

## **Pitching to Uncle Sam**

Becoming a player in the procurement game can take a year or longer, but the government can be your best customer.

### **Debra Williams**

*Decision Times*

9 February 2004



If you're lining up customers for your new business, consider serving one of the world's largest consumers - your current boss, the federal government. The government, particularly the Defense Department, is eager to buy products and services from small businesses owned or operated by veterans. Becoming one of those suppliers may open a steady stream of sales for your new business.

Many branches of government work to make it easier to do business with the government. Leading these efforts in many agencies are offices for utilizing small or disadvantaged firms.

DoD has one, as do the Army, Air Force and Navy. These offices and their Web sites are handy first stops on your way to doing business with the government.

The Army purchases everything from medical supplies to weapons systems to support soldiers in both the field and garrison environments, said MAJ James Blanco, assistant to the director of the Army's Office of Small and Disadvantaged Business Utilization. Blanco assists veteran-owned businesses that want to supply the Army.

With so many opportunities, many businesses struggle with knowing exactly what to provide.

Blanco said small businesses should look carefully at the amount of product needed by various agencies, how relevant the product is to an agency's mission and how competent the business is at delivering the product. Money and contracts are lost, he said, when a business can't deliver a product on time, in sufficient quantity or at a reasonable price.

### **Proposal know-how**

As tempting as it may be, avoid trying to bid on everything.

Terri Merz, owner and founder of the Baltimore-based system intelligence firm Cynergy Group, concentrates on a narrower scope of services. Even though she has software-

development skills, her firm focuses on software security development, risk assessment and training for agencies. It's very similar to the job she did in the Navy.

"If you're constantly jumping on every [request for proposal] or [request for information] and don't define your services well, you'll spend all of your time writing proposals," said Merz, who left the Navy in 1990.

Merz estimated that every proposal takes 40 to 60 hours to develop. If time truly is money, proposal writing can become a very expensive task. It's a necessary one, though. These proposals are the primary way products and services are pitched to the government.

Merz learned how to write proposals at a civilian job she held between her naval career and her own start-up.

For entrepreneurs teaching themselves the art of proposal writing, several Web sites [See below] can lend help. Check the Internet first, and then make a call to find out if training is available at a location near you. If you're stateside, you may want to check the nearest chamber of commerce or college for available proposal-writing courses.

The key to good proposals, according to one expert, is the time spent before you sit down at the keyboard.

"The best advice I can give is to read carefully," said Jim Kleckner, author of "Win Government Contracts for Your Small Business."

Kleckner is a former buyer and staff officer in the Procurement Policy Office of the Army Weapons Command in Rock Island, Ill., and served as a small-business specialist at the Defense Contract Administration in Dallas. He said to read for details not just on the proposal, but on what will be expected if you win the proposal and exact product definitions. Kleckner recalls one entrepreneur who was happy to land a large contract to manufacture a certain tool only to find out later that, for the same price, he was expected to provide holders for each.

"He was able to get that contract terminated without a problem, but it could have doubled or tripled the cost and possibly forced the company out of business."

The request for proposal or accompanying material will also include details about the administrative tasks you'll take on if you accept the contract.

"The higher the dollar value of the contract, generally the greater the administrative burden will be," Kleckner said. "You may have a team of 20 inspectors come to visit you. Make sure your business will be able to handle the intrusions."

## Warming up to pitch



Once you've submitted your proposal, don't wait by the mailbox. While the process is speeding up, it can take up to a year. Merz said her company was able to survive that year by sticking to a strict budget and doing business with private firms.

When a contract is awarded, the ramp-up process may need to go quickly. A company with two or three employees at the time a proposal is submitted may need to add 20 people in a few weeks. Merz's company could grow significantly with every contract. Careful contingency planning is vital for a contractor, she said.

"My partner has been very cautious about where we spent money. We've kept our overhead low and our credit good. Should we surge very quickly when a grant comes in, we can secure a line of credit to cover our payroll while people are working but before we're able to bill."

Merz is finding that getting government contracts is becoming easier as her company's résumé grows.

"Now that we're on contract with the Department of Justice and the Navy, it helps. Most people know that those are big operations and they're not just going to let anyone do business with them," she said.

Chasing contracts can become a full-time job. Merz is constantly reading newsletters and Web sites looking for agencies that need Cynergy Group's services.

Government agencies usually publish their procurement needs in the Federal Register, a government publication that comes out almost every workday listing contract and grant opportunities as well as new laws and regulations.

Most entrepreneurs visit [www.fedbiz.gov](http://www.fedbiz.gov) for leads. Here, Kleckner said, you'll find listed all government contracts worth \$25,000 or more. You can search listings by agency or by product or service. Once you're established and seriously pursuing contracts, check this site weekly.

## Network - where proper

Networking isn't usually associated with government contracts, but it can help.

Keep in mind that the protocol for relations with your governmental customers is very different than the private sector. Buying a meal or giving an appreciation gift may be a natural part of your marketing program in the private sector. Such acts are frowned upon by government agencies.

Kleckner reminds entrepreneurs that using inside information is illegal. Still, getting to know contract officers and others in the business can prove beneficial. He encourages face-to-face meetings with purchasing agents inside the government when appropriate.

"It's very important for businesses, especially service providers, to sit down with the buying office and talk through the requirements," Kleckner said.

Also explore support groups within the agency you're serving. Merz is involved with Women in Defense and other networking organizations. These often yield leads about available contracts.

Those networking opportunities also connect Merz with another important source of business - prime contractors. Prime contractors are large, usually well-known companies that are awarded multi-million dollar contracts. They, in turn, farm much of that business out to smaller businesses. Subcontracting is becoming a more common practice as the Army looks to capitalize on its buying power, Blanco said.

"Recently, the government has begun to bundle requirements to leverage purchasing power, resulting in large dollar contracts. If you're starting a new business, it may be advantageous to partner with either another small business or a larger business," he said.

You can find out about subcontracting opportunities by visiting the Small Business Administration at <http://web.sba.gov/subnet>.

You'll also want to enter your business information into the database maintained by Veterans Corp., a nonprofit group established by the government to help veterans start businesses. Visit their web site at [www.veteranscorp.org](http://www.veteranscorp.org) to register. The database is still in its infancy, but the Veterans Corp. has been successful in attracting prime contractors looking to subcontract with veteran-owned businesses.

Martin Berkowitz, director of Veterans Corp., said the organization has helped many small businesses, including Merz's, get their first government business through subcontracting.

"It can be very difficult for a new and small business to break into the government marketplace," Berkowitz said. "Rely on those larger businesses to help you. It's not just the administrative burden they can help with, but you'll have the chance to link up with someone who has successfully done business with the government."

"Teaming up gives you a chance to show both the larger company and the government what kind of work you can do."

Government contracts are often required to subcontract a certain portion of their business to small businesses and businesses owned by minorities and women. Still, they expect quality products and services in return.

"Don't approach large prime contractors looking for a hand-out," Merz said. "Too many small businesses don't want to bring anything to the table. You have to approach primes just like any other customer. This is our background. This is what we can do for you."

### **Less paper to chase**

The government is working to cut the red tape.

"We've seen sweeping changes since 1994 as the government has put in better business practices and more independent authority has been given to contracting officers," Kleckner said. "Still, the government is a large organization. You may not be able to get answers immediately and things may still have to go through layers of authority."

Blanco agreed. "Starting a business is challenging regardless of whether the customer is the private sector or the government. Doing business with the government is probably more bureaucratic, but acquisition reform has streamlined the procurement process... ."

Blanco said some of what is seen as part of the bureaucracy is actually beneficial for small businesses. For example, the Army does include interest if it pays invoices late and clearly defined performance-based standards protect contractor rights. The procurement process also works to ensure fair competition, giving small, unknown businesses an even chance at winning a contract.

Many small businesses do find a niche as a government supplier. Merz seems to be on her way to becoming one of those.

"Right now, our work for the federal government is keeping us busy and frankly, we don't have a lot of time to go after private business."

### **Where to Turn for Procurement Help**

<http://www.fedbizopps.gov> - This Web site provides a range of services for businesses seeking government contracts. The most important one, though, is probably the contract listing. The government lists all contracts valued at \$25,000 or more on this site.

<http://www.acq.osd.mil/osbp> - The Defense Department Office of Small and Disadvantaged Business Utilization. You'll find information about becoming a contractor, contact information and links to all other such offices within the DoD, including a free guidebook to doing business with the military. Each branch of the service also has an office. You'll also find links to OSADBU offices in other government agencies.

<http://www.sellingtoarmy.info> and <http://www.selltoairforce.org> - Sites for the Army and the Air Force are particularly helpful.

<http://www.dla.mil/db/procurem.htm> - Procurement Technical Assistance Centers located in most states and partially funded by the Department of Defense. These offices help small businesses in doing business with virtually all branches of the federal government. Centers are located in every state and many U.S. territories. Here, you'll find training and advice on marketing your goods and services to the government. Most services are free; some have minimal fees.

<http://www.hq.usace.army.mil/cepa/iraq/iraq.htm> - This Army Corps of Engineer Web site provides information about business opportunities involved with reconstruction efforts in Iraq.