

How to Sell to Uncle Sam

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While the government is omnivorous, buying everything from staples to aircraft carriers, it's a challenging marketplace for sellers. The myriad of rules that make the federal procurement process fair and transparent also make it slow and difficult to navigate. But here's the good news: Government buyers go on an annual spending binge July through September to empty their use-it-or-lose-it budgets before the fiscal year ends — a deadline that explains infamously wasteful **\$7,600 coffeemakers and the \$436 hammer**. “Their mission No. 1 is to spend their budgets,” says Malcolm Parvey, co-author of *Winning Government Contracts*. And, right now, that could make Uncle Sam one of your most lucrative clients. Here's how to learn what the government wants, find the right decision makers, and make it easy for the world's biggest customer to buy from you.

Things you will need:

- Very little to tens of thousands, depending on whether you make additional hires to navigate the bureaucracy.
- Networking, attending conferences, making presentations, and submitting proposals can keep your sales force busy year-round.
- **Attention to Detail:** The wrong font size or an unsolicited chart can both be grounds for disqualifying your application.
- **Acronym Fluency:** CO (contracting officer), IFB (invitation for bid), RFP (request for proposal). Being conversant in the fed's procurement lingo boosts your legitimacy.
- **Detective Skills:** An abundance of useful market information exists online for free — you just need to be relentless in ferreting it out.
- **Patience:** The government is slow. Expect the bidding process to take about two to three months — but know that it can sometimes drag out longer than 18 months.

A yellow sticky note with the text 'step 1' written in black.

Understand That the Government Operates Differently

Goal: Assess whether your company can succeed in this market.

Unlike private companies and consumers — who determine their own sometimes arbitrary criteria for purchase decisions — government buyers must follow rules set out in the 1,600-plus-page Federal Acquisition Regulations (FAR), which seek to make procurement decisions fair, transparent, and a good value for taxpayers. The rules largely succeed at those goals; but they also make the process extremely complicated. Books with 1600 pages will do that.

Before you even set out to learn the procurement process, understand that the government often uses its buying power to squeeze sellers' margins, with profits on some contracts even capped by law. For a government contract to be worth the effort, then, you have to make it up in volume. (And it's not hard to do when the typical contract runs \$10 million to \$20 million and higher.) Also realize that the bureaucracy makes for a long sales cycle. "The government doesn't pay until it receives something, even if it's a professional service, like support for software," says Brian Dunn, managing partner at the [Winvale Group](#), a Washington-based consultancy that helps companies sell to the government.

So look before you leap, says Judy Bradt, CEO of Virginia-based [Summit Insight](#), which advises companies on how to land government contracts. Think about how selling to the government fits into your overall business strategy: What are your core competencies and which agencies need what you provide; what sets you apart; and are you willing and able to devote the necessary resources to win the government's business? "Look at the time and money it can take to finance, to develop, to win, and to perform this business," she says. "When you get to the end of this process, you have a tentative go or no go."

Case Study

How Gallup Wins Government Bids

Three years ago the polling and consulting company Gallup decided to get serious about selling to the government. Gallup spent nine months developing a business plan for its government practice, which included identifying three areas of expertise — organizational performance, global security, and health — that would be relevant to the work of agencies like the Department of Defense and Health and Human Services. The company then developed strategies and even internal structures to effectively sell that expertise to the government. For example, Gallup teams product experts with workers who know how different government agencies purchase services — managing partner Warren Wright refers to them as "Indian guides." The result: Gallup's government sales increased from \$9 million three years ago to an expected \$50 million this year — more than 12 percent of the company's overall business.

step 2

Know the Customer

Goal: Identify what you have that the government needs.

Nobody generates reports and statistics like the government. Which is a good thing for businesses; because it means that a wealth of market research is available free and online that can genuinely help you target the agencies that may need what you do. Start at [FedBizOpps](#), where the government lists requests for proposals (RFPs) for the vast majority of competitive bids over \$25,000. The site posts spending forecasts for each governmental agency, which detail exactly what the agency plans to buy, how much it wants to spend, and when they'll make the purchase.

That's just the beginning. Susan Zeleniak, president of Verizon's federal sales group, also looks at each agency's five-year strategic plan to get a sense for their upcoming priorities; but then she goes deeper. "I sell technology, so I look at the CIO's plan for the next five years and see what business problems they have and how we could help," she says. You can anticipate future business opportunities by tracking bills as they work their way through Congress and by monitoring the priorities of the administration.

It's also worth noting which agencies are on the hot seat. Let's say the General Accounting Office (GAO), Congress's investigative arm, blisters the Social Security Administration for not processing payments quickly enough. If that leads to hearings and media coverage, you can be pretty sure that the government will launch an initiative to improve that process shortly thereafter.

Nitty Gritty

How to Dig Deeper

Try using the investigative reporter's favorite tool, the [Freedom of Information Act \(FOIA\)](#), to get an agency's buying trends, competitors' past bids, and other valuable information. Each agency has a FOIA officer whose job is to respond to such requests. You have to make FOIA requests in writing; label them on the envelope and at the top of the letter as an FOIA request. Be as specific as you can about what you're looking for, particularly if you happen to know the title of the documents you seek. If you want to sell print cartridges, for example, and would like to know who your competitors are, ask for the names of all businesses that received contracts for print cartridges over the past year.

step 3

Get on a GSA Schedule Contract

Goal: Make it easy for the government to buy from your company.

The first time you land a government contract, you'll quickly hear about the [General Services Administration's \(GSA\) Schedules Program](#). The GSA, which is the government's purchasing agent, can make long-term agreements to buy from you at what are called "most favored customer" rates. These schedule contracts let the government buy quickly without the hassle of going through competitive bidding. Becoming a GSA schedule contractor can be highly profitable in its own right; just as important, though, it prequalifies you for just about any government work you pursue, including competitive bids. "A GSA schedule contract is sort of a ticket to play," says Bill Crosley, national vice president of government sales for J&J Industries, a 50-plus-year-old Georgia-based carpet manufacturer.

But schedule contracts are not easy to get, often taking months to process as the government thoroughly vets a company's financials, operations, and references. "They went to our operations center, interviewed finance and accounting people, and looked at paperwork. They go deep," says Wright. Some indication of what's needed comes from the GSA Web site:

Be prepared to furnish price lists for your products and services. Also, be ready to disclose how you arrived at those prices and to provide information about your discounting practices.

Get a Dun & Bradstreet (DUNS) reference check and register at the government's [Central Contractor Registration \(CCR\) database](#).

Follow instructions carefully. There are dozens of supply schedules — so it's vital to both find the schedule that covers what you offer and respond precisely to all that the solicitation requests. Hurrying and making mistakes can mean having to start over from the very beginning.

Danger! Danger! Danger!

A GSA Contract Guarantees Nothing

Not only does a GSA schedule contract guarantee you a total of zero sales, your contract, which typically lasts about five years, can actually be canceled if you don't generate any business. A schedule contract is "necessary but not sufficient," says Wright.

step 4

Get in Front of the Decision Makers

Goal: Boost your odds of winning a bid.

Despite all the rules and procedures, people ultimately make the buying decisions. Finding the right people, hearing what they need, and telling them how you can help is essential, but it's not easy. "It's very difficult to get anyone from the government to respond," says Crosley. Start by understanding that the contracting officer (CO) typically ensures that buyers and sellers follow the procurement rules (essentially an administrative function), while program officers, end users, and CIOs and the like are the people who know what an agency needs and drive the buying decisions.

How do you find these decision makers? Tireless networking. "You can go the traditional trade-show route, or you can go to events that they are hosting," says Collis Jones, director of business development with heavy-equipment manufacturer John Deere, which has over half a century of experience selling to the federal government.

On a large procurement, the government might invite you to attend a prebid conference or to submit an invitation for bid (IFB) as a way to solicit feedback on how to structure the official RFP. If invited, go. The conference or IFB gives you a chance to influence how the government puts together a bid so that you have a better chance of landing it. "If all you're doing is responding to RFPs that you never knew were going to come out, you're just not going to do as well," says Wright. And as Jones points out, once your bid is officially submitted, there's not much else you can do. "You can't reach out to them, you're in a holding

pattern,” he says. “Those can be some of the most gut-wrenching weeks, days, and months — waiting to hear the answer.”

Technically Speaking

Submitting the Bid: Master the Minutiae

It’s hard to overemphasize how much the small details matter in winning government contracts. In soliciting bids for work, federal agencies are precise and detailed about what they want, and they expect you to respond in kind: If they ask for a proposal in 10-point font, with no attachments, delivered by 10 a.m. on a Tuesday, either do it exactly or forget about winning.

“Everything is supposed to be judged on the same criteria. So if one company has a lot more graphics or they are using smaller fonts and can include more information than someone else, that could be construed as an advantage,” says Dunn. Consider making it someone’s job to ensure that you don’t lose out on a multimillion-dollar contract because you overlooked the fine print.

step 5

Request a Debriefing

Goal: Learn from your past proposals.

In the private sector, you may lose out on a big sale because the potential buyer had a bad day or because, unknown to you, your competition included the purchaser’s son-in-law. Yes, selling to the government can be a tedious process, but it’s also much more transparent. If your company loses a bid, you have the right to request a debriefing to find out why. “They have to explain to you where you were weak and where you were strong,” says Scott Stanberry, author of *Federal Contracting Made Easy*.

In fact, most federal contractors request debriefings on a regular basis, says Stanberry, and even suing if you feel you lost out on a contract unfairly is not entirely unusual. Keep in mind that winners, too, benefit from debriefings. “I always do it,” says Zeleniak. “I want to understand why I won. There’s no more effective way to learn.”

Other Resources

- *Federal Contracting Made Easy* by Scott Stanberry (ManagementConcepts, 2009)
- *Winning Government Contracts* by Malcolm Parvey and Deborah Alston (Career Press, 2008)
- [General Services Administration Web site](#)

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