

2-inch Thick Proposals and Other Myths about Government Work

and

8 Reasons Why You Want the Government as a Client

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2-Inch Thick Proposals And Other Myths About Government Work

By Dave Alexander

Editor's Note: In the first part of this two-part series, Dave Alexander debunks four myths that stop professional services firms from considering government work. [Read part two on RainToday.com](#) to see eight major pluses of having government work.

When I ask executives and mid-level managers of professional services firms whether they would like to enter government markets, I tend to receive two types of answers.

Some respond, "Yes, possibly. What are the pros and cons?"

Others fall into a trap. They typically begin their answers with the phrase "Yes, but..." and then proceed to explain that his or her particular firm couldn't possibly penetrate the government segment, let alone succeed in it, for one of the following rationalizations that are mostly based on myth:

- "We sell by establishing and cultivating one-on-one relationships, and employing other time-honored selling techniques. To get government business, you have to submit 2-inch thick proposals. Who's got the time for that?"
- "Only the big players get government business. We're too small."
- "We haven't paid our dues yet. We don't have time to submit a bunch of losing proposals to government clients, and that's what it takes before a firm can finally win their first contract."
- "Getting government business would be great. But we can't afford to make the types of major changes to our accounting and control systems that would be required. We're a commercial firm. We can't act like a 'government firm.'"
- "Our hourly rates in commercial markets are pretty high, and 'government rates' are low. We'd rue the day we ever landed government business."

Entering government markets can be difficult, and does not make sense for all professional services firms. But don't rely on the (largely incorrect) folklore listed above as an excuse to dismiss the option out of hand.

Some Truths About Government Markets

Here are four pernicious myths about government work that need debunking:

Myth #1: The market isn't worth pursuing.

Truth: The market is huge.

The federal government alone spends more than \$200 billion annually on professional services. While reliable statistics are hard to come by, aggregate spending by state and local governments approximates this figure. If your firm offers professional services, it's hard to ignore these numbers.

Myth #2: The government doesn't buy our type of services.

Truth: The government probably buys your services, and possibly in large quantities.

The government buys a dizzying array of professional services, and often in large quantities. Does your firm provide public relations services? Last year alone the federal government spent more than \$200 million in this area, promoting its programs, communicating various health-related messages, and so forth.

Management consulting? Last year's spend: more than \$1 billion. Professional engineering services? More than \$2 billion. Environmental services? About the same amount.

For these and many other types of services, the government has the potential of being a large client of yours – just as it probably already is for many of your competitors.

Myth #3: The professional services that the government contracts out tends to be repetitive and boring – the province of "body shop" firms. To do government work would be a blow to our brand.

Truth: Much of the professional services work the government outsources is fascinating, groundbreaking, and quite challenging.

The government often uses private sector consulting firms to address issues that are complex, large in magnitude, geographically dispersed, and sometimes all three.

If you are considering whether to enter government markets, do yourself the favor of researching specific examples of government contracts in your field of expertise. Here are a few places to start:

- Every day you can find hundreds of notices of upcoming competitions for federal contracts and new contract awards in an easy-to-use website (www.fedbizopps.gov). Hop onto this site and within 10 minutes you'll get the basic idea of how it works.

Use its keyword search function to find contracts in your areas of expertise. You can narrow your search – for example, by geographic area, and agency. Most state governments have similar websites. Illinois', as one example, is at www.purchase.state.il.us.

- All federal agencies must publish and regularly update their "acquisition forecasts." Usually available on an agency's website, these databases contain an agency's long-range forecast of the types of services it needs to acquire.

As one example, the Department of Energy (the largest civilian agency purchaser of contracted services) maintains its forecast at <http://hqinc.doe.gov/Forecast>. Savvy firms in the federal market review these sites frequently. You can typically find them by going to an agency's main website, and entering "acquisition forecast" as a keyword in the site's main search box.

- Review organizational charts of federal agencies and find branches or divisions that might require

services of the type you provide. (A good starting place: www.usa.gov.) Call a few Contracting Officers assigned to these units, and ask about the types of services that they outsource. You can do similar research for state government agencies.

- All federal government agencies also are required to maintain "Active Contracts Lists," and many state government agencies maintain such lists as well. Take a look: see what types of services are assigned to firms such as yours.
- Go to the "GSA E-Library" at www.gsaelibrary.gsa.gov. Use its keyword search function to find specific examples of the vast array of professional services that this agency's contractors perform. Many of these contractors maintain catalogs on this government website, in which these firms describe examples of their government projects.

What types of projects do the leading management consulting firms, engineering firms, PR and advertising firms, and others, perform for the federal government? While you're at it, take a look at each contractor's list of key contacts. Give some of them a call; in most cases, such folks are more than happy to discuss the types of services they perform for the government.

- Look at the corporate websites of some of your key competitors, or professional services firms that you admire as being "brand leaders." See what types of government work they feature.
- Talk to contacts at various trade associations, even if you are not currently a member. Tell them about your firm's specialties, and ask them for insights about the government's use of private sector firms to perform such services.

Based on your research, does it appear that the government uses private sector firms for the types of professional challenges that your firm seeks? Would projects such as these help you recruit top-level talent or bring your firm the type of visibility you desire?

Myth #4: It takes forever to get paid.

Truth: The government pays its bills, on time.

Federal, state, and municipal clients typically pay their providers – including professional services firms – on time, and in full. There is essentially no credit risk.

* * * *

With so many potential advantages for professional services firms, it simply doesn't make sense to blithely write off this market by falling into the "Yes, but..." trap. It is worth some serious consideration, taking into account both the advantages and disadvantages of entering this market. We'll take a look at both sides in the second part of this article.

Editor's Note: [Read part two on RainToday.com](http://RainToday.com) to see eight major pluses (and some minuses) of government work.

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Part 2 of this article starts on the next page.



8 Reasons You Want The Government As A Client

By Dave Alexander

Editor's Note: This is the second part of a two part article. Part one explains the common mistakes firms make when they consider entering government markets. You can [read part one](#) on RainToday.com.

Many leaders of professional services firms incorrectly assume that, for them, entering federal markets is inherently bad, and thus never consider the option. Part one of this article discredited those faulty assumptions. So now let's give the issue of entering government markets some serious consideration.

Pros And Cons

Here are some advantages and disadvantages that might apply to your firm.

1. Even tiny professional services firms can win government business.

The government issues billions of dollars in professional services contracts each year to firms that, by any standard, are quite small. The federal government has programs in place to provide special advantages for small firms, and so do many state governments. These programs vary in effectiveness, but they do produce results.

For example, competitions for some contracts are set aside exclusively for small business firms. Large contractors are encouraged to make subcontracting opportunities available for small firms, and they have powerful incentives to achieve certain goals. In other cases, while a competition might be open to all business firms large and small, extra evaluation points are available for firms that are small.

For detailed information on this topic, you might want to take a look at the web pages for the "Office of Small and Disadvantaged Business Utilization." Every federal agency has such an office, and many state agencies do as well.

2. You already know the "secret handshake."

As a savvy professional, you are probably already proficient in developing and cultivating networks, and developing one-on-one relationships with potential new clients. You understand how to hold client-centric conversations with potential clients, where you impress the client with your know-how rather than boring him or her with fatuous claims that your firm is "cutting edge" or "the best of breed."

The professional services firms that have the most success selling to the government know that these techniques are not just effective in the commercial marketplace, but that they are also at the heart of almost all successful sales to government clients.

Sure, there are some arcane "mechanics" involved in translating a good sales conversation into a government contract. But these are details that any reasonably bright person can learn. As an example, you have to be prepared to discuss the issue of "contract vehicles."

If you do not already have a master contract of some sort (see 3, below, for an example), you might have to work with a prime contractor to become an approved subcontractor. Or, you may have to work with your potential government client's Contracting Officer to make a case for a sole-source procurement.

Mastering government contracting jargon will not yield sales. The real secret is that potential government clients, in most cases, are best approached using the same types of collegial, client-centric, solutions-oriented approaches that you use every day when selling to your commercial clients. If you have an excited potential government client, there is almost always a way to take the necessary steps to convert the opportunity into a contract.

3. It's a good time to be a first-timer.

If your firm has never held a government prime contract or subcontract, you face less of a problem now than ever before. At the federal government level especially, there are excellent programs for helping firms obtain their first contracts. The "General Services Administration" (GSA) contracting program, for example, makes it quite easy for many types of professional services firms to obtain multi-year contracts that can be used by virtually any federal government agency or department. For a good starting point, go to www.fss.gsa.gov, and search for and navigate to the "Getting on Schedule" page.

Some states have similar programs. For example, many types of professional services firms can easily obtain "California Multiple Award Schedule" (CMAS) contracts, which are, essentially, the Golden State's equivalent to GSA contracts. For information on how to apply for a CMAS contract, go to www.pd.dgs.ca.gov/cmas. Some other states (e.g., Texas) have similar programs (www.window.state.tx.us/procurement/prog/txmas).

4. You don't have to be ready for prime time.

If you simply don't want the administrative burdens of managing your own direct ("prime") contract with the government, your firm can always explore opportunities as a subcontractor to an established government contractor. In fact, many professional services firms that do substantial amounts of government work, do so exclusively through subcontracting vehicles.

In brief, your firm would sign an agreement with another firm that already has a government contract. That agreement, (a subcontract) would spell out your firm's approved pricing, and your administrative responsibilities. Your firm would perform work for the government client, in coordination with the prime contractor.

Some prime contractors will give you a lot of freedom to meet and communicate directly with the government client; in other cases, the prime contractor may insist on being an intermediary. In any event, you would submit your invoices (typically monthly) to the prime contractor, and your reimbursement would come from that firm, not directly from the government.

5. Avoiding tomes.

Government marketing does not automatically lead to long, laborious proposals. Sure, if you absolutely refuse to write long proposals, there will be some government business that you will not be able to pursue. But many firms find that there are plenty of opportunities available that do not require thick proposals.

You might be surprised to learn, for example, that you can win a federal GSA contract—which can have a period of performance as long as 20 years—without writing more than 10 pages or so of original text. A CMAS or TXMAS proposal is even less demanding. And if you decide to perform your government work as a subcontractor, in many cases you might have virtually no proposal writing to perform whatsoever.

6. You do not have to make major changes to your infrastructure.

If your firm primarily serves commercial clients, you probably won't have an appetite for making wrenching changes to your infrastructure to accommodate arcane government accounting and contracting rules.

You can avoid this requirement by simply choosing wisely with respect to the types of government contracts (or subcontracts) you pursue.

For example, select opportunities where the government contract or subcontract allows for standard time-and-materials (T&M) rates or fixed-price invoicing, one or both of which you probably employ for your commercial clients; and avoid government contracts or subcontracts that require cost-reimbursable accounting.

Some changes will be inevitable. For example, most federal contracts for professional services require daily timesheets. If this is too much of a burden to bear, so be it: the government market is probably not for you.

But disabuse yourself of the notion that major overhauls of your accounting system are required, or that you will be buried in a mountain of administrative paperwork. This fate is not inevitable if you choose your government contracts and subcontracts wisely.

7. The government can offer diversification.

Many professional services firms need to diversify. For example:

- To counteract predictable annual cycles that might be a feature of their main commercial markets
- To reduce the risk of concentrating the firm's fortunes on the too-few large clients
- To help the firm broaden its reach beyond one geographic area

If your firm does not currently perform government business, doing so might contribute to the achievement of your diversification goals.

8. You probably can earn reasonably high profits on government work.

Many professional services firms find that they can achieve hourly rates in the government sector that are not substantially below their commercial rates. The effective discount often is in the range of 5-10% off of your typical commercial pricing.

Would you be able to achieve this goal? There are no guarantees. But a careful analysis of government markets for the types of services that your firm provides will help you develop an informed understanding of the profit potential, which is better than relying on the old saw "you can't make money in government markets."

Like any new market segment your professional services firm might consider, the government market has its advantages and disadvantages. Given your firm's particular offerings and value propositions, should you try to enter government markets? It's a question worthy of careful analysis. Don't avoid this analysis by simply accepting broad generalizations that render the option dead-on-arrival.

There are plenty of legitimate issues and concerns to consider when filling out the "cons" side of the ledger, including:

- Potential problems associated with conflicts of interest when trying to serve both commercial and government clients.
- Unique aspects of virtually all government contracts with which you may be uncomfortable. (For example, one-sided "cancellation for convenience" clauses or "limitations on future contracting" clauses.)
- Additional reporting burdens.

If you know how to sell professional services, you have a unique skill, and that skill can yield impressive results in the government marketplace. As a first step, give the basic issue—whether or not to enter that marketplace—some dispassionate analysis.

Editor's Note: [Read part one](#) of this two-part article on RainToday.com.

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