

Cleaning & Restoration™

\$9.00

January 2010 • Vol. 47 No. 1

Published by the Restoration Industry Association

Passing Your Business on to the Next Generation



Inside:

**The Power of
Encouragement**

**ABC's of Government
Contracts**



© iStockphoto

Want Government CONTRACTS?

Four Easy Lessons in Free Market Research

By Judy Bradt

Owners are all looking for new markets. Could the company's next client be a government buyer?

Right now, there are powerful free data sources available to identify business trends, buyers and competitors. Research time can be a perfect investment when first getting started. Before spending thousands of dollars and months of time, be sure to chase attainable business.

The government doesn't have one central buying department. Even the biggest companies can rarely afford to sell to every government agency at once, and small firms must absolutely focus their marketing resources on just a few of the best prospects.

Successful government contractors begin by thinking through what kinds of problems they solve best and then focus their marketing on agencies that most need those problems solved. (Not sure which agencies are the best to pick? Take a look through the federal agency websites starting on www.usa.gov.)

After these four lessons, take time to decide whether to spend the time working with these free tools...or consider how professional market research services and proprietary tools can save time and yield faster answers.



Easy Lesson 1: Federal Buying Forecasts (30 Minutes)

Did you know? Every federal department publishes online buying forecasts and revises them all year long.

Why is this helpful? After looking up the forecasts, focus all efforts on agencies that have money in the budget to spend. Owners can also pick out procurements set aside for a particular kind of company.

Where to go: http://acquisition.gov/comp/procurement_forecasts/index.html

How to start: There are four drop-down menus. Open the bottom one titled FORECASTS, and choose which department to research.

What to look for: A forecast typically covers planned purchases worth more than \$25,000 and includes:

- What products and services the agency plans to buy — description, the North American Industry Classification System (NAICS) code, and Product/Service Code (a system the government uses to classify procurement).
- How much they plan to spend on each purchase.
- Who will do the buying — names, phone numbers and when they plan to buy.
- How they will seek vendors.
- What kind of small business preference they plan.

What next: Highlight the relevant requirements if the competition hasn't begun and set up a meeting with the point of contact to find out more about the opportunity.

Easy Lesson 2: GSA Schedule Contract Competitive Research (30 minutes)

Did you know? Government buyers use a special type of contract to buy commercial, off-the-shelf, products or services that are exactly the same as what most businesses sell to their private sector clients. The U.S. General Services Administration (GSA) negotiates prices, terms and conditions for these "Schedule Contracts" with thousands of vendors.

The GSA Schedules are popular but not the only way to sell: out of nearly \$500 billion in contract awards, the federal government spent only \$36.6 billion in fiscal 2008 through GSA Schedule contracts. (Find out more about how to bid on GSA Schedule contracts at www.gsa.gov.)

Several months of time are invested to propose and negotiate contracts. These may be done in-house

or by a consultant who may charge anywhere from \$5,000 to \$25,000, depending on the complexity of the offering and proposal with no guarantee to win any business! The GSA Schedule is often compared to a hunting license: companies have to market to win the business. Does the company need a GSA Schedule? Is it worth it? Can the company sell enough to get a return on its investment?

Why is this helpful? Government buyers often prefer vendors with GSA Schedules because the buying process is faster. If competitors already have GSA Schedule contracts, one can see what they're selling and look at their pricing. That will help to determine whether or not to compete with them on this type of contract.

When offering products or services on a GSA Schedule, first know what the competition is offering. Can they be beaten on price? If not, why should buyers be eager to pay a premium?

Where to go: <http://www.gsa.gov>.

How to start:

1. From the left menu, choose GSA Advantage. Then from the top tabs, click "Schedules e-Library." Choose the category of products or services that are offered by the company. This tab reveals a list of related Schedule Contracts and a description of what each covers.
2. Explore! Click any Schedule ID number in the far left column. There should be a list of the categories of products or services included under that schedule contract.
3. Find where relevant products or services might be listed. ***Jot down that Schedule ID number for later use in Lesson 3!*

What to look for: Now, check out who's selling — listed alphabetically, and searchable as well.

4. If any data is underlined, click on it for more information. Also click on individual vendors' pricing, labor rates, and contract terms and conditions.
5. Spy on competitors! Use the search box, type a competitor's name, and see if they have a GSA Schedule and what they're up to.
6. Explore the site. Sort by city and state. See which companies have what kinds of small business preferences.

What next? Find out how much business these companies actually won...with Easy Lesson 3!

Easy Lesson 3: Find GSA Competitors' Sales Stats (15 Minutes)

Did you know? Not every GSA schedule contract holder wins business. It is possible to find the *sales figures for vendors on every GSA Schedule and refine them by category.*

Why is this helpful? First, competitors might be a company never heard of before. Government buyers who use the GSA Schedule first call the top GSA vendors when something is needed. To successfully compete, know who competitors are, and how to position your company to win. Second, when looking for a partner(s) that has a GSA Schedule, find out how well they're doing!

Where to go: The Schedule Sales Query (SSQ) System at <http://ssq.gsa.gov>

How to start: On the top left menu, select "Create Report" and set up a login if desired, though it's not required, and hit "Proceed."

What to look for: There are 11 different reports from which to choose. Explore the sample report formats. A full year of data is most useful when first getting started.

1. First, go get the GSA Schedule ID Number found in Lesson 2, which corresponds to any of the company's products or services (e.g., Advertising and Marketing Services is Schedule 541).
2. Select Report 10: Total by Contractor for a specific schedule and fiscal year to get a full year of data for the GSA Schedule of choice. Export the file as an Excel spreadsheet, and then sort by contract value.

What next? Over 80 percent of government spending doesn't use a GSA Schedule contract. Want competitive information on every vendor, not just the ones with GSA Schedules? Time for Lesson 4...

Easy Lesson 4: Research All Past Contract Awards (30 minutes)

Did you know? The Federal Procurement Data System provides over 60 pieces of data on every federal government purchase worth more than \$25,000 — free!

Why is this helpful? First, buying trends indicate what the government already buys and from whom they're buying. Second, while viewing the individual contract data, find contact information on the vendors. It is useful for companies that want to explore teaming up together.

Where to go: <https://fpds.gov>

How to start: Have questions in mind when beginning the search such as, "Which government agencies buy my kinds of services?" or "Who are the top vendors selling to the Department of Homeland Security?"

What to look for: In this database, "Agency" can be a single organization (e.g., the Small Business Administration), or a part of a larger department (e.g., the Federal Bureau of Investigation within the Department of Justice, or Customs and Border Protection within the Department of Homeland Security).

Standard reports are great for big-picture market overviews. There are 50 pre-formatted reports from which to choose.

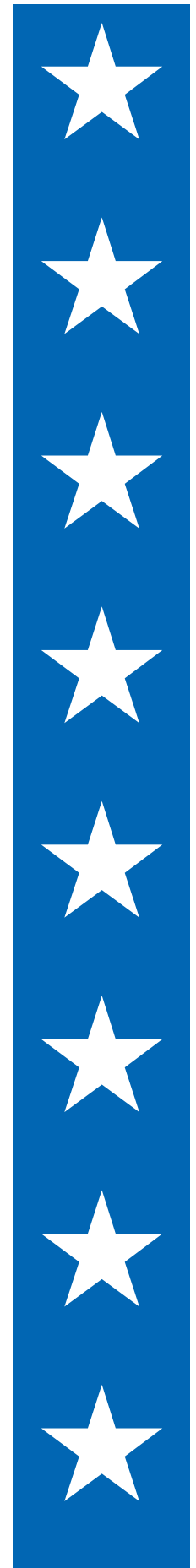
1. Preview some samples and consider how the data might answer any questions.

EZ Search allows for answers to be very specific to questions with a flexible drill-down into details. Export the data for totals and more sophisticated analysis.

2. Enter a keyword for a product or service in the top search field.
3. Now try a search on a competitor that has a GSA Schedule. This will not only find their GSA Schedule sales...but all the other business closed using other contract vehicles! (There really is business beyond GSA!)
4. Next, try exporting the data on the top right side of the screen. If desired, choose the option to export in an Excel format so the team can work with the data after download.
5. Finally, spend the remaining time exploring! Click through all of the underlined data, and try out the sort fields, to discover the detail provided.

What next? Government typically buys more of what they're already using. Working backwards from contract expiration dates, one may figure out when new contracts might be coming up for bid. Then check it against the forecasts illustrated in Lesson 1! ■

Judy Brandt is principal and CEO of Summit Insight, LLC based in Alexandria, Va. Her firm specializes in helping Canadian companies win U.S. government contracts for goods and services on the federal, state and local levels. She can be reached at info@summitinsight.com.





3 Common Mistakes in Government Contracting...

By Judy Bradt

In 2009, two giant forces combined to create a rogue wave of interest in government contracting! First, the recession began to dry up many companies' traditional sources of business. Then, faced with February's federal stimulus package, thousands of company owners thought, "Hey, with all that spending, there's got to be something I can win."

Every year, some managers spend millions trying to win government contracts with poor results because they make these three common mistakes. In government contracting, success favors the savvy and it's easy to avoid the most common traps:

1. The Saggy Pants Strategy
2. The Shoestring Budget
3. The Shotgun Tactics

Trap #1: The Saggy Pants Strategy **The Danger: One Size Fits None**

Government buyers need to be right for the company, and the company needs to be right for them.

First, what size opportunity does the company perform or deliver best now? Just because government's needs come in all sizes doesn't mean every company has something for everyone.

Second, each government office is unique. The sales effort must persuade a complex group of people including, individual buyers, contracting officers, program managers and end users, who each have a different set of needs.

One size really doesn't fit all.

The Fix: Tailor Two Ways

Government prospects have to fit the company, and its offering has to suit the client.

First, determine the right size and number of opportunities the firm can afford to both develop and win. Don't chase the single biggest thing found — it will take many bids in order to win a few.

Second, pick the style or niche that suits the company and its prospects best. Focus on opportunities involving the problems the company solves best. The high-potential prospect will want to meet you because she sees herself reflected in clients whose problems look a lot like hers. In other words, be the specialty store that carries just her style.

Trap #2: The Shoestring Budget **Danger: No Traction**

If the business is struggling, pursuit of government contracts can hurt more than it helps. It is easy to spend serious money



© iStockphoto

and several years of effort to develop opportunities and prepare proposals. And when one does win, they don't get paid until after the work is completed. Winners budget to stay in business long enough to not only win, but to also perform.

A business's current line of credit is often not enough to pursue, win and perform on a government contract. Even healthy companies that are blessed with a line of credit today are shocked to find that their bankers simply do not extend that line to finance a signed government contract. Asset-based financing is your cheapest money, but takes time to arrange. Alternative financing (aka "last-minute money"), is always more expensive, and will evaporate your profits.

The Fix: Get Some Financing

Have you hugged your banker lately? When deciding to pursue government contracts and revising marketing budgets to support that pursuit, it is important to review the company's access to working capital and financing. This entails a visit to the banker to verify assumptions about financing options and to determine how the bank can support this effort.

The Trap #3: Shotgun Tactics Danger: Wasting Scarce Resources

Imagine the classic shotgun pattern: not much reaches the target! Sure, FedBizOpps (www.fbo.gov) is the place where the

federal government must publish opportunities, including links to stimulus opportunities. But if the firm pumps out proposals to every Request for Proposal found, most efforts will be off target.

FACT: The win begins long before RFP's are published. Winning a government contract involves research and focus to win, otherwise the company can go broke trying.

The Fix: Focus

Public money drives much more public information on federal departments' budgets, contract spending forecasts and contract awards. Savvy companies pinpoint well-funded buyers, scope out competition and partners, refine their focus, and pick out and position themselves to win opportunities long before the formal competition begins.

Where to Start:

Free websites offer extraordinary amounts of federal contract market intelligence, but it can take time to hit the bull's eye. Look into www.usaspending.org, www.ccr.gov, www.gsaadvantage.gov, <https://fpds.gov>, and www.ssq.gsa.gov. These are all good sources if testing the waters and not ready for a big investment yet, or if one prefers to spend time rather than money.

Jump Start: Get started faster with a free instant webinar in how to use all these at www.summitinsight.com/video.asp. ■