will typically hold you to less than 10%.

To compete effectively, you must know your "Indirect Rate", which represents how much it takes to operate your company infrastructure. "Big Indirect" is bad. "Small Indirect" is good. To get help with pricing, find a good consultant or CPA with government experience.

Now we are really cruising, and here are some roadside attractions you need to know about. We'll look at General Services Administration (GSA) contracts, Small Business Innovation Research (SBIR) grants, and traditional contracting.

The GSA system is a giant catalog of suppliers (you). Thousands of federal buyers use this catalog to buy just about everything from ammunition to manure (seriously). If you want to take the GSA off-ramp:

- 1. Have an established organization, good references, and good financials.
- 2. Download the right schedule from www.gsa.gov. Find the "Instructions to Offerors" section and carefully read it.
- 3. Fill in the blanks and collect information as required.
- 4. Prepare your commercial price list. Have invoices to back up your prices.
- 5. Prepare the GSA price list by discounting your commercial price list. GSA wants the best price and discount you have ever given since time began.

- 6. Print it all up and send to GSA. Be patient and prepared to negotiate the discount.

If you are the inventive type, try those wonderful SBIRs. Many government agencies publish a list of SBIR grants each year (listed on www.sba.gov/sbir). Each SBIR addresses a very specific need. If you have a great idea that is not on the SBIR list, contact the appropriate agency to see if they accept "Unsolicited Proposals".

A typical SBIR "Phase I" grant allows up to about \$100,000 for a 6-month research project. If your idea looks good, you may get a "Phase II" contract to build and test a prototype. These can be up to about \$750,000 and a year or more. Finally, "Phase III" is where you go to the marketplace.

Each agency has its own set of rules and requirements. Don't hesitate to ask questions as soon as the SBIR comes out, before the "blackout" period when the submission deadline has passed and proposals are under review.

Our last scenic stop is traditional contracting. This includes all prime contractors and most federal agencies, making it the largest federal market. You receive a solicitation from the buyer, and you respond with a proposal or quote. Do you know that you can search for virtually all federal solicitations or receive them automatically? Here's how:

- 1. Go to www.fedbizopps.gov
- 2. Select "Find Business Opportunities"
- 3. Select "Vendor's Notification Service"
- 4. Enter your email address
- 5. Make your selections from the pull down menus...and there you go! Just what you need: more email!

Every solicitation has great information even if you don't bid. Note the buyer's contact information, because they buy what you sell. Make polite professional contact, and keep in touch with them.

Are we there yet?

Successful government road trips require planning, perseverance, and patience. Good drivers follow the rules of the road and know how to deal with the important players, including managers, buyers, and SBLOs.

On our brief tour you learned that profits are constrained by the government, and that you must always be aware of your cost structure when setting prices. It all takes work and attention to detail, just like a successful road trip. But the final destination is well worth the trip, whether it is GSA, SBIR, or traditional contracting. Be safe, drive carefully, and see you there!