



Book Selling to the Government

What It Takes to Compete and Win in the World's Largest Market

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Recommendation

The business that government entities in the United States transact represents almost half the nation's GDP. The breadth and depth of the business-to-government (B2G) sector is extraordinary: trillions of dollars in sales to every government entity imaginable, including nearly 20,000 municipalities, 512 Native American nations and one huge federal government. Selling to the government can be confusing. Expert B2G consultant Mark Amtower offers a comprehensive glossary of government terms and an in-depth list of trade publications, industry associations and helpful online resources. *BooksInShort* recommends his useful guide to anyone who wants to take the mystery out of selling to the US government and win a share of that enormous market.

Take-Aways

- United States government agencies – local, state and federal – comprise the biggest market in the world.
- But selling to the government can be far more challenging than selling to other firms.
- However, small businesses have a decided advantage when selling to government.
- Begin a business-to-government (B2G) marketing approach by first targeting one or two government agencies.
- Focus on a single, specialized niche area.
- To succeed, read up on government procedures and how those affect purchasing.
- Numerous publications, associations, websites and experts provide the data you need.
- Selling in the B2G market requires hard work and persistence.
- Don't expect to make your first B2G sale until you've spent one to two years at it.
- Work with a company or a consultant who has already mastered B2G sales.

Summary

The Government: Your Number One Market

Government in the United States, including federal, state and local institutions, departments and agencies, represents the world's largest aggregate market, with 88,095 different entities. Businesses that sell to government enterprises never worry about getting paid. Another benefit of serving the business-to-government (B2G) sector is that the US government wants to work with small businesses. Small firms run by women, minorities and disabled veterans enjoy an upfront advantage.

“When you are on the outside looking in, the US government market is perhaps the most intimidating market anywhere.”

Government contracting can be a gold mine for the right B2G suppliers. However, due to complex rules to follow, strict government regulations to conform to, red tape, endless forms to fill in and related complicating factors, selling to the government can be far more challenging than selling in the business-to-business (B2B) market. What is perfectly acceptable in B2B can be anathema in B2G. When you sell to the government, you risk getting burned if you do not know exactly what to do, and the incident that can bury you often comes out of left field.

“In good or bad economic times, hundreds of companies look to enter the government market every week.”

To illustrate, a communication-devices manufacturing firm went through the required steps, filled out the needed forms and won a government contract that put one of its high-tech products in Air Force One, the US president's plane. The firm distributed a press release proudly announcing the sale. Within days, government employees removed the company's device from the plane. Government forbade a practice that would have been acceptable in the commercial world.

"Most government procurements of any significant value require you to write a proposal, and proposals are often several hundred pages long and must be written in a week."

A company that targets the B2B and B2G markets sent a beautifully produced brochure and other marketing materials in oversized direct-mail packages to federal Chief Information Officers (CIOs) in the Washington, D.C., area. The company adapted its B2B marketing materials to the B2G market, using the correct government terminology and phrasing. But the company did not know that – due to the past anthrax-by-mail problem – all large mailers sent to headquarters of federal agencies must pass through a special office for irradiation. After irradiation, the company's magnificent brochures resembled papier-mâché.

"Both [political] parties have claimed to be the friend of small business, but when it comes to government contracting, it is all lip service, regardless of the party in power."

Another firm put in two years of work before it won its first government contract. It worked hard to meet all the contract terms. Nevertheless, the company could not get any of its invoices paid. When the firm contacted government contracts expert Courtney Fairchild, she discovered that the firm was submitting conventional invoices, which the government office simply ignored. Once Fairchild showed the firm how to submit proper billing forms, the company received its payment.

"Government purchasing regulations are complex, written in gov-speak and often require a lawyer for practical translation."

The B2G market is impressive and intimidating, but the learning curve takes time and effort with no shortcuts or guarantees. Many would-be vendors learn this the hard way. Some common myths about doing business with the government include:

- **"The government market is too big"** – The government represents an aggregate of different markets. Find your niche, and you'll thrive.
- **"Government contracts are wired"** – Government has become especially transparent, but contacts do make a difference, as in every other sort of sales.
- **"The government demands the lowest price, and we can't afford that"** – Government agencies strive for the cheapest prices, and you might win a contract with a low bid that proves unprofitable. However, smart operators do well in B2G.
- **"We have a great product"** – Governments only buy proven, saleable commodities.
- **"The government has set-asides for small businesses, so we're bound to find easy work"** – Without quality offerings, no government purchasing agent will care that you meet special requirements for small business, such as being a veteran-, minority- or woman-owned company.

The Right Knowledge

Start by researching the B2G market. The more information you possess, the more successful you will be. The Federal Procurement Data System (www.fpds.gov/fpdsng.cms) is a great place to start your research. Additionally, useful publications include *Washington Technology*, *Federal Computer Week*, *Government Executive*, *Computer News*, *Public Manager*, *Governing*, *Government Product News*, *Government Procurement*, *American City and County*, *Government Security* and *Government Fleet*.

"Fads, even trends, outside the government market should not be used as building blocks for penetrating the government market."

According to government small business officers (government liaisons and advocates for small businesses), most companies seeking to sell to the government do not possess even the most basic knowledge about the agencies they target. Before you try to sell to a government agency, learn everything you can about it. Make sure that your commercial offering represents a good fit for the unit you target.

"Companies entering the government market with high expectations of quick money often end up as chalk outlines on the sidewalk."

Some worthwhile associations that offer helpful B2G information and contacts are the Armed Forces Communications and Electronics Association (AFCEA), the American Council for Technology and its Industry Advisory Council (ACT/IAC), TechAmerica, the Professional Services Council, the American Small Business Council (ASBC), the International Facilities Management Association, and Women in Technology. Minority-owned firms can consult the National Minority Business Council and the US Hispanic Chamber of Commerce.

"It seems as though GSA lawyers operate in an intellectual vacuum when it comes to understanding how business occurs."

You can conduct research through Onvia and through Penton Media's GovPro Group. Visit "Acquisition Central" at acquisition.gov to stay on top of all Federal Acquisition Regulations (FAR). Attend industry events to develop contacts and knowledge, with the GSA Expo first on your list. Learn about special Department of Defense buying regulations (D-FAR), as well as "lines of business" that "integrate common IT and e-gov-related practices across all agencies into a single standard" from the Office of Management and Budget (OMB).

"The oversight in federal contracting is onerous, duplicative and irritating, not to mention expensive."

For networking, join LinkedIn, the online network for businesspeople. Other worthy networks include GovLoop and The Federal Contactor Network (TFCN). When it comes to B2G research and marketing, target two government agencies, two medium-sized businesses and two prime contractors. Study what and how the agencies buy and what and how the businesses and prime contractors sell.

How Government Purchasing Works

The US General Services Administration furnishes the SmartPay card to 277,000 federal government employees for their purchases. Any purchase of less than \$3,000

– called a “micropurchase” – does not require competitive bidding or a contract. Wise companies print the IMPAC logo (International Merchant Purchase Authorization Card, which preceded the SmartPay card) on their print and online marketing materials. In 2009, government employees made some \$30 billion in purchases via SmartBuy.

“Anything you are trying to get started in the government market requires a lot of time. The government never moves at your pace.”

The best-known government purchasing method concerns GSA Schedules (popularly known as “having a GSA number”). The GSA Schedule represents an “indefinite-delivery, indefinite-quantity (IDIQ) contract.” Translation: Any governmental agency can purchase from a GSA Schedule, or not, as it prefers. GSA Schedules sort preapproved products and services with prenegotiated prices into more than 40 categories. Merely attaining a GSA Schedule slot provides no guarantee of a sale. It’s a first step. By the second year, you must register a minimum of \$25,000 in sales to the government annually to maintain your GSA-Schedule status. GSA Schedules represent more than one-third of all US government procurements, but account for less than one dollar in 10 that the federal government spends annually. Other purchase methods include:

- **“Simplified acquisition procedures (SAP)”** – These processes apply to government purchases of more than \$3,000 but less than \$100,000. Such sales are easier to close than sales valued at more than \$100,000 because the documentation is less complicated and acceptance does not require senior level approval.
- **“Sealed bidding”** – The government puts out “invitations for bid” (IFB) that precisely detail the specifications for the desired product or service. Most contract awards are made on a price basis to the lowest bidder.
- **“Contract negotiations”** – Negotiations are involved in government contracts valued at \$100,000 or more, or that are technical in nature. These often involve “requests for proposals” (RFPs). The government uses a “request for quotation” (RFQ) to find out what products or services are available.
- **“Consolidated purchasing programs”** – These represent “acquisition vehicles” that buy commonly used goods for a number of agencies. Also known as “multiple award contracts” (MACs), these agreements consolidate purchases to establish economies of scale with fewer vendors.

Set-Asides

These contracts are specifically reserved for small businesses that qualify according to criteria posted at sba.gov. First priority goes to HUBZone companies (those in “historically underutilized business zones”), followed by small businesses whose owners are service-disabled veterans. Next up are 8(a) companies, owned by “socially and economically disadvantaged” people. The government issues requests for information (RFIs) for such set-asides. If the response is inadequate, the government opens up procurement without restrictions.

“When Uncle Sam outlines the rules, it is best to stay inside the boundaries.”

Check out the Federal Business Opportunities website at fbo.com to monitor set-asides and to obtain other useful information. Another valuable information source is setasidealert.com. To learn about available federal-level contracts, sit in on “contract briefings.” Consult the GovPro Buyers’ Guide (govpro.com) as well as FedBizOpps and BidNet. Procurement technical assistance centers can help you secure government contracts. To access them online, go to aptac-us.org/new/Govt_Contracting/find.php.

Selling to the Government

The four primary ways to sell to the government are as an “open market vendor” (non-contract Smart Card sales), a “prime contractor” (a business or individual with a “prime agency contract”), “a subcontractor” or through GSA Schedule sales. Be prepared to spend time on marketing, since government sales success takes time. To shorten the sales cycle, associate with a third-party firm that specializes in government business.

“The government uses its own language...If you don’t speak it, you will have a much harder time entering the market.”

Classify and register your firm with the Dun & Bradstreet database. Register your business at the Central Contractor Registration website (ccr.gov), then bid on federal contracts. Designate an individual or team within your firm to become expert in and run your government marketing and sales efforts. Learn how to subcontract, an essential skill in the B2G marketplace.

“The US government specification describing a chocolate-chip cookie contains 25,600 words.” (Mike Tucker, president, George W. Allen Company)

Secure the assistance of professionals who specialize in B2G, including a lawyer, an accountant and a consultant. Hire business development (BD) professionals who can network and help you locate and secure contracts. You also can operate through manufacturers’ reps or resellers who have established relationships with government buyers. Make sure your marketing and salespeople have the knowledge, skills and crucial contacts to operate successfully in the B2G market. Create a website that attracts government buyers. Have downloadable PDFs available for all products and list the contracts for each item.

“About 90% or more of the companies that try to enter the government market fail.”

Find a niche area – the more distinctive and segmented the better – and differentiate your business so it can become a “Government Market Master,” a company that knows and understands all aspects of the byzantine world of selling to the government. Learn what government buyers in your market segment want simply by asking them. Focus your activities accordingly.

About the Author

Marc Amtower is the founder of Amtower & Company, a B2G advisory firm, and he writes a monthly column on government contracting for WashingtonTechnology.com.